

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2015

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2015)

- Turnover was HK\$12,845 million (2014: HK\$17,045 million).
- Profit attributable to equity holders was HK\$1,646 million (2014: HK\$2,947 million).
- Basic earnings per share was HK\$0.74 per share (2014: HK\$1.31 per share).
- Proposed final dividend per share is HK10 cents per share.

BUSINESS REVIEW

Industry Overview

- In 2015, the real estate policy of the central government adhered to the general tone of “Promoting Consumption and Trimming Inventory”. Loose policies on both supply and demand sides were frequently issued to facilitate steady recovery of the volume and price of the real estate market.
- From the view of the demand side, measures introduced by the central government, such as repeatedly lowering deposit reserve ratio, interest rate and down payment, and reducing tax expenses, have lowered home buying cost and promoted the demand for home purchase. Regional policies were adjusted flexibly; a series of measures, such as reduction of tax expenses, financial subsidies, cancellation of purchase and non-resident limitations, were adopted to stimulate consumption. From the view of the supply side, scale was controlled and structure was adjusted in land supply and hence the market environment was improved.

* For identification purposes only

- In response to the development trend of China's property market, the Group stepped up its efforts in developing residential property projects targeting at rigid demand and improvement demand in first-and-second-tier cities. While optimizing the product structure of its residential business, the Group also developed commercial property projects in core areas of first-tier cities steadily, thereby realizing the diversified business development strategy implemented by the Group in recent years.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2015 totalling RMB9,987 million (2014: RMB5,312 million) are as follows:

- In Guangzhou, a total GFA of 276,513 square metres (2014: 147,604 square metres) with a carrying value of RMB4,017 million (2014: RMB2,367 million) was sold. The increase in sales was mainly attributable to the launch of new units of Hopson Belvedere Bay, Hopson Regal Riviera and Hopson Hushan Guoji Villa during the year.
- In Beijing and Tianjin, a total GFA of 162,093 square metres (2014: 108,264 square metres) with a carrying value of RMB2,138 million (2014: RMB1,630 million) was sold. The increase in sales was mainly attributable to the progress of municipal planning projects and the launch of new units during the year.
- In Shanghai, a total GFA of 213,863 square metres (2014: 86,670 square metres) with a carrying value of RMB2,463 million (2014: RMB810 million) was sold. The increase in sales was mainly attributable to the launch of new units of Hopson Asset Seascape Residence and Hopson Times Garden.
- In Huizhou, a total GFA of 231,230 square metres (2014: 77,834 square metres) with a carrying value of RMB1,369 million (2014: RMB505 million) was sold. The increase in sales was mainly attributable to the launch of new units of Hopson International New City and Hopson Xiaogui Bay during the year.

Properties sold but yet to be delivered

As at 31st December 2015, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 907,683 square metres (2014: 668,644 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$11,937 million will be recognised as revenue in the Group's financial statements in 2016 and thereafter.

Delivery of properties

A total GFA of 644,659 square metres (2014: 735,234 square metres) was delivered in 2015.

Project development progress

- A total GFA of 510,870 square metres (2014: 1,433,994 square metres) was completed during the year 2015.
- It is expected that a total GFA of 1,247,876 square metres will be completed in 2016.

Landbank

As of 31st December 2015, the Group had a landbank of 30.99 million square metres (31st December 2014: 32.69 million square metres).

Prospects

- Looking ahead to 2016, there will be a lot of uncertainties in the macro-economy. Through deepened reforms, China's economy is expected to maintain steady growth. It is expected that China's overall real estate market will have a steady development in 2016 while differentiation among different cities will grow.
- The Group will also follow the trends of the real estate market to optimize its product structure continuously. Apart from increasing the proportion of products targeting at rigid demand and improvement demand in the first-and-second-tier cities, the Group will also increase its investment in ancillary facilities of residential properties, with a view to improving the living experiences of the residential property owners. The Group will endeavor to raise the occupancy rate of its commercial projects, so as to boost the contribution from commercial sector to the income of the Group.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2015 together with the comparative figures for the previous year.

