Hysan 希慎

Hysan Development Company Limited
希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 622, with limited liability)
(Stock Code：00014)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

- **Turnover up 6.4% year-on-year; Recurring Underlying Profit up 5.5%**
- **Strong office and solid retail performances**
- **Challenging conditions to remain both globally and in Hong Kong, but Hysan is expected to deliver steady performance in 2016**

RESULTS

		Year ended 31 December		
		2015	2014	
	Notes	**HK$ million**	HK$ million	Change
Turnover	*1*	**3,430**	3,224	+6.4%
Recurring Underlying Profit	*2*	**2,283**	2,163	+5.5%
Underlying Profit	*3*	**2,283**	2,163	+5.5%
Reported Profit	*4*	**2,903**	4,902	-40.8%
		HK cents	HK cents	
Earnings per share, based on:				
Recurring Underlying Profit	*2*	**214.83**	203.34	+5.7%
Underlying Profit	*3*	**214.83**	203.34	+5.7%
Reported Profit	*4*	**273.17**	460.82	-40.7%
Full-year dividends per share		**132.00**	123.00	+7.3%

		At 31 December		
		2015	2014	
		HK$ million	HK$ million	
Shareholders' Funds	*5*	**68,172**	67,040	+1.7%
		HK$	HK$	
Net Asset Value per Share	*6*	**64.48**	63.02	+2.3%

Notes:

1. ***Turnover*** *comprises rental income and management fee income derived from the Group's investment property portfolio in Hong Kong.*
2. ***Recurring Underlying Profit*** *is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets).*
3. ***Underlying Profit*** *is arrived at by excluding from Reported Profit unrealised fair value changes on investment properties. As a property investor, the Group's results are principally derived from the rental revenues on its investment properties. The inclusion of the unrealised fair value changes on investment properties in the consolidated income statement causes an increase in fluctuation in earnings and poses limitations on the use of the unadjusted earning figures, financial ratios, trends and comparison against prior period(s). Accordingly, unrealised fair value changes on investment properties are excluded in arriving at the Underlying Profit.*
4. ***Reported Profit*** *is the profit attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.*
5. ***Shareholders' Funds*** *is the equity attributable to owners of the Company.*
6. ***Net Asset Value per Share*** *represents Shareholders' Funds divided by the number of issued shares at year-end.*

CHAIRMAN'S STATEMENT

Overview

We anticipated a challenging 2015 but the year turned out to be far more volatile and difficult than expected. Crashing oil prices and a noticeably slowing Chinese economy together with alarming worldwide geopolitical issues were only some of the dark clouds that gathered. In a local context, the decline in retail sales, especially in the luxury sector, gathered pace. Although largely expected in a climate of adjustment, there were a number of structural changes that affected spending patterns and shopper mix.

The softer retail market was helped by a stronger commercial office market which was in turn aided by tight supply and demands from Chinese financial institutions. Overall, 2015 was a tale of two halves. In the second half, China's slowing economic growth, the depreciation of the Yuan and weaker and volatile equity markets had an immediate and direct impact on Hong Kong.

We enter 2016 with a continued commitment to build on our already well diversified, unique and well curated portfolio. Our balance sheet strength and our dynamic capital management will place us in a strong position to face the headwinds of the coming year. Just as importantly, they will enable us to seek opportunities to make Hysan an even stronger company.

Business Performance

The Group's 2015 turnover was HK$3,430 million, up 6.4% from HK$3,224 million in 2014. At year-end 2015, our retail portfolio was fully-let. Occupancy of our office portfolio was 99%, while that of the residential portfolio was 89%.

Recurring Underlying Profit, our key core leasing business performance indicator, and Underlying Profit, were both HK$2,283 million (both up 5.5% from HK$2,163 million in 2014). These performances primarily reflected the continued improvement in gross profit generated from our retail and office leasing activities. Basic earnings per share based on Recurring Underlying Profit was HK214.83 cents (2014: HK203.34 cents), up 5.7%.

Our Reported Profit for 2015 was HK$2,903 million (2014: HK$4,902 million), down 40.8%. This reflected a smaller fair value gain on the Group's investment properties valuation recorded this year. At year-end 2015, the external valuation of the Group's investment property portfolio increased by 1.6% to HK$69,810 million (2014: HK$68,735 million). This in part reflected the more efficient design for Lee Garden Three, finalised in Q4 2015, as compared to the earlier valuation based on more generic assumptions. The higher external valuation also reflected improved rental rates for the Group's office investment property portfolio. Shareholders' Fund increased by 1.7% to HK$68,172 million (2014: HK$67,040 million).

Our financial position remains strong, with net interest coverage of 19.5 times (2014: 17.1 times) and net debt to equity ratio of 3.0% (2014: 4.2%).

Capital Management

The Board of Directors (the "Board") is pleased to declare a second interim dividend of HK107 cents per share (2014: HK100 cents). Together with the first interim dividend of HK25 cents per share (2014: HK23 cents), the total distribution is HK132 cents per share (2014: HK123 cents), representing a year-on-year increase of 7.3%. The dividend will be payable in cash.

Hysan announced its first share repurchase since 2007 in August 2015, as part of our commitment to dynamic capital management. 6.75 million shares were repurchased during the year. Such repurchases should further enhance shareholders' value, which will include the associated improvement in net asset value and earnings per share. We will closely monitor the market and may continue our share repurchase during 2016.

Resilience and Flexibility

The challenging socio-political and global economic and financial conditions in 2015 will continue into 2016 and create even greater uncertainty. This will be reflected in lower consumer confidence, as reflected in dollars spent, and also in the frequency of visits and consumer numbers.

The Yuan, while lower compared to the US dollar and against the pegged Hong Kong dollar, is still strong compared to most other currencies. Increasingly sophisticated Chinese tourists are more interested in visiting and spending their relatively strong Yuan in Europe and other Asian destinations such as Japan.

Luxury retail had a challenging 2015. Hysan witnessed slower sales in this sector. Since we anticipated that the market would normalise after strong growth during the past decade, we committed to a strategy of diversification by pivoting our portfolio towards the mid to affordable market and we leveraged on our leading position in children's offerings and in sport and life style products.

Hysan continues to build on and fine-tune the clear positioning of our three hubs. Each hub represents approximately one-third of our portfolio in size. Our well balanced and diversified portfolio forms the platform for our retail strategy and will position Hysan well to meet the challenges ahead.

Building upon a base that caters for a wider group of consumers, we have also maintained our commitment to provide a unique and satisfying experience to our tenants, shoppers and other visitors. For us, it is simply not enough to meet our customers' expectations. We strive to give experiences that delight and surprise our stakeholders' expectations through creativity, resourcefulness, professionalism, strong teamwork and the swift action of everyone in the Hysan team.

Our strategy "to exceed expectations" began with the enhancement of diversity in our retail tenant mix. In recent years, we have built a retail portfolio anchored by more than 20 flagship stores covering a range of products and price points. By adding a significant number of health and leisure brands and their products targeting different segments of customers, both Hysan Place and the Lee Theatre hub have developed a more "sporty" look and feel that appeals to those members of our society, both young and young-at-heart, who focus on health and work-life balance.

Food and beverage (F&B) is an increasingly vital and integral part of retailing. Hysan ensures a flow of new concepts which appeal to consumers' increasing sophistication and demands for all things original and exciting. Our F&B offering covers a range of price points which attracts casual, chic, professional and business diners as well as family gatherings. There are seven Michelin-starred or -recommended F&B outlets in the Hysan portfolio. Our reputation as a "foodie haven" enhances our profile as a leisure venue that goes beyond shopping.

We continued to devote significant resources to stage unique promotional activities and programmes to increase foot traffic. Against a generally weak retail environment, the annual foot traffic for the Hysan portfolio increased by around 5% in 2015 as compared to 2014. We differentiated from other shopping malls, which also significantly stepped up their promotional activities, by working closely with our tenants to create targeted promotions to support their marketing strategies.

Finally, we have further enhanced our customer service on all fronts. We clearly understand that a commercial property owner's attention should not end with its tenants, but also focus on those who frequent its shops. As part of our drive to create positive customer experiences, our initiatives have included continuous refinement of the Club Avenue V.I.P. service, new events for our ever-popular Kids' Zone programmes, and a new and enhanced training setup for our front-line property management personnel.

Our clustering in the prime commercial district of Causeway Bay is a unique advantage. This geographic concentration in one area powers and magnifies the effects of our diverse tenant mix, our varied F&B offering, our significant number of flagship stores, our popular promotional activities and our consistent and renowned customer service. We intend to maintain a holistic approach to our portfolio in order to deliver a brand with a quality and experience which is unique to Lee Gardens.

