恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

2015 FINAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board, I am pleased to present my report on the operations of the Group for the financial year ended 31 December 2015.

PROFIT AND NET ASSET VALUE ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to equity shareholders for the year ended 31 December 2015 amounted to HK$449 million, a significant turnaround from the loss of HK$7 million as recorded in the previous year. It is mainly due to a one-off gain of HK$355 million arising from the final arbitral award in relation to the toll fee collection right of Hangzhou Qianjiang Third Bridge during the year under review, as well as the full-year profit contribution of HK$103 million from Citistore, which was acquired by the Group on 1 December 2014. Earnings per share were HK 14.7 cents (2014: Loss per share of HK 0.2 cents).

At 31 December 2015, the net asset value attributable to equity shareholders amounted to HK$1,489 million or HK$0.49 per share.

DIVIDENDS

The Board recommends the payment of a final dividend of HK 2.0 cents per share to shareholders whose names appear on the Register of Members of the Company on Monday, 13 June 2016, and such final dividend will not be subject to any withholding tax in Hong Kong. Including the interim dividend of HK 2.0 cents per share already paid, the total dividend for the year ended 31 December 2015 will amount to HK 4.0 cents per share (2014: HK 4.0 cents per share). Final dividend will be distributed to shareholders on Thursday, 16 June 2016.

BUSINESS REVIEW

Discontinued Operation – Infrastructure Business

Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company"), a 60% owned subsidiary of the Company, was engaged in the infrastructure business in mainland China with Hangzhou Qianjiang Third Bridge in Zhejiang Province as its core asset. Hangzhou Qianjiang Third Bridge, a major trunk route linking Beijing and Fujian Province, is located on National Highway No. 104 in Zhejiang Province, spanning approximately 5.8 km over the Qiantangjiang River in Hangzhou and connecting the urban parts of Southern Hangzhou, Xiaoshan and Binjiang. The toll bridge is also an important nodal point for access to major roads leading to the Hangzhou Airport.

Commencing from 20 March 2012, payment of the toll fee in respect of Hangzhou Qianjiang Third Bridge to the Joint Venture Company was provisionally suspended. An arbitration application (the "Arbitration") was thus filed by the Joint Venture Company on 17 September 2012 with China International Economic and Trade Arbitration Commission ("CIETAC") against 杭州市市區公共停車場(庫)建設發展中心 (Hangzhou City Urban Public Carpark Construction & Development Centre, formerly known as 杭州市城市"四自"工程道路綜合收費管理處 or Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office, alias the "Hangzhou Toll Office") as the first respondent and Hangzhou Municipal People's Government ("Hangzhou Municipal Government") as the second respondent for an arbitral award that, *inter alia*, the first respondent and the second respondent should continue to perform their obligations under the agreement dated 5 February 2004 entered into between the Joint Venture Company and the Hangzhou Toll Office (the "Collection Agreement") by paying toll fees of Hangzhou Qianjiang Third Bridge to the Joint Venture Company and be liable for the relevant outstanding toll fees together with the legal and arbitration costs incurred.

With the arrangement made by CIETAC, a mediation meeting was held in Hangzhou at the end of March 2015. Nation Team Development Limited ("Nation Team", a wholly-owned subsidiary of the Company) and 杭州錢江三橋綜合經營公司 ("PRC JV Partner"), with respective 60% and 40% interests in the Joint Venture Company, had joined as additional parties acting as the second applicant and the third respondent to the Arbitration respectively. On 30 April 2015, the arbitral tribunal of CIETAC issued the final arbitral award, which had legal binding effect on all parties to the Arbitration and contains, among others, the following principal items:

(i) Hangzhou Municipal Government shall pay to Nation Team an amount of RMB376 million ("Compensation Payment") within 90 days following the issue of the arbitral award. All tax payable in respect of the above payment ("PRC Tax") in mainland China shall be borne and paid by Hangzhou Municipal Government, which shall arrange for the PRC Tax clearance formality.

(ii) Upon receipt by Nation Team of the Compensation Payment, the Collection Agreement and the agreement (中外合資經營杭州恒基錢江三橋有限公司合同) dated 8 January 1997 made between, amongst other, Nation Team and PRC JV Partner ("Joint Venture Contract") shall be discharged.

(iii) Within five days following the receipt of the Compensation Payment, Nation Team shall pay to the Joint Venture Company RMB2.2 million representing the legal expenses incurred by the Joint Venture Company (subject to adjustment as to the final sum incurred by the Joint Venture Company) in relation to the Arbitration.

(iv) Nation Team and Hangzhou Municipal Government shall bear in equal shares the Arbitration fees of approximately RMB2.5 million, and certain other mediation expenses of the arbitral tribunal amounting to approximately RMB25,000. Nation Team and Hangzhou Municipal Government shall be responsible for the fees and expenses of the relevant arbitrator respectively.

As a result of the above arbitral award, the Group recognised a profit in the amount of HK$215 million (2014: loss of HK$54 million), which is equal to the Compensation Payment of RMB376 million as converted to Hong Kong dollars (net of the Group's share of expenses relating to the Arbitration) of HK$471 million and after (i) deducting the Group's impairment loss on toll bridge operating right and related net assets of the Joint Venture Company of HK$379 million (the "Joint Venture Company Impairment"); (ii) recognising the reversal of the exchange reserve attributable to the Joint Venture Company of HK$138 million; and (iii) deducting the operating loss of the infrastructure business in the aggregate amount of HK$15 million during the period from 1 January 2015 to 30 April 2015. Adding back the Group's non-controlling interests' attributable share of the Joint Venture Company Impairment and operating loss in the aggregate amount of HK$140 million, the Group recognised a one-off gain attributable to equity shareholders of the Company in the amount of HK$355 million.