The 2015 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st December	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	4	12,845,184	17,044,862
Cost of sales	6	<u>(9,683,196)</u>	<u>(11,793,197)</u>
Gross profit		3,161,988	5,251,665
Fair value gain on investment properties		1,334,369	1,222,228
Other (losses)/gains, net	5	(37,481)	137,322
Selling and marketing expenses	6	(494,310)	(383,522)
General and administrative expenses	6	(1,296,371)	(1,389,354)
Finance income	7	96,709	65,267
Finance costs	7	(79,311)	—
Share of (loss)/profit of associates		(484)	564
Share of profit of joint ventures	8	<u>154,196</u>	<u>91,023</u>
Profit before taxation		2,839,305	4,995,193
Taxation	9	<u>(1,257,267)</u>	<u>(2,067,257)</u>
Profit for the year		<u>1,582,038</u>	<u>2,927,936</u>
Attributable to:			
Equity holders of the Company		1,645,942	2,947,301
Non-controlling interests		<u>(63,904)</u>	<u>(19,365)</u>
		<u>1,582,038</u>	<u>2,927,936</u>
Earnings per share for profit attributable to equity holders of the Company during the year (in HK\$ per share)			
— basic and diluted	10	<u>0.74</u>	<u>1.31</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31st December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>1,582,038</u>	<u>2,927,936</u>
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Fair value (loss)/gain on available-for-sale financial assets	(18,443)	686,941
Assets revaluation reserve realised upon disposal of properties held for sale	(221,267)	(583,301)
Revaluation gain upon transfer of properties and equipment to investment properties	763,341	—
Deferred tax	(86,531)	106,201
Currency translation differences	<u>(3,418,656)</u>	<u>(300,009)</u>
Other comprehensive loss for the year, net of tax	<u>(2,981,556)</u>	<u>(90,168)</u>
Total comprehensive (loss)/income for the year	<u>(1,399,518)</u>	<u>2,837,768</u>
Attributable to:		
Equity holders of the Company	(1,196,444)	2,865,173
Non-controlling interests	<u>(203,074)</u>	<u>(27,405)</u>
	<u>(1,399,518)</u>	<u>2,837,768</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31st December	
		2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Land costs		1,976,377	1,869,029
Prepayments for acquisition of land		126,980	134,852
Prepayments for construction work		587,141	1,480,246
Properties and equipment		3,958,050	4,060,382
Investment properties		28,935,997	25,474,413
Goodwill		39,912	42,386
Investments in associates		148,579	158,290
Investments in joint ventures		7,778,864	8,102,176
Available-for-sale financial assets		3,129,699	3,342,755
Deferred tax assets		402,162	341,466
		<u>47,083,761</u>	<u>45,005,995</u>
Current assets			
Prepayments for acquisition of land		9,658,469	10,241,218
Properties under development for sale		49,836,168	50,742,439
Completed properties for sale		25,196,674	28,277,161
Financial assets at fair value through profit or loss		13,101	13,607
Accounts receivable	12	425,296	385,076
Prepayments, deposits and other current assets		2,497,694	2,300,768
Due from a joint venture		32,031	—
Due from associates		210	223
Due from related companies		3,899	9,984
Pledged/charged bank deposits		676,049	1,223,534
Cash and cash equivalents		4,753,340	5,486,993
		<u>93,092,931</u>	<u>98,681,003</u>
Total assets		<u>140,176,692</u>	<u>143,686,998</u>

		As at 31st December	
		2015	2014
	Note	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		223,412	224,392
Reserves	15	<u>54,112,981</u>	<u>55,375,974</u>
		54,336,393	55,600,366
Non-controlling interests		<u>2,181,998</u>	<u>2,385,072</u>
Total equity		<u>56,518,391</u>	<u>57,985,438</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		57,638	61,212
Borrowings	13	35,516,944	36,747,468
Due to non-controlling interests		538,205	571,574
Deferred tax liabilities		<u>5,863,904</u>	<u>5,800,566</u>
		<u>41,976,691</u>	<u>43,180,820</u>
Current liabilities			
Accounts payable	14	7,354,186	8,746,455
Land cost payable		83,092	88,832
Borrowings	13	11,188,721	12,638,362
Deferred revenue		11,937,499	10,290,304
Accruals and other payables		3,177,798	3,184,658
Due to an associate		6,588	6,996
Due to related companies		596,329	88,232
Due to joint ventures		3,473,505	3,112,088
Current tax liabilities		<u>3,863,892</u>	<u>4,364,813</u>
		<u>41,681,610</u>	<u>42,520,740</u>
Total liabilities		<u>83,658,301</u>	<u>85,701,560</u>
Total equity and liabilities		<u>140,176,692</u>	<u>143,686,998</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2015	<u>224,392</u>	<u>55,375,974</u>	<u>2,385,072</u>	<u>57,985,438</u>
Profit for the year	—	<u>1,645,942</u>	<u>(63,904)</u>	<u>1,582,038</u>
Other comprehensive loss:				
Fair value loss on available-for-sale financial assets	—	(18,443)	—	(18,443)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(221,267)	—	(221,267)
Revaluation gain upon transfer of properties and equipment to investment properties	—	763,341	—	763,341
Deferred tax	—	(86,531)	—	(86,531)
Currency translation differences	—	<u>(3,279,486)</u>	<u>(139,170)</u>	<u>(3,418,656)</u>
Other comprehensive loss for the year, net of tax	—	<u>(2,842,386)</u>	<u>(139,170)</u>	<u>(2,981,556)</u>
Total comprehensive loss for the year	—	<u>(1,196,444)</u>	<u>(203,074)</u>	<u>(1,399,518)</u>
Transactions with owners:				
Repurchase of own shares	<u>(980)</u>	<u>(66,549)</u>	—	<u>(67,529)</u>
Balance at 31st December 2015	<u>223,412</u>	<u>54,112,981</u>	<u>2,181,998</u>	<u>56,518,391</u>