In 2015, our office portfolio continued to benefit from the significant demand for premium office space by financial and related industries in Hong Kong. Whereas Mainland Chinese securities and financial companies continued to take up the available limited supply of space in the core central districts, other industries have looked towards Causeway Bay in general, and Lee Gardens in particular, as a strong alternative to core central areas because of our excellent facilities, amenities and transport ties.

A recent survey conducted by Hong Kong's Community Business reiterated that commuting convenience, good workplace facilities and the availability of nearby shops, restaurants and entertainment are local workers' most important criteria in achieving work life balance. We take pride in the fact that our office portfolio offers all these attractions in abundance. Moreover, Lee Gardens Offices maintains a significant edge in cost effectiveness as compared to other core areas like Central and Admiralty.

The Lee Garden Three redevelopment is progressing well and is on schedule to be completed in late 2017, slightly earlier than the original estimated date of 2018. A major feature of this project is the addition of around 200 parking spaces. These will further channel shoppers with cars into our portfolio, and will significantly alleviate the parking issues experienced in Causeway Bay.

On the environmental and community fronts, Lee Garden One's office portion was a proud recipient of a provisional BEAM Plus Platinum Certification for existing buildings, Hong Kong's first commercial buildings' offices to be on the way to achieving this significant green building standard. We are also delighted to report that our RE:SHARE A WISH Xmas Baubles upcycling programme raised more than HK$1.1 million for Save the Children through the sales of limited-edition designer baubles made from recycled water bottles.

Outlook
As the world's most visited city, we are confident that Hong Kong will remain relevant and vital, in its own right and as a part of an increasingly outward looking China. 2016 will see continued adjustments, particularly in the high end retail sector, while volatility in the currency and equity markets and a slower China growth will contribute to a challenging year.

Hysan prides itself on a deep understanding of and commitment to Hong Kong, especially the commercial heart of Causeway Bay. It is important to recognise the resilience that our diversified and balanced portfolio and our balance sheet strength provide. We are confident that Hysan is uniquely placed to capture opportunities as Hong Kong benefits from the continuing development of China. We anticipate our Group will deliver another year of steady performance.

Appreciation
On behalf of the Board, I would like to thank our management team and colleagues for all their commitment and hard work in 2015. I would also like to thank my fellow directors for their advice throughout the year. My special thanks to Mr. Nicholas Charles ALLEN, who is stepping down from the Board upon the conclusion of our annual general meeting in May. Nick joined Hysan as an Independent non-executive Director back in November 2009. I am grateful for his wise counsel and diligent work as Chairman of the Audit Committee. I would also like to thank Ms. Wendy Wen Yee YUNG, our Executive Director from April 2008 until October 2015, for all her contributions to Hysan, and wish her every success in her future endeavours.

Irene Yun Lien LEE
Chairman

Hong Kong, 8 March 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Hysan's aggregate gross floor area was approximately 4.1 million square feet of retail, office and residential investment properties in Hong Kong, excluding the site of the forthcoming Lee Garden Three currently under redevelopment.

Strategy
The Group aims at providing our shareholders with a steady growth of total return over a reasonable investment holding period. The Group maintains a near term focus in Causeway Bay, our historic home base, and begins to seek investment and development opportunities beyond our core portfolio for longer term growth.

We adopt a differentiating strategy to create and add value to our existing properties through redevelopment, enhancement and active portfolio management. In addition to building a strong tenant mix, we leverage on our distinctive physical environment to establish a unique commercial community of three retail hubs and an office portfolio with diversity and value points, while responding to our customers' changing tastes and addressing their concerns for the environment and work-life balance.

In our pursuit of new investment opportunities for future long-term growth, we adopt stringent financial discipline and we shall continue to place emphasis on our ability to add value.

Review of Results
The Group's turnover in 2015 was HK$3,430 million, an increase of 6.4% from HK$3,224 million in 2014. The rise principally reflected higher average occupancy during the year and positive rental reversion. Both the retail and office sectors were up, while the residential sector declined slightly.

The turnover of each sector is shown as below:

	2015 **HK$ million**	2014 HK$ million	Change %
Retail sector	**1,902**	1,801	+5.6
Office sector	**1,243**	1,136	+9.4
Residential sector	**285**	287	-0.7
	3,430	3,224	+6.4

The Group's Recurring Underlying Profit and its Underlying Profit were both HK$2,283 million, up 5.5% from HK$2,163 million in 2014. The performance of these two profit indicators primarily reflected the continued improvement in gross profit generated from our retail and office leasing activities. Basic earnings per share based on Recurring Underlying Profit were HK214.83 cents (2014: HK203.34 cents), up 5.7%.

Our Reported Profit for 2015 was HK$2,903 million (2014: HK$4,902 million), a 40.8% decrease from the year before, principally reflecting a smaller fair value gain on the Group's investment properties valuation recorded this year.

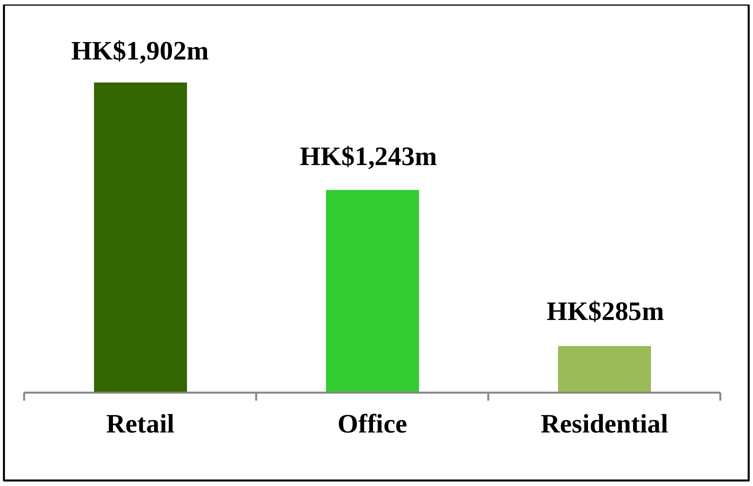
	2015 **HK$ million**	2014 HK$ million	Change %
Recurring Underlying Profit and Underlying Profit	**2,283**	2,163	+5.5
Fair value change on investment properties located in			
- Hong Kong	**616**	2,732	-77.5
- Shanghai*	**4**	7	-42.9
Reported Profit	**2,903**	4,902	-40.8

** The investment properties are held by an associate of the Group.*

Review of Operations

As at 31 December 2015, about 83% of the Group's investment properties by gross floor area were retail and office properties in Causeway Bay, and the remaining 17% represented residential properties in the Mid-Levels.

In terms of turnover contributions by the different business portfolios, about 56% was attributable to retail, 36% to office and 8% to residential properties.



Key Performance Indicators

While many factors contribute to the results of the Group's businesses, turnover growth and occupancy rate are the key drivers used by the Group's management for assessment of the performance of our core leasing business. In addition, the management uses the property expenses ratio (as a percentage of turnover) to assess cost effectiveness.

Key Performance Indicators	Definition	Business Performance (vs 2014)
Turnover Growth	Rental revenue in 2015 vs that in 2014	Retail: +5.6% (vs +7.3%) Office: +9.4% (vs +4.7%) Residential: -0.7% (vs -4.3%)
Occupancy Rate	Percentage of total area leased*/ total lettable area* of each portfolio	Retail: fully-let (2014: fully-let) Office: 99% (2014: 98%) Residential: 89% due to an ongoing renovation of one of the blocks (2014: 97%)
Property Expenses Ratio	Property expenses divided by turnover	12.1% in 2015 (2014: 12.5%) as a result of the healthy turnover growth

**Source of underlying data: Internal company data*

Note: No changes have been made to the source of data or calculation methods used compared to 2014.

Retail Portfolio

- Turnover: +5.6%
- Rental reversion: + around 25%
- Occupancy: fully-let
- Traffic: + around 5%
- Overall estimated tenant sales: + around 10%

Hysan's retail portfolio turnover grew 5.6% to HK$1,902 million (2014: HK$1,801 million), including turnover rent of HK$71 million (2014: HK$93 million). The lower turnover rent reflects the Group's strategy of increasing the base rent over the past few years, as a response to our anticipation of the retail sales growth normalisation.

The portfolio reported positive rental reversion in rental renewals, reviews and new lettings, with average increase of around 25%. The portfolio was fully-let as at 31 December 2015 (31 December 2014: fully-let).