As the entire Compensation Payment was duly settled by Hangzhou Municipal Government on 29 July 2015, the Collection Agreement and the Joint Venture Contract were discharged and Nation Team has no further obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or Hangzhou Qianjiang Third Bridge, and is no longer entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company.

Continuing Operation – Retailing Business

With the acquisition of the Citistore business completed on 1 December 2014, its retailing operation has become the sole business of the Group. Currently, the Group operates a department store business in six densely-populated residential districts under the name of "Citistore", whilst a specialty store has also been established in the Tsim Sha Tsui shopping hub, offering a collection of apparel brands from Japan and Korea under the brand of "id:c":

Retail outlets	**Location**	**Total sales area As at 31 December 2015 (sq.ft.)**
Citistore Branches		
Tsuen Wan	KOLOUR • Tsuen Wan II	150,641
Yuen Long	KOLOUR • Yuen Long	61,610
Ma On Shan	Sunshine City Plaza	82,293
Tseung Kwan O	Metro City Phase 2 Shopping Arcade	107,879
Tai Kok Tsui	Metro Harbour Plaza	90,760
Tuen Mun	North Wing, The Trend Plaza	17,683
id:c	Miramar Shopping Centre	6,318
	Total:	**517,184**

Due to a slowdown in inbound tourism, as well as weakened consumption sentiment arising from an uncertain economic outlook and exceptionally warm winter weather, retail sales in Hong Kong slackened distinctly in the fourth quarter of 2015, leading to a 3.7% drop in the value of total retail sales for the whole city during the year under review. Nevertheless, by serving the daily household needs of local consumers, the Group's "Citistore" operation recorded only a slight decrease in the total sales proceeds (which were derived from the sales of own goods, as well as the consignment and concessionaire sales) of 0.7% for the year ended 31 December 2015 with its breakdown as follows:

	For the year ended 31 December	
	2015	2014 (Note)
	HK$ million	HK$ million
Proceeds from sales of own goods	443	431
Proceeds from consignment and concessionaire sales	1,451	1,476
Total:	**1,894**	**1,907**

Note: The comparative figures for the corresponding year ended 31 December 2014 were for reference only as the Group's acquisition of "Citistore" was completed on 1 December 2014.

Sales of Own Goods and Gross Margin

Citistore's sales of own goods retreated in the fourth quarter of 2015 due to the exceptionally warm weather in Hong Kong. However, its total sales of own goods for the year under review amounted to HK$443 million, representing an increase of 3% over HK$431 million for the previous year. The Household & Toys category made up approximately 53% of the annual revenue from sales of goods, the Apparel & Accessories category contributed approximately 34% and the balance of approximately 13% came from the categories of Cosmetics and Food.

Citistore regularly reviews its merchandise mix. Having regard to market trends and consumer preferences, a wide range of highly sought-after products with better profit margins were introduced during the year under review. Through keen promotional efforts and improved customer services, a stable gross margin of 36% was achieved along with increased sales:

	For the year ended 31 December	
	2015	2014 (Note)
	HK$ million	HK$ million
Sales of own goods	443	431
Gross profit (after netting the cost of inventories sold)	161	155
Gross margin	36%	36%

Note: The comparative figures for the corresponding year ended 31 December 2014 were for reference only as the Group's acquisition of "Citistore" was completed on 1 December 2014.

Rental Income from Consignment and Concessionaire Counters

Citistore's concessionaire sales are conducted by licensing portions of shop spaces to its concessionaires for setting up their own concession counters to sell their products, whilst consignment sales comprise the sale of a consignor's own products on or in designated shelves, areas or spaces. These consignment and concessionaire counters are charged on the basis of revenue sharing or basic rent (if any), whichever is higher, which are recognised as Citistore's rental income. During the year under review, the total rental income derived from these consignment and concessionaire counters was flat at HK$429 million compared with the previous year, despite the slight year-on-year drop in the total sales proceeds from these counters as follows:

		For the year ended 31 December	
		2015	2014 (Note)
		HK$ million	HK$ million
Sales proceeds from consignment counters		882	877
Sales proceeds from concessionaire counters		569	599
	Total:	**1,451**	**1,476**
Rental income from consignment and concessionaire counters		**429**	**429**

Note: The comparative figures for the corresponding year ended 31 December 2014 were for reference only as the Group's acquisition of "Citistore" was completed on 1 December 2014.

In summary, due to (i) the decrease in profit contribution in the fourth quarter of 2015 as a result of the exceptionally warm weather in Hong Kong; (ii) rental charges in the accounts being higher than the actual rental expenses in the early part of the tenure as a result of amortized rental expenses during the year based on the new 9-year tenancy lease agreements, which became effective in October 2014, with rent escalation for each 3-year period, and (iii) a one-off net gain of HK$17 million in the previous year from the reversal of rent-free amortization upon early termination of the preceding lease agreements, Citistore's profit after taxation for the year ended 31 December 2015 amounted to HK$103 million, representing a decrease of 27% or HK$39 million as compared with the previous year.

CORPORATE FINANCE

At 31 December 2015, the Group had no bank borrowings (2014: Nil) and its net cash and bank balances amounted to HK$791 million (2014: HK$402 million).

Considering that (i) for the discontinued operation, the above-mentioned Compensation Payment of RMB376 million was already fully converted into Hong Kong dollars and kept in leading banks in Hong Kong, and (ii) for the continuing operation, Citistore solely focuses on the local market with less than 6% of its total purchases settled in foreign currencies, fluctuations in exchange rates are not expected to have any significant adverse impacts on the Group's financial position.

PROSPECTS

As the overall economy is expected to soften in the financial year ahead, the Group will keep sourcing new merchandises, and improving the interior decoration and display of Citistore so as to offer a fresh shopping experience to customers. The Group will also continue to launch an array of innovative promotions and exercise stringent cost controls, thereby further enhancing the overall results of Citistore.