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2014	<u>224,537</u>	<u>52,521,442</u>	<u>2,411,207</u>	<u>55,157,186</u>
Profit for the year	<u>—</u>	<u>2,947,301</u>	<u>(19,365)</u>	<u>2,927,936</u>
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	<u>—</u>	<u>686,941</u>	<u>—</u>	<u>686,941</u>
Assets revaluation reserve realised upon disposal of properties held for sale	<u>—</u>	<u>(583,301)</u>	<u>—</u>	<u>(583,301)</u>
Deferred tax	<u>—</u>	<u>106,201</u>	<u>—</u>	<u>106,201</u>
Currency translation differences	<u>—</u>	<u>(291,969)</u>	<u>(8,040)</u>	<u>(300,009)</u>
Other comprehensive loss for the year, net of tax	<u>—</u>	<u>(82,128)</u>	<u>(8,040)</u>	<u>(90,168)</u>
Total comprehensive income/(loss) for the year	<u>—</u>	<u>2,865,173</u>	<u>(27,405)</u>	<u>2,837,768</u>
Transactions with owners:				
Repurchase of own shares	<u>(145)</u>	<u>(10,641)</u>	<u>—</u>	<u>(10,786)</u>
Capital contribution by non-controlling interests	<u>—</u>	<u>—</u>	<u>1,270</u>	<u>1,270</u>
	<u>(145)</u>	<u>(10,641)</u>	<u>1,270</u>	<u>(9,516)</u>
Balance at 31st December 2014	<u>224,392</u>	<u>55,375,974</u>	<u>2,385,072</u>	<u>57,985,438</u>

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 30th March 2016.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

(3) ACCOUNTING POLICIES

In 2015, the Group adopted the following amendments of HKFRS, which are effective for accounting periods beginning on or after 1st January 2015.

HKAS 19 (Amendments)	Defined Benefit Plans — Employee Contributions
Annual improvements 2010–2012 cycle	Improvements to HKFRSs
Annual improvements 2011–2013 cycle	Improvements to HKFRSs

The Group has assessed the impact of the adoption of these amendments and considered that there was no significant impact on the Group’s results and financial position.

New standards and amendments to existing standards that are not yet effective

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Disclosure Initiative	1st January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1st January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1st January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
Annual improvements 2012–2014 cycle	Improvements to HKFRSs	1st January 2016

The Group has already commenced an assessment of the impact of these new standards and amendments to existing standards, certain of which are relevant to the Group's operations and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

Executive Directors of the Company (the "Executive Directors") are regarded as the chief operating decision maker of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the reportable business segments are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

The Executive Directors assess the performance of the operating segments based on the segment results. Corporate income/expenses, finance income and dividend income from available-for-sale financial assets are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of land costs, prepayments for construction work, properties and equipment, investment properties, investments in associates, investments in joint ventures, prepayments for acquisition of land, properties under development for sale, completed properties for sale, accounts receivable, prepayments, deposits and other current assets, pledged/charged bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, which are managed on a central basis, and deferred tax assets.