The entire portfolio's total foot traffic increased by around 5%, when compared to the year before. This was achieved against a fall in overseas visitors coming to Hong Kong in 2015 when compared to 2014. In particular, the foot traffic for the Lee Theatre hub improved by around 10% as consumers are seen to gravitate towards trendy and good quality low-to-mid-price items, such as those from Uniqlo, Cotton On, Aland and Muji, as well as our improved food and beverage offerings.

The estimated overall tenant sales increase within Hysan's retail portfolio was around 10% in 2015, outperforming Hong Kong's overall retail sales which showed a 3.7% decline.

Among the three hubs, Hysan Place achieved around 20% in estimated tenant sales growth. The tenant mix was refined throughout the year with the addition of 32 new tenants, many providing themed unisex sports and leisure offerings, like Columbia, Nike and The North Face. These offerings were complemented by unique activities and events created to meet local consumers' demand for healthier lifestyles. lululemon athletica, for example, opened its largest Hong Kong store and provided yoga activities on a regular basis in Hysan Place's Sky Garden. Our original "Living – Lee Gardens" and "Green Wonders" events also helped to consolidate the hub's reputation as a healthy living destination.

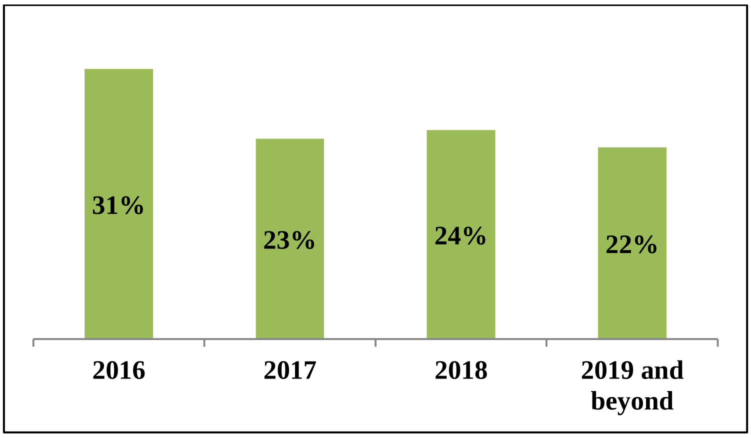
Other major placemaking events like Iron Man 3 and Wooderful Life drew the attention of traditional and social media, which translated into exceptional mall traffic during these exhibitions. Other significant changes and additions included DFS T-Galleria's new lower-priced beauty hall concept at the basement floor, as well as LINE's first ever Hong Kong outlet. Kyo Hayashiya, a 262 year old Japanese tea shop, also opened its first outlet outside of Japan in Hysan Place.

Lee Gardens hub, with its premium positioning, saw a drop in estimated tenant sales. These figures were impacted by the slowdown in tourist spending, the depressed consumer sentiment due to local stock market volatility, as well as the life cycle and distribution strategies of certain brands. This hub's food and beverage offerings, including three Michelin Guide-starred or -recommended restaurants, continued to be very popular and saw a strong double-digit percentage growth in tenant sales.

Lee Theatre hub saw a healthy percentage growth of around 5% in estimated tenant sales. Both the Lee Theatre Plaza lower floor anchor stores and the upper floor food and beverage outlets performed well. Putien, Sorabol and Wu Kong are among Lee Theatre Plaza's top restaurants and are recommended by the Michelin Guide. The sports and lifestyle stores in Leighton Centre also saw good tenant sales growth. adidas Originals, Asics and Onitsuka Tiger were among the 2015 additions, while Fila and Haglöfs joined the ground floor street front at the turn of the year.

We strive to strengthen the links among the Group, our tenants and their customers. In 2015, we partnered with a premium brand on an online to offline project whereby a number of world-wide exclusive items were to be reserved online in the Club Avenue app and picked up in store in Lee Gardens. The results were very encouraging and several more brands decided to participate in similar programmes. We will continue to work closely with our tenants and find new ways to provide unique and delighting shopping experiences for our shoppers.

Retail Lease Expiry Profile (As at 31 December 2015)



Office Portfolio

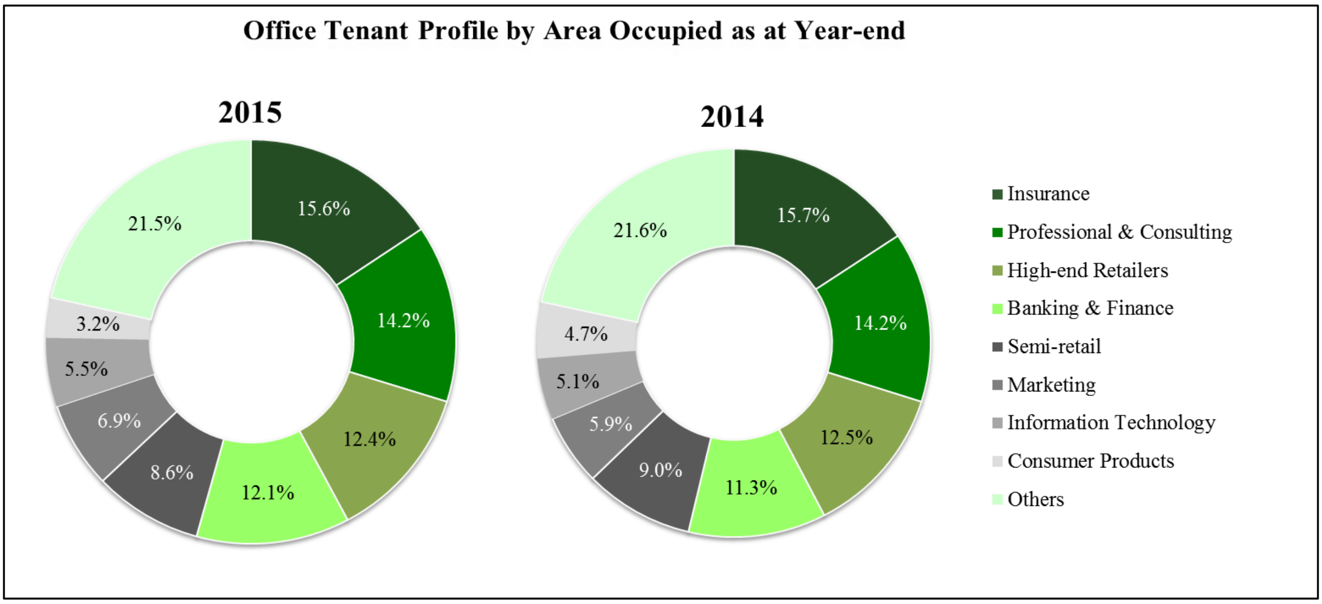
- Turnover: +9.4%
- Rental reversion: + around 30%
- Occupancy: 99%

The Group's office portfolio turnover grew by 9.4% to HK$1,243 million (2014: HK$1,136 million). This reflected positive rental reversion on renewals, reviews and new lettings, with an average rental increase of around 30%.

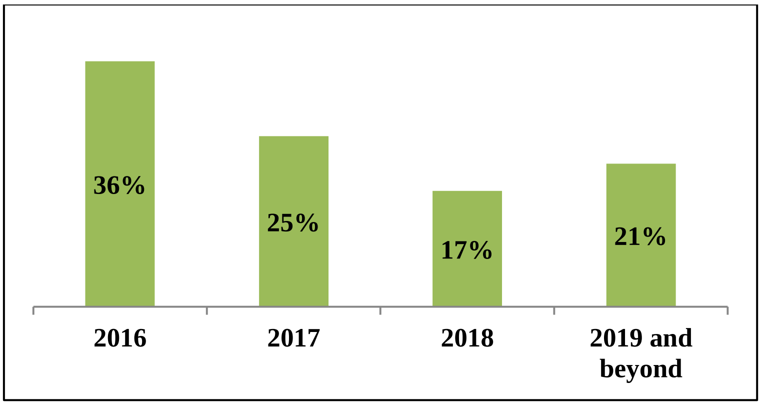
The portfolio's occupancy was 99% as at 31 December 2015 (31 December 2014: 98%).