APPRECIATION

Dr Lee Shau Kee stepped down from the positions of Chairman and Managing Director of the Company on 1 July 2015 and remains as an Executive Director of the Company. Dr Lee served as Chairman and Managing Director of the Company for 40 years and I would like to express my sincere gratitude to him for his leadership, devotion and invaluable contribution to the Group in these positions.

I would also like to take this opportunity to extend my appreciation to my fellow directors for their wise counsel, and to thank all our staff for their commitment and hard work throughout the year.

Lee Ka Shing
Chairman

Hong Kong, 21 March 2016

BUSINESS RESULTS

Consolidated Statement of Profit or Loss
for the year ended 31 December 2015

	Note	**2015**	2014 (restated)
		HK$ million	HK$ million
Continuing operation:			
Revenue	4	**879**	105
Direct costs		**(684)**	(73)
		195	32
Other revenue	5	**12**	3
Other income, net	6	**1**	21
Selling and marketing expenses		**(23)**	(3)
Administrative expenses		**(70)**	(21)
Profit before taxation	7	**115**	32
Income tax	8	**(21)**	(4)
Profit for the year from continuing operation		**94**	28
Discontinued operation:			
Profit/(loss) for the year from discontinued operation	9	**215**	(54)
Profit/(loss) for the year		**309**	(26)
Attributable to:			
Equity shareholders of the Company			
− Continuing operation	12(a)	**94**	27
− Discontinued operation	9 & 12(b)	**355**	(34)
		449	(7)
Non-controlling interests			
− Continuing operation		**-**	1
− Discontinued operation	9	**(140)**	(20)
		(140)	(19)
Profit/(loss) for the year		**309**	(26)
		HK cents	HK cents
Earnings/(loss) per share - basic and diluted			
− From continuing operation	12(a)	**3.1**	0.9
− From discontinued operation	12(b)	**11.6**	(1.1)
		14.7	(0.2)

Details of dividends payable to equity shareholders of the Company are set out in note 11.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015

	2015 HK$ million	2014 HK$ million
Profit/(loss) for the year	**309**	(26)
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	**(5)**	(2)
– Reversal of the exchange reserve attributable to the Joint Venture Company (see note 9) from equity to profit or loss	**(138)**	-
Total comprehensive income for the year	**166**	(28)
Attributable to:		
Equity shareholders of the Company	**308**	(8)
Non-controlling interests	**(142)**	(20)
Total comprehensive income for the year	**166**	(28)
Total comprehensive income for the year arising from:		
− Continuing operation	**89**	28
− Discontinued operation	**77**	(56)
	166	(28)
Total comprehensive income attributable to equity shareholders of the Company arising from:		
− Continuing operation	**91**	27
− Discontinued operation	**217**	(35)
	308	(8)

Consolidated Statement of Financial Position
at 31 December 2015

	Note	**2015** **HK$ million**	2014 HK$ million
Non-current assets			
Fixed assets		**73**	71
Intangible operating right	3	**-**	361
Trademarks		**49**	51
Goodwill		**810**	810
Deferred tax asset		**1**	1
		933	1,294
Current assets			
Inventories		**66**	55
Trade and other receivables	13	**57**	67
Cash and bank balances		**791**	402
		914	524
Current liabilities			
Trade and other payables	14	**271**	296
Amounts due to affiliates		**28**	12
Current taxation		**3**	8
		302	316
Net current assets		**612**	208
Total assets less current liabilities		**1,545**	1,502
Non-current liability			
Deferred tax liabilities		**15**	16
NET ASSETS		**1,530**	1,486

Consolidated Statement of Financial Position
at 31 December 2015 (continued)

	Note	**2015 HK$ million**	2014 HK$ million
CAPITAL AND RESERVES			
Share capital		**612**	612
Reserves		**877**	691
Total equity attributable to equity shareholders of the Company		**1,489**	1,303
Non-controlling interests		**41**	183
TOTAL EQUITY		**1,530**	1,486

Notes:

1 Basis of preparation

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). The statutory financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be 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 as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622) for both years. For the year ended 31 December 2015, the auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying its report in relation to the year ended 31 December 2015. For the year ended 31 December 2014, the auditor's report included an emphasis of matter regarding the uncertainties related to whether Hangzhou Municipal Bureau of Communications and/or other relevant government authorities would ultimately confirm that both the operating right and the toll fee collection right of Hangzhou Qianjiang Third Bridge last for a period of 30 years expiring on 19 March 2027, and to the outcome of the arbitration.

The measurement basis used in the preparation of the statutory financial statements is the historical cost basis.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- Annual improvements to HKFRSs 2010-2012 Cycle and 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 do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

None of the above developments has had a material effect on the preparation or presentation of the Group's results, and the Group's and the Company's financial position, for the current or prior periods.

In respect of the other developments, none of them has material impact on the Group's consolidated financial statements.

The HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
Amendments to HKAS 16, and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that, except for HKFRS 9 *Financial instruments* and HKFRS 15 *Revenue from contracts with customers* in relation to which it is not practicable to provide a reasonable estimate about the impact on the Group's consolidated financial statements until the Group performs a detailed review, the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the Group's consolidated financial statements. These changes mainly include the presentation of the Company's statement of financial position as a note disclosure instead of a primary statement, updating any reference to the Hong Kong Companies Ordinance (Cap. 622) and replacing certain terminology no longer used in the Hong Kong Companies Ordinance (Cap. 622) with terminology used in HKFRS.

3 Intangible operating right and arbitration

The Group was granted the operating right of the Hangzhou Qianjiang Third Bridge (the "Bridge") by the Hangzhou Foreign Economic Relations and Trade Commission (杭州市對外經濟貿易委員會) in 1997 and was further approved by National Development and Reform Commission (formerly known as State Development & Planning Committee) (發展和改革委員會(前稱為國家發展計劃委員會)) in 1999 for a period of 30 years from 20 March 1997 (commencement date of the Bridge's operation) to 19 March 2027 during which the Group has the rights of management and maintenance of the Bridge. However, the General Office of the People's Government of Zhejiang Province (浙江省人民政府) notified Zhejiang Province Department of Communications (浙江省交通運輸廳) and other relevant government authorities in 2003 to provisionally fix the period for entitlement to toll fee in respect of 39 toll roads and highways in the province. In the case of the Bridge, which was also included in the list, the period was provisionally fixed at 15 years (from 20 March 1997 to 19 March 2012).