Sales between segments are carried out on terms similar to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental, hotel operations and construction services, and property management income.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of properties	10,682,251	15,461,572
Property management income	824,214	816,008
Income from hotel operations	207,487	251,608
Rental income		
— Investment properties	491,453	302,696
— Others	164,534	158,955
Construction services		
— Decoration	475,245	54,023
	<u>12,845,184</u>	<u>17,044,862</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2015 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2015											
Total revenues	4,359,861	5,189,445	3,239,754	194,408	166,900	139,387	72,682	13,105	167,919	829,919	14,373,380
Intra/inter-segment revenues	(914,094)	—	(552,936)	(9,242)	—	—	(343)	—	(45,876)	(5,705)	(1,528,196)
Revenues	<u>3,445,767</u>	<u>5,189,445</u>	<u>2,686,818</u>	<u>185,166</u>	<u>166,900</u>	<u>139,387</u>	<u>72,339</u>	<u>13,105</u>	<u>122,043</u>	<u>824,214</u>	<u>12,845,184</u>
Segment results	<u>817,637</u>	<u>911,835</u>	<u>(143,417)</u>	<u>266,614</u>	<u>677,518</u>	<u>667,264</u>	<u>4,832</u>	<u>(38,572)</u>	<u>(216,586)</u>	<u>(26,547)</u>	<u>2,920,578</u>
Depreciation	(12,032)	(2,382)	(24,023)	(770)	(157)	(161)	(10,763)	(1,862)	(127,828)	(2,760)	(182,738)
Amortisation	—	—	—	—	—	—	(18,957)	(25,970)	(12,117)	—	(57,044)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	—	(22,853)	(22,853)
Fair value gain on investment properties	—	—	—	161,097	570,232	603,040	—	—	—	—	1,334,369
Share of loss of associates	(408)	—	(76)	—	—	—	—	—	—	—	(484)
Share of profit of joint ventures	<u>89,186</u>	<u>—</u>	<u>6,891</u>	<u>19,072</u>	<u>—</u>	<u>39,047</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>154,196</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2014 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2014											
Total revenues	7,410,113	1,709,432	7,965,101	117,098	148,208	44,490	67,165	6,778	236,235	852,652	18,557,272
Intra/inter-segment revenues	(1,329,855)	(5,916)	(74,325)	(5,304)	(1,796)	—	(1,288)	—	(57,282)	(36,644)	(1,512,410)
Revenues	<u>6,080,258</u>	<u>1,703,516</u>	<u>7,890,776</u>	<u>111,794</u>	<u>146,412</u>	<u>44,490</u>	<u>65,877</u>	<u>6,778</u>	<u>178,953</u>	<u>816,008</u>	<u>17,044,862</u>
Segment results	<u>1,945,684</u>	<u>281,788</u>	<u>1,385,440</u>	<u>705,606</u>	<u>205,668</u>	<u>613,243</u>	<u>(22,250)</u>	<u>(31,550)</u>	<u>(208,682)</u>	<u>(37,440)</u>	<u>4,837,507</u>
Depreciation	(6,615)	(3,135)	(24,477)	(730)	(660)	(52)	(8,305)	(32)	(112,252)	(2,765)	(159,023)
Amortisation	—	—	—	—	—	—	(17,720)	(26,733)	(6,846)	—	(51,299)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	—	(17,038)	(17,038)
Fair value gain on investment properties	—	—	—	629,208	84,074	508,946	—	—	—	—	1,222,228
Share of profit of associates	181	—	383	—	—	—	—	—	—	—	564
Share of profit/(loss) of joint ventures	<u>54,617</u>	<u>—</u>	<u>(3,480)</u>	<u>—</u>	<u>—</u>	<u>39,886</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91,023</u>

The segment assets by business lines and by geographical areas as at 31st December 2015 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended 31st December 2015	<u>35,861,570</u>	<u>18,655,521</u>	<u>44,450,945</u>	<u>6,141,416</u>	<u>13,915,406</u>	<u>11,951,404</u>	<u>1,032,136</u>	<u>1,437,972</u>	<u>2,753,874</u>	<u>444,587</u>	<u>136,644,831</u>
Segment assets include:											
Investments in associates	2,300	—	146,279	—	—	—	—	—	—	—	148,579
Investments in joint ventures	<u>4,772,543</u>	<u>—</u>	<u>1,126,036</u>	<u>48,419</u>	<u>—</u>	<u>1,831,866</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,778,864</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>3,085</u>	<u>2,018</u>	<u>9,606</u>	<u>290,565</u>	<u>1,231,038</u>	<u>483,312</u>	<u>1,389</u>	<u>33,789</u>	<u>718,747</u>	<u>2,012</u>	<u>2,775,561</u>

The segment assets by business lines and by geographical areas as at 31st December 2014 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended 31st December 2014	<u>38,037,711</u>	<u>22,519,678</u>	<u>43,763,889</u>	<u>6,238,873</u>	<u>12,995,287</u>	<u>10,873,094</u>	<u>1,125,208</u>	<u>1,524,784</u>	<u>2,534,864</u>	<u>389,389</u>	<u>140,002,777</u>
Segment assets include:											
Investments in associates	2,862	—	155,428	—	—	—	—	—	—	—	158,290
Investments in joint ventures	<u>5,008,246</u>	<u>—</u>	<u>1,198,712</u>	<u>—</u>	<u>—</u>	<u>1,895,218</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,102,176</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>2,441,982</u>	<u>7,106</u>	<u>13,118</u>	<u>146,511</u>	<u>1,032,343</u>	<u>477,685</u>	<u>33,830</u>	<u>263,867</u>	<u>57,112</u>	<u>3,437</u>	<u>4,476,991</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2015	2014
	HK\$'000	HK\$'000
Reportable segment profit from operations	2,920,578	4,837,507
Unallocated corporate expenses (including exchange loss), net	(291,635)	(87,109)
Dividend income from available-for-sale financial assets	192,964	179,528
Finance income	96,709	65,267
Finance costs	(79,311)	—
Profit before taxation	<u>2,839,305</u>	<u>4,995,193</u>

Reconciliation of reportable segment assets to total assets is as follows:

	2015	2014
	HK\$'000	HK\$'000
Total segment assets	136,644,831	140,002,777
Available-for-sale financial assets	3,129,699	3,342,755
Deferred tax assets	402,162	341,466
	<u>140,176,692</u>	<u>143,686,998</u>

The Group primarily operates in Mainland China. All revenues for the years ended 31st December 2015 and 2014 are from Mainland China.

As at 31st December 2015 and 2014, all non-current assets are located in Mainland China.