Office space vacancy remained tight throughout Hong Kong in 2015, even though leasing activities experienced some moderation towards the end of the year. One factor influencing generally strong demand was the establishment or expansion of local and mainland securities and financial companies riding on the launch of the Shanghai-Hong Kong stock connect scheme, and on anticipation of the commencement of its Shenzhen-Hong Kong counterpart. Although these companies would consider the core Central district as their first choice, quality companies in other industries look towards Causeway Bay in general, and Lee Gardens in particular, as a highly convenient office venue. They recognised Hysan's office portfolio as a genuine alternative to Central and Admiralty, since we offer a variety of retail and leisure outlets in the area, as well as being an exceptional transport hub. In addition, Lee Gardens Offices maintains an edge in cost effectiveness when compared to other core areas. In 2015, Commerzbank, Bank of Communications and Akamai Technologies were among the major corporations which joined Hysan's office portfolio as tenants.

The portfolio maintained a balanced tenant mix, with the top four industries being insurance, professional and consulting, high-end retailers and banking and finance. These industries represent 54% of our office lettable floor area, and no category took up more than 20% of the total lettable area.



Office Lease Expiry Profile (As at 31 December 2015)



Residential Portfolio

- Turnover: -0.7%
- Rental reversion: + around 5%
- Occupancy: 89%

The Group's residential portfolio (Bamboo Grove on Kennedy Road) saw a small turnover drop of 0.7% to HK$285 million (2014: HK$287 million). This was attributable to renovation work being carried out in one of the blocks with a number of units vacated in the second half of the year. The portfolio's occupancy was 89% at 31 December 2015 (31 December 2014: 97%).

However, there was positive rental reversion on renewals, reviews and new lettings at Bamboo Grove, with an average rental increase of around 5%, due to an improvement in demand for quality executive rentals.

As the renovation project progresses, Bamboo Grove will continue to improve its services and facilities to ensure the provision of a superior international living experience for its tenants.

Lee Garden Three Project

Piling, excavation and foundation works of this project was completed in the first quarter of 2016 for the commencement of the basement and superstructure construction. The project is on schedule for its anticipated completion in late 2017, slightly ahead of its original estimation of early 2018.

Lee Garden One Enhancement Project

The Lee Garden One ground floor lobby and higher floors retail space enhancement project is making good progress. The first phase construction work, revamping the ground floor lobby and adding three elevators, was completed in July 2015 as scheduled. The second phase construction work for new shop space commenced in the third quarter of 2015. The entire project is scheduled to be completed in the middle of 2016.

Lee Garden One Offices was awarded the first provisional BEAM Plus Platinum certificate for an existing commercial building in Hong Kong.

Financial Review

A review of the Group's results and operations is featured in the preceding sections. This section deals with other significant financial matters.

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs largely representing payroll related costs of management and head office staff).

Property expenses increased by 2.5% to HK$414 million (2014: HK$404 million), mainly due to higher marketing expenses to enhance shopping attractions. Coupled with an increase in rental income, the property expenses to turnover ratio improved slightly from 12.5% to 12.1% as compared to 2014.

Administrative expenses rose by 9.3% to HK$234 million (2014: HK$214 million). This reflected human resources upskilling and the filling of previously vacant positions, as well as salary increment.

Finance Costs

Finance costs reduced by 10.5% to HK$204 million (2014: HK$228 million) in 2015. The decrease was attributable to the lower average debt level in 2015 as compared to 2014 after repayment of HK$1,582 million debts. Among these debts, HK$1,482 million of the borrowings were on a floating rate basis, which generally carried lower effective interest cost compared with fixed rate debts. As a result, the Group's average cost of finance in 2015 was 3.5%, slightly higher than 3.2% reported for 2014.

Further discussion of the Group's treasury policy, including debt and interest rate management, is set out in the "Treasury Policy" section.

Revaluation of Investment Properties
The Group's investment property portfolio was valued at 31 December 2015 by Knight Frank Petty Limited, an independent professional valuer, on the basis of open market value. The amount of this valuation was HK$69,810 million, an increase of 1.6% from HK$68,735 million at 31 December 2014.

The valuation at year-end 2015, when excluding property under redevelopment, principally reflected improved rental rates for the Group's office investment property portfolio. The increase in valuation of property under redevelopment was mainly due to the more efficient design, finalised in Q4 2015, as compared to the earlier valuation based on more generic assumptions. The capitalisation rates of each portfolio remained unchanged from those used as at 31 December 2014.

The following shows the property valuation of each portfolio at year-end.

	2015 HK$ million	2014 HK$ million	Change %
Retail	**34,334**	34,313	+0.1
Office	**23,110**	22,684	+1.9
Residential	**7,729**	7,718	+0.1
	65,173	64,715	+0.7
Property under redevelopment*	**4,637**	4,020	+15.3
	69,810	68,735	+1.6

** Property under redevelopment is valued at site value plus construction costs expended up to date.*

Fair value gain on investment properties (excluding capital expenditure spent on the Group's investment properties) of HK$695 million (2014: HK$2,940 million) was recognised in the Group's consolidated income statement for the year.

Investments in Associates
The Group's share of results of associates decreased by 2.4% to HK$246 million (2014: HK$252 million), due to a smaller revaluation gain of the Shanghai Grand Gateway project, of which the Group owns 24.7%, as compared to last year. As at 31 December 2015, properties at Shanghai Grand Gateway had been revalued at fair value by an independent professional valuer. The Group's share of the revaluation gain, net of the corresponding deferred tax thereon, of the associate amounted to HK$4 million (2014: HK$7 million).

Other Investments
In addition to placing surplus funds as time deposits in banks with strong credit ratings, the Group also invested in investment grade debt securities. This helped to preserve the Group's liquidity and to enhance interest yields.

Investment income, comprising mainly of interest income, amounted to HK$54 million (2014: HK$68 million). This principally reflected lower average investment amount as matured debt was repaid without refinancing, and lower average interest yield as Renminbi investments (which carried a higher yield) was reduced, as compared to 2014. As at 31 December 2015, all RMB investments open positions have been hedged.

Further discussion of the Group's foreign exchange management is set out in the "Treasury Policy" section.

__Cash Flow__

Cash flow of the Group during the year is summarised below.

	2015 **HK$ million**	2014 HK$ million	Change %
Operating cash inflow	2,908	2,712	+7.2
Investments	1,250	750	+66.7
Financing	(1,587)	(1,114)	+42.5
Interest and taxation	(480)	(439)	+9.3
Dividends paid and proceeds on exercise of options	(1,454)	(1,363)	+6.7
Capital expenditure	(414)	(591)	-29.9
Consideration for shares repurchased	(215)	-	n/m
Net cash inflow (outflow)	8	(45)	n/m

** n/m – not meaningful*

The Group's net operating cash inflow was HK$2,908 million (2014: HK$2,712 million), HK$196 million higher than in 2014, reflecting the growth in our core leasing business. Net cash from investments was HK$1,250 million (2014: HK$750 million), mainly attributable to reduction in investments in time deposits with longer tenors, as compared to 2014.

Net cash used in financing was HK$1,587 million (2014: HK$1,114 million). This principally reflected the repayment of HK$850 million bank loans and HK$732 million medium term notes during the year. The Group paid dividends of HK$1,330 million (2014: HK$1,255 million), being the 2014 second interim dividend of HK100 cents per share and the 2015 first interim dividend of HK25 cents per share.

Capital Expenditure and Management

The Group is committed to enhancing the asset value of its investment property portfolio through selective asset enhancement and redevelopment. The Group has also in place a portfolio-wide whole-life cycle maintenance programme as part of its ongoing strategy to pro-actively implement preventive maintenance activities. Total cash outlay of capital expenditure during the year was HK$414 million (2014: HK$591 million).

Share Repurchase

As part of Hysan's capital management strategy, the Group repurchased 6.75 million of its own shares during 2015, which should further enhance shareholders' value, at an aggregate consideration of HK$215 million (2014: nil). The average purchase price per share was HK$31.78.

Treasury Policy

Market Highlights

2015 was characterised by the divergent economic performances of the major countries. On one hand, with steady economic growth in the U.S., the Fed decided to increase the federal funds rate in December. On the other hand, other economies like the Euro zone and Japan are experiencing economic slowdown and even sliding into recession. Central banks in these countries, hoping to boost growth, decided to provide further liquidity and even introduced negative interest rates.

China is also facing economic slowdown with GDP growth in 2015 below 7%. This slowdown had significant spill-over effects on the rest of the world, in particular on the equity and commodity markets. It also had major impacts on the retail markets in Hong Kong as tourist numbers from the PRC and their spending continued to fall. Investors are expecting China to adopt measures to further provide liquidity to the market to spur growth in 2016.