Furthermore, on 20 March 2012, the Group received a letter dated 18 March 2012 from 杭州市市區公共停車場(庫)建設發展中心 (Hangzhou City Urban Public Carpark Construction & Development Centre, formerly known as 杭州市城市"四自"工程道路綜合收費管理處 or Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office) (the "Hangzhou Toll Office"), which is the relevant government body in Hangzhou to record the traffic flow and make payment of the toll fee of the Bridge pursuant to the terms of an agreement dated 5 February 2004 (the "Collection Agreement") entered into between Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company", a subsidiary of the Company which held the operating right of the Bridge) and the Hangzhou Toll Office, that they would provisionally suspend payment of toll fee to the Group in respect of the Bridge commencing from 20 March 2012. The Group had on 6 June 2012 received a letter from Hangzhou Municipal Bureau of Communications (杭州市交通運輸局) which stated that Hangzhou Municipal Bureau of Communications had been confirmed and assigned by Hangzhou Municipal People's Government (杭州市人民政府) to negotiate concretely with the Joint Venture Company and strive to properly deal with the related matters resulting from the abovementioned provisional suspension of the toll fee payment of the Bridge as soon as possible, and the corresponding compensation matters proposed by the Joint Venture Company would be dealt with in due course.

In relation to the provisional suspension in the payment of toll fee by the Hangzhou Toll Office to the Group in respect of the Bridge commencing from 20 March 2012, on 17 September 2012, an arbitration application ("Arbitration") was filed by the Joint Venture Company with China International Economic and Trade Arbitration Commission ("CIETAC", 中國國際經濟貿易仲裁委員會) against the Hangzhou Toll Office as the first respondent and Hangzhou Municipal People's Government as the second respondent for an arbitration award that, inter alia, the first respondent and the second respondent should continue to perform their obligations under the Collection Agreement by paying toll fees of the Bridge to the Joint Venture Company and be liable for the relevant outstanding toll fees together with the legal and arbitration costs incurred.

3 Intangible operating right and arbitration (continued)

In view of the uncertainty on the inflow of the toll revenue to the Joint Venture Company, the Company's directors have not recognised in the Group's consolidated financial statements the toll revenue (after deduction of mainland China business tax) since 20 March 2012 (being the commencement date for the provisional suspension of the toll fee payment from the Hangzhou Toll Office to the Group). In this regard, on 30 April 2015, the arbitral tribunal of CIETAC made certain final arbitral award having legal binding effect on all parties (including the Company) to the Arbitration, and which resulted in the Company ceasing to have any obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or the Bridge, and the Company shall not be entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company. Therefore, the Group has impaired its interest in the Joint Venture Company on 30 April 2015. Accordingly, the toll revenue (after deduction of mainland China business tax) which was not recognised in the Group's consolidated financial statements during the period from 20 March 2012 to 30 April 2015 amounted to RMB715 million, or equivalent to HK$893 million. For the period from 1 January 2015 to 30 April 2015, the total unrecognised toll revenue (after deduction of mainland China business tax) amounted to HK$85 million (for the year ended 31 December 2014: HK$235 million).

As referred to above, the final arbitral award made by the arbitral tribunal of CIETAC comprises, inter alia, the following which have legal binding effect on all parties to the Arbitration:

(i) Hangzhou Municipal People's Government shall pay to Nation Team Development Limited ("Nation Team", a wholly-owned subsidiary of the Company holding a 60% interest in the Joint Venture Company) an amount of RMB376 million (equivalent to HK$477 million) (the "Compensation Payment") within 90 days following the issue of the arbitral award. The entire Compensation Payment was settled by Hangzhou Municipal People's Government on 29 July 2015.

(ii) Upon the receipt by Nation Team of the Compensation Payment, the Collection Agreement and the 中外合資經營杭州恒基錢江三橋有限公司合同 dated 8 January 1997 made between, amongst others, Nation Team and 杭州錢江三橋綜合經營公司 (which holds the remaining 40% interest in the Joint Venture Company) (the "Joint Venture Contract") shall be discharged.

(iii) Upon the discharge of the Joint Venture Contract, Nation Team shall have no obligations, responsibilities and payment obligations for expenses whether as a shareholder of the Joint Venture Company or in relation to the Joint Venture Company or the Bridge, and shall not be entitled to any income sharing and distribution rights as a shareholder of the Joint Venture Company.

(iv) Nation Team shall be responsible for 50% of the Arbitration fees and certain other mediation expenses of the arbitral tribunal in the aggregate amount of RMB2,554,355 (equivalent to HK$3,238,156), as well as the fees and expenses of the relevant arbitrator in the amount of RMB1,001,118 (equivalent to HK$1,269,117). Nation Team shall, within five days following the receipt of the Compensation Payment, pay to the Joint Venture Company an amount of RMB2,200,000 (equivalent to HK$2,788,940) representing the legal expenses incurred by the Joint Venture Company (subject to adjustment as to the final sum incurred by the Joint Venture Company) in relation to the Arbitration.

As a result, the intangible operating right in relation to the Bridge was fully impaired on 30 April 2015 (see note 9) and the assets (including the intangible operating right in relation to the Bridge) and liabilities of the Joint Venture Company were derecognised after the Compensation Payment was received on 29 July 2015.