(5) OTHER (LOSSES)/GAINS, NET

	2015	2014
	HK\$'000	HK\$'000
Dividend income from		
— available-for-sale financial assets	192,964	179,528
— financial assets at fair value through profit or loss	377	422
Government grants	3,920	1,482
Fair value (loss)/gain on financial assets at fair value through profit or loss	(577)	1,462
Excess of the fair value of net assets of a subsidiary acquired over acquisition cost	2,933	—
Net foreign exchange losses charged in consolidated income statement		
— net foreign exchange losses	(279,028)	(45,572)
— exchange losses arising from foreign currency borrowings capitalised	41,930	—
	<u>(37,481)</u>	<u>137,322</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Advertising and promotion costs	176,892	175,892
Amortisation of land costs	57,044	51,299
Auditor's remuneration	9,316	9,867
Other professional fees	6,807	7,513
Cost of completed properties sold	8,180,701	10,566,578
Depreciation of properties and equipment	182,738	159,023
Direct operating expenses arising from investment properties that		
— generate rental income	132,291	75,513
— did not generate rental income	26,840	14,440
Employees' benefits costs (including Directors' emoluments)	915,403	1,030,881
Loss on disposals of properties and equipment	9,039	2,971
Operating lease rental in respect of premises	30,424	44,499
Provision for impairment of accounts receivable	<u>22,853</u>	<u>17,038</u>

(7) FINANCE INCOME AND COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest expense and other borrowing costs:		
— loans from banks and financial institutions	3,568,136	3,149,511
— senior notes	<u>331,524</u>	<u>525,157</u>
Total borrowing costs incurred	3,899,660	3,674,668
Less: Amount capitalised as part of the cost of properties under development	<u>(3,899,660)</u>	<u>(3,674,668)</u>
	—	—
Cost on early redemption of senior notes (<i>Note 13</i>)	79,311	—
Interest income from banks and a joint venture	<u>(96,709)</u>	<u>(65,267)</u>
Net finance income	<u>(17,398)</u>	<u>(65,267)</u>

The weighted average interest rate of borrowing costs capitalised during the year ended 31st December 2015 was approximately 7.4% (2014: 7.9%) per annum.

(8) SHARE OF PROFIT OF JOINT VENTURES

For the year ended 31st December 2015, the amount included the share of fair value gain, net of tax, on the investment properties of joint ventures located in Beijing and Guangzhou, amounting to approximately HK\$20 million (2014: HK\$4 million).

(9) TAXATION

	2015	2014
	HK\$'000	HK\$'000
Current tax		
Hong Kong profits tax	140	376
Mainland China corporate income tax	485,656	672,862
Mainland China land appreciation tax	563,248	1,199,782
Mainland China withholding income tax	23,741	105,090
	<u>1,072,785</u>	<u>1,978,110</u>
Deferred tax		
Mainland China corporate income tax	222,945	190,123
Mainland China land appreciation tax	(40,760)	(102,796)
Mainland China withholding income tax	2,297	1,820
	<u>184,482</u>	<u>89,147</u>
	<u>1,257,267</u>	<u>2,067,257</u>

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profit for the year ended 31st December 2015 (2014: 16.5%).

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the year ended 31st December 2015 (2014: 25%).

Mainland China land appreciation tax is levied 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 costs of land and development and construction expenditures.

Dividend distribution made by Mainland China subsidiaries and joint ventures to shareholders outside of Mainland China in respect of their profits earned after 1st January 2008 is subject to withholding income tax at tax rates of 5% or 10%, where applicable.

(10) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>1,645,942</u>	<u>2,947,301</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,238,837</u>	<u>2,244,126</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>0.74</u>	<u>1.31</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares for the years ended 31st December 2015 and 2014, diluted earnings per share is equal to basic earnings per share.

(11) DIVIDEND

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of nil (2014: nil) per ordinary share	—	—
Proposed final dividend of HK\$0.10 (2014: nil) per ordinary share	<u>223,020</u>	—
	<u>223,020</u>	—

The final dividend of HK\$0.10 per share in respect of the financial year ended 31st December 2015 (2014: nil) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The financial statements as at 31st December 2015 do not reflect this dividend payable.

(12) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable (excluding those impaired) is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 3 months	189,182	139,793
3 to 6 months	17,335	16,848
6 to 9 months	13,441	20,024
9 to 12 months	15,483	22,326
Over 12 months	<u>189,855</u>	<u>186,085</u>
	<u><u>425,296</u></u>	<u><u>385,076</u></u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable is related to a number of independent customers, and are denominated in Renminbi.