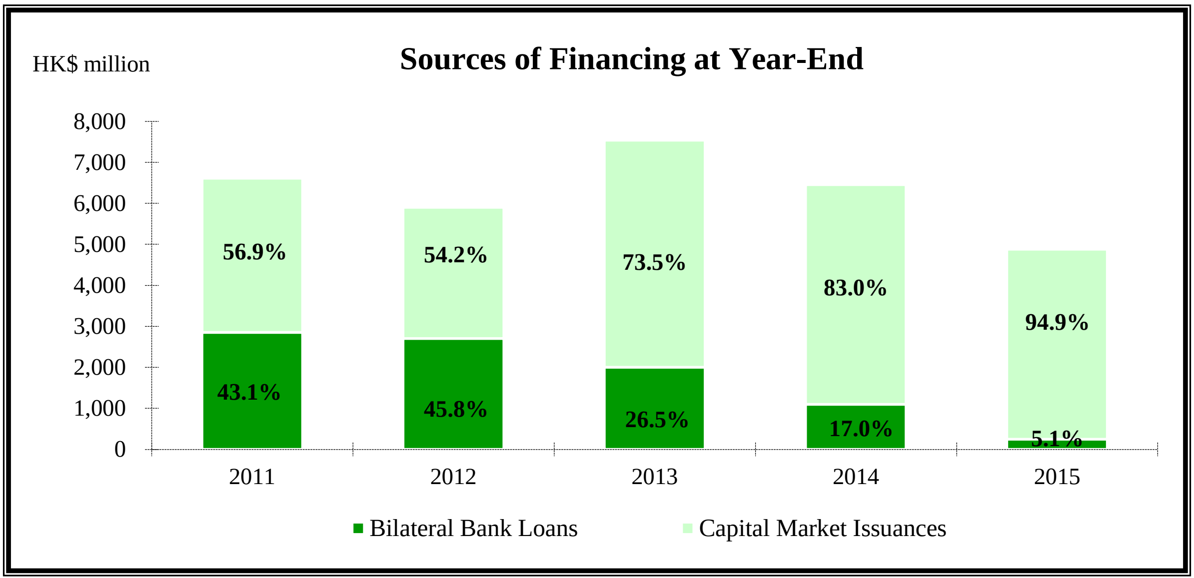
Capital Structure Management

Despite the interest rate tightening in the U.S., the banking system of Hong Kong continued to benefit from abundant liquidity, with 3-month Hibor remaining low in the range of 0.37% to 0.42% throughout the year. In regard to the Hong Kong bank loans market, the credit margin for companies with credit rating of investment grade saw a modest decline.

With ample cash and bank deposits on hand, equivalent to HK$2,804 million at year-end of 2015 (2014: HK$3,640 million), the Group did not arrange any new financing in the year. On the contrary, the Group repaid HK$850 million bank loans and HK$732 million of medium term notes during the year upon their maturities. As a result, the outstanding gross debt[1] of the Group was HK$4,875 million (2014: HK$6,457 million) at year-end of 2015, a decrease of HK$1,582 million compared with 2014. All the outstanding borrowings are on an unsecured basis.

The Group always strives to lower borrowing margin, to diversify funding sources and to maintain a suitable maturity profile relative to the overall use of funds. Because of the repayment of bank loans in 2015, debts sourced from capital markets increased to 94.9% (2014: 83.0%) at year-end of 2015. The Group continued to maintain long-term relationships with a number of local and overseas banks in order to diversify its funding sources. At year-end of 2015, seven local and overseas banks provided bilateral banking facilities to the Group as funding alternatives.

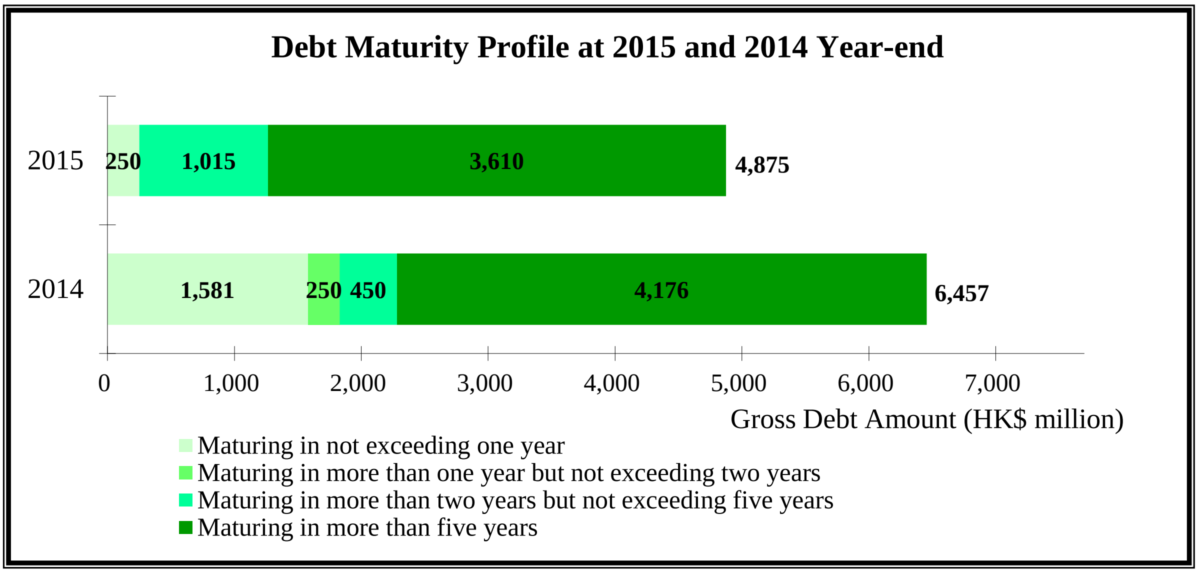
The following graph shows the percentages of total outstanding gross debts sourced from banks and the debt capital markets in the past five years.



The Group also strives to maintain an appropriate maturity profile. As at 31 December 2015, the average maturity of the debt portfolio was about 6.3 years (2014: 5.6 years), of which about HK$250 million or 5.1% of the outstanding gross debt[1] will be due in less than one year. Given that the Group had cash and bank deposits of HK$2,804 million, the Group is able to meet the debt repayment in 2016 without much refinancing pressure.

[1] The gross debt represents the contractual principal payment obligations at 31 December 2015. However, in accordance with the Group's accounting policies, the debt is measured at amortised costs, using the effective interest method. As disclosed in the consolidated statement of financial position as at 31 December 2015, the book value of the outstanding debt of the Group was HK$4,859 million (31 December 2014: HK$6,447 million).

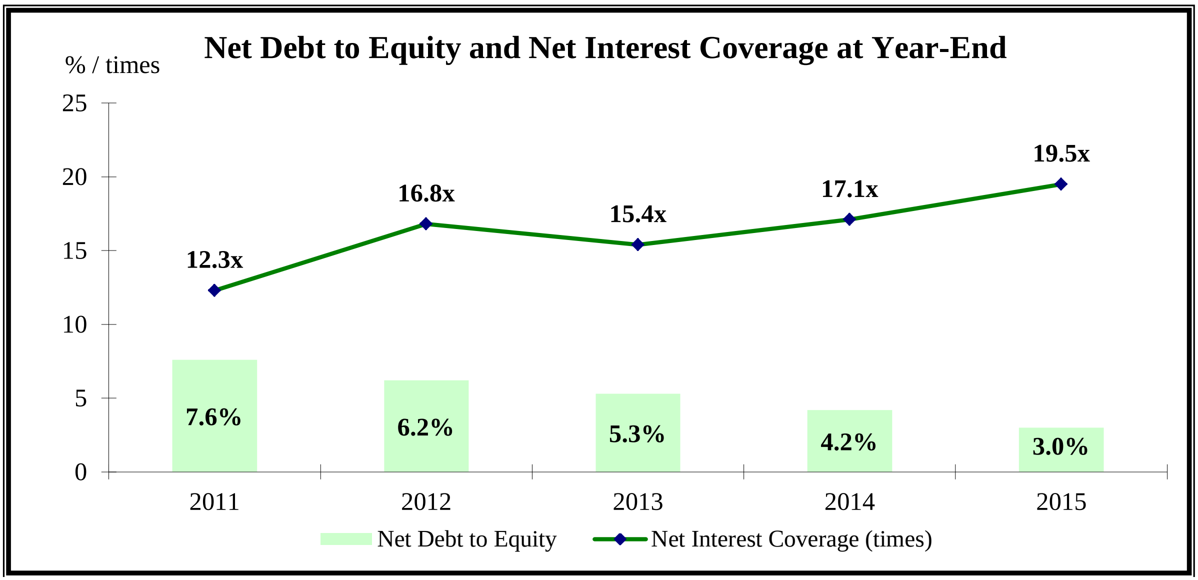
The graph below shows the debt maturity profile of the Group at 2015 and 2014 year-end.