4 Revenue

Revenue represents the sales value of goods to customers, rental income from consignment and concessionaire counters and promotion income recognised by the Group during the year. Revenue is analysed as follows:

	2015	2014
	HK$ million	HK$ million
Sale of goods	**443**	59
Rental income from consignment counters	**262**	29
Rental income from concessionaire counters	**167**	16
Promotion income	**7**	1
	879	105
	(note 10(b))	(note 10(b))

During the year, receipts from sale of goods by consignment and concessionaire counters collected by the Group on their behalf are as follows:

	2015	2014
	HK$ million	HK$ million
Receipts from sale of goods by consignment counters	**882**	102
Receipts from sale of goods by concessionaire counters	**569**	66
	1,451	168

5 Other revenue

	2015	2014
	HK$ million	HK$ million
Sponsorship fees	**3**	1
Rental for antenna site	**5**	-
Goods redemption income	**-**	1
Sundry income	**4**	1
	12	3

6 Other income, net

	2015 HK$ million	2014 (restated) HK$ million
Bank interest income	**5**	28
Other interest income	**-**	2
Net foreign exchange loss	**(8)**	(10)
Sundry income	**4**	1
	1	21

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2015 HK$ million	2014 (restated) HK$ million
(a) Directors' emoluments:		
Directors' fees, salaries, allowances and benefits-in-kind	**1**	1
(b) Staff costs (other than directors' emoluments):		
Salaries, wages and other benefits	**157**	18
Contributions to defined contribution retirement plan	**7**	-
(c) Other items:		
Amortisation of trademarks (note 10(c))	**2**	-
Depreciation (note 10(c))	**27**	2
Auditors' remuneration		
− audit services	**2**	2
− non-audit services	**-**	1
Operating lease charges in respect of rental premises	**236**	23
Cost of inventories sold	**282**	36
Rentals receivable less direct outgoings of HK$355 million (2014: HK$33 million) (note)	**(74)**	(12)

Note: Included contingent rental income of HK$191 million (2014: HK$25 million) during the year.

8 Income tax

Income tax in the consolidated statement of profit or loss represents:

	2015 **HK$ million**	2014 HK$ million
Current tax － Hong Kong		
– provision for the year	**20**	4
Current tax － mainland China		
– provision for the year	**2**	5
Deferred taxation		
– origination and reversal of temporary differences	**(1)**	(5)
	21	4

Provision for Hong Kong Profits Tax has been made at 16.5% (2014: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2014/15 subject to a ceiling of HK$20,000 for each business allowed by the Hong Kong SAR Government (2014: taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2013/14 subject to a ceiling of HK$10,000 for each business allowed by the Hong Kong SAR Government).

Taxation for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions. In relation to the Group’s operations in mainland China, the applicable principal income tax rate for the year ended 31 December 2015 was 25% (2014: 25%).

In addition, dividend distribution out of the retained profits of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a tax rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and mainland China, the withholding income tax rate applicable to the Group for the current year and the prior year is 5%.

9 Discontinued operation

As a result of the final arbitral award made by the arbitral tribunal of CIETAC (see note 3), the operation of the Bridge (held by the Joint Venture Company) is considered as discontinued operation on 30 April 2015. Comparative figures have been restated.

The results of the discontinued operation for the years ended 31 December 2015 and 2014 are as follows:

	2015 HK$ million	2014 HK$ million
Revenue	-	-
Direct costs (note (i))	(13)	(51)
	(13)	(51)
Other income/(charge), net		
– Net proceeds from the Compensation Payment (note (ii))	471	-
– Impairment loss on toll bridge operating right and related net assets of the Joint Venture Company (the "Joint Venture Company Impairment")	(379)	-
– Reversal of the exchange reserve attributable to the Joint Venture Company	138	-
– Bank interest income	-	2
– Sundry income	-	2
Administrative expenses	(2)	(7)
Profit/(loss) before taxation	215	(54)
Income tax	-	-
Profit/(loss) for the year from discontinued operation	215	(54)
Attributable to:		
– Equity shareholders of the Company	355	(34)
– Non-controlling interests (note (iii))	(140)	(20)
	215	(54)

Note (i): *Included in direct costs is the amortisation of intangible operating right of HK$10 million (2014: HK$31 million) (see note 10(c)).*

Note (ii): *The amount represents the proceeds from the Compensation Payment net of the expenses incurred in relation to the Arbitration borne by Nation Team.*

Note (iii): *For the year ended 31 December 2015, the amount of HK$140 million includes the attributable share of loss of the non-controlling interests arising from the Joint Venture Company Impairment, in the amount of HK$135 million.*

10 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance, the Group has identified the following reportable segments.

Continuing operation:

Department store operation	:	Department store operation and management in Hong Kong

Discontinued operation:

Infrastructure	:	Investment in infrastructure projects in mainland China

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before bank and other interest income, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses.

10 Segment reporting (continued)

(a) Results of reportable segments

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2015 is set out below:

	Company and its subsidiaries (before deducting non-controlling interests)		Less: Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million
For the year ended 31 December 2015						
Continuing operation:						
Department store operation	879	123	-	-	879	123
Discontinued operation:						
Infrastructure (note 9)	-	215	-	(140)	-	355
	879	338	-	(140)	879	478
Bank and other interest income		5		-		5
Unallocated head office and corporate expenses, net		(13)		-		(13)
Profit before taxation		330		(140)		470
Income tax		(21)		-		(21)
Profit for the year		309		(140)		449

10 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Less: Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million	Revenue HK$ million	Segment Results HK$ million
For the year ended 31 December 2014						
Continuing operation:						
Department store operation	105	25	-	-	105	25
Discontinued operation:						
Infrastructure (note 9)	-	(56)	-	(20)	-	(36)
	105	(31)	-	(20)	105	(11)
Bank and other interest income		32		1		31
Unallocated head office and corporate expenses, net		(23)		-		(23)
Loss before taxation		(22)		(19)		(3)
Income tax		(4)		-		(4)
Loss for the year		(26)		(19)		(7)

10 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's fixed assets, intangible operating right, trademarks and goodwill (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of fixed assets, and the location of the operation to which they are allocated in the case of the intangible operating right, trademarks and goodwill.