(13) BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	33,213,814	32,140,081
Senior notes	<u>2,303,130</u>	<u>4,607,387</u>
	<u>-----</u> 35,516,944	<u>-----</u> 36,747,468
Current		
Bank and financial institution borrowings	<u>11,188,721</u>	<u>12,638,362</u>
	<u><u>46,705,665</u></u>	<u><u>49,385,830</u></u>

Notes:

- (a) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) (the “2016 Notes”) for a total consideration of approximately HK\$2,340,000,000. The 2016 Notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the 2016 Notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

In May 2015, the Company redeemed all the outstanding 2016 Notes at 102.9375% of the principal amount of US\$300,000,000 (equivalent to approximately HK\$2,326,999,000) according to the mechanism specified in the offering circular, plus accrued and unpaid interest to the redemption date. The redemption amount included a premium of US\$8,813,000 (equivalent to approximately HK\$68,359,000). The redemption premium together with the unamortised borrowing costs totalling HK\$79,311,000 were charged to the consolidated income statement during the year ended 31st December 2015.

- (b) In January 2013, the Company issued 9.875% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,327,000,000) (the “2018 Notes”) for a total consideration of approximately HK\$2,327,000,000. The 2018 Notes mature in five years (January 2018) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the 2018 Notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

(14) ACCOUNTS PAYABLE

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 3 months	1,229,903	2,659,465
3 to 6 months	862,143	888,366
6 to 9 months	520,335	1,092,323
9 to 12 months	559,100	556,557
Over 12 months	<u>4,182,705</u>	<u>3,549,744</u>
	<u><u>7,354,186</u></u>	<u><u>8,746,455</u></u>

As at 31st December 2015, approximately HK\$560,141,000 (2014: HK\$707,658,000) of accounts payable were due to certain related companies in respect of property construction.

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

(15) RESERVES*For the year ended 31st December 2015*

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2015	15,931,098	161,117	1,282,475	6,612,411	31,388,873	55,375,974
Profit for the year	—	—	—	—	1,645,942	1,645,942
Currency translation differences	—	—	—	(3,279,486)	—	(3,279,486)
Repurchase of own shares	(69,563)	—	—	—	3,014	(66,549)
Fair value loss on available-for-sale financial assets	—	—	(18,443)	—	—	(18,443)
Realised upon disposal of properties held for sale	—	—	(221,267)	—	—	(221,267)
Revaluation gain upon transfer of properties and equipment to investment properties	—	—	763,341	—	—	763,341
Deferred tax	—	—	(86,531)	—	—	(86,531)
	<u>15,861,535</u>	<u>161,117</u>	<u>1,719,575</u>	<u>3,332,925</u>	<u>33,037,829</u>	<u>54,112,981</u>
Balance at 31st December 2015	<u>15,861,535</u>	<u>161,117</u>	<u>1,719,575</u>	<u>3,332,925</u>	<u>33,037,829</u>	<u>54,112,981</u>

For the year ended 31st December 2014

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2014	15,941,244	161,117	1,072,634	6,904,380	28,442,067	52,521,442
Profit for the year	—	—	—	—	2,947,301	2,947,301
Currency translation differences	—	—	—	(291,969)	—	(291,969)
Repurchase of own shares	(10,146)	—	—	—	(495)	(10,641)
Fair value gain on available-for-sale financial assets	—	—	686,941	—	—	686,941
Realised upon disposal of properties held for sale	—	—	(583,301)	—	—	(583,301)
Deferred tax	—	—	106,201	—	—	106,201
	<u>15,931,098</u>	<u>161,117</u>	<u>1,282,475</u>	<u>6,612,411</u>	<u>31,388,873</u>	<u>55,375,974</u>
Balance at 31st December 2014	<u>15,931,098</u>	<u>161,117</u>	<u>1,282,475</u>	<u>6,612,411</u>	<u>31,388,873</u>	<u>55,375,974</u>

DIVIDEND

The Board has recommended the payment of a final dividend of HK10 cents per share for the year ended 31st December 2015. No interim dividend has been declared for the half year ended 30th June 2015.

Subject to the approval of the payment of the proposed final dividend by shareholders at the annual general meeting of the Company to be held on Friday, 17th June 2016, it is expected that the final dividend will be paid on Friday, 8th July 2016 to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 27th June 2016.

FINANCIAL REVIEW

Turnover

(i) *Recognised Sales*

The Group recognised a turnover of HK\$12,845 million in 2015, down 25% comparing to HK\$17,045 million of 2014. The overall GFA delivered by the Group in 2015 was 644,659 square metres (2014: 735,234 square metres), which mainly included Hopson Times Garden (合生前灘一號) in Shanghai, Hopson International City (合生國際城) in Ningbo, Hopson Regal Riviera (合生珠江帝景) in Guangzhou, Hopson Dreams World (合生世界村) in Beijing and Hopson Belvedere Bay (合生君景灣) in Tianjin.

The overall average selling price in respect of delivered and completed properties decreased by 19% to RMB13,460 (2014: RMB16,521) per square metre. The decrease was mainly due to the increase in proportion of products targeting at rigid demand and improvement needs with a lower selling price, such as Hopson International New City (合生國際新城), Hopson International City (合生國際城) and The Town of Hangzhou Bay (合生杭州灣國際新城).