As part of Hysan's capital management strategy, the Group completed repurchases of 6.75 million shares through the Hong Kong Stock Exchange in 2015, which would further enhance shareholders' value. Despite the share repurchase, the Group's gearing ratio, as measured by Net Debt to Equity ratio[1], dropped from 4.2% at year-end of 2014 to 3.0% at year-end of 2015 as cash inflow from business further strengthened.

The Group's Net Interest Coverage[2] also improved to 19.5 times for 2015 (2014: 17.1 times) due to continuous increase in revenue across our portfolio and lower debt level. The low gearing and strong ability to meet interest payments reflected the Group's strong ability to raise further debt if there is any need.

The graph below shows the level of leverage and our ability to meet interest payment obligations in the past five years.



1 Net Debt to Equity is defined as borrowings less time deposits, cash and bank balances divided by shareholders' funds
2 Net Interest Coverage is defined as gross profit less administrative expense before depreciation divided by net interest expenses

Liquidity Management

Recurring cash flows from our business continued to remain steady and strong. Accordingly, the Group maintained investment-grade credit ratings of A3 as rated by Moody's and BBB+ as rated by Standard and Poor's.

As at 31 December 2015, the Group had cash and bank deposits totalling about HK$2,804 million (2014: HK$3,640 million). The decrease of deposits was mainly due to debt repayment. All the deposits are placed with banks with strong credit ratings and the counterparty risk is monitored on a regular basis. In order to preserve liquidity and enhance interest yields, the Group invested HK$1,350 million (2014: HK$1,205 million) in debt securities. In 2014, the Group also invested HK$80 million in principal-protected investments.

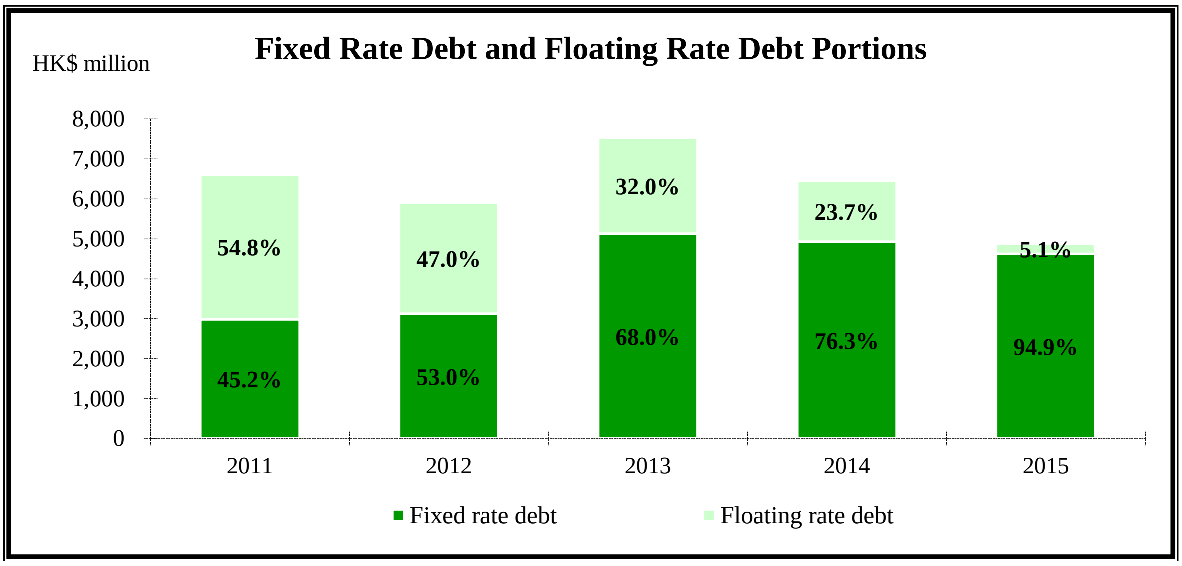
Further liquidity, if needed, is available from the undrawn committed facilities offered by the Group's relationship banks. These facilities, which amounted to HK$750 million at year-end 2015 (2014: HK$1,200 million), essentially allow the Group to obtain additional liquidity as the need arises.

Interest Rate Management

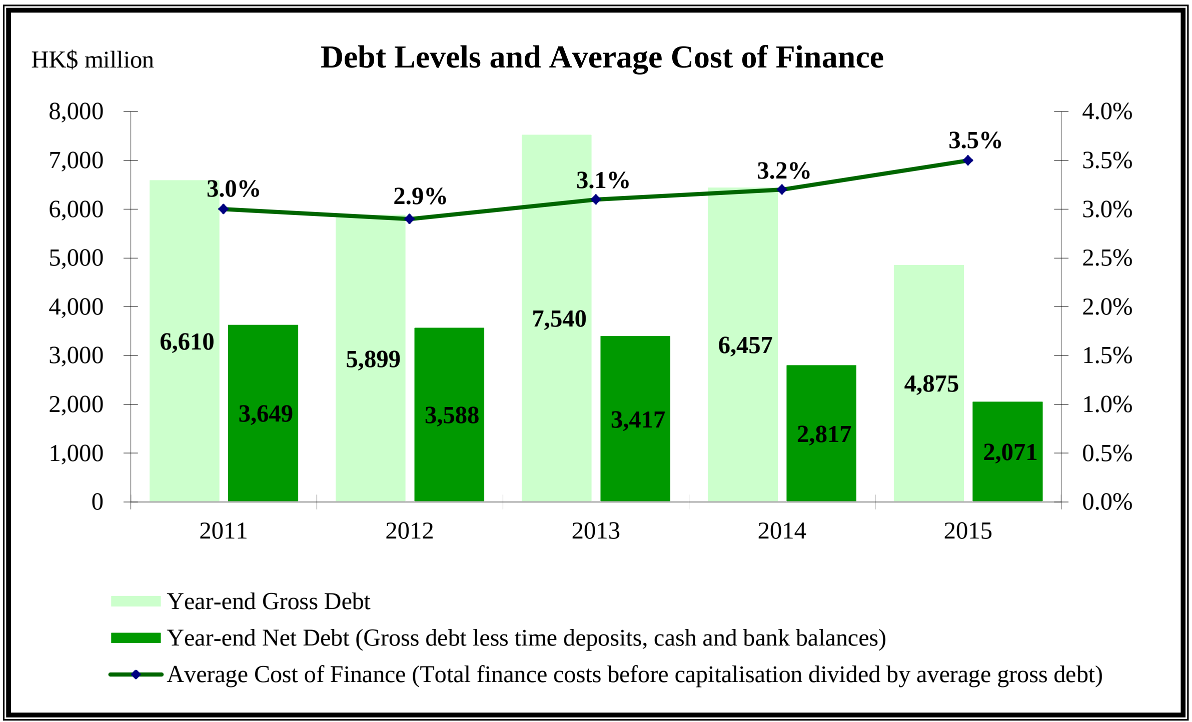
Appropriate hedging strategies, if necessary, are adopted to manage exposure to projected movements in the interest rate. As a result of repayment of floating rate debts that generally carried lower effective interest cost compared with fixed rate debts, the average cost of finance increased to 3.5% in 2015 compared to 3.2% in 2014. The fixed rate debt ratio also increased to 94.9% at year-end of 2015 from 76.3% at year-end of 2014.

As the U.S. has entered an interest rate normalisation cycle, the Group believes that interest rates will rise in coming few years. We expect the higher proportion of fixed rate debts will reduce the overall interest rate exposures.

The diagram below shows the fixed rate debt and floating rate debt portions in the past five years.



The diagram below shows the Group's debt levels and average cost of finance in the past five years.



Foreign Exchange Management

The Group aims to have minimal mismatches in currency and does not speculate in currency movements for debt management. On the funding side, with the exception US$300 million fixed rate notes, which have been hedged by an appropriate hedging instrument, all of the Group's borrowings were denominated in Hong Kong dollars. For the US$300 million fixed rate notes issued in January 2013, hedge was entered to effectively convert the borrowing into Hong Kong dollars.

On the investment side, the Group's outstanding foreign currency balances in cash, time deposits and debt securities amounted to US$160 million and RMB135 million, of which US$93 million and RMB135 million were hedged by foreign exchange forward contracts. As at 31 December 2015, all RMB investments open positions have been hedged as the Group expected greater volatility of the currency following its depreciation in August 2015 after the refinement of its rate fixing mechanism.