	Revenue from external customers		**Specified non-current assets**	
	For the year ended 31 December		**At 31 December**	
	2015	2014	**2015**	2014
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**879**	105	**932**	931
Mainland China	**-**	-	**-**	362
	879	105	**932**	1,293
	(note 4)	(note 4)		

(c) Other segment information

	Amortisation and depreciation	
	For the year ended 31 December	
	2015	2014
	HK$ million	HK$ million
Continuing operation:		
Department store operation (note 7(c))	**29**	2
Discontinued operation:		
Infrastructure	**10**	31
	39	33

11 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2015 **HK$ million**	2014 HK$ million
Interim dividend declared and paid of HK2 cents (2014: HK2 cents) per share	**61**	61
Final dividend proposed after the end of the reporting period of HK2 cents (2014: HK2 cents) per share	**61**	61
	122	122

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015 **HK$ million**	2014 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK2 cents (2014: HK2 cents) per share	**61**	61

12 Earnings/(loss) per share – basic and diluted

(a) From continuing operation

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$94 million (2014: HK$27 million) and 3,047,327,395 (2014: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the year.

(b) From discontinued operation

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK$355 million (2014: loss of HK$34 million) and 3,047,327,395 (2014: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the year.

13 Trade and other receivables

	2015 **HK$ million**	2014 HK$ million
Trade debtors	**6**	6
Consideration receivable	**43**	53
Deposits, prepayments and other receivables	**8**	8
	57	67

At 31 December 2015, the Group did not recognise any toll income receivable from the Bridge collected on behalf of the Group by the Hangzhou Toll Office up to 30 April 2015.

In relation to the consideration receivable which was overdue for more than one year but was not impaired, management considers that no impairment allowance is necessary as there has not been a significant change in credit quality and such amount is considered to be fully recoverable.

In respect of other trade and other receivables, credit terms given to counter-parties are generally based on the financial strength and repayment history of each counter-party. Normally, the Group does not obtain collateral from counter-parties. Ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise exposure to credit risk. Adequate impairment losses have been made for the estimated irrecoverable amounts.

At 31 December 2015, all of the trade and other receivables were expected to be recovered or recognised as expense within one year.

At the end of the reporting period, the ageing analysis of trade debtors net of allowance for doubtful debts is as follows:

	2015 **HK$ million**	2014 HK$ million
Current or under 1 month overdue	**6**	6

14 Trade and other payables

	2015 **HK$ million**	2014 HK$ million
Trade creditors	**206**	225
Accrued expenses and other payables	**53**	59
Rental deposits	**12**	12
	271	296

At 31 December 2015, all of the trade and other payables were interest-free and repayable within one year or on demand except for an amount of HK$4 million (2014: HK$2 million) which was expected to be settled after more than one year.

The ageing analysis of trade creditors of the Group at the end of the reporting period is as follows:

	2015 **HK$ million**	2014 HK$ million
Due within 1 month or on demand	**187**	206
Due after 1 month but within 3 months	**19**	19
	206	225

15 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 by the Company's auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year then ended. The work performed by PricewaterhouseCoopers Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers Hong Kong on the preliminary announcement.

FINANCIAL REVIEW

The following discussions should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2015.

Material acquisitions and disposals

During the year ended 31 December 2015, save for the impairment of the Group's 60% interest in a subsidiary, Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company") which holds the operating right of Hangzhou Qianjiang Third Bridge (the "Bridge", being a toll bridge in Hangzhou, Zhejiang Province, mainland China), the Group did not undertake any significant acquisition or disposal of subsidiaries or assets.

Results of operations

During the year ended 31 December 2015, the Group was engaged in (i) the infrastructure business in mainland China, being the operating right of the Bridge, up to and including 30 April 2015 (being the date of the final arbitral award from the arbitral tribunal of CIETAC (as referred to in sub-paragraph (a) headed "Infrastructure business in mainland China" below)); and (ii) the operation of department stores in Hong Kong under the name "Citistore".

(a) Infrastructure business in mainland China

As detailed in the Chairman's Statement ("Chairman's Statement") of the Company's announcement of results for the year ended 31 December 2015 and of which this Financial Review forms a part, on 30 April 2015, the arbitral tribunal of CIETAC (as such term is defined in the Chairman's Statement) issued the final arbitral award which had legal binding effect on all parties to the Arbitration (as such term is defined in the Chairman's Statement) and pursuant to which, inter alia, Hangzhou Municipal People's Government shall pay to the Group the Compensation Payment (as such term is defined in the Chairman's Statement) in the amount of RMB376 million (equivalent to HK$477 million) within 90 days following the issue of the final arbitral award.

Accordingly, on 30 April 2015, the intangible operating right in relation to the Bridge was fully impaired by the Group, and the operation of the Bridge is considered as discontinued operation for the year ended 31 December 2015. The entire Compensation Payment was settled by Hangzhou Municipal People's Government on 29 July 2015.

As a result, the Group recognised a net profit attributable to equity shareholders of HK$355 million for the year ended 31 December 2015 (2014: loss attributable to equity shareholders of HK$34 million) which is mainly attributable to the following:

(i) other net income in the amount of HK$230 million (2014: HK$4 million), which arose from the Compensation Payment to the Group (net of expenses incurred in relation to the Arbitration) of HK$471 million and after (i) the impairment loss on toll bridge operating right and related net assets of the Joint Venture Company of HK$379 million at 30 April 2015 (the "Joint Venture Company Impairment"); and (ii) the reversal of the exchange reserve attributable to the Joint Venture Company of HK$138 million at 30 April 2015 to other comprehensive income;

(ii) direct costs (comprising mainly the amortisation charge on the carrying amount of intangible operating right in relation to the Bridge) and administrative expenses of the Joint Venture Company in the aggregate amount of HK$15 million (2014: HK$58 million) during the period from 1 January 2015 to 30 April 2015; and

(iii) non-controlling interests' attributable share of loss of HK$140 million (2014: HK$20 million).

(b) Department store operation in Hong Kong

During the year ended 31 December 2015, the Group recognised the following financial performance of Citistore (Hong Kong) Limited ("Citistore HK"), a wholly-owned subsidiary which is engaged in the operation of department stores in Hong Kong under the name "Citistore" (with the figures for the corresponding year ended 31 December 2014 relating to the period from 1 December 2014 to 31 December 2014, for the reason that the Group completed its acquisition of Citistore HK (the "Acquisition") on 1 December 2014):

(i) revenue of HK$879 million (2014: HK$105 million) which comprises mainly the revenue derived from the sales of goods of HK$443 million (2014: HK$59 million) and the rental income derived from consignment counters and concessionaire counters of HK$262 million (2014: HK$29 million) and HK$167 million (2014: HK$16 million) respectively;

(ii) direct costs of HK$684 million (2014: HK$73 million) which comprise mainly the cost of inventories sold of HK$282 million (2014: HK$36 million), the rental and related expenses of the store outlets of HK$229 million (2014: HK$22 million), and the staff salaries and related expenses of the store outlets of HK$123 million (2014: HK$11 million);

(iii) other revenue of HK$12 million (2014: HK$3 million) which comprises sponsorship fees, rental income for antenna site and sundry income;

(iv) selling and marketing expenses of HK$23 million (2014: HK$3 million) which comprise advertising and promotion expenditures;

(v) administrative expenses of HK$61 million (2014: HK$7 million) which comprise mainly salaries and related expenses of the administrative staffs of HK$39 million (2014: HK$5 million); and

(vi) income tax charge of HK$20 million (2014: HK$4 million) in relation to the provision for Hong Kong Profits tax for the year.

As a result, for the year ended 31 December 2015, the Group recognised post-tax profit contribution of HK$103 million (2014: HK$21 million) from Citistore HK.

For the year ended 31 December 2015, Citistore HK is the Group's continuing business operation and is also the sole contributor of revenue to the Group. For the year ended 31 December 2015, although Citistore HK recorded revenue of HK$879 million (2014: HK$867 million) which represents a year-on-year increase of HK$12 million or 1.4% over that for the corresponding year ended 31 December 2014, the profit after taxation of Citistore HK amounted to HK$103 million (2014: HK$142 million) which represents a year-on-year decrease of HK$39 million or 27.5% from that for the corresponding year ended 31 December 2014. Such decrease in profit is mainly attributable to the following:

(i) the absence of a one-off net gain of HK$17 million upon the reversal of rent-free amortisation on the unexpired lease terms of all the premises of Citistore HK prior to the 9-year tenancy lease agreements which became effective under a framework agreement dated 15 October 2014 between the Company and Henderson Land Development Company Limited ("One-off Gain");

(ii) the increase in rental expenses of HK$18 million for the year ended 31 December 2015, which includes rental allocation of HK$14 million (2014: HK$4 million) charged to Citistore HK's income statement for the year ended 31 December 2015 and which amount represents the difference between the contractual rental and the effective rental during the year in relation to the 9-year tenancy lease agreements;

(iii) the additional depreciation charge of HK$3 million for the year ended 31 December 2015 relating to the leasehold improvements of the Yuen Long store which completed its renovation in June 2014 and the Tsuen Wan store which completed its renovation in September 2015; and

(iv) the increase in the cost of sales, salaries and staff allowances of HK$5 million for the year ended 31 December 2015.

Excluding the financial effects (after tax) of (a) the One-off Gain (as itemized under (i) above) and certain one-off items of the corresponding year ended 31 December 2014; (b) the rental allocation charge (as itemized under (ii) above); and (c) the additional depreciation charge (as itemized under (iii) above), the adjusted profit after taxation of Citistore HK for the years ended 31 December 2015 and 2014 would have become as follows:

	For the year ended 31 December		
	2015	2014	**Decrease**
	HK$ million	HK$ million	%
Profit after taxation – as reported	**103**	142	-27.5%
(Less)/Add :			
Financial effects of one-off items (after tax) –			
One-off Gain (as referred to in (i) above)	**-**	(17)	
Certain professional fees and other expenses incurred by Citistore HK in relation to the Acquisition	**-**	4	
Rental allocation charge (as referred to in (ii) above)	**14**	4	
Additional depreciation charge (as referred to in (iii) above)	**3**	-	
Adjusted profit after taxation	**120**	133	-9.8%

The year-on-year decrease in the adjusted profit after taxation of Citistore HK of HK$13 million, or 9.8%, for the year ended 31 December 2015 is mainly attributable to (i) the reduced profit contribution of HK$4 million from certain merchandise sections located on the ground floor of the Tsuen Wan Store which underwent renovation in July and August 2015; and (ii) the downturn of Hong Kong's retail market sentiment during the months of November and December 2015 which resulted in reduced profit contribution of HK$9 million when compared with that for the corresponding two months of November and December 2014.

(c) Corporate level

In addition, during the year ended 31 December 2015, the Group recognised other net income of HK$9 million (2014: HK$31 million), administrative expenses of HK$9 million (2014: HK$14 million), net foreign exchange loss of HK$8 million (2014: HK$10 million), income tax of HK$1 million (2014: HK$Nil) and non-controlling interest of HK$Nil (2014: HK$1 million) at the corporate level, which resulted in a loss attributable to equity shareholders of HK$9 million for the year ended 31 December 2015 (2014: profit attributable to equity shareholders of HK$6 million).

The decrease in other net income is mainly attributable to the year-on-year decrease in bank interest income of HK$23 million due to the decrease in the Group's cash balances after the completion of the Acquisition on 1 December 2014.