(ii) *Contracted Sales*

During the year, the Group recorded a total of RMB9,987 million contracted sales (2014: RMB5,312 million), up 88%. The average contracted selling price decreased 11% to RMB11,301 per square metre (2014: RMB12,636 per square metre).

Nineteen property projects were on sale in Guangdong and the contracted sales were RMB5,386 million in 2015, representing 54% of the total contracted sales of the Group. The major projects in Guangdong were Hopson Regal Riviera (合生珠江帝景), Hopson Belvedere Bay (合生君景灣) and Hopson Hushan Guoji Villa (合生湖山國際).

The combined contracted sales of Beijing and Tianjin were RMB2,138 million, representing 21% of the total contracted sales of the Group in 2015. Nine projects were on sale in Beijing and Tianjin, of which Hopson Regal Park (合生濱江帝景) in Beijing and Hopson Belvedere Bay (合生君景灣) in Tianjin were the major sales contributors.

There were nine property projects on sale in Shanghai, mainly comprising Hopson International City (合生國際城), Hopson Asset Seascape Residence (合生財富海景公館) and Hopson Times Garden (合生前灘一號). Contracted sales of Shanghai amounted to RMB2,463 million, representing 25% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs, and capitalised interest. There was a decrease in recognised sales this year as compared with the previous year and accordingly, resulted in a decrease of cost of sales by 18% to HK\$9,683 million (2014: HK\$11,793 million) and an increase of 6% to 75% (2014: 69%) as a percentage of turnover.

Gross Profit

Gross profit margin percentage dropped from 30.8% in 2014 to 24.6% in 2015, which was mainly attributable to the increase in the proportion of projects with relatively lower profit margins targeting at rigid demand.

Other Losses, Net

Other net losses amounted to HK\$37.5 million in 2015 (2014: other gains, net of HK\$137.3 million), which included (1) dividend income of HK\$193.3 million from investment in listed and unlisted securities; (2) grants amounting to HK\$3.9 million in total from government authorities in Mainland China; (3) fair value loss of HK\$0.6 million from listed securities; (4) an excess of the fair value of net assets of a subsidiary acquired over acquisition cost of HK\$3.0 million; and (5) net exchange loss of HK\$237.1 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration was HK\$1,791 million (2014: HK\$1,773 million), which was basically the same as in previous year.

Finance Costs

Gross interest expense before capitalisation in 2015 increased to HK\$3,900 million (2014: HK\$3,675 million), up HK\$225 million or 6%, primarily due to the increase in the average balance of bank and financial institution borrowings denominated in Renminbi. The effective interest rate in respect of the Group's borrowings was approximately 7.3% per annum (2014: 7.5%).

Share of Profit of Joint Ventures

Share of profit of joint ventures represented the Group's share of profit of HK\$154 million from three joint ventures located in Beijing and Guangzhou.

Taxation

The taxation was HK\$1,257.3 million in 2015, down 39.2% compared with the previous year. The decrease in taxation was due to the decrease in revenue and the profit margins.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$1,646 million for 2015 (2014: HK\$2,947 million). Basic earnings per share was HK\$0.74 (2014: HK\$1.31). Excluding the effect of the net of tax gain from investment property revaluation of HK\$1,001 million, the net of tax gain from the investment property revaluation of two joint ventures of HK\$20 million, the costs on early redemption of senior notes of HK\$79 million and an excess of the fair value of net assets of a subsidiary acquired over acquisition cost of HK\$3 million, underlying profit was HK\$701 million, down 65% as compared with the previous year.

Segment Information

Property development continued to be the Group's core business activity (83%). In 2015, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) contributed 42% to the total revenue of the Group, followed by 32% from Southern China (including Guangzhou, Huizhou and Zhongshan) and 26% from Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao).

Financial Position

As at 31st December 2015, total assets of the Group amounted to HK\$140,177 million (2014: HK\$143,687 million) and its total liabilities came to HK\$83,658 million (2014: HK\$85,702 million), representing a decrease of 2% respectively as compared to 31st December 2014. Denominated in Renminbi, the increase in total assets was mainly attributable to (1) the increase of investment properties; and (2) the increase in properties under development for sales; and the increase in deferred revenue led to the increase in total liabilities denominated in Renminbi, but as Renminbi depreciated against the Hong Kong dollars during the year, total assets and total liabilities denominated in Hong Kong dollars decreased compared to that at the end of previous year.

The Group's current ratio as at 31st December 2015 was 2.23 (2014: 2.32). Equity at 31st December 2015 decreased 2.5% to HK\$56,518 million from 31st December 2014, primarily due to the combined effect of the increase in profit attributable to equity holders and the weakening of Renminbi against Hong Kong dollars during the year. The net-asset-value ("NAV") per share as at 31st December 2015 was HK\$25.30.

Liquidity and Financial Position

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2015, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 60% (2014: 60%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 73% (2014: 74%).