Other foreign exchange exposure mainly relates to investments in the Shanghai project. These unhedged foreign exchange exposures amounted to the equivalent of HK$3,683 million (2014: HK$4,154 million) or 4.7% (2014: 5.3%) of total assets.

Use of Derivatives

As at 31 December 2015, outstanding derivatives were mainly related to the hedging of foreign exchange exposures. Strict internal guidelines have been established to ensure derivatives are used to manage volatilities or adjust the appropriate risk profile of the Group's treasury assets and liabilities.

Before entering into any hedging transaction, the Group will ensure that its counterparty possesses strong investment-grade ratings to control credit risk. As part of our risk management, a limit on maximum risk-adjusted credit exposure is assigned to each counterparty, which basically reflects the credit quality of the counterparty.

FINANCIAL INFORMATION

The financial information relating to the years ended 31 December 2015 and 2014 in this announcement does not constitute the Company's statutory consolidated financial statements for those years, but represents an extract from those consolidated financial statements. The final results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company.

The Company has delivered the consolidated 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 Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2015 in due course. The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	**2015**	2014
		HK$ million	*HK$ million*
Turnover	3	**3,430**	3,224
Property expenses		**(414)**	(404)
Gross profit		**3,016**	2,820
Investment income		**54**	68
Other gains and losses		**-**	(2)
Administrative expenses		**(234)**	(214)
Finance costs		**(204)**	(228)
Change in fair value of investment properties		**695**	2,940
Share of results of associates		**246**	252
Profit before taxation		**3,573**	5,636
Taxation	5	**(438)**	(386)
Profit for the year	6	**3,135**	5,250
Profit for the year attributable to:			
Owners of the Company		**2,903**	4,902
Non-controlling interests		**232**	348
		3,135	5,250
Earnings per share (expressed in HK cents)	7		
Basic		**273.17**	460.82
Diluted		**273.12**	460.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 *HK$ million*	2014 *HK$ million*
Profit for the year		**3,135**	5,250
Other comprehensive (expense) income	8		
Items that will not be reclassified subsequently to profit or loss:			
Fair value change of equity investments		**36**	-
Gains on revaluation of properties held for own use		**9**	16
		45	16
Items that may be reclassified subsequently to profit or loss:			
Net adjustments to hedging reserve		**(40)**	51
Share of translation reserve of an associate		**(240)**	(16)
		(280)	35
Other comprehensive (expense) income for the year (net of tax)		**(235)**	51
Total comprehensive income for the year		**2,900**	5,301
Total comprehensive income attributable to:			
Owners of the Company		**2,668**	4,953
Non-controlling interests		**232**	348
		2,900	5,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	**2015**	2014
		HK$ million	*HK$ million*
Non-current assets			
Investment properties		**69,810**	68,735
Property, plant and equipment		**705**	710
Investments in associates		**3,683**	4,154
Term notes		**935**	720
Other financial assets		**7**	3
Other receivables	10	**227**	226
		75,367	74,548
Current assets			
Accounts and other receivables	10	**201**	255
Principal-protected investments		**-**	80
Term notes		**415**	485
Other financial assets		**1**	15
Time deposits		**2,743**	3,534
Cash and bank balances		**61**	106
		3,421	4,475
Current liabilities			
Accounts payable and accruals	11	**470**	481
Rental deposits from tenants		**296**	306
Amounts due to non-controlling interests		**327**	327
Borrowings		**250**	1,589
Other financial liabilities		**-**	2
Taxation payable		**120**	104
		1,463	2,809
Net current assets		**1,958**	1,666
Total assets less current liabilities		**77,325**	76,214
Non-current liabilities			
Borrowings		**4,609**	4,858
Other financial liabilities		**71**	30
Rental deposits from tenants		**594**	569
Deferred taxation		**683**	628
		5,957	6,085
Net assets		**71,368**	70,129
Capital and reserves			
Share capital		**7,642**	7,640
Reserves		**60,530**	59,400
Equity attributable to owners of the Company		**68,172**	67,040
Non-controlling interests		**3,196**	3,089
Total equity		**71,368**	70,129

Notes:

1. **Basis of Preparation**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. **Principal Accounting Policies**

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current year, the Group has applied all of the Amendments to Standards issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2015. The adoption of these Amendments to Standards had no material effect on the results and financial position of the Group for the current and/or prior accounting years.

The Group has not early applied the following new Standards and Amendments to Standards that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2018, except for the 2010 version of HKFRS 9 and the new requirements for hedge accounting issued in 2013, which the Group early adopted.
4 Effective for annual periods beginning on or after a date to be determined.

Amendments to HKAS 1 Disclosure Initiative

The amendments to Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised or the presentation and disclosure in the Group's consolidated financial statements.

Other than as described above, the Directors of the Company anticipate that the application of these new Standards and Amendments to Standards will have no material impact on the results and financial position of the Group.

3. **Turnover**

Turnover represents gross rental income from investment properties and management fee income for the year.

The Group's principal activities are property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

4. **Segment Information**

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail *HK$ million*	Office *HK$ million*	Residential *HK$ million*	Consolidated *HK$ million*
For the year ended 31 December 2015				
Turnover				
Gross rental income from investment properties	**1,767**	**1,096**	**254**	**3,117**
Management fee income	**135**	**147**	**31**	**313**
Segment revenue	**1,902**	**1,243**	**285**	**3,430**
Property expenses	**(239)**	**(124)**	**(51)**	**(414)**
Segment profit	**1,663**	**1,119**	**234**	**3,016**
Investment income				**54**
Administrative expenses				**(234)**
Finance costs				**(204)**
Change in fair value of investment properties				**695**
Share of results of associates				**246**
Profit before taxation				**3,573**

	Retail *HK$ million*	Office *HK$ million*	Residential *HK$ million*	Consolidated *HK$ million*
For the year ended 31 December 2014				
Turnover				
Gross rental income from investment properties	1,674	1,002	257	2,933
Management fee income	127	134	30	291
Segment revenue	1,801	1,136	287	3,224
Property expenses	(226)	(118)	(60)	(404)
Segment profit	1,575	1,018	227	2,820
Investment income				68
Other gains and losses				(2)
Administrative expenses				(214)
Finance costs				(228)
Change in fair value of investment properties				2,940
Share of results of associates				252
Profit before taxation				5,636

All of the segment turnover reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administrative costs and directors' salaries), finance costs, change in fair value of investment properties and share of results of associates. This is the measure reported to the Chief Executive Officer of the Group for the purpose of resource allocation and performance assessment.

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail *HK$ million*	Office *HK$ million*	Residential *HK$ million*	Consolidated *HK$ million*
As at 31 December 2015				
Segment assets	**34,340**	**23,111**	**7,730**	**65,181**
Investment properties under redevelopment				**4,637**
Investments in associates				**3,683**
Other assets				**5,287**
Consolidated assets				**78,788**
As at 31 December 2014				
Segment assets	34,315	22,685	7,718	64,718
Investment properties under redevelopment				4,020
Investments in associates				4,154
Other assets				6,131
Consolidated assets				79,023

Segment assets represented the investment properties and accounts receivable of each segment without allocation of investment properties under redevelopment, property, plant and equipment, investments in associates, principal-protected investments, term notes, other financial assets, other receivables, time deposits, cash and bank balances. This is the measure reported to the Chief Executive Officer of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profit. No segment liabilities analysis is presented as the Group's management monitors and manages all the liabilities on a group basis.

Other than the investments in associates, which operated in the People's Republic of China (the "PRC") with carrying amounts of HK$3,683 million (2014: HK$4,154 million), all the Group's assets are located in Hong Kong.

Other segment information

	Retail *HK$ million*	Office *HK$ million*	Residential *HK$ million*	Consolidated *HK$ million*
For the year ended 31 December 2015				
Additions to non-current assets	**99**	**57**	**11**	**167**
Additions to investment properties under redevelopment				**213**
				380
For the year ended 31 December 2014				
Additions to non-current assets	315	68	4	387
Additions to investment properties under redevelopment				166
				553

5. Taxation

	2015 ***HK$ million***	2014 *HK$ million*
Current tax		
Hong Kong profits tax		
- current year	**382**	323
- underprovision (overprovision) in prior years	**2**	(3)
	384	320
Deferred tax	**54**	66
	438	386

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

6. Profit For The Year

	2015	2014
	HK$ million	*HK$ million*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**3**	3
Depreciation of property, plant and equipment	**21**	17
Gross rental income from investment properties including contingent rentals of HK$71 million (2014: HK$93 million)	**(3,117)**	(2,933)
Less:		
- Direct operating expenses arising from properties that generated rental income	**403**	399
- Direct operating expenses arising from properties that did not generate rental income	**11**	5
	(2,703)	(2,529)
Staff costs, comprising:		
- Directors' emoluments	**38**	35
- Share-based payments	**3**	4
- Other staff costs	**239**	224
	280	263
Share of income tax of an associate (included in share of results of associates)	**104**	106

7. Earnings Per Share

(a) Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Earnings	
	2015	2014
	HK$ million	*HK$ million*
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**2,903**	4,902

	Number of shares 2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,062,690,556**	1,063,758,157
Effect of dilutive potential ordinary shares: Share options issued by the Company	**216,828**	298,254
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,062,907,384**	1,064,056,411

In both years, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares.