The net foreign exchange loss of HK$8 million for the year ended 31 December 2015 arose from the conversion of a substantial part of the proceeds from the Compensation Payment, from Renminbi ("RMB") to Hong Kong dollars ("HKD") at a contracted RMB/HKD exchange rate representing a depreciation of the RMB against the HKD by 1.67% when compared with the RMB/HKD exchange rate at 30 April 2015, being the date on which the Compensation Payment was recognised in the Group's accounts (2014: the net foreign exchange loss of HK$10 million arose from the conversion of a RMB bank deposit in Hong Kong which became a HKD bank deposit, at a contracted RMB/HKD exchange rate representing a depreciation of the RMB against the HKD by 1.66% when compared with the RMB/HKD exchange rate at 1 January 2014).

Aggregating the abovementioned loss after tax at corporate level with the profit after tax of Citistore HK for the year ended 31 December 2015 (as referred to in sub-paragraph (b) "Department store operation in Hong Kong" above), the Group recorded total profit after tax attributable to equity shareholders from continuing operation in the amount of HK$94 million for the year ended 31 December 2015 (2014: HK$27 million).

Financial resources, liquidity and loan maturity profile

At 31 December 2015, the Group had no bank borrowings (2014: Nil). The Group had net cash and bank balances of HK$791 million at 31 December 2015 (2014: HK$402 million).

During the year ended 31 December 2015, the Group did not recognise any finance costs (2014: Nil).

Based on the Group's net cash and bank balances of HK$791 million at 31 December 2015, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. During the year ended 31 December 2015 and at 31 December 2015, the Group was not a contractual party to any arrangements in relation to any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure (in the event that the Group shall enter into new bank borrowings) and foreign exchange rate exposure (in relation to any bank deposits in Hong Kong which may be converted to be denominated in a foreign currency other than HKD) and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 31 December 2015.

Charge on assets

Assets of the Group were not charged to any parties at 31 December 2015 and 31 December 2014.

Capital commitments

At 31 December 2015, the Group had capital commitments contracted but not provided for in the amount of HK$1 million, being in relation to the leasehold improvements and furniture and equipment of Citistore HK (2014: HK$2 million).

Contingent liabilities

At 31 December 2015 and 31 December 2014, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 31 December 2015, the Group had 643 (2014: 717) full-time employees and 149 (2014: 176) part-time employees, as follows:

	Full-time employees		***Part-time employees***	
	2015	2014	**2015**	2014
Continuing operation:				
Citistore HK	**638**	661	**149**	176
Corporate level	**5**	6	**-**	-
Discontinued operation:				
Infrastructure business in mainland China	**-**	50	**-**	-
Total	**643**	717	**149**	176

After the infrastructure business in mainland China became the Group's discontinued operation on 30 April 2015, the Group has (i) retreated all the management staff assigned by the Group to the Joint Venture Company; and (ii) no further obligations, responsibilities and payment obligations in respect of the Group's attributable share of the staff costs of the Joint Venture Company.

In relation to the Group's full-time employees at the corporate level and the infrastructure business in mainland China (before it became the Group's discontinued operation on 30 April 2015), the remuneration of the employees is/was in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are/were payable to the employees based on individual performance. Other benefits to the employees include/included medical insurance, retirement scheme, training programmes and education subsidies.

In relation to Citistore HK, the remuneration packages for the full-time employees typically comprise basic salaries, certain allowances, medical benefits and discretionary year-end bonuses, while remuneration packages for part-time employees typically comprise basic salaries and certain allowances. A defined contribution retirement plan is provided by Citistore HK towards Mandatory Provident Fund for eligible employees in Hong Kong, while due to historical factors, long-time employees of Citistore HK receive the benefit of contributions under the Occupational Retirement Schemes Ordinance ("ORSO"). On-going training programme is also offered to all the employees of Citistore HK.

Total staff costs for the year ended 31 December 2015 amounted to HK$166 million (2014: HK$22 million). The increase in the Group's total staff costs during the year ended 31 December 2015 is attributable to the contribution from Citistore HK for the full-year's effect after the completion of the Acquisition on 1 December 2014, as follows:

	For the year ended 31 December	
	2015	2014
	HK$ million	HK$ million
Continuing operation:		
Citistore HK	**162**	15
Corporate level	**3**	4
Discontinued operation:		
Infrastructure business in mainland China	**1**	3
Total	**166**	22

OTHER INFORMATION

Closure of Register of Members

1. Book Close for determining the entitlement to attend and vote at the annual general meeting

   The Register of Members of the Company will be closed from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfer of shares will be registered, for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

2. Book Close for determining the qualification for the proposed final dividend

   The Register of Members of the Company will be closed from Wednesday, 8 June 2016 to Monday, 13 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Tricor Standard Limited at the aforementioned address not later than 4:30 p.m. on Tuesday, 7 June 2016.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Audit Committee

The Audit Committee met in March 2016 and reviewed the risk management and internal control systems and the annual report for the year ended 31 December 2015.

Corporate Governance

During the year ended 31 December 2015, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the CG Code. On 1 July 2015, Dr Lee Shau Kee stepped down from such positions and remained as an Executive Director. On the same date, Mr Lee Ka Shing was re-designated from Vice Chairman to Chairman and Managing Director of the Company. The Company is of the same view that it is in the best interest of the Company to let Mr Lee Ka Shing act in the dual capacity as the Chairman and Managing Director given Mr Lee's in-depth expertise and knowledge in business and the Group.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code.

Forward-Looking Statements

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises: (1) executive directors: Lee Ka Shing (Chairman), Lee Ka Kit, Lam Ko Yin, Colin, Lee Shau Kee, Li Ning and Lee Tat Man; and (2) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong, Leung Hay Man and Au Siu Kee, Alexander.