As at 31st December 2015, the Group had cash and short-term bank deposits amounting to HK\$5,429 million (2014: HK\$6,711 million), of which approximately HK\$3 million (2014: HK\$3 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 98.05% of the cash and bank deposits were denominated in Renminbi, 1.10% in Hong Kong dollars and 0.85% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$44,403 million as at 31st December 2015, representing a decrease of 1% or HK\$375 million as compared to those as at 31st December 2014. Gearing ratio, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 73%, representing a decrease of 1 percentage point from 74% as at 31st December 2014.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2018 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 87% and 5% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2015 was as follows:

	As at 31st December 2015				As at 31st December 2014					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		
<i>(HK\$ million)</i>										
1 year	11,189	—	4,076	15,265	(30%)	12,638	—	3,207	15,845	(30%)
1–2 years	8,206	—	—	8,206	(16%)	11,790	2,313	—	14,103	(27%)
2–5 years	18,387	2,303	—	20,690	(41%)	12,899	2,294	—	15,193	(29%)
After 5 years	6,621	—	—	6,621	(13%)	7,451	—	—	7,451	(14%)
Total	44,403	2,303	4,076	50,782		44,778	4,607	3,207	52,592	
Less: Cash and bank deposits				(5,429)					(6,711)	
Net borrowings				<u>45,353</u>					<u>45,881</u>	

As at 31st December 2015, the Group had banking facilities of approximately HK\$68,991 million (2014: HK\$66,160 million) for short-term and long-term bank loans, of which HK\$24,588 million (2014: HK\$21,382 million) were unutilised.

Charge on Assets

As at 31st December 2015, certain assets of the Group with an aggregate carrying value of HK\$38,371 million (2014: HK\$40,084 million) and the Group's equity interests in subsidiaries of HK\$1,007 million (2014: HK\$439 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 31st December 2015, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,386 million (2014: HK\$10,083 million).

Commitments

The Group's commitments as at 31st December 2015 were as follows:

	As at 31st December 2015 <i>HK\$ million</i>	As at 31st December 2014 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain land holding entities	2,375	3,542
— Property construction costs	2,085	2,983
— Capital contribution to an associate	<u>256</u>	<u>272</u>
	<u>4,716</u>	<u>6,797</u>

Property development commitments

Contracted but not provided for		
— Property construction costs	<u>16,386</u>	<u>19,126</u>
	<u>16,386</u>	<u>19,126</u>

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31st December 2015 <i>HK\$ million</i>	As at 31st December 2014 <i>HK\$ million</i>
Amounts payable		
— Within one year	13	24
— Within two to five years	5	13
— After five years	<u>35</u>	<u>38</u>
	<u>53</u>	<u>75</u>

With continuous cash inflow from property sales, the banking facilities available and the cash on hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

In March 2016, the Company redeemed all the outstanding 2018 Notes at 104.9375% of the principal amount of US\$300,000,000 (equivalent to approximately HK\$2,325,288,000) according to the mechanism specified in the offering circular, plus accrued and unpaid interest to the redemption date. The redemption amount included a premium of US\$14,812,500 (equivalent to approximately HK\$114,811,000). The redemption premium together with the unamortised borrowing costs totalling HK\$136,970,000 will be charged to the consolidated income statement during the year ended 31st December 2016.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31st December 2015, the Group, excluding its associates and joint ventures, employed a total of 8,220 (as at 31st December 2014: 9,176) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$915 million for the year ended 31st December 2015 (2014: HK\$1,031 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31st December 2015, except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2015 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

During the year ended 31st December 2015, the Company repurchased a total of 9,798,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
April 2015	2,018,000	8.00	7.63	15,661,080
July 2015	<u>7,780,000</u>	<u>7.57</u>	<u>5.67</u>	<u>51,659,220</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$66,549,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meetings of the Company held on 13th June 2014 and 12th June 2015, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 5th May 2015, the Company redeemed all the outstanding 11.75% senior notes due 2016 with an aggregate principal amount of US\$300,000,000. The redemption price for the notes is 102.9375% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. All redeemed notes were cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2015.

Subsequent to 31st December 2015, the Company repurchased a total of 3,916,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
January 2016	<u>3,916,000</u>	<u>7.25</u>	<u>6.67</u>	<u>27,104,680</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totalling approximately HK\$26,797,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 12th June 2015, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 17th March 2016, the Company redeemed all the 2018 Notes with an aggregate principal amount of US\$300,000,000. The redemption price for the notes is 104.9375% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. All redeemed notes were cancelled.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2015.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14th June 2016 to Friday, 17th June 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 17th June 2016, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 13th June 2016.

The register of members of the Company will also be closed from Thursday, 23rd June 2016 to Monday, 27th June 2016 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22nd June 2016.

ANNUAL REPORT

The 2015 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board comprises nine Directors. The Executive Directors are Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Lee Tsung Hei, David, Mr. Tan Leng Cheng, Aaron, and Mr. Ching Yu Lung.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 30th March 2016