SWIRE PACIFIC

Media Information

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Swire Pacific Limited Announces 2015 Annual Results

Our consolidated profit attributable to shareholders for 2015 was HK$13,429 million, HK$2,360 million higher than in 2014. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK$153 million or 2% to HK$9,892 million.

There were higher underlying profits from the Cathay Pacific group and the Beverages Division. There were lower underlying profits from the HAECO group and the Trading & Industrial Division. The Marine Services Division made an underlying loss. The underlying profits of the Property Division were little changed. Underlying profits were also recorded on the sale of eight units at OPUS HONG KONG, a property owned directly by Swire Pacific.

Below is a summary of the 2015 annual results:

2015 Annual Results Summary

	2015 HK$M	2014 HK$M	Change %
Revenue	**60,885**	61,301	-1%
Profit attributable to the Company's shareholders	**13,429**	11,069	+21%
Underlying profit attributable to the Company's shareholders	**9,892**	9,739	+2%

	HK$	HK$	Change %
Earnings per share			
'A' share	**8.93**	7.36	+21%
'B' share	**1.79**	1.47	
Underlying earnings per share			
'A' share	**6.58**	6.47	+2%
'B' share	**1.32**	1.29	

	HK$	HK$	Change %
Full year dividends per share			
'A' share	**3.90**	3.90	-
'B' share	**0.78**	0.78	

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Divisional Highlights:

Property Division

- Underlying attributable profit was HK$5,791 million, a decrease of 1% compared with 2014.
- Excluding a loss on the sale of four hotels in the UK, underlying profit increased by 2%.
- Profits from property investment benefited from firm demand for office space in Hong Kong and for retail space in Mainland China.
- There were higher profits from property trading, principally reflecting completion of the sales of the majority of the units at the AREZZO development in Hong Kong.
- The hotel results were affected by the loss on disposal of four hotels in the UK and pre-opening costs at new hotels in Mainland China and the USA.

Aviation Division

- Attributable profit from the Aviation Division was HK$3,017 million in 2015, compared with an attributable profit of HK$1,822 million in 2014.
- The Cathay Pacific group's attributable profit was HK$2,700 million, compared with an attributable profit of HK$1,418 million in 2014.
- Cathay Pacific's results benefited from generally firm passenger demand and lower fuel prices. The contribution from Air China rose significantly. Cargo demand was weak.
- The HAECO group's attributable profit was HK$349 million, 19% lower than in 2014.
- HAECO Hong Kong's results benefited from higher demand for airframe services work and better line services results. HAECO Americas and HAECO Xiamen did less airframe services work.
- HAESL and SAESL's profits fell as they overhauled fewer Rolls-Royce engines. TEXL overhauled more GE90 engines, but its profits fell because of absence of tax losses.

Beverages Division

- The Beverages Division recorded an attributable profit of HK$976 million in 2015, an increase of 14% over 2014.
- This increase reflected better results in Hong Kong, Taiwan and the USA. Profits were slightly down in Mainland China.
- Overall sales volume increased by 4% to 1,083 million unit cases.
- Sales volume grew strongly in the USA, reflecting the inclusion of sales for a full year from territories in Colorado assumed in 2014. Volume increased slightly in Mainland China.
- In September 2015, Swire Beverages Holdings Limited acquired additional interests in three of its subsidiaries in Mainland China for HK$1.5 billion.

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- Conditional agreements were entered into in 2015 to assume additional franchise territory in Arizona, USA and to acquire production assets in Colorado and Arizona, USA.

Marine Services Division

- Swire Pacific Offshore (“SPO”) recorded a loss of HK$1,285 million compared with a profit of HK$1,041 million in 2014.
- SPO’s results were adversely affected by the difficult market conditions caused by the significant decline in the oil price. This put pressure on charter hire rates and utilisation.
- SPO also recorded impairment charges in relation to vessels of HK$743 million and in relation to the cancellation of shipbuilding contracts in Brazil of HK$485 million.
- SPO’s fleet utilisation decreased by 11.7 percentage points to 74.9% and its average daily charter hire rates decreased by 10% to USD27,100.

Trading & Industrial Division

- The attributable profit of the Trading & Industrial Division was HK$155 million, a 63% decrease when compared to 2014.
- The decrease principally reflected the termination of Volkswagen and Škoda importerships in Taiwan at Taikoo Motors at the end of 2014.
- There were also weaker results from Akzo Nobel Swire Paints, costs associated with developing the Swire Pacific Cold Storage business and losses from Swire Environmental Services.
- This was partly offset by higher profits from Swire Retail and Swire Foods, the latter principally reflecting a full year of results from the 65% interest in Chongqing New Qinyuan Bakery Co. Ltd.

- End -

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SWIRE PACIFIC

SWIRE PACIFIC LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

2015 Final Results

2015 Final Results

	Note	**2015 HK$M**	2014 HK$M	Change %
Revenue		**60,885**	61,301	-1%
Operating profit		**16,461**	13,697	+20%
Profit attributable to the Company's shareholders		**13,429**	11,069	+21%
Cash generated from operations		**14,362**	16,250	-12%
Net cash inflow/(outflow) before financing		**6,824**	(215)	N/A
Total equity (including non-controlling interests)		**263,986**	262,130	+1%
Net debt		**59,584**	58,624	+2%
		HK$	HK$	
Earnings per share	(a)			
'A' share		**8.93**	7.36	+21%
'B' share		**1.79**	1.47	
Dividends per share				
'A' share		**3.90**	3.90	-
'B' share		**0.78**	0.78	
Equity attributable to the Company's shareholders per share	(a)			
'A' share		**145.22**	145.40	-0%
'B' share		**29.04**	29.08	

Underlying Profit		**HK$M**	HK$M	Change %
Underlying profit attributable to the Company's shareholders	(b)	**9,892**	9,739	+2%
		HK$	HK$	
Underlying earnings per share	(a)			
'A' share		**6.58**	6.47	+2%
'B' share		**1.32**	1.29	

Notes:

(a) Refer to note 8 in the financial statements for the weighted average number of shares.
(b) Refer to note 6 in the financial statements for a reconciliation between the reported and underlying profit attributable to the Company's shareholders.

Chairman's Statement

Year in review
The global economy in 2015 was affected by uncertainty over the timing of the rise in interest rates in the USA and slower economic growth in Mainland China. Economic growth in the USA remained robust and economies in the Eurozone showed some improvement. Financial markets were volatile, in particular in Mainland China. The Renminbi weakened unexpectedly in August. Consumer spending was weak in Hong Kong. Currency movements had an adverse impact on tourism. Consumer spending was relatively robust in major Chinese cities. Oil prices were low throughout the year.

Results summary
The 2015 results of the Group were affected by the global economic factors described above. Consolidated profit attributable to shareholders for 2015 was HK$13,429 million, HK$2,360 million higher than in 2014. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK$153 million or 2% to HK$9,892 million.

The Property Division was the largest contributor to underlying profits. The profits of Swire Properties fell, principally on account of a loss on the disposal of four hotels in the UK. Excluding this loss, the profits of Swire Properties rose compared to those of 2014. The business benefited from strong sales of luxury residential properties in Hong Kong for much of the year. Rental income in Hong Kong benefited from strong demand for office space. Retail properties in Mainland China performed well. Significant underlying profits were recorded on the sale of eight units in OPUS HONG KONG, a property owned directly by Swire Pacific.

The results of the Aviation Division improved, principally as a result of higher profits from the airlines and higher attributable profits from Cathay Pacific's associate, Air China. Cathay Pacific's own results improved but were affected by pressure on passenger yield, weak cargo demand and higher fuel hedging losses. HAECO's results were affected by higher losses from its business in the USA.

Swire Beverages' results were mixed. The business in Mainland China was affected by slowing economic growth. Other territories, in particular in the USA, produced good results. The Marine Services Division performed poorly in a weak market. Swire Pacific Offshore ("SPO") recorded significant impairment charges in relation to older vessels in the fleet and the cancellation of shipbuilding contracts in Brazil. The Trading & Industrial Division's profits were lower.

Implementing our strategy
The Group's aim is to generate sustainable long-term growth in shareholder value. This can be measured by capital appreciation and a rising dividend. Over the last ten years, the Group has seen equity attributable to shareholders and dividends (excluding special distributions) increase by compound average rates of 6% and 4% per year respectively.

In order to achieve our stated aim, we deploy capital (and people) where we see opportunities to generate long-term value. We make such deployments in our businesses with a view to maximising the returns on our capital over the long term.

The largest recipient of capital is Swire Properties. This reflects its size and the identified opportunities in the property sector. In Hong Kong, we are reinforcing our successful Quarry Bay development by redeveloping older buildings into prime office space. In Mainland China, we intend to undertake a retail and residential development in Dalian and a second (retail) development in Shanghai. Our mixed-use project in Miami is nearing completion and will open in phases this year.

The Aviation Division is a significant investment for the Group. We are supportive of the long term investment plans of the Cathay Pacific group, which include investments in new aircraft and in maintaining a significant ownership interest in Air China. Cathay Pacific finances its investments itself.

Chairman's Statement (continued)

In 2014 HAECO invested in an aircraft maintenance business in the USA. This extended HAECO's capabilities and geographical coverage. The acquired business underperformed in 2015 due to the termination of some major airframe maintenance contracts. We are concentrating on integrating the acquired business within the HAECO group.

The Beverages Division earns an attractive return on investment. In 2015 we acquired the minority interests held by the CITIC group in our beverages companies in Mainland China. We also agreed to acquire additional distribution rights in Arizona and additional production assets in Arizona and Colorado. The former acquisition is expected to be completed later this year, the latter no later than 2018.

In the Marine Services Division, SPO has, since 2011, made major investments in new offshore support vessels. Weak market conditions make further significant commitments to purchase new vessels unlikely in the short term.

The Trading & Industrial Division has been a large recipient of capital relative to its size. In 2013, we started to expand our motor dealership business and the number of brands of vehicles which we represent. In 2014 we acquired a majority interest in a bakery business in southwest China. Swire Pacific Cold Storage has been investing in cold stores in Mainland China. Five are operating and two are due to open in 2016.

Our strategy of allocating surplus capital to a diversified range of businesses continues. New investments in businesses other than property have increased in recent years. This reflects our belief that attractive returns are available over the long term in these businesses and the scarcity of opportunities for investment in property on sufficiently favourable terms. Current allocations of capital reflect our belief that this state of affairs is likely to continue in the medium term.

Outlook

In the Property Division, rental income in Hong Kong is expected to benefit from continued high occupancy. Demand for retail space, however, is expected to weaken. Investment property results in Mainland China are expected to be better as retail sales continue to grow. Overall profits from the investment property business are expected to grow slowly until new properties are completed and opened in 2017 and 2018. Property trading profits are expected to be recognised on sales of units in the USA.

In the Aviation Division, the Cathay Pacific group is expected to continue to face pressure on passenger yield and weak cargo demand. Fuel prices are expected to remain low. This is expected to continue to provide a benefit to Cathay Pacific and its associated companies, Air China and Air China Cargo.

The HAECO group is expected to benefit from a significant one-off gain resulting from the restructuring of its interests in Rolls Royce engine overhaul facilities in Hong Kong and Singapore. The prospects for the HAECO group's different businesses in 2016 are mixed.

The Beverages Division expects overall sales volume growth in 2016 as a result of new territories assumed in the USA and modest growth in existing markets. Results will also benefit from the acquisition of minority interests in Mainland China completed during 2015. Raw material costs are expected to remain favourable.

The oil price is expected to remain low in 2016. This will adversely affect the results of the Marine Services Division. It is difficult to know when oil prices will recover. Until they do, exploration and production activity will remain at low levels. In order to address weak demand, SPO has adjusted its fleet size by stacking older vessels. This will reduce operating costs and preserve cash flow. SPO is well positioned to take advantage of market opportunities when conditions improve.

The Trading & Industrial Division will continue to develop its portfolio of businesses. The results of the division as a whole will be affected by the cost of new business development, in particular start-up costs relating to the Swire Pacific Cold Storage business.

Chairman's Statement (continued)

Dividends
The Directors have declared second interim dividends of HK¢278.0 per 'A' share and HK¢55.6 per 'B' share which, together with the first interim dividends paid in October 2015, amount to full year dividends of HK¢390.0 per 'A' share and HK¢78.0 per 'B' share.

Dividends paid in respect of 2015 are unchanged from those paid in respect of 2014. The Group's policy is to pay out approximately half of underlying profits attributable to shareholders over the economic cycle.

The commitment and hard work of employees of the Group and its joint venture and associated companies are central to our continuing success. I take this opportunity to thank them.

By Order of the Board
SWIRE PACIFIC LIMITED
John Slosar
Chairman
Hong Kong, 10th March 2016

REVIEW OF OPERATIONS

PROPERTY DIVISION

OVERVIEW OF THE BUSINESS

Swire Properties is a leading developer, owner and operator of mixed-use, principally commercial properties in Hong Kong and Mainland China, with a record of creating long-term value by transforming urban areas. Swire Properties' business comprises three main areas:

Property Investment:

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury residential accommodation in prime locations. The completed portfolio in Hong Kong totals 13.4 million square feet of gross floor area with an additional 1.9 million square feet under development. In Mainland China, Swire Properties owns and operates major commercial mixed-use developments in Beijing, Shanghai, Guangzhou and Chengdu, in joint venture in certain cases, which will total 8.9 million square feet on completion. Of this, 7.1 million square feet has already been completed. In the USA, Swire Properties is the primary developer undertaking a mixed-use commercial development at Brickell City Centre in Miami, Florida that will comprise 2.5 million square feet after two phases of development have been completed.

Hotel Investment:

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST, Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. In Mainland China, Swire Hotels manages three hotels. The Opposite House at Taikoo Li Sanlitun in Beijing is wholly-owned by Swire Properties; 50% interests are owned in EAST at INDIGO in Beijing and in The Temple House at Sino-Ocean Taikoo Li Chengdu. At TaiKoo Hui in Guangzhou, Swire Properties owns a 97% interest in the Mandarin Oriental. In the USA, the company owns a 75% interest in the Mandarin Oriental in Miami.