(b) Adjusted basic earnings per share

For the purpose of assessing the performance of the Group's principal activities (i.e. leasing of investment properties), the management is of the view that the profit for the year attributable to the owners of the Company should be adjusted in the calculation of basic earnings per share as follows:

	2015		2014	
	Profit	**Basic earnings per share**	Profit	Basic earnings per share
	HK$ million	***HK cents***	*HK$ million*	*HK cents*
Profit for the year attributable to owners of the Company	**2,903**	**273.17**	4,902	460.82
Change in fair value of investment properties	**(695)**	**(65.40)**	(2,940)	(276.38)
Effect of non-controlling interests' shares	**79**	**7.43**	208	19.55
Share of change in fair value of investment properties (net of deferred taxation) of an associate	**(4)**	**(0.37)**	(7)	(0.65)
Underlying Profit	**2,283**	**214.83**	2,163	203.34
Recurring Underlying Profit	**2,283**	**214.83**	2,163	203.34

Notes:

(1) Recurring Underlying Profit is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets). As there were no such adjustments in both years, the Recurring Underlying Profit is the same as the Underlying Profit.

(2) The denominators in calculating the adjusted earnings per share used are the same as those detailed above for basic earnings per share.

8. Other Comprehensive Income

	2015 HK$ million	2014 HK$ million
Other comprehensive (expense) income comprises:		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change of equity investments	**36**	-
Revaluation of properties held for own use:		
Gains on revaluation of properties held for own use	**10**	19
Deferred taxation arising on revaluation	**(1)**	(3)
	9	16
	45	16
Items that may be reclassified subsequently to profit or loss:		
Derivatives designated as cash flow hedges:		
Net (losses) gains arising during the year	**(39)**	95
Reclassification adjustments for net gains included in profit or loss	**(3)**	(51)
	(42)	44
Amortisation of forward element excluded from hedge designation	**2**	7
	(40)	51
Share of translation reserve of an associate	**(240)**	(16)
	(280)	35
Other comprehensive (expense) income for the year (net of tax)	**(235)**	51

9. Dividends

(a) Dividends recognised as distribution during the year:

	2015 HK$ million	2014 HK$ million
2015 first interim dividend paid – HK25 cents per share	**266**	-
2014 first interim dividend paid – HK23 cents per share	**-**	245
2014 second interim dividend paid – HK100 cents per share	**1,064**	-
2013 second interim dividend paid – HK95 cents per share	**-**	1,010
	1,330	1,255

(b) Dividends declared after the end of the reporting period:

	2015 *HK$ million*	2014 *HK$ million*
Second interim dividend (in lieu of a final dividend) - HK107 cents per share (2014: HK100 cents per share)	**1,122**	1,064

The second interim dividend is not recognised as a liability as at 31 December 2015 because it has been declared after the end of the reporting period. Such dividend will be accounted for as an appropriation of the retained profits in the year ending 31 December 2016.

The declared second interim dividend will be payable in cash.

10. Accounts and Other Receivables

	2015 *HK$ million*	2014 *HK$ million*
Accounts receivable	**8**	3
Interest receivable	**59**	93
Prepayments in respect of investment properties	**121**	71
Other receivables and prepayments	**240**	314
Total	**428**	481
Analysed for reporting purposes as:		
Current assets	**201**	255
Non-current assets	**227**	226
	428	481

Rents from leasing of investment properties are normally received in advance. At the end of the reporting period, accounts receivable of the Group with carrying amount of HK$8 million (2014: HK$3 million) mainly represented rents receipts in arrears, which were aged less than 90 days.

At the end of the reporting period, none of the accounts receivable was past due but not impaired.

11. Accounts Payable and Accruals

	2015 *HK$ million*	2014 *HK$ million*
Accounts payable	**222**	173
Interest payable	**73**	83
Other payables	**175**	225
	470	481

At the end of the reporting period, accounts payable of the Group with carrying amount of HK$176 million (2014: HK$173 million) were aged less than 90 days.

ADDITIONAL INFORMATION

Corporate Governance

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board had adopted a Statement of Corporate Governance Policy which gives guidance on how corporate governance principles are applied to the Company. In addition to complying with applicable statutory requirements, we aim to continually review and enhance our corporate governance practices in the light of local and international best practices.

The Company meets the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, with the only exception being that its Remuneration Committee (established since 1987) has the responsibility of determining compensation at Executive Director-level only. While the Remuneration Committee does not determine staff compensation below Executive Director-level, its terms of reference have been expanded to cover the review of key terms of those new compensation and benefits plans of the Group with a material financial, reputational and strategic impact. The Board is of the view that, in light of the current organisational structure and the nature of Hysan's business activities, this arrangement is appropriate. Nevertheless, the Board will continue to review this arrangement in light of the evolving needs of the Group. Further information on the Company's corporate governance practices is available on our website www.hysan.com.hk.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the review year.

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

The Company was authorised at its Annual General Meeting held on 15 May 2015 to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the date of passing the resolution. During the year, the Company repurchased its ordinary shares on the Stock Exchange when they were significantly trading at a discount in order to enhance shareholder value.

During the year, the Company repurchased an aggregate of 6,750,000 ordinary shares for a total consideration of HK$214,516,600 on the Stock Exchange. The repurchased shares were cancelled during the year. Details of the shares repurchased are as follows:

Month of repurchase in 2015	Number of shares of repurchased	Consideration per share Highest HK$	Consideration per share Lowest HK$	Aggregate consideration paid HK$
August	1,820,000	31.70	30.30	56,945,500
September	1,255,000	31.85	30.70	39,256,500
November	221,000	32.50	31.80	7,164,850
December	3,454,000	32.70	31.45	111,149,750
	6,750,000			214,516,600

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

Human Resources Practices

The Group aims to attract, retain and develop high calibre individuals committed to attaining our objectives. The total number of employees as at 31 December 2015 was 688 (31 December 2014: 687). The Group's human resources practices are aligned with our corporate objectives so as to maximise shareholder value and achieve growth. Details on our human resources programs, training and development are set out in the Responsible Business section of the Annual Report 2015.

Closure of Register of Members

The register of members will be closed on Wednesday, 23 March 2016, during which period no transfer of shares will be registered. The ex-dividend date will be Monday, 21 March 2016. In order to qualify for the second interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 22 March 2016. The second interim dividend will be paid to shareholders whose names appear on the register of members on Wednesday, 23 March 2016 and the payment date will be on or about Wednesday, 6 April 2016.

The register of members will also be closed from Thursday, 12 May 2016 to Friday, 13 May 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Company's forthcoming annual general meeting (the "AGM"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited at the abovementioned address not later than 4:00 p.m. on Wednesday, 11 May 2016.

AGM

The AGM will be held at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Harbour Road Entrance) on Friday, 13 May 2016. The Notice of AGM will be published on the website of the Company (www.hysan.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk), and despatched to shareholders around early of April 2016.

By Order of the Board
Irene Yun Lien LEE
Chairman

Hong Kong, 8 March 2016

*As at the date of this announcement, the Board comprises: Irene Yun Lien LEE (Chairman), Siu Chuen LAU (Deputy Chairman and Chief Executive Officer), Nicholas Charles ALLEN**, Frederick Peter CHURCHOUSE**, Philip Yan Hok FAN**, Lawrence Juen-Yee LAU**, Joseph Chung Yin POON**, Hans Michael JEBSEN* (Trevor Chi-Hsin YANG as his alternate), Anthony Hsien Pin LEE* (Irene Yun Lien LEE as his alternate), Chien LEE*and Michael Tze Hau LEE*.*

* *Non-executive Directors*
** *Independent non-executive Directors*

This final results announcement is published on the website of the Company (www.hysan.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The Annual Report 2015 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites around early of April 2016.