Property Trading:

Swire Properties' trading portfolio comprises a luxury residential project under development (ALASSIO) on Hong Kong Island, two residential towers under development (Reach and Rise) at Brickell City Centre in Miami, the remaining portion of the office property (Pinnacle One) at Sino-Ocean Taikoo Li Chengdu and the remaining units at other completed developments. The completed developments available for sale are the WHITESANDS, AREZZO and MOUNT PARKER RESIDENCES developments in Hong Kong. There are also land banks in Miami and Fort Lauderdale in Florida in the USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Principal Property Investment Portfolio – Gross floor area
('000 Square Feet)

Location	At 31st December 2015						At 31st December 2014
	Office	Retail	Hotels	Residential	Under Planning	Total	Total
Completed							
Pacific Place	**2,186**	**711**	**496**	**443**	**-**	**3,836**	3,836
Taikoo Place	**5,451 ***	**12**	**-**	**63**	**-**	**5,526**	5,526
Cityplaza	**1,633**	**1,105**	**200**	**-**	**-**	**2,938**	2,938
Others	**410**	**608**	**47**	**41**	**-**	**1,106**	1,152
- Hong Kong	**9,680**	**2,436**	**743**	**547**	**-**	**13,406**	13,452
Taikoo Li Sanlitun	**-**	**1,296**	**169**	**-**	**-**	**1,465**	1,465
TaiKoo Hui	**1,732**	**1,473**	**584**	**52**	**-**	**3,841**	3,841
INDIGO	**298**	**470**	**179**	**-**	**-**	**947**	947
Sino-Ocean Taikoo Li Chengdu	**-**	**624**	**114**	**64**	**-**	**802**	613
Others	**-**	**91**	**-**	**-**	**-**	**91**	91
- Mainland China	**2,030**	**3,954**	**1,046**	**116**	**-**	**7,146**	6,957
- USA	**-**	**-**	**259**	**-**	**-**	**259**	259
- UK	**-**	**-**	**-**	**-**	**-**	**-**	208
Total completed	**11,710**	**6,390**	**2,048**	**663**	**-**	**20,811**	20,876
Under and pending development							
- Hong Kong	**1,766**	**-**	**-**	**-**	**96**	**1,862**	1,858
- Mainland China	**918**	**548**	**194**	**74**	**-**	**1,734**	1,896
- USA	**260**	**490**	**218**	**109**	**1,444**	**2,521**	2,377
Total	**14,654**	**7,428**	**2,460**	**846**	**1,540**	**26,928**	27,007

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

* Includes 894,000 square feet at two techno-centres (Warwick House and Cornwall House).

STRATEGY:

The strategic objective of Swire Properties (as a listed company in its own right) is sustainable growth in shareholder value over the long-term as a leading developer, owner and operator of principally mixed-use commercial properties in Hong Kong and Mainland China. The strategies employed in order to achieve this objective are these:

- The creation of long-term value through conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas.
- Maximisation of the earnings and value of its completed properties through active asset management, including reinforcing its assets through enhancement, redevelopment and new additions.
- Continuing its luxury residential property activities.
- Remaining focused principally on Hong Kong and Mainland China.
- Conservative management of its capital base.

2015 PERFORMANCE

Property Division – Financial Highlights

	2015 HK$M	2014 HK$M
Revenue		
Gross rental income derived from		
Office	**5,972**	5,707
Retail	**4,366**	4,260
Residential	**378**	353
Other revenue *	**141**	136
Property investment	**10,857**	10,456
Property trading	**4,463**	3,842
Hotels	**1,127**	1,089
Total revenue	**16,447**	15,387
Operating profit/(loss) derived from		
Property investment	**8,090**	7,870
Valuation gains on investment properties	**7,067**	1,942
Property trading	**1,328**	1,180
Hotels	**(334)**	(22)
Total operating profit	**16,151**	10,970
Share of post-tax profits from joint venture and associated companies	**1,241**	1,604
Attributable profit	**14,017**	9,495
Swire Pacific share of attributable profit	**11,494**	7,786

* Other revenue is mainly estate management fees.

Property Division – Underlying Profit/(Loss) by Segment

	2015 HK$M	2014 HK$M
Property Investment	**6,258**	6,046
Property Trading	**1,107**	1,049
Hotels	**(303)**	29
Total Underlying Attributable Profit	**7,062**	7,124

Property Division – Sustainable Development Highlights

	2015	2014
Energy intensity (kWh per sqm)	**135**	139
LTIR	**1.90**	1.95

Note: Energy intensity disclosed above relates to investment properties in Hong Kong and Mainland China. Energy intensity includes electricity consumed in the common areas of buildings and by building air conditioning systems. It generally excludes electricity consumed by tenants through their own connections to the electricity grid.

Property Division – Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for net revaluation movements on investment properties and the associated deferred tax in Mainland China and the USA, and for other deferred tax provisions in relation to investment properties.

	Note	2015 HK$M	2014 HK$M
Reported attributable profit		**14,017**	9,495
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	**(8,137)**	(3,134)
Deferred tax on investment properties	(b)	**1,090**	710
Realised profit on sale of investment properties	(c)	**28**	29
Depreciation of investment properties occupied by the Group	(d)	**23**	23
Non-controlling interests' share of revaluation movements less deferred tax		**41**	1
Underlying attributable profit		**7,062**	7,124
Swire Pacific share of underlying attributable profit		**5,791**	5,841

Notes:

(a) This represents the Group's net revaluation movements and the Group's share of net revaluation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties and the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China and the USA, and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

PROPERTY INDUSTRY BACKGROUND

Office and Retail:

Hong Kong:

Office
Demand for office space improved in 2015, though there was a slowdown in demand from Mainland Chinese entities in Central towards the end of the year. Occupancy levels were high.

Retail
Retail sales in Hong Kong were adversely affected by reduced spending by tourists.

Mainland China:

Retail
In Mainland China, retail sales of luxury goods were weak but those of non-luxury goods were satisfactory. Demand for retail space was generally firm in 2015.

Office
In Guangzhou, despite substantial new supply, rents were stable in 2015 as a result of high occupancy. In Beijing, office rents were weak against a background of reduced demand and increased supply.

Property Sales Markets:

In Hong Kong, demand for residential properties for sale was strong in the first nine months of the year but buyers became more cautious in the light of expected interest rate increases and general economic uncertainties.

2015 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK$11,494 million compared to HK$7,786 million in 2014. These figures include net property valuation gains, before deferred tax and non-controlling interests, of HK$8,137 million and HK$3,134 million in 2015 and 2014 respectively. Attributable underlying profit, which principally adjusts for changes in the valuation of investment properties, decreased by HK$50 million or 1% to HK$5,791 million.

The decrease in underlying profit principally reflects a loss on disposal of four hotels in the UK. Underlying profit from investment properties increased, reflecting good performances from the office portfolio in Hong Kong and from the retail portfolio in Mainland China.

Gross rental income was HK$10,716 million in 2015 compared to HK$10,320 million in 2014. Rental income increased both in Hong Kong and in Mainland China, as rental reversions were generally positive.

In Hong Kong, office occupancy levels were firm but retail sales were adversely affected by reduced spending by tourists. In Mainland China, retail sales of luxury goods were weak but demand for retail space was firm.

There were higher trading profits, principally because of the completion of the sales of the majority of the units at the AREZZO development in Hong Kong.

The hotel results were adversely affected by the loss on disposal referred to above and pre-opening costs at hotels in Chengdu in Mainland China and in Miami in the USA.

KEY CHANGES TO THE PROPERTY PORTFOLIO

In April 2015, Swire Properties, Bal Harbour Shops and Simon Property Group agreed to develop the retail component of Brickell City Centre in Miami, USA. Under the agreement, Swire Properties will remain the primary developer of Brickell City Centre.

In May 2015, Swire Properties entered into a joint venture with China Motor Bus Company, Limited ("CMB"). The joint venture was formed to acquire, subject to conditions (including the agreement of a land premium with the Hong Kong Government), a plot of land in Chai Wan, Hong Kong. The land, together with some adjoining land, is intended to be redeveloped as a residential development. The proposed development is expected to have an aggregate gross floor area of approximately 692,000 square feet. The joint venture is 80% held by Swire Properties and 20% held by CMB.

In July 2015, a framework agreement was entered into with a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. signifying the parties' intention to develop a retail project with an aggregate gross floor area of approximately 1,330,000 square feet in Qiantan, Pudong New District in Shanghai. Entry into the proposed joint venture and undertaking the project are subject to certain conditions precedent. If the joint venture is formed, it is expected that Swire Properties will have a 50% interest in the project.

INVESTMENT PROPERTIES

Hong Kong

Office

Gross rental income from the Group's Hong Kong office portfolio increased by 4% to HK$5,587 million in 2015. This principally reflected positive rental reversions at Taikoo Place and Cityplaza. Occupancy levels were higher. At 31st December 2015, the office portfolio was 99% let.

Pacific Place

The offices at One, Two and Three Pacific Place performed well in 2015. The occupancy rate was 100% at 31st December 2015.

Cityplaza

Demand for space in the three office towers (Cityplaza One, Three and Four) was strong in 2015. They were almost fully let at 31st December 2015.

Taikoo Place

The office portfolio in Taikoo Place recorded positive rental reversions during the year. The occupancy rate was 99% at 31st December 2015.

Retail

The Hong Kong retail portfolio's gross rental income increased marginally, to HK$2,725 million in 2015. This reflected positive rental reversions. The Group's malls were almost fully let throughout the year.

Retail sales at The Mall, Pacific Place and at Citygate Outlets decreased by 12% and 10% respectively in 2015, reflecting reduced spending by tourists. Retail sales at Cityplaza were stable following completion of an enhancement project at the mall in 2014.

Residential

Average occupancy at Pacific Place Apartments improved in 2015.

Taikoo Place Apartments, comprising 111 serviced apartments in Quarry Bay, opened in August 2015. Occupancy built up gradually.

The remaining eight units at OPUS HONG KONG were sold during the year. The net proceeds from the sale of units (including amounts receivable) were HK$3,187 million. OPUS HONG KONG is accounted for as an investment property and sales proceeds are recorded in the consolidated statement of cash flows under proceeds from disposals of investment properties.

Investment Properties under Development

The commercial site (Tung Chung Town Lot No. 11) adjacent to Citygate Outlets is being developed into a commercial building with an aggregate retail and hotel gross floor area of approximately 477,700 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2017. Swire Properties has a 20% interest in the development.

The commercial site (New Kowloon Inland Lot No. 6312) at the junction of Wang Chiu Road and Lam Lee Street in Kowloon Bay is being developed into an office building with an aggregate gross floor area of approximately 555,000 square feet. Substructure and superstructure works are proceeding. The development is expected to be completed in 2017.

Somerset House in Taikoo Place is being redeveloped into a 50-storey office building with an aggregate gross floor area of approximately 1,020,000 square feet. Excavation and foundation works are proceeding. The redevelopment is expected to be completed in 2018. The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House into an office building) is being planned.

The commercial site at 8-10 Wong Chuk Hang Road is being developed into an office building with an aggregate gross floor area of approximately 382,500 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2018. Swire Properties has a 50% interest in the development.

Mainland China

Retail

The Mainland China retail portfolio's gross rental income for 2015 increased by 6% compared with 2014, to HK$1,641 million.

The occupancy rate was 94% at Taikoo Li Sanlitun at 31st December 2015. Retail sales grew by 3% in 2015. Demand for retail space in Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination.

The occupancy rate at TaiKoo Hui was 99% at 31st December 2015. Retail sales at the mall increased by 16% in 2015.

The occupancy rate at the mall at INDIGO was 97% at 31st December 2015 and 94% of the shops were open. Retail sales increased by 30% in 2015.

Sino-Ocean Taikoo Li Chengdu was officially opened in April 2015. At 31st December 2015, tenants had committed (including by way of letters of intent) to take 88% of the retail space and 83% of the space was open for business.

Office

The Mainland China office portfolio's gross rental income for 2015 increased by 9% compared with 2014, to HK$360 million.

At 31st December 2015, the occupancy rates at the office towers at TaiKoo Hui and at ONE INDIGO were 100% and 92% respectively.

Investment Properties under Development

Structural work at HKRI Taikoo Hui (formerly known as the Dazhongli project) in Shanghai has been substantially completed. Interior decoration and mechanical and electrical installation works for the two office towers and the shopping mall are proceeding. The development is expected to open in phases from 2016.

USA

Phase I of the Brickell City Centre development consists of a shopping centre, two office buildings (Two Brickell City Centre and Three Brickell City Centre), EAST Miami hotel and serviced apartments and two residential towers (Reach and Rise). The residential towers are being developed for sale. A light rail system station within the site is being renovated as part of the development. Construction work on Phase I commenced in 2012, with completion expected this year.

Swire Properties has entered into agreements with Bal Harbour Shops and Simon Property Group to develop the retail component of Brickell City Centre. Swire Properties will remain the primary developer of the Brickell City Centre project.

At 31st December 2015, Swire Properties owned 100% of the office, hotel and residential portions and 61.5% of the retail portion of Phase I of the project. The remaining interest in the retail portion was held by Simon Property Group (25%) and Bal Harbour Shops (13.5%). Bal Harbour Shops has an option, exercisable from the second anniversary of the grand opening of the retail component, to sell its interest to Swire Properties.

Phase II of the Brickell City Centre project is planned to be a mixed-use development comprising retail, office, hotel and residential space and including an 80-storey tower to be called One Brickell City Centre. Phase II will incorporate the site at 700 Brickell Avenue acquired by Swire Properties in July 2013. Development of this site will connect the Brickell City Centre development with Brickell Avenue. Swire Properties owns 100% of Phase II.

VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 31st December 2015 (93% by value were valued by DTZ Debenham Tie Leung, an independent valuer, and 96% by value in total were valued by independent valuers) on the basis of open market value. The amount of this valuation was HK$227,109 million compared to HK$220,634 million at 31st December 2014 and HK$225,591 million at 30th June 2015.

The increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the offices in Hong Kong outside the Central district.

Under HKAS 40, hotel properties are not accounted for as investment properties but are included within property, plant and equipment at cost less accumulated depreciation and any provision for impairment.

Hong Kong Lease Expiry Profile - at 31st December 2015

% of the total rental income attributable to the Group for the month ended 31st December 2015	2016	2017	2018 and beyond
Office	11.3	19.8	68.9
Retail	22.1	26.1	51.8

HOTELS

On an underlying basis, losses from the hotel portfolio were recorded in 2015, compared with profits in 2014. This mainly reflected a loss attributable to Swire Properties of HK$229 million on the disposal of four hotels in the UK. Pre-opening costs were also incurred at new hotels in Mainland China and the USA.

The performance of the managed and non-managed hotels in Hong Kong was adversely affected by the reduced number of visitors to Hong Kong in 2015.

The Temple House hotel (including serviced apartments) at Sino-Ocean Taikoo Li Chengdu opened in July 2015.

EAST, Miami is part of Phase I of the Brickell City Centre development and is expected to open in the first half of 2016.

Profile of Capital Commitments for Investment Properties and Hotels

(HK$M)	Expenditure	Forecast year of expenditure				Total Commitments	Commitments relating to joint venture companies *
	2015	2016	2017	2018	2019 and later	**At 31st Dec 2015**	**At 31st Dec 2015**
Hong Kong	**2,731**	4,436	3,477	2,530	5,586	**16,029**	**1,363**
Mainland China	**1,497**	1,416	633	461	10	**2,520**	**1,885**
USA and others	**2,372**	828	162	156	103	**1,249**	**-**
Total	**6,600**	6,680	4,272	3,147	5,699	**19,798**	**3,248**

Note: The capital commitments represent 100% of the Group's capital commitments of subsidiaries and the Group's share of the capital commitments of joint venture companies.

* The Group is committed to funding HK$689 million and HK$501 million of the capital commitments of joint venture companies in Hong Kong and Mainland China, respectively.

Sustainable Development

Energy intensity decreased by 3% in 2015. This principally reflects the use of more energy efficient air-conditioning and lighting.

Lost time injury rates decreased by 3% in 2015 despite a larger workforce.

PROPERTY TRADING

Hong Kong

The profit from the sale of 17 units at the AZURA, ARGENTA, DUNBAR PLACE and MOUNT PARKER RESIDENCES developments was recognised during the year. All the units at these developments (except one at MOUNT PARKER RESIDENCES) had been sold at 31st December 2015.

AREZZO, the residential development at 33 Seymour Road, was completed in January 2015. 112 of the 127 units had been sold at 8th March 2016. The profit from the sales of 112 units was recognised in 2015. The property is wholly-owned by Swire Properties.

Superstructure work is in progress at ALASSIO (formerly known as 100 Caine Road) and the development is expected to be completed in 2016 and available for handover to purchasers in 2017. The development consists of a 50-storey tower of 197 residential units. The development is wholly-owned by Swire Properties.

The WHITESANDS development consists of 28 detached houses at Cheung Sha, on Lantau Island. The development was completed and sales began in September 2015. One of the 28 houses had been sold at 8th March 2016, with the profit recognised in 2015. WHITESANDS is wholly-owned by Swire Properties.

Mainland China

Construction of the Grade A office tower at Sino-Ocean Taikoo Li Chengdu, Pinnacle One, was completed in December 2014.

89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 car park spaces were presold in August 2013. In 2015, the profit from the sale of approximately 52% of the presold gross floor area was recognised. The sale of the remaining presold gross floor area and 350 car park spaces is being cancelled as part of the consideration has not been received according to schedule.

USA

The residential portion of Phase I of the Brickell City Centre development is being developed for trading purposes. There will be 780 units in two towers (Reach and Rise).

Swire Properties started to sell units in Reach in June 2014 and units in Rise in November 2014. In 2015, a total of 150 units were sold in Reach and Rise. 335 units in Reach and 160 units in Rise had been sold at 8th March 2016. The development is almost completed and will be available for handover to purchasers in the first half of 2016.

OUTLOOK

Office and Retail:

Hong Kong:

Office

In 2016, high occupancy and limited supply will put upward pressure on rents in Central despite a slowdown in demand for office space by Mainland Chinese entities. High occupancy is expected to result in rents in Taikoo Place and Cityplaza being reasonably resilient despite increased supply in Kowloon East and other districts.

Retail

Demand for retail space in Hong Kong is expected generally to weaken in 2016. But there is growth in demand for quality space from tenants engaged in successful businesses.

Mainland China:

Retail

Overall retail sales are expected to grow modestly in Guangzhou and Beijing and steadily in Chengdu.

Office

In Guangzhou, office rents are expected to be stable in 2016 despite a substantial supply of new office space. In Beijing, office rents are expected to weaken in 2016 as substantial amounts of new office space become available and demand falls.

Hotels:

Trading conditions at hotels in Hong Kong and in Mainland China are expected to be challenging in 2016. The hotel market in Miami is expected to remain strong despite an increase in the supply of hotel rooms in 2016.

Property Trading:

In Hong Kong, buyers of property have become more cautious in the light of expected interest rate increases and general economic uncertainties. Trading profits are expected to be recognised in 2016 from sales of the remaining units at the WHITESANDS, AREZZO and MOUNT PARKER RESIDENCES developments.

In the USA, the residential property market in urban Miami has experienced a marked increase in supply since late 2014. In addition, the strengthening of the US dollar in 2015 has made Miami properties more expensive in local currency terms for buyers from outside the USA. Sales momentum has slowed.

Profits from property trading in Miami are expected to be recognised in 2016 upon handover of the presold units and on further sales of units at the Reach and Rise developments.

Guy Bradley

REVIEW OF OPERATIONS

AVIATION DIVISION

OVERVIEW OF THE BUSINESS

The Aviation Division comprises significant investments in the Cathay Pacific group and the HAECO group.

The Cathay Pacific group:
The Cathay Pacific group includes Cathay Pacific, its wholly-owned subsidiary Dragonair, its 60%-owned subsidiary AHK Air Hong Kong Limited ("Air Hong Kong"), an associate interest in Air China and an interest in Air China Cargo Co., Ltd. ("Air China Cargo"). Cathay Pacific has interests in companies providing flight catering and ramp and cargo handling services, and owns and operates a cargo terminal at Hong Kong International Airport. It is listed on The Stock Exchange of Hong Kong Limited.

Cathay Pacific offers scheduled passenger and cargo services to 179 destinations in 43 countries and territories. At 31st December 2015, it operated 146 aircraft and had 70 new aircraft due for delivery up to 2024.

Dragonair is a regional airline registered and based in Hong Kong. It operates 42 aircraft on scheduled services to 53 destinations in Mainland China and elsewhere in Asia.

Cathay Pacific owns 20.13% of Air China, the national flag carrier and a leading provider of passenger, cargo and other airline-related services in Mainland China. At 31st December 2015, Air China operated 245 domestic and 115 international, including regional, routes. Cathay Pacific has a cargo joint venture with Air China (Air China Cargo), which operated 15 freighters at 31st December 2015 and carries cargo in the bellies of Air China's passenger aircraft.

Air Hong Kong, a 60%-owned subsidiary of Cathay Pacific, operates express cargo services for DHL Express, the remaining 40% shareholder, to 12 Asian cities. At 31st December 2015, Air Hong Kong operated 13 freighters.

Cathay Pacific and its subsidiaries employ more than 33,600 people worldwide (around 25,800 of them in Hong Kong).

The HAECO group:
The HAECO group provides aviation maintenance and repair services. Its primary activities are aircraft maintenance and modification work in Hong Kong (by HAECO Hong Kong), in Xiamen (by HAECO Xiamen) and in the USA (by HAECO Americas).

Engine overhaul work is performed by HAECO's joint venture company Hong Kong Aero Engine Services Limited ("HAESL"), by HAESL's joint venture company Singapore Aero Engine Services Pte. Limited ("SAESL"), by HAECO's subsidiary Taikoo Engine Services (Xiamen) Company Limited ("TEXL") and by HAECO Americas. The HAECO group has other subsidiaries and joint venture companies in Mainland China, which offer a range of aircraft engineering services and has a 70% interest in HAECO ITM Limited ("HAECO ITM"), an inventory technical management joint venture with Cathay Pacific in Hong Kong.

HAECO is listed on The Stock Exchange of Hong Kong Limited.

STRATEGY:

The strategic objective of Cathay Pacific and HAECO (as listed companies in their own right) is sustainable growth in shareholder value over the long-term. The strategies employed in order to achieve this objective are these:

- The development and strengthening of Hong Kong as a centre for aviation services, including passenger, cargo and aircraft engineering services.
- The development and strengthening of the airline (Cathay Pacific and Dragonair) and aircraft engineering (HAECO) brands.
- Developing the fleets of Cathay Pacific and Dragonair (by investing in modern fuel efficient aircraft) with a view to their becoming two of the youngest, most fuel efficient fleets in the world.
- Maintaining and enhancing high standards of service to passenger, cargo and aircraft engineering customers.
- Strengthening the airlines' passenger and cargo networks and improving what they do on the ground and in the air.
- Continuing to build the strategic relationship with Air China.
- Increasing the range and depth of aircraft engineering services offered by HAECO.
- Endeavouring to minimise the impact of the airlines and of HAECO on the environment.

Aviation Division – Financial Highlights

	2015 HK$M	2014 HK$M
HAECO group		
Revenue	**12,095**	11,927
Operating profit	**415**	509
Attributable profit	**349**	430
Cathay Pacific group		
Share of post-tax profits from associated companies	**2,700**	1,418
Attributable profit	**3,017**	1,822

Accounting for the Aviation Division

The Group accounts for its associate interest in the Cathay Pacific group using the equity method of accounting. The Group recognises its share of net profit or loss as a single line-item in the consolidated statement of profit or loss.

Cathay Pacific and Dragonair – 2015 Performance

		2015	2014	Change
Available tonne kilometres ("ATK")	Million	**30,048**	28,440	+5.7%
Available seat kilometres ("ASK")	Million	**142,680**	134,711	+5.9%
Passenger revenue	HK$M	**73,047**	75,734	-3.5%
Revenue passenger kilometres ("RPK")	Million	**122,330**	112,257	+9.0%
Revenue passengers carried	'000	**34,065**	31,570	+7.9%
Passenger load factor	%	**85.7**	83.3	+2.4%pt
Passenger yield	HK¢	**59.6**	67.3	-11.4%
Cargo revenue – group	HK$M	**23,122**	25,400	-9.0%
Cargo revenue – Cathay Pacific and Dragonair	HK$M	**20,079**	22,035	-8.9%
Cargo and mail carried	Tonnes '000	**1,798**	1,723	+4.4%
Cargo and mail load factor	%	**64.2**	64.3	-0.1%pt
Cargo and mail yield	HK$	**1.90**	2.19	-13.2%
Cost per ATK (with fuel)	HK$	**3.14**	3.50	-10.3%
Cost per ATK (without fuel)	HK$	**2.06**	2.12	-2.8%
Aircraft utilisation	Hours per day	**12.2**	12.2	-
On-time performance	%	**64.7**	70.1	-5.4%pt
Average age of fleet	Years	**9.1**	9.1	-
Number of destinations at year end	Destinations	**193**	210	-17
Fuel consumption – group	Barrels (million)	**43.5**	41.7	+4.3%

Cathay Pacific group – Sustainable Development Highlights

	2015	2014
GHG emissions per ATK (Grammes of CO_2e)	**569**	576
LTIR	**2.77**	3.67

Note: Greenhouse gas emissions disclosed above are from jet fuel combustion only.

Cathay Pacific group

AIRLINE INDUSTRY BACKGROUND

The operating environment in 2015 was better than in 2014. The airline industry benefited from low fuel prices, but yields were under pressure. Air cargo demand, which came under pressure during the second quarter of the year, remained weak in the second half.

2015 RESULTS SUMMARY

The Cathay Pacific group's attributable profit on a 100% basis was HK$6,000 million in 2015, compared with a profit of HK$3,150 million in 2014. The airline profit after tax was HK$3,572 million (2014: HK$1,846 million), and the share of profits from subsidiaries and associates was HK$2,428 million (2014: HK$1,304 million).

Passenger Services

Passenger revenue in 2015 was HK$73,047 million, a decrease of 4% compared with 2014. 34.1 million passengers were carried, an increase of 8% compared to the previous year.

Capacity increased by 6%, reflecting the introduction of new routes (to Boston, Düsseldorf, Hiroshima and Zurich) and increased frequency on some other routes.

The passenger load factor increased by 2.4 percentage points. Economy class demand was strong. Premium class demand improved on regional routes, but was not as strong as expected on some long-haul routes.

Strong competition, a significant reduction in fuel surcharges, unfavourable foreign currency movements and the fact that a higher proportion of passengers were connecting through Hong Kong put downward pressure on yield, which decreased by 11%, to HK59.6 cents.

Cargo Services

Cathay Pacific and Dragonair

Cathay Pacific and Dragonair's cargo revenue in 2015 was HK$20,079 million, a decrease of 9% compared to 2014. This principally reflected a reduction in fuel surcharges consequent upon low fuel prices. The tonnage carried in 2015 increased by 4% to 1.8 million tonnes compared to 2014.

The cargo capacity of Cathay Pacific and Dragonair increased by 5%.

The cargo load factor decreased by 0.1 percentage point to 64.2%. Cargo demand was strong in the first quarter of 2015, assisted by industrial action at ports on the west coast of the USA. Overall demand was weak for the rest of the year, particularly on European routes. Freighter capacity was reduced on some routes in line with reduced demand.

Strong competition, overcapacity, unfavourable foreign currency movements and the reduction in fuel surcharges put pressure on yield, which decreased by 13%, to HK$1.90. A higher proportion (57%) of total cargo shipments was carried in the bellies of passenger aircraft in 2015.

Air Hong Kong

Air Hong Kong achieved an increase in profit for 2015 compared with 2014. Capacity in terms of available tonne kilometres increased by 1% to 776 million. The load factor increased by 0.4 percentage points to 66.5%.

Operating Costs

Total fuel costs for the Cathay Pacific group (before the effect of fuel hedging) decreased by HK$14,894 million (or 38%) compared to 2014, despite increases in capacity. A 40% decrease in average fuel prices was partially offset by a 4% increase in consumption. Fuel is still the Cathay Pacific group's most significant cost, accounting for 34% of total operating costs in 2015 (compared with 39% in 2014).

Cathay Pacific hedges some of its fuel costs in an effort to manage the risk associated with changing fuel prices. In 2015, a loss of HK$8,474 million was recognised in Cathay Pacific's profit and loss account from fuel hedging activities. This partially offset the benefit of lower fuel costs. After taking hedging losses into account, net fuel costs decreased by HK$7,331 million (or 18%) compared to 2014.

The continued decline in fuel prices gave rise to additional unrealised hedging losses of HK$5,417 million for Cathay Pacific. Swire Pacific's share of these losses (amounting to HK$2,438 million) is reflected in Swire Pacific's consolidated statement of financial position at 31st December 2015 under associated companies.

Non-fuel costs increased by 2% in 2015 compared to 2014.

Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions. The outcomes are subject to uncertainties. Cathay Pacific is not in a position to assess the full potential liabilities but makes provisions based on relevant facts and circumstances.

In December 2015, the General Court annulled the European Commission's finding against Cathay Pacific in November 2010. The fine of €57 million previously imposed on Cathay Pacific was refunded in February 2016. The refund has been recognised in Cathay Pacific's 2015 results.

Fleet Profile

At 31st December 2015, the total number of aircraft in the Cathay Pacific and Dragonair fleets was 188, the same number as at 31st December 2014.

In 2015, Cathay Pacific took delivery of six Boeing 777-300ER aircraft and three Airbus A330-300 aircraft. The Boeing 777-300ER aircraft delivered in late September 2015 was the 53rd and final aircraft of this type to join the fleet.

Four Boeing 747-400 passenger aircraft and four Airbus A340 aircraft were retired in 2015. The retirement of the remaining three Boeing 747-400 passenger aircraft has been brought forward from 2017 to 2016. In 2013, Cathay Pacific agreed to sell six Boeing 747-400F freighters to The Boeing Company. Two of these aircraft have been delivered. The other four will be delivered by the end of 2016.

At 31st December 2015, the Cathay Pacific group had 70 new aircraft on order for delivery up to 2024. Cathay Pacific's first Airbus A350-900 aircraft is scheduled to be delivered in May 2016. 12 of these aircraft are scheduled to be delivered in 2016.

Fleet profile*

Aircraft type	Number at 31st December 2015 Owned	Leased Finance	Leased Operating	Total	Firm orders '16	Firm orders '17	Firm orders '18 and beyond	Total	Expiry of operating leases '16	'17	'18	'19	'20	'21 and beyond	Options
Aircraft operated by Cathay Pacific:															
A330-300	23	13	6	42							3	1	2		
A340-300	5	2		7(a)											
A350-900					12(b)	10		22							
A350-1000							26	26							
747-400	3			3											
747-400F	4			4(c)											
747-400BCF			1(d)	1							1				
747-400ERF		6		6											
747-8F	2	11		13	1(c)			1							
777-200	5			5											
777-200F															5(e)
777-300	11	1		12											
777-300ER	19	11	23	53						2	2			19	
777-9X							21(c)	21							
Total	72	44	30	146	13	10	47	70		2	6	1	2	19	5
Aircraft operated by Dragonair:															
A320-200	5		10	15							2	1	1	6	
A321-200	2		6	8									1	5	
A330-300	10		9(f)	19					3	4		2			
Total	17		25	42					3	4	2	3	2	11	
Aircraft operated by Air Hong Kong:															
A300-600F	2	6	2	10							2				
747-400BCF			3(f)	3					1	2					
Total	2	6	5	13					1	2	2				
Grand total	**91**	**50**	**60(f)**	**201**	**13**	**10**	**47**	**70**	**4**	**8**	**10**	**4**	**4**	**30**	**5**

* Includes parked aircraft. The table does not reflect aircraft movements after 31st December 2015.

(a) One A340-300 was sold in February 2016.
(b) Including two aircraft on 12-year operating leases.
(c) In December 2013, Cathay Pacific agreed with The Boeing Company to purchase 21 new Boeing 777-9X aircraft (for delivery after 2020), three new Boeing 777-300ER aircraft and one new Boeing 747-8F freighter and to sell six existing Boeing 747-400F freighters. Three Boeing 777-300ER aircraft have been delivered to Cathay Pacific, one in April 2015, one in July 2015 and the third in September 2015. Two of the Boeing 747-400F freighters have been delivered to The Boeing Company, one in November 2014, the other in July 2015. Of the remaining four, one was parked in January 2014.
(d) The aircraft was parked in August 2013 and returned to service in September 2015.
(e) Purchase options in respect of five Boeing 777-200F freighters.
(f) Of the total 60 operating lease aircraft, 55 are leased from external parties and five are under leasing arrangement within the group (three Boeing 747-400BCFs and two Airbus A330-300s).

Sustainable Development

Greenhouse gas emissions per unit of capacity (measured in available tonne kilometres) decreased by 1% in 2015. The reduction reflects the introduction of more fuel efficient aircraft and the retirement of less fuel efficient aircraft.

The lost time injury rate fell by 25% in 2015, principally due to a reduction in the number of injuries to cabin crew.

Other Operations

Air China

The Cathay Pacific group's share of Air China's results is based on its financial statements drawn up three months in arrear. Consequently, the 2015 results include Air China's results for the 12 months ended 30th September 2015, adjusted for any significant events or transactions for the period from 1st October 2015 to 31st December 2015.

In the year ended 30th September 2015, Air China's results improved, principally as a result of low fuel prices and strong passenger demand, which more than offset the effect of foreign exchange losses caused by the depreciation of the Renminbi. The Group recorded a significantly higher profit from Air China in 2015.

Air China Cargo

Air China Cargo's 2015 financial results were in line with those of 2014. The adverse effects of exchange losses on retranslation of US dollar loans and lower yield in the highly competitive air cargo market were offset by savings from low fuel prices.

Outlook

The operating environment was better in 2015 than in 2014, but some significant challenges were faced, which are expected to continue in 2016. Strong competition from other airlines in the region, foreign currency movements and weak premium class passenger demand will put pressure on passenger yield. Cargo demand will be adversely affected by industry overcapacity. Overall passenger demand remains strong and the airlines expect to continue to benefit from low fuel prices. Cathay Pacific's subsidiaries and associates are expected to perform well.

The Cathay Pacific group is confident of longer term success, and will continue to help passengers to travel well. Dragonair is being rebranded as Cathay Dragon, as part of an effort to create a more consistent travel experience between the two airlines. Investments will continue in aircraft, in products and in the development of the network. The financial position is strong. Supported by its world-class team, Cathay Pacific remains deeply committed to strengthening the aviation hub in Hong Kong, the home city of Cathay Pacific for the past 70 years.

Ivan Chu

Hong Kong Aircraft Engineering Company ("HAECO") group

HAECO group – Financial Highlights

	2015 HK$M	2014 HK$M
Revenue		
HAECO Hong Kong	**3,628**	3,178
HAECO Americas	**2,554**	2,885
HAECO Xiamen	**1,712**	1,924
TEXL	**3,719**	3,538
Others	**482**	402
Net operating profit	**339**	439
Profit attributable to the Company's shareholders		
HAECO Hong Kong	**167**	103
HAECO Americas	**(158)**	(45)
HAECO Xiamen	**69**	89
TEXL	**149**	166
Share of profit/(loss) of:		
HAESL and SAESL	**194**	267
Other subsidiary and joint venture companies	**43**	(7)
Total	**464**	573
Swire Pacific share	**349**	430

HAECO group – Operating Highlights

		2015	2014
Airframe services manhours sold			
HAECO Hong Kong	*Million*	**2.80**	2.46
HAECO Americas	*Million*	**3.02**	3.66
HAECO Xiamen	*Million*	**3.46**	3.55
Line services movements handled			
HAECO Hong Kong	*Average per day*	**303**	328
Engines overhauled			
TEXL		**89**	71
HAESL		**115**	147

HAECO group – Sustainable Development Highlights

	2015	2014
LTIR	**1.40**	1.57
Energy intensity (kWh per manhour)	**3.81**	3.61

Note: Energy intensity measures the electricity consumption for every manhour at the group's principal operations.

AVIATION MAINTENANCE AND REPAIR INDUSTRY BACKGROUND

Orders for new aircraft are firm. Aircraft manufacturers have record order books and are increasing production. More aircraft means in principle more demand for their maintenance, repair and overhaul ("MRO"). But new aircraft need less MRO than older aircraft. On balance, MRO demand is still expected to grow in the medium and longer term.

2015 RESULTS SUMMARY

The HAECO group's profit attributable to shareholders in 2015 on a 100% basis was HK$464 million, a decrease of 19% compared to the corresponding figure in 2014 of HK$573 million. The decrease principally reflects weaker results at HAECO Americas, HAECO Xiamen, HAESL and SAESL, partially offset by better results from HAECO Hong Kong and HAECO ITM.

A total of 9.28 million airframe services manhours were sold by HAECO Hong Kong, HAECO Americas and HAECO Xiamen in 2015, 4% fewer than in 2014. The most significant decline, which had a consequential adverse impact on the results of the group, was at HAECO Americas.

HAECO Hong Kong

HAECO Hong Kong recorded a 62% increase in attributable profit in 2015 to HK$167 million.

Manhours sold for airframe services increased from 2.46 million in 2014 to 2.80 million in 2015. This reflected strong demand and an increase in staff numbers.

The average number of aircraft movements handled decreased in 2015 by 8% to 303 per day. But line services manhours sold increased because more work was done per movement.

Manhours sold in 2015 for component and avionics work (together with those sold by HAECO Component Overhaul (Xiamen)) were 0.20 million, a decrease of 12% compared to 2014. The decrease reflected the retirement of Boeing 747-400 aircraft.

HAECO Americas

HAECO Americas recorded a loss of HK$158 million in 2015 compared to a loss of HK$45 million for the 11 month post-acquisition period in 2014. The increased loss principally reflected a decline in airframe services manhours sold.

Demand for HAECO Americas' airframe services fell to 3.02 million manhours in 2015 from 3.66 million in the post-acquisition period in 2014. The decrease principally reflected completion of large, high work scope contracts and their replacement with lower work scope contracts.

In 2015, HAECO Americas worked on 40 cabin integration programmes compared with 44 in the post-acquisition period in 2014, but this was partly compensated for by more Panasonic global communication suite kit work. HAECO Americas shipped approximately 4,200 premium economy and economy class seats compared with 8,600 in the post-acquisition period in 2014. Demand for HAECO Americas' old seats declined and its new seats were not in commercial production.

HAECO Xiamen

HAECO Xiamen recorded a 22% decrease in attributable profit in 2015 to HK$69 million. There was less demand for airframe services, particularly for heavy maintenance work. Fewer airframe services manhours were sold in 2015 (3.46 million compared with 3.55 million in 2014) and there was very little private jet work.

TEXL

In 2015, TEXL completed 59 quick turn repairs on GE90 aircraft engines (56 of them being heavy or medium repairs) and 30 performance restorations on such engines, compared to 34 quick turn repairs and 37 performance restorations in 2014. Its after tax profit fell as it no longer had tax losses to utilise.

HAESL and SAESL

HAESL recorded a 26% decrease in profit in 2015. Fewer engines were overhauled. This reflected the retirement of aircraft operating Trent 500 engines and a reduction in the frequency of scheduled maintenance of Trent 700 engines. Engine output was 115 in 2015 compared with 147 in 2014.

SAESL recorded a 32% decrease in profit in 2015.

In November 2015, conditional agreements were entered into for the restructuring of shareholdings in HAESL and SAESL. As part of the restructuring (and subject to satisfaction of the conditions to which the agreements are subject), HAESL will sell its 20% shareholding in SAESL. This sale is expected to result in a gain to HAESL. The amount of the gain will depend on (inter alia) when the agreements are completed. For illustrative purposes only, if (which is not certain) the agreements are completed by the end of April 2016, the gain to HAESL is expected to be approximately US$229 million). 45% of the gain to HAESL (equivalent to approximately HK$804 million if the agreements are completed by the end of April 2016) is expected to be reported as a profit by HAECO. As part of the restructuring, HAECO agreed to increase its shareholding in HAESL from 45% to 50%. On completion of the restructuring, HAESL will be owned 50% by HAECO and 50% by Rolls-Royce and HAESL will no longer be interested in SAESL.

Other Principal Subsidiary and Joint Venture Companies

HAECO ITM provided inventory technical management services for 259 aircraft in 2015, compared with 257 in 2014. Profits increased in 2015. This reflected a higher utilisation of rotable parts as operations increased.

The losses of HAECO Landing Gear Services were slightly less than in 2014. It did more work in 2015 than in 2014, but better operating results were largely offset by unrealised foreign exchange losses on loans.

Sustainable Development

The HAECO group's lost time injury rate decreased by 11% between 2014 and 2015, reflecting improvements in most group companies.

The group's energy intensity increased by 6% between 2014 and 2015 mainly as a result of more electricity consumption in Hong Kong and Mainland China.

Outlook

The prospects for the HAECO group's different businesses in 2016 are mixed.

HAECO Hong Kong's airframe and line services capacity are expected to grow in 2016, with more staff being hired. Training them will increase costs in the short term. Further growth in capacity will be constrained by lack of hangar space. Demand for line services in Hong Kong in 2016 is expected to remain strong.

Demand for HAECO Americas' airframe services is expected to be similar to that in 2015. Results are expected to benefit from more efficient performance of contracts entered into in 2015. HAECO Americas will start to deliver its new Vector seats this year. The cabin integration order book is strong.

HAECO Xiamen expects to do less airframe services work in 2016 than in 2015.

Demand for TEXL's overhaul services is expected to remain firm in 2016.

HAESL is expected to do less work per engine in 2016.

The municipal government of Xiamen has announced that the proposed new airport at Xiang'an will commence operations in 2020. This is subject to the National Development and Reform Commission's approval. Management maintains regular communications with the local authorities about the new airport and its opening, which will be material to the operations of the HAECO group in Xiamen.

Augustus Tang

REVIEW OF OPERATIONS

BEVERAGES DIVISION

OVERVIEW OF THE BUSINESS

Swire Beverages has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company ("TCCC") in Hong Kong, Taiwan, seven provinces in Mainland China and an extensive area of the mid-western USA.

Swire Beverages has two wholly-owned franchise businesses, in Taiwan and the USA, and five majority-owned franchise businesses, in Hong Kong and in Fujian, Henan, Anhui and Shaanxi provinces in Mainland China. It has joint venture interests in three other franchises in Mainland China and an associate interest in a manufacturing company, Coca-Cola Bottlers Manufacturing Holdings Limited ("CCBMH"), which supplies still beverages to all Coca-Cola franchises in Mainland China.

Swire Beverages manufactures 58 beverage brands and distributes them to a franchise population of over 450 million people.

FRANCHISE TERRITORIES

	Franchise population (millions)	**GDP per capita (US$)**	**Sales volume (million unit cases) 2015**	Sales volume (million unit cases) 2005	**Per capita consumption (8 oz servings) 2015**	Per capita consumption (8 oz servings) 2005
Mainland China						
Guangdong	78.8	12,750	208	105	63	45
Zhejiang	50.6	12,215	150	88	71	46
Anhui	61.3	5,798	86	16	34	6
Jiangsu	55.4	11,757	106	54	46	24
Fujian	38.4	10,670	93	35	58	24
Shaanxi	37.9	7,866	59	22	37	15
Henan	94.6	6,186	134	28	34	7
Hong Kong	7.3	41,149	65	48	213	165
Taiwan	23.5	21,688	56	44	57	47
USA	11.2	46,959	126	79	270	326

Note: A unit case comprises 24 8 oz servings.

STRATEGY:

The strategic objective of Swire Beverages is to build a world-class bottling system which is recognised as a first class employer, a first class entity with which to do business and a first class corporate citizen in all territories where it does business. The strategies employed in order to achieve this objective are:

- An uncompromising commitment to safety and quality.
- A commitment to work with TCCC to improve our understanding of our customers' businesses, and to use that understanding to create value for our customers and consumers.
- A focus on market execution in sales outlets, recognising that our business depends critically on selling to millions of consumers through such outlets in our franchise territories.
- Effective revenue management, through volume growth and optimisation of pricing and product mix, and product innovation.
- Effective management of costs, through improvements in productivity and efficiency in our supply chain and in sales and distribution.
- A commitment to sustainability, by seeking to reduce the environmental impact of our operations, with a particular focus on water conservation, and by engaging with the communities in which we operate.

2015 PERFORMANCE

Beverages Division – Financial Highlights

	2015 HK$M	2014 HK$M
Revenue	**17,174**	16,383
Operating profit	**1,164**	1,095
Share of post-tax profits from joint venture and associated companies	**262**	291
Attributable profit	**976**	854

Beverages Division – Sustainable Development Highlights

	2015	2014
Water use ratio	**1.74**	1.77
LTIR	**0.56**	0.69

Beverages Division – Segment Financial Highlights

	Revenue		Attributable Profit	
	2015	2014	**2015**	2014
	HK$M	HK$M	**HK$M**	HK$M
Mainland China	**7,617**	7,856	**391**	395
Hong Kong	**2,200**	2,164	**204**	185
Taiwan	**1,392**	1,415	**34**	23
USA	**5,965**	4,948	**273**	208
Central costs	**-**	-	**74**	43
	17,174	16,383	**976**	854

Accounting for the Beverages Division

The seven wholly-owned and majority-owned franchise businesses (in Hong Kong, Taiwan and the USA and in Fujian, Henan, Anhui and Shaanxi provinces in Mainland China) are accounted for as subsidiaries in the financial statements of Swire Pacific. Revenue and operating profit shown above, therefore, are attributable to these franchise businesses only. The division's joint venture interests in three other franchises in Mainland China and its associate interest in CCBMH are accounted for using the equity method of accounting. Swire Pacific recognises its share of net profit or loss from each of these interests as a single line-item in the consolidated statement of profit or loss.

For reference, the total revenue and operating profit from the joint venture interests in three franchises in Mainland China was HK$8,930 million and HK$469 million, respectively, in 2015 (2014: HK$9,187 million and HK$512 million, respectively). The revenue of CCBMH, excluding sales to the seven Mainland China franchises, was HK$4,324 million in 2015 (2014: HK$5,073 million).

The sales volume for Mainland China represents sales in the seven franchises, including products supplied by CCBMH.

Central costs are arrived at after crediting gains on disposal of available-for-sale investments of HK$103 million (2014: HK$78 million).

Beverages Division – Segment Performance

		Percentage Change				
		Mainland China**	Hong Kong	Taiwan	USA	Swire Beverages
Quality	Production Quality Index	-1.4%	2.2%	0.1%	-0.2%	n/a
Customers	Active Outlets	4.8%	-1.8%	-9.8%	-1.6%	3.5%
Revenue Management	Sales Volume	2.4%	0.1%	1.5%	17.3%	3.8%
	Revenue *	-4.4%	2.3%	2.5%	4.2%	-1.7%
Cost Management	Gross Margin *	0.6%	7.6%	8.2%	3.7%	2.6%
	Operating Profit	-10.2%	13.6%	44.6%	30.4%	0.7%
Sustainability	Water Use Ratio	-1.0%	1.0%	-10.0%	-5.0%	-2.0%
	Energy Use Ratio	0.0%	2.0%	-8.0%	-11.0%	-3.0%
Safety	LTIR	-14.0%	-44.0%	-61.0%	7.0%	-19.0%

* Per unit case
** Segment Performance for Mainland China represents performance in the seven franchises.

2015 BEVERAGE INDUSTRY REVIEW

In Mainland China, the total volume of non-alcoholic ready-to-drink beverages sold grew by 4% in 2015. The volume of sparkling beverages sold grew by 2%, that of water by 8% and that of other still beverages by 1%. Within other still beverages, the sales volume of juice declined by 7%.

In Hong Kong, the total volume of non-alcoholic ready-to-drink beverages sold grew by 1% in 2015. Still beverages volume grew by 2%. Sparkling beverages volume declined (by 1%). Ready-to-drink coffee, tea and water were the strongest growing categories.

In Taiwan, the total volume of non-alcoholic ready-to-drink beverages sold grew by 2% in 2015. The volume of water and sparkling beverages sold grew by 13% and 2% respectively. The volume of tea and juice sold declined by 4% and 2% respectively.

In the USA, the total volume of sparkling beverages sold declined by 3% in 2015. The volume of energy drinks and water sold increased by 11% and 13% respectively.

2015 RESULTS SUMMARY

Swire Beverages made an attributable profit of HK$976 million in 2015, a 14% increase from 2014. Excluding non-recurring gains on disposal of available-for-sale investments in 2014 and 2015 (accounted for as a credit to central costs), attributable profit increased by 13% to HK$873 million in 2015.

The increase in attributable profit principally reflected higher profits in Hong Kong, Taiwan and the USA.

Overall sales volume increased by 4% to 1,083 million unit cases, compared with an increase of 3% in 2014. Volume grew in Mainland China, Taiwan and the USA and was unchanged in Hong Kong. Growth was particularly strong in the USA, reflecting the inclusion of sales for a full year from territories assumed in 2014.

Mainland China

Attributable profit from Mainland China was HK$391 million, a 1% decrease from 2014.

Total sales volume increased modestly (by 2%) compared with 2014. Sparkling sales volume grew by 4%. Water sales volume grew by 12%. Juice sales volume declined by 12%. Changes in the sales mix and promotional pricing resulted in a 4% decline in revenue per unit case.

Gross margins per unit case improved by 1%. This was due to lower raw material costs (mainly resin and aluminium). The increase in gross margins was more than offset by an increase in operating costs, in particular staff costs and depreciation.

In September 2015, Swire Beverages Holdings Limited completed the acquisition of additional interests in three of its subsidiaries in Mainland China. The acquisition (which was accounted for from July 2015, when the agreement was signed) resulted in attributable profits being higher by HK$21 million than they would otherwise have been.

A decline in the share of profit from an associated company, CCBMH, was recorded in 2015. This reflected weak juice sales.

Hong Kong

Attributable profit from Hong Kong in 2015 was HK$204 million, a 10% increase from 2014.

Total sales volume was unchanged in 2015. Sparkling sales volume decreased by 1%. Still sales volume increased by 1%. Tea and coffee sales volume increased by 7% and 6% respectively. These increases were offset in part by declines in juice sales volume.

Revenue per unit case increased by 2%, due to price increases. A 3% decrease in raw material costs contributed to an increase in gross margin of 8% per unit case.

Taiwan

Attributable profit from Taiwan was HK$34 million, a 48% increase from 2014.

Sales volume in 2015 increased by 2%. Sparkling sales volume increased by 1%. Still sales volume increased by 2%. Tea sales increased by 4%. This principally reflected the introduction of new products. Existing tea products also did well. Juice sales were weak.

Revenue per unit case in local currency increased by 3%, due to a favourable sales mix. A 2% decrease in raw material costs per case (in particular of resin) contributed to an increase in gross margins. Higher selling and marketing costs partly offset the beneficial effect of the increase in gross margins.

USA

Attributable profit from the USA was HK$273 million, a 31% increase from 2014.

Sales volume in the USA increased by 17% in 2015. This principally reflected a full year's contribution from the new franchise territories in Denver and Colorado Springs (these territories having been assumed in May 2014). Attributable profit from the new territories for 2015 was HK$56 million.

Sparkling sales volume increased by 11%. Still sales volume increased by 33%, principally due to increases in sales of energy and water drinks of 59% and 20% respectively.

Revenue per unit case increased by 4%, due to price increases. Cost of goods per unit case increased by 5%. Gross margins benefited from higher selling prices and higher sales volume. These were partially offset by higher operating costs in the newly assumed territories.

In September 2015, Swire Beverages conditionally agreed to acquire certain distribution assets from TCCC in Arizona and the right to distribute the beverage products of TCCC in Arizona (including the Phoenix and Tucson markets). In December 2015, Swire Beverages conditionally agreed to acquire from TCCC certain production assets in Phoenix, Arizona and Denver, Colorado. Completion of the acquisitions is conditional upon, among other things, all necessary approvals being obtained. Completion of the acquisition of the distribution assets is expected to take place in 2016. Completion of the acquisition of the production assets is expected to take place no later than 2018.

In February 2016, a letter of intent was signed with TCCC in relation to the grant of additional territory rights to Swire Coca-Cola USA in the states of Washington, Oregon and Idaho and including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon. The letter also contemplates the acquisition of production facilities near Seattle and Portland and distribution facilities.

Sustainable Development

The water use ratio (which measures the amount of water used to produce each unit of production) improved by 2% compared with 2014. The improvement is mainly due to replacing and repairing pipes, using water more efficiently in cleaning and reusing treated waste water.

OUTLOOK

Sales volume in the Swire Beverages franchise territories in Mainland China is expected to grow modestly in 2016. Revenue is expected to grow at a faster rate, reflecting a better sales mix, strong sales for immediate consumption, the introduction of new products and strong marketing support for existing products. Increases in costs, in particular staff and compliance costs, will put pressure on margins.

In Hong Kong, moderate growth in sales volume and revenue is expected, reflecting the introduction of new products and effective marketing. Raw material costs are expected to remain favourable. Lack of capacity and labour shortages are problems.

The retail background in Taiwan is expected to be difficult. However, sales of sparkling beverages and tea are expected to benefit from the introduction of new products.

In the USA, the beverages market is expected to grow moderately in 2016. Sales of energy drinks and water are expected to continue to grow, assisted by the introduction of additional flavours. The business is expected to benefit from additional profits derived from the bottling territories acquired in Colorado and Arizona.

Patrick Healy

REVIEW OF OPERATIONS

MARINE SERVICES DIVISION

OVERVIEW OF THE BUSINESS

The Marine Services Division, through SPO, operates offshore support vessels servicing the energy industry in every major offshore production and exploration region outside the USA. SPO has a windfarm installation business, a subsea inspection, maintenance and repair ("IMR") business and a logistics business working in the oil and gas industry.

SPO can support drilling, production, exploration, pipe-laying, subsea construction and floating production, storage and offloading operations. SPO and its subsidiaries can carry out seismic survey support, marine salvage, oil spill preparedness and response, offshore wind farm construction and servicing, oil rig decommissioning, subsea remotely operated vehicle support and supply base logistics.

The division has joint venture interests in engineering and harbour towage services in Hong Kong through the Hongkong United Dockyards ("HUD") group.

STRATEGY:

The principal strategic objective of the Marine Services Division is to maintain and strengthen SPO's position as a leader in the offshore energy supply industry. The strategies employed in order to achieve this objective are these:

- A commitment to operational excellence, to maintaining and enhancing high standards of service to clients and to placing major emphasis on safety and training.
- Selective investment in the provision of complementary marine services with a view to increasing the range of services offered to clients and the opportunities to utilise assets and resources.
- Operating commercial joint ventures with local partners where necessary or appropriate.

SPO:

SPO's Fleet:
At 31st December 2015, SPO had 92 offshore support vessels. The fleet consists of anchor handling tug supply vessels ("AHTSs"), platform supply vessels ("PSVs") and construction and specialist vessels ("CSVs"). The CSVs consist of inspection, maintenance and repair vessels, seismic survey vessels, wind farm installation vessels ("WIVs") and accommodation barges.

Except for those committed to long-term charters, SPO's vessels can be relocated from one operating region to another to take advantage of attractive employment opportunities.

SPO – Fleet Size

Vessel class	2014	Additions 2015	Disposals 2015	Year-end 2015	Vessels expected to be received in: 2016	2017
Anchor Handling Tug Supply Vessels	40	-	-	40	-	-
Large Anchor Handling Tug Supply Vessels	23	1	1	23	-	-
Platform Supply Vessels	9	3	-	12	3	3
Large Platform Supply Vessels	7	1	-	8	-	-
Construction and Specialist Vessels	9	-	-	9	1	-
	88	**5**	**1**	**92**	**4**	**3**

Note: SPO's fleet includes one PSV and one CSV chartered from external parties.

SPO's Geographical Distribution:

SPO is headquartered in Singapore, with shore support for its vessels provided by outport offices in Angola, Australia, Azerbaijan, Brazil, Brunei, Cameroon, Canada, Denmark, Equatorial Guinea, Ghana, India, Indonesia, Kenya, Malaysia, New Zealand, Norway, Qatar, the Philippines, Russia, Scotland and the United Arab Emirates. Altus Oil & Gas Services provides logistics services to clients from offices in Australia, Indonesia, Malaysia, Singapore, the USA and Vietnam.

HUD:

HUD, a joint venture between Hutchison Whampoa and Swire Pacific, provides engineering, harbour towage and salvage services from its facilities on Tsing Yi Island in Hong Kong. It is the largest towage operator in Hong Kong, operating 13 tugs and providing 24-hour service.

2015 PERFORMANCE
Marine Services Division – Financial Highlights

	2015 HK$M	2014 HK$M
Swire Pacific Offshore group		
Revenue	**5,990**	7,234
Operating (loss)/profit	**(846)**	1,320
Operating activities	**432**	1,320
Impairment charges	**(1,278)**	-
Attributable (loss)/profit	**(1,285)**	1,041
Share of post-tax profits from joint venture companies		
HUD group	**30**	31
Attributable (loss)/profit	**(1,255)**	1,072

Marine Services Division – Sustainable Development Highlights

	2015	2014
Swire Pacific Offshore group		
LTIR	**0.13**	0.14
HUD group		
LTIR	**1.47**	1.86

Marine Services Division – Fleet Size

	2015	2014
Fleet size (number of vessels)		
Swire Pacific Offshore group	**92**	88
HUD group	**19**	19
Total	**111**	107

Swire Pacific Offshore group

OFFSHORE EXPLORATION AND PRODUCTION INDUSTRY BACKGROUND

Oil prices have declined significantly since 2014, adversely affecting the offshore exploration market. Oil majors have reduced spending on exploration and production. Too many offshore support vessels are chasing too little work. Utilisation and day rates have declined accordingly.

2015 RESULTS SUMMARY

SPO reported an attributable loss of HK$1,285 million in 2015, compared to a profit of HK$1,041 million in 2014.

Following a review of the business and having regard in particular to the outlook for the offshore oil services industry assuming that oil prices will not recover for some time, it was concluded that the book value of SPO's fleet would be subject to significant impairment charges. The results for the year include impairment charges of HK$793 million accordingly, of which HK$743 million relates to vessels and equipment and HK$50 million relates to goodwill and intangible assets.

The results for the year also include an impairment charge of HK$485 million arising from the cancellation of contracts with a Brazilian shipyard for the construction of four large PSVs. The contracts were cancelled by SPO due to the shipyard's failure to deliver the vessels in accordance with the contractually agreed schedule. The matter is the subject of arbitration proceedings in Brazil.

Excluding the impairment charges of HK$1,278 million, SPO reported an attributable loss of HK$7 million in 2015. These results reflect the difficult conditions in the offshore industry.

SPO continued to generate net cash from operating activities (in an amount of HK$1,692 million) in 2015.

Charter Hire

Charter hire revenue decreased by 17% to HK$5,161 million in 2015.

SPO had a fleet utilisation rate of 74.9% in 2015, a decline of 11.7 percentage points from 2014. Average charter hire rates declined by 10% to USD27,100 per day.

The oversupply of tonnage in the market has put pressure on charter hire rates and utilisation.

Core Fleet

The utilisation rate of SPO's AHTSs and PSVs decreased by 12.1 percentage points to 75.2%. Charter hire rates for the core fleet decreased by 13% to USD20,000 per day. This reflected the decline in offshore oil and gas exploration activity.

Specialist Fleet

The utilisation rate of SPO's CSVs decreased by 8.6 percentage points to 72.0% and charter hire rates for the CSVs decreased by 3% to USD94,200 per day. During the first half of 2015, upgrades to the jacking systems of the two wind farm installation vessels were completed. This resulted in off-hire periods. Both vessels were subsequently on charter installing wind farm foundations and turbines in the North Sea for most of the rest of 2015. One of the vessels also completed a decommissioning contract in the North Sea. The utilisation rate of seismic survey and IMR vessels fell. Two of the three IMR vessels are now on long-term charters.

Non-charter Hire

Non-charter hire income was HK$829 million, a decline of 20% compared to 2014. This mainly reflected lower revenue from Altus Oil & Gas Services.

Operating Costs

Total operating costs in 2015 decreased by HK$373 million (or 6%) to HK$5,413 million. SPO reduced operating costs by stacking eight vessels (one seismic survey vessel, four AHTSs and three large AHTSs). The vessels will be returned to service (when opportunities for their employment arise and deferred maintenance is completed) or sold.

Foreign exchange losses of HK$167 million were recognised during the year, mainly due to the revaluation of cash held in Brazilian Reais and of claims made arising out of the termination of shipbuilding contracts denominated in the same currency. The cash was held in order to meet payments which, but for the cancellation, would have been due in respect of the terminated contracts.

Sustainable Development

Lost time injury rates decreased by 7% to 0.13 in 2015. SPO is committed to operating vessels in a safe and sustainable manner. SPO invests in training facilities with a view to ensuring high levels of technical and safety awareness.

FLEET

Total capital expenditure on new vessels and other fixed assets in 2015 was HK$1,490 million, compared to HK$3,286 million in 2014.

The delivery of one PSV which was due in 2015 has been delayed until 2016, when two additional PSVs are also expected to be delivered. During 2015, SPO committed to purchase a high-speed catamaran crew boat, which is expected to be delivered in 2016. SPO is expecting to dispose of its older vessels in the coming years when opportunities arise.

At 31st December 2015, SPO had total capital expenditure commitments of HK$2,670 million (31st December 2014: HK$5,177 million).

OUTLOOK

A recovery in the offshore industry is not expected in the short term, on the assumption that low oil prices will continue to depress offshore exploration activity. Oil majors are postponing projects and reducing expenditure on existing projects. All this is likely to affect SPO's results adversely.

SPO is well positioned to take advantage of market opportunities when conditions improve. SPO has a modern, highly specified and fuel efficient fleet which is capable of meeting the needs of its customers, and is confident of its long term future.

SPO - Profile of Capital Commitments (HK$M)

	Expenditure	Forecast year of expenditure			Commitments
	2015	2016	2017	2018	**at 31st Dec 2015**
Anchor Handling Tug Supply Vessels and Platform Supply Vessels	**1,273**	958	904	322	**2,184**
Construction and Specialist Vessels	**157**	145	81	25	**251**
Other fixed assets	**60**	154	65	16	**235**
Total	**1,490**	1,257	1,050	363	**2,670**

SPO – Charter Hire Revenue by Vessel Class

Vessel Class	**2015 HK$M**	**2015 %**	2014 HK$M	2014 %
Anchor Handling Tug Supply Vessels	**1,242**	**24%**	1,657	27%
Large Anchor Handling Tug Supply Vessels	**1,103**	**21%**	1,598	26%
Platform Supply Vessels	**668**	**13%**	639	10%
Large Platform Supply Vessels	**421**	**8%**	358	6%
Construction and Specialist Vessels	**1,727**	**34%**	1,947	31%
Total	**5,161**	**100%**	6,199	100%

Hongkong United Dockyards group

INDUSTRY BACKGROUND

The shipping industry was weaker than expected in 2015. Freight rates remained under pressure. Shipping lines cut costs and are expected to continue to do so.

Demand for engineering services for port equipment maintenance, infrastructure projects and logistics support was firm.

2015 RESULTS SUMMARY

The attributable profit of the HUD group for 2015 was HK$30 million, similar to 2014.

The salvage and towage division's profit (before tax and interest and on a 100% basis) was HK$138 million in 2015, compared with HK$152 million in 2014. The 2014 profit included a profit on disposal of a tug of HK$16 million. Fewer container ship movements meant fewer tug moves, but the effect of this was offset in part by more sea-going work and lower fuel costs.

The engineering division recorded a loss (before tax and interest and on a 100% basis) for 2015 of HK$58 million, compared with a loss of HK$70 million in 2014. More engineering contracts were obtained, both marine and non-marine. But revenues were affected by delays in starting work on contracts and labour shortages. Higher labour costs affected profitability.

Hong Kong Salvage & Towage ("HKST") has 19 vessels in its fleet, including six container vessels.

The lost time injury rate in 2015 was 21% lower than last year.

OUTLOOK

Demand for marine engineering work is expected to remain under pressure in 2016. However, the engineering division has been awarded a significant non-marine contract by the Drainage Services Department of the Hong Kong government. The contract is for three years and commenced in February 2016.

HKST will aim to maintain its position as a leading tug operator in Hong Kong, both in the harbour and on the ocean, and will seek additional types of work in Hong Kong.

J B Rae-Smith

REVIEW OF OPERATIONS

TRADING & INDUSTRIAL DIVISION

OVERVIEW OF THE BUSINESS

The Trading & Industrial Division has interests in the following companies:

Swire Retail group:

(i) Swire Resources group:

Swire Resources retails and distributes footwear, apparel and related accessories. At 31st December 2015, it operated 188 retail outlets in Hong Kong and Macau and 25 retail outlets in Mainland China.

(ii) Swire Brands group:

Swire Brands holds investments in brand-owning companies. It has an interest in an associated company with Columbia, which distributes and retails Columbia products in Mainland China, and a 9.4% minority interest in Rebecca Minkoff, which sells apparel, handbags and accessories.

Taikoo Motors group:

Taikoo Motors sells passenger cars, commercial vehicles, motorcycles and scooters. Taikoo Motors' largest business is in Taiwan, where it sells Volkswagen, Škoda, Mercedes Benz and Audi cars, Volkswagen light commercial vehicles, Volvo trucks and buses, Harley-Davidson motorcycles and Vespa scooters. Taikoo Motors also distributes cars, motorcycles and commercial vehicles in Hong Kong, Macau, Mainland China and Malaysia.

Swire Foods group:

(i) Chongqing New Qinyuan Bakery Co. Ltd ("Qinyuan Bakery"):

Swire Foods holds a 65% interest in Qinyuan Bakery, a leading bakery chain in southwest China, with over 500 stores in Chongqing, Guiyang and Chengdu.

(ii) Swire Foods (including Taikoo Sugar):

Swire Foods distributes food products in Mainland China. Taikoo Sugar packages and sells sugar in Hong Kong and Mainland China under the Taikoo Sugar brand.

(iii) Campbell Swire:

Campbell Swire is a joint venture with The Campbell Soup Company which distributes soup and broth products in Mainland China under the Campbell's and Swanson brands. Swire Foods has a 40% interest in the venture.

Swire Pacific Cold Storage group:

Swire Pacific Cold Storage wholly owns cold storage facilities in Shanghai, Hebei, Nanjing and Ningbo and owns a 60% equity interest in a cold storage facility in Guangzhou. It owns land in Chengdu and (with a 35% joint venture partner) Xiamen, on which cold storage facilities are being built.

Akzo Nobel Swire Paints:

Akzo Nobel Swire Paints is a joint venture with Akzo Nobel which manufactures and distributes decorative paints, primarily under the Dulux brand, in Mainland China and Hong Kong. The joint venture has manufacturing plants in Guangzhou, Shanghai and Hebei. It has a plant under construction in Chengdu.

Swire Environmental Services group:

(i) Swire Waste Management:

Swire Waste Management is a 50:50 joint venture with a subsidiary of Waste Management Inc. The joint venture seeks waste management contracts in Hong Kong. It has a contract to provide waste management services to seven outlying islands.

(ii) Swire sustainability fund:

The Swire sustainability fund has an associate interest in Green Biologics and minority equity interests in NanoSpun Technologies and Avantium. Green Biologics is a biotechnology company which is developing renewable chemical and biofuel technology. NanoSpun Technologies is a company which is developing a water treatment process using nanotechnology. Avantium is a biotechnology company that develops and commercialises bioplastics and chemicals.

STRATEGY:

The strategic objective of the Trading & Industrial Division is to expand the trading and industrial businesses which it operates and to seek new business opportunities in related fields where advantage can be taken of existing skills, assets or relationships. The strategies employed in order to achieve this objective are these:

- Strengthening the capability of Swire Resources in branded footwear, apparel and related accessories by expanding the range and quality of those branded goods and by increasing the number of retail outlets and sales channels (including online channels) through which products are sold.
- Strengthening the capability of Taikoo Motors in the import and distribution of motor vehicles, including by selective additions to brands represented.
- Using Taikoo Motors' existing capability in order to expand into other motor-related businesses.
- Broadening the range of products sold by Swire Foods.
- Increasing the range of products sold by the Qinyuan Bakery.
- Expanding the network of the cold storage business in Mainland China in order to improve operating efficiency and customer service and thereby to acquire new customers.
- Expanding and strengthening the distribution network and sales channels of Akzo Nobel Swire Paints in Mainland China.
- Increasing the number of waste management contracts awarded to Swire Waste Management.

2015 PERFORMANCE

Trading & Industrial Division - Financial Highlights

	2015 HK$M	2014 HK$M
Revenue		
Swire Retail group	**3,208**	3,020
Taikoo Motors group	**4,498**	6,706
Swire Foods group	**1,589**	795
Swire Pacific Cold Storage group	**34**	3
	9,329	10,524
Operating profits/(losses)		
Swire Retail group	**53**	58
Taikoo Motors group	**38**	270
Swire Foods group	**105**	24
Swire Pacific Cold Storage group	**(94)**	(79)
Swire Environmental Services group	**(1)**	1
Other subsidiary companies and central costs	**(33)**	(25)
	68	249
Attributable profits/(losses)		
Swire Retail group	**93**	82
Taikoo Motors group	**3**	213
Swire Foods group	**41**	1
Swire Pacific Cold Storage group	**(102)**	(73)
Swire Environmental Services group	**(44)**	(5)
Akzo Nobel Swire Paints	**197**	230
Other subsidiary companies and central costs	**(33)**	(25)
Attributable profit	**155**	423

Trading & Industrial Division – Sustainable Development Highlights

	2015	2014
Staff turnover	**45%**	43%
LTIR	**1.61**	1.35

INDUSTRY BACKGROUND

Retailing in Hong Kong and Mainland China – Hong Kong retail sales declined in 2015. The growth in retail sales in Mainland China slowed in 2015.

Car sales in Taiwan – Car registrations in Taiwan decreased by 1% to 415,855 units in 2015.

Food sales in Mainland China – The packaged food market in Mainland China is estimated to have grown by 8% in 2015.

Cold storage demand in Mainland China – Demand for frozen food and concerns for food safety are increasing. These factors are increasing demand for high standard cold storage facilities.

Paint sales in Mainland China – Total sales of decorative paints in Mainland China increased by 4% to 2,906 million litres in 2015.

2015 RESULTS SUMMARY

Attributable profit from the Trading & Industrial Division in 2015 decreased by 63% to HK$155 million. The decrease principally reflects poor results from Taikoo Motors, weaker results from Akzo Nobel Swire Paints, costs associated with developing the businesses of Swire Pacific Cold Storage and losses from Swire Environmental Services. The profits of Swire Foods and Swire Retail increased.

Swire Retail group

Attributable profit increased by 13% in 2015 to HK$93 million. The increase mainly reflected reduced losses from Mainland China following the closure of certain loss-making businesses.

Revenue in Hong Kong and Macau was 6% higher than in 2014. The gross margin rate declined due to more discounting. Operating costs, in particular occupancy and staff costs, rose. The group managed 188 retail outlets in Hong Kong and Macau at the end of 2015, four more than at the end of 2014.

Revenue in Mainland China was similar to that of 2014. The gross margin rate declined due to more discounting. Operating costs were lower (because 25 Rockport and 12 Chevignon stores were closed). The number of retail outlets operated in Mainland China decreased by 40 to 25 at the end of 2015.

The attributable profit of the Columbia China associated company in 2015 was HK$42 million, 17% higher than in 2014.

Taikoo Motors group

Attributable profit in 2015 was HK$3 million, compared with a profit of HK$213 million in 2014. The decrease principally reflected the termination of the Volkswagen and Škoda importerships in Taiwan at the end of 2014.

Profits for the year included non-recurring income relating to the termination of the above importerships of HK$80 million (compared with HK$126 million in 2014) and were reduced by losses of HK$61 million relating to the restructuring of certain loss-making businesses in Mainland China.

In total, 17,495 cars, commercial vehicles and motorcycles were sold in 2015, 32% less than in 2014. 89% of these units were sold by businesses in Taiwan. Sales of Volkswagen cars were adversely affected by the Volkswagen emissions issue.

The gross margin rate improved due to favourable foreign exchange rates for the commercial vehicle business in Hong Kong. Operating costs were lower. This mainly reflected the termination of the Volkswagen and Škoda importerships in Taiwan.

Swire Foods group

Swire Foods reported an attributable profit of HK$41 million in 2015, compared with a profit of HK$1 million in 2014. The increase principally reflected the inclusion of full year attributable results of Qinyuan Bakery in 2015.

A 65% equity interest in Qinyuan Bakery was acquired in December 2014. Qinyuan Bakery operated 501 stores in southwest China at the end of 2015, a net increase of 36 stores since 31st December 2014. The performance of the business was satisfactory.

Swire Foods has agreed to acquire the remaining 35% interest in Qinyuan Bakery in 2016 if certain conditions are met.

Volumes of sugar sold in Hong Kong and Mainland China in 2015 rose by 22% and 35% respectively.

Campbell Swire's attributable loss in 2015 was HK$3 million, compared with a loss of HK$14 million in 2014. The volume of soup and broth products sold increased by 4% in the year.

Swire Pacific Cold Storage group

Swire Pacific Cold Storage recorded an attributable loss of HK$102 million in 2015 compared with a loss of HK$73 million in 2014. The loss principally reflected operating losses at the Shanghai, Hebei and Ningbo cold stores, and the cost of developing new cold stores in Nanjing and Chengdu. These costs were partly offset by an attributable profit of HK$6 million from Guangdong Swire Cold Chain Logistics Co. Ltd.

The Ningbo facility started operating in July 2015. The businesses in Shanghai, Hebei and Ningbo are growing. Occupancy rates at these facilities at the end of 2015 were 40%, 36% and 31% respectively.

The Nanjing facility started operating in January 2016. A 65% equity interest in a joint venture building a cold storage facility in Xiamen was acquired in December 2015. The Xiamen and Chengdu facilities are expected to be completed in 2016.

The capital commitments of the Swire Pacific Cold Storage group at 31st December 2015 were HK$1,508 million.

Swire Environmental Services group

Swire Environmental Services reported an attributable loss of HK$44 million in 2015, compared with a loss of HK$5 million in 2014.

Swire Waste Management recorded a breakeven result in 2015, compared with a profit of HK$2 million in 2014. The operating profit from a waste management contract was offset by administrative costs and tender costs for new projects.

The Swire sustainability fund's attributable loss for 2015 was HK$43 million. This reflected an attributable loss from Green Biologics, which became an associated company in 2014. The fund's other investments are accounted for at cost.

Akzo Nobel Swire Paints

The attributable profit for 2015 was HK$197 million, compared with a profit of HK$230 million in 2014.

Sales volume in Mainland China increased by 1% from 2014. Gross margins decreased as a result of an unfavourable sales mix. Akzo Nobel Swire Paints distributed paint in approximately 574 cities in Mainland China at the end of 2015.

Sustainable Development

Staff turnover rates in 2015 increased by 2 percentage points to 45% compared with 2014. This principally reflected higher staff turnover at Swire Pacific Cold Storage.

Lost time injury rates increased by 19% to 1.61 in 2015. This reflected an increase in the number of minor injuries, in particular at Swire Resources.

OUTLOOK

The retail market in Hong Kong is expected to remain relatively weak. Increased staff and occupancy costs are expected to put pressure on profit margins.

Taikoo Motors expects its business to be adversely affected by the Volkswagen emissions issue. However, it will continue to open new dealerships and workshops on a selective basis.

Swire Foods' business is expected to grow as a result of growth at the Qinyuan Bakery business. A new factory in Chongqing is expected to be operational in 2016.

Taikoo Sugar expects moderate sales growth in 2016. A 34% owned sugar refinery in Guangdong is expected to start operating in 2016.

Swire Pacific Cold Storage expects to acquire land for a new cold store facility in Wuhan in 2016.

Akzo Nobel Swire Paints expects to continue to expand and strengthen its distribution network and sales channels in Mainland China. A fourth plant (in Chengdu) is expected to start operating in 2016.

The overall profits of the Trading & Industrial Division are expected to increase but to continue to be affected by the cost of new business development.

J B Rae-Smith

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

	Note	**2015 HK$M**	2014 HK$M
Revenue	2	**60,885**	61,301
Cost of sales		**(38,000)**	(38,313)
Gross profit		**22,885**	22,988
Distribution costs		**(6,848)**	(6,154)
Administrative expenses		**(6,124)**	(4,771)
Other operating expenses		**(339)**	(333)
Other net (losses)/gains		**(166)**	71
Change in fair value of investment properties		**7,053**	1,896
Operating profit	3	**16,461**	13,697
Finance charges		**(2,373)**	(2,287)
Finance income		**227**	262
Net finance charges	4	**(2,146)**	(2,025)
Share of profits less losses of joint venture companies		**1,795**	2,253
Share of profits less losses of associated companies		**2,887**	1,678
Profit before taxation		**18,997**	15,603
Taxation	5	**(2,574)**	(2,218)
Profit for the year		**16,423**	13,385
Profit for the year attributable to:			
The Company's shareholders		**13,429**	11,069
Non-controlling interests		**2,994**	2,316
		16,423	13,385
Underlying profit attributable to the Company's shareholders	6	**9,892**	9,739
Dividends			
First Interim – paid		**1,685**	1,655
Second Interim – declared/paid		**4,182**	4,213
	7	**5,867**	5,868
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	8		
'A' share		**8.93**	7.36
'B' share		**1.79**	1.47

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2015

	2015 HK$M	2014 HK$M
Profit for the year	**16,423**	13,385
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property previously occupied by the Group		
gains recognised during the year	**30**	8
deferred tax	**(3)**	(2)
Defined benefit plans		
remeasurement losses recognised during the year	**(411)**	(499)
deferred tax	**69**	109
Share of other comprehensive income of joint venture and associated companies	**(130)**	(146)
	(445)	(530)
Items that can be reclassified subsequently to profit or loss		
Cash flow hedges		
(losses)/gains recognised during the year	**(430)**	48
transferred to net finance charges	**(93)**	(95)
transferred to operating profit	**52**	9
transferred to initial cost of non-financial assets	**-**	93
deferred tax	**60**	6
Net fair value changes on available-for-sale assets		
losses recognised during the year	**(74)**	(53)
transferred to profit or loss on disposal	**(99)**	(91)
Share of other comprehensive income of joint venture and associated companies	**(3,978)**	(6,016)
Net translation differences on foreign operations		
losses recognised during the year	**(1,589)**	(782)
reclassified to profit or loss on disposal	**142**	-
	(6,009)	(6,881)
Other comprehensive income for the year, net of tax	**(6,454)**	(7,411)
Total comprehensive income for the year	**9,969**	5,974
Total comprehensive income attributable to:		
The Company's shareholders	**7,445**	3,888
Non-controlling interests	**2,524**	2,086
	9,969	5,974

Consolidated Statement of Financial Position at 31st December 2015

	Note	**2015 HK$M**	2014 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**42,935**	43,601
Investment properties		**227,300**	220,869
Leasehold land and land use rights		**1,146**	1,170
Intangible assets		**7,377**	7,442
Properties held for development		**942**	920
Joint venture companies		**24,988**	23,703
Associated companies		**24,321**	26,039
Available-for-sale assets		**508**	771
Other receivables	9	**466**	58
Derivative financial instruments		**230**	508
Deferred tax assets		**847**	652
Retirement benefit assets		**76**	122
		331,136	325,855
Current assets			
Properties for sale		**7,615**	7,941
Stocks and work in progress		**4,599**	3,860
Trade and other receivables	9	**9,962**	9,552
Derivative financial instruments		**68**	12
Bank balances and short-term deposits		**8,985**	10,115
		31,229	31,480
Current liabilities			
Trade and other payables	10	**18,810**	16,739
Taxation payable		**662**	661
Derivative financial instruments		**23**	34
Short-term loans		**669**	1,123
Long-term loans and bonds due within one year		**6,841**	4,820
		27,005	23,377
Net current assets		**4,224**	8,103
Total assets less current liabilities		**335,360**	333,958
Non-current liabilities			
Perpetual capital securities		**2,325**	2,327
Long-term loans and bonds		**58,782**	60,518
Derivative financial instruments		**201**	40
Other payables	10	**1,198**	1,194
Deferred tax liabilities		**7,605**	6,938
Deferred income		**78**	57
Retirement benefit liabilities		**1,185**	754
		71,374	71,828
NET ASSETS		**263,986**	262,130
EQUITY			
Share capital	11	**1,294**	1,294
Reserves	12	**217,155**	217,481
Equity attributable to the Company's shareholders		**218,449**	218,775
Non-controlling interests		**45,537**	43,355
TOTAL EQUITY		**263,986**	262,130

Consolidated Statement of Cash Flows
For the year ended 31st December 2015

	2015 HK$M	2014 HK$M
Operating activities		
Cash generated from operations	**14,362**	16,250
Interest paid	**(2,526)**	(2,582)
Interest received	**229**	266
Tax paid	**(1,909)**	(1,358)
	10,156	12,576
Dividends received from joint venture and associated companies and available-for-sale assets	**1,807**	1,898
Net cash generated from operating activities	**11,963**	14,474
Investing activities		
Purchase of property, plant and equipment	**(4,245)**	(6,181)
Additions of investment properties	**(3,624)**	(4,362)
Purchase of intangible assets	**(54)**	(41)
Proceeds from disposals of property, plant and equipment	**275**	242
Proceeds from disposals of investment properties	**2,543**	834
Proceeds from disposals of subsidiary companies	**373**	-
Proceeds from disposals of joint venture companies	**-**	32
Proceeds from disposals of available-for-sale assets	**209**	82
Purchase of shares in new subsidiary companies	**(116)**	(3,530)
Purchase of shares in joint venture companies	**(114)**	(43)
Purchase of shares in associated companies	**(39)**	(208)
Purchase of new businesses	**-**	(117)
Purchase of available-for-sale assets	**(4)**	(245)
Loans to joint venture companies	**(909)**	(2,063)
Repayment of loans by joint venture companies	**471**	716
Net loans from associated companies	**113**	25
Decrease in deposits maturing after more than three months	**52**	235
Initial leasing costs incurred	**(70)**	(65)
Net cash used in investing activities	**(5,139)**	(14,689)
Net cash inflow/(outflow) before financing	**6,824**	(215)
Financing activities		
Loans drawn and refinancing	**12,993**	19,714
Repayment of loans and bonds	**(12,979)**	(12,697)
	14	7,017
Capital contributions from non-controlling interests	**767**	4
Repurchase of the Company's shares	**(35)**	-
Proceeds from disposal of shares in an existing subsidiary company	**-**	79
Purchase of shares in existing subsidiary companies	**(1,541)**	(1,256)
Dividends paid to the Company's shareholders	**(5,898)**	(5,416)
Dividends paid to non-controlling interests	**(1,026)**	(1,009)
Net cash used in financing activities	**(7,719)**	(581)
Decrease in cash and cash equivalents	**(895)**	(796)
Cash and cash equivalents at 1st January	**10,013**	10,950
Currency adjustment	**(182)**	(141)
Cash and cash equivalents at 31st December	**8,936**	10,013
Represented by:		
Bank balances and short-term deposits maturing within three months	**8,936**	10,013

1. Segment Information

(a) Information about reportable segments – Analysis of Consolidated Statement of Profit or Loss

Year ended 31st December 2015

	External revenue	Inter-segment revenue	Operating profit/(loss)	Finance charges	Finance income	Share of profits less losses of joint venture companies	Share of profits less losses of associated companies	Tax charge	Profit/(loss) for the year	Profit/(loss) attributable to the Company's shareholders	Underlying profit / (loss) attibutable to the Company's shareholders	Depreciation and amortisation charged to operating profit
	HK$M	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**
Property												
Property investment	10,761	96	8,090	(1,242)	92	274	-	(965)	6,249	5,104	5,131	(160)
Change in fair value of investment properties	-	-	7,067	-	-	828	-	(848)	7,047	5,745	-	-
Property trading	4,463	-	1,328	(6)	3	57	-	(231)	1,151	893	908	-
Hotels	1,127	-	(334)	(43)	1	(59)	141	(12)	(306)	(248)	(248)	(192)
	16,351	**96**	**16,151**	**(1,291)**	**96**	**1,100**	**141**	**(2,056)**	**14,141**	**11,494**	**5,791**	**(352)**
Aviation												
Cathay Pacific group	-	-	-	-	-	-	2,700	-	2,700	2,700	2,700	-
HAECO group	12,095	-	415	(96)	20	246	-	(33)	552	349	349	(601)
Others	-	-	(52)	-	-	4	(11)	-	(59)	(32)	(32)	(52)
	12,095	**-**	**363**	**(96)**	**20**	**250**	**2,689**	**(33)**	**3,193**	**3,017**	**3,017**	**(653)**
Beverages												
Mainland China	7,617	-	405	(65)	28	203	59	(116)	514	391	391	(287)
Hong Kong	2,198	2	246	-	-	-	-	(20)	226	204	204	(73)
Taiwan	1,392	-	48	(6)	-	-	-	(8)	34	34	34	(49)
USA	5,965	-	392	(1)	-	-	-	(118)	273	273	273	(228)
Central costs	-	-	73	-	-	-	-	-	73	74	74	(3)
	17,172	**2**	**1,164**	**(72)**	**28**	**203**	**59**	**(262)**	**1,120**	**976**	**976**	**(640)**
Marine Services												
Swire Pacific Offshore group	5,988	2	(846)	(335)	34	-	(1)	(131)	(1,279)	(1,285)	(1,285)	(1,262)
HUD group	-	-	-	-	-	30	-	-	30	30	30	-
	5,988	**2**	**(846)**	**(335)**	**34**	**30**	**(1)**	**(131)**	**(1,249)**	**(1,255)**	**(1,255)**	**(1,262)**
Trading & Industrial												
Swire Retail group	3,208	-	53	(1)	20	5	42	(26)	93	93	93	(27)
Taikoo Motors group	4,498	-	38	(4)	1	-	-	(32)	3	3	3	(71)
Swire Foods group	1,505	84	105	-	4	(3)	-	(44)	62	41	41	(118)
Swire Pacific Cold Storage group	34	-	(94)	(11)	-	6	-	(3)	(102)	(102)	(102)	(30)
Akzo Nobel Swire Paints	-	-	-	-	-	204	-	(7)	197	197	197	-
Swire Environmental Services	-	-	(1)	-	-	-	(43)	-	(44)	(44)	(44)	-
Other activities	-	-	(33)	-	-	-	-	-	(33)	(33)	(33)	-
	9,245	**84**	**68**	**(16)**	**25**	**212**	**(1)**	**(112)**	**176**	**155**	**155**	**(246)**
Head Office												
Net income/(expenses)	34	26	(425)	(1,684)	1,145	-	-	20	(944)	(944)	1,208	(6)
Change in fair value of investment properties	-	-	(14)	-	-	-	-	-	(14)	(14)	-	-
	34	**26**	**(439)**	**(1,684)**	**1,145**	**-**	**-**	**20**	**(958)**	**(958)**	**1,208**	**(6)**
Inter-segment elimination	**-**	**(210)**	**-**	**1,121**	**(1,121)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**60,885**	**-**	**16,461**	**(2,373)**	**227**	**1,795**	**2,887**	**(2,574)**	**16,423**	**13,429**	**9,892**	**(3,159)**

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by Head Office to the business segments is based on market interest rates and the Group's cost of debt.

1. Segment Information (continued)

(a) Information about reportable segments – Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2014

	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits less losses of joint venture companies HK$M	Share of profits less losses of associated companies HK$M	Tax charge HK$M	Profit/(loss) for the year HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit / (loss) attributable to the Company's shareholders HK$M	Depreciation and amortisation charged to operating profit HK$M
Property												
Property investment	10,366	90	7,870	(1,278)	92	308	-	(944)	6,048	4,938	4,956	(172)
Change in fair value of investment properties	-	-	1,942	-	-	956	-	(474)	2,424	1,987	-	-
Property trading	3,842	-	1,180	-	5	226	-	(211)	1,200	836	860	(7)
Hotels	1,089	-	(22)	(46)	-	(46)	160	(16)	30	25	25	(189)
	15,297	**90**	**10,970**	**(1,324)**	**97**	**1,444**	**160**	**(1,645)**	**9,702**	**7,786**	**5,841**	**(368)**
Aviation												
Cathay Pacific group	-	-	-	-	-	-	1,418	-	1,418	1,418	1,418	-
HAECO group	11,927	-	509	(100)	30	314	-	(94)	659	430	430	(615)
Others	-	-	(52)	-	-	6	(6)	-	(52)	(26)	(26)	(52)
	11,927	**-**	**457**	**(100)**	**30**	**320**	**1,412**	**(94)**	**2,025**	**1,822**	**1,822**	**(667)**
Beverages												
Mainland China	7,856	-	470	(56)	35	214	77	(181)	559	395	395	(290)
Hong Kong	2,163	1	220	-	-	-	-	(16)	204	185	185	(75)
Taiwan	1,415	-	35	(6)	-	-	-	(6)	23	23	23	(52)
USA	4,948	-	327	(10)	-	-	-	(109)	208	208	208	(187)
Central costs	-	-	43	-	-	-	-	-	43	43	43	-
	16,382	**1**	**1,095**	**(72)**	**35**	**214**	**77**	**(312)**	**1,037**	**854**	**854**	**(604)**
Marine Services												
Swire Pacific Offshore group	7,234	-	1,320	(284)	57	-	1	(42)	1,052	1,041	1,041	(1,078)
HUD group	-	-	-	-	-	31	-	-	31	31	31	-
	7,234	**-**	**1,320**	**(284)**	**57**	**31**	**1**	**(42)**	**1,083**	**1,072**	**1,072**	**(1,078)**
Trading & Industrial												
Swire Retail group	3,020	-	58	(1)	23	5	36	(39)	82	82	82	(30)
Taikoo Motors group	6,706	-	270	(3)	2	-	-	(56)	213	213	213	(55)
Swire Foods group	701	94	24	-	2	(14)	-	(8)	4	1	1	(5)
Swire Pacific Cold Storage group	3	-	(79)	(4)	1	10	-	(1)	(73)	(73)	(73)	(14)
Akzo Nobel Swire Paints	-	-	-	-	-	241	-	(11)	230	230	230	-
Swire Environmental Services	-	-	1	-	-	2	(8)	-	(5)	(5)	(5)	-
Other activities	-	-	(25)	1	(1)	-	-	-	(25)	(25)	(25)	-
	10,430	**94**	**249**	**(7)**	**27**	**244**	**28**	**(115)**	**426**	**423**	**423**	**(104)**
Head Office												
Net income/(expenses)	31	25	(348)	(1,645)	1,161	-	-	(10)	(842)	(842)	(273)	(3)
Change in fair value of investment properties	-	-	(46)	-	-	-	-	-	(46)	(46)	-	-
	31	**25**	**(394)**	**(1,645)**	**1,161**	**-**	**-**	**(10)**	**(888)**	**(888)**	**(273)**	**(3)**
Inter-segment elimination	**-**	**(210)**	**-**	**1,145**	**(1,145)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**61,301**	**-**	**13,697**	**(2,287)**	**262**	**2,253**	**1,678**	**(2,218)**	**13,385**	**11,069**	**9,739**	**(2,824)**

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by Head Office to the business segments is based on market interest rates and the Group's cost of debt.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group

At 31st December 2015	**Segment assets**	**Joint venture companies**	**Associated companies**	**Bank deposits and securities**	**Total assets**	**Additions to non-current assets (note)**
	HK$M	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**
Property						
Property investment	232,503	17,307	-	3,901	253,711	4,677
Property trading and development	9,093	815	-	401	10,309	42
Hotels	6,333	1,270	534	84	8,221	490
	247,929	**19,392**	**534**	**4,386**	**272,241**	**5,209**
Aviation						
Cathay Pacific group	-	-	22,048	-	22,048	-
HAECO group	11,958	1,262	-	1,427	14,647	737
Others	4,571	2,816	-	-	7,387	-
	16,529	**4,078**	**22,048**	**1,427**	**44,082**	**737**
Beverages						
Swire Beverages	**9,037**	**725**	**1,366**	**940**	**12,068**	**835**
Marine Services						
Swire Pacific Offshore group	23,503	-	6	497	24,006	1,513
HUD group	-	(78)	-	-	(78)	-
	23,503	**(78)**	**6**	**497**	**23,928**	**1,513**
Trading & Industrial						
Swire Retail group	932	31	140	169	1,272	25
Taikoo Motors group	1,949	-	-	279	2,228	190
Swire Foods group	1,205	48	-	428	1,681	165
Swire Pacific Cold Storage group	1,472	254	-	68	1,794	401
Akzo Nobel Swire Paints	-	519	-	-	519	-
Swire Environmental Services	121	19	227	-	367	-
Other activities	222	-	-	1	223	-
	5,901	**871**	**367**	**945**	**8,084**	**781**
Head Office	**1,124**	**-**	**-**	**838**	**1,962**	**51**
	304,023	**24,988**	**24,321**	**9,033**	**362,365**	**9,126**

At 31st December 2014	Segment assets	Joint venture companies	Associated companies	Bank deposits and securities	Total assets	Additions to non-current assets (note)
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Property						
Property investment	222,590	16,046	28	2,092	240,756	4,452
Property trading and development	9,417	891	-	612	10,920	176
Hotels	6,301	1,270	507	170	8,248	554
	238,308	**18,207**	**535**	**2,874**	**259,924**	**5,182**
Aviation						
Cathay Pacific group	-	-	23,774	-	23,774	-
HAECO group	11,460	1,240	-	2,331	15,031	678
Others	4,624	2,818	(7)	-	7,435	-
	16,084	**4,058**	**23,767**	**2,331**	**46,240**	**678**
Beverages						
Swire Beverages	**9,072**	**615**	**1,407**	**949**	**12,043**	**914**
Marine Services						
Swire Pacific Offshore group	24,928	-	6	1,152	26,086	3,184
HUD group	-	(54)	-	-	(54)	-
	24,928	**(54)**	**6**	**1,152**	**26,032**	**3,184**
Trading & Industrial						
Swire Retail group	855	27	98	312	1,292	23
Taikoo Motors group	1,634	-	-	1,218	2,852	206
Swire Foods group	994	17	-	353	1,364	5
Swire Pacific Cold Storage group	1,161	264	-	105	1,530	660
Akzo Nobel Swire Paints	-	550	-	-	550	-
Swire Environmental Services	121	-	226	-	347	-
Other activities	211	19	-	-	230	-
	4,976	**877**	**324**	**1,988**	**8,165**	**894**
Head Office	**4,061**	**-**	**-**	**870**	**4,931**	**22**
	297,429	**23,703**	**26,039**	**10,164**	**357,335**	**10,874**

Note:

In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial instruments, deferred tax assets and retirement benefit assets and non-current assets acquired in business combinations.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total liabilities and non-controlling interests of the Group

At 31st December 2015	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property						
Property investment	6,886	7,078	10,546	22,048	46,558	38,432
Property trading and development	2,217	239	1,996	2,659	7,111	810
Hotels	209	-	-	867	1,076	1,303
	9,312	**7,317**	**12,542**	**25,574**	**54,745**	**40,545**
Aviation						
HAECO group	**3,069**	**275**	**-**	**4,117**	**7,461**	**4,064**
Beverages						
Swire Beverages	**4,792**	**503**	**1,776**	**-**	**7,071**	**750**
Marine Services						
Swire Pacific Offshore group	**1,109**	**29**	**9,822**	**77**	**11,037**	**18**
Trading & Industrial						
Swire Retail group	823	45	(272)	-	596	-
Taikoo Motors group	615	(2)	137	-	750	-
Swire Foods group	911	31	-	-	942	160
Swire Pacific Cold Storage group	228	3	535	-	766	-
Other activities	30	10	12	-	52	-
	2,607	**87**	**412**	**-**	**3,106**	**160**
Head Office	**606**	**56**	**(24,552)**	**38,849**	**14,959**	**-**
	21,495	**8,267**	**-**	**68,617**	**98,379**	**45,537**

At 31st December 2014	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property						
Property investment	5,739	6,329	10,094	20,649	42,811	36,133
Property trading and development	1,815	283	4,260	1,796	8,154	681
Hotels	277	-	-	545	822	1,353
	7,831	**6,612**	**14,354**	**22,990**	**51,787**	**38,167**
Aviation						
HAECO group	**2,404**	**310**	**-**	**4,930**	**7,644**	**4,151**
Beverages						
Swire Beverages	**4,617**	**429**	**1,160**	**-**	**6,206**	**867**
Marine Services						
Swire Pacific Offshore group	**1,317**	**26**	**10,183**	**653**	**12,179**	**23**
Trading & Industrial						
Swire Retail group	785	58	(267)	-	576	-
Taikoo Motors group	842	34	134	-	1,010	-
Swire Foods group	264	6	-	-	270	147
Swire Pacific Cold Storage group	191	1	258	-	450	-
Other activities	28	18	2	-	48	-
	2,110	**117**	**127**	**-**	**2,354**	**147**
Head Office	**539**	**105**	**(25,824)**	**40,215**	**15,035**	**-**
	18,818	**7,599**	**-**	**68,788**	**95,205**	**43,355**

1. Segment Information (continued)

(a) Information about reportable segments (continued)

The Group is organised on a divisional basis: Property, Aviation, Beverages, Marine Services and Trading & Industrial.

The reportable segments within each of the five divisions are classified according to the nature of the business. The Head Office is also considered to be a reportable segment as discrete financial information is available for the Head Office activities and regularly provided to the executive directors of the Board.

The Beverages Division is considered to be a single reportable segment as the nature of its operations in different geographical locations is similar. The analysis of the consolidated statement of profit or loss presents the results of the Beverages Division by geographical location in order to provide further information to the user of this analysis.

(b) The activities of the Group are principally based in Hong Kong. Ship owning and operating activities are carried out internationally and cannot be attributed to specific geographical areas.

An analysis of revenue and non-current assets of the Group by principal markets is outlined below:

	Revenue		**Non-current assets (Note)**	
	2015 HK$M	2014 HK$M	**2015 HK$M**	2014 HK$M
Hong Kong	**23,715**	21,928	**209,501**	204,917
Asia (excluding Hong Kong)	**23,026**	24,713	**37,606**	36,957
United States of America	**8,049**	7,648	**10,944**	8,531
Others	**531**	465	**1**	530
Ship owning and operating activities	**5,564**	6,547	**21,648**	23,125
	60,885	61,301	**279,700**	274,060

Note:
In this analysis, the total of non-current assets excludes joint venture and associated companies, financial instruments, deferred tax assets and retirement benefit assets.

2. Revenue

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises revenue from:

	2015 HK$M	2014 HK$M
Gross rental income from investment properties	**10,654**	10,256
Property trading	**4,463**	3,842
Hotels	**1,127**	1,089
Aircraft and engine maintenance services	**10,815**	10,733
Sales of goods	**27,083**	27,541
Charter hire	**5,161**	6,199
Rendering of other services	**1,582**	1,641
Total	**60,885**	61,301

3. Operating Profit

	2015 HK$M	2014 HK$M
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,833**	2,566
Amortisation of leasehold land and land use rights	**34**	33
Amortisation of intangible assets	**138**	136
Amortisation of initial leasing costs	**67**	89
Loss on sale of investment properties	**135**	39
Loss on sale of property, plant and equipment	**-**	19
Loss on disposal of four hotels in the UK	**229**	-
Impairment losses recognised on property, plant and equipment	**1,302**	27
And after crediting:		
Dividend income on available-for-sale assets	**11**	5
Profit on sale of available-for-sale assets	**105**	78

4. Net Finance Charges

	2015 HK$M	2014 HK$M
Interest charged:		
Bank loans and overdrafts	**642**	753
Other loans, bonds and perpetual capital securities	**1,988**	1,889
Fair value gains on derivative instruments:		
Interest rate swaps: cash flow hedges, transferred from other comprehensive income	**(93)**	(95)
Interest rate swaps not qualifying as hedges	**(30)**	-
Amortised loan fees - loans at amortised cost	**106**	107
	2,613	2,654
Fair value loss on put options over non-controlling interests in subsidiary companies	**18**	29
Other financing costs	**136**	117
Capitalised on:		
Investment properties	**(199)**	(185)
Properties for sale	**(150)**	(221)
Hotel and other properties	**(16)**	(7)
Vessels	**(29)**	(100)
	2,373	2,287
Less interest income:		
Short-term deposits and bank balances	**107**	149
Fair value gain on put options over non-controlling interests in subsidiary companies	**-**	1
Other loans	**120**	112
	227	262
Net finance charges	**2,146**	2,025

5. Taxation

	2015	2014
	HK$M	HK$M
Current taxation:		
Hong Kong profits tax	**1,190**	1,020
Overseas taxation	**741**	530
(Over)/under-provisions in prior years	**(14)**	13
	1,917	1,563
Deferred taxation:		
Changes in fair value of investment properties	**592**	265
Origination and reversal of temporary differences	**65**	390
	657	655
	2,574	2,218

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

6. Underlying Profit Attributable to the Company's Shareholders

Reported and underlying profit attributable to the Company's shareholders is reconciled as follows:

	Note	**2015**	2014
		HK$M	HK$M
Profit attributable to the Company's shareholders per financial statements		**13,429**	11,069
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	**(8,123)**	(3,088)
Deferred tax on investment properties	(b)	**1,090**	710
Realised profit on sale of investment properties	(c)	**2,180**	598
Depreciation of investment properties occupied by the Group	(d)	**23**	23
Non-controlling interests' share of adjustments		**1,293**	427
Underlying profit attributable to the Company's shareholders		**9,892**	9,739

Notes:

(a) This represents the Group's net revaluation movements as shown in the consolidated statement of profit or loss plus the Group's share of net revaluation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties and the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China and the USA, and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

7. Dividends

	2015	2014
	HK$M	HK$M
First interim dividend paid on 6th October 2015 of HK¢112.0 per 'A' share and HK¢22.4 per 'B' share (2014: HK¢110.0 and HK¢22.0)	**1,685**	1,655
Second interim dividend declared on 10th March 2016 of HK¢278.0 per 'A' share and HK¢55.6 per 'B' share (2014 actual dividend paid: HK¢280.0 and HK¢56.0)	**4,182**	4,213
	5,867	5,868

7. Dividends (continued)

The second interim dividend is not accounted for in 2015 because it had not been declared at the year end date. The actual amount payable in respect of 2015 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2016.

The Directors have declared second interim dividends of HK¢278.0 per ‘A’ share and HK¢55.6 per ‘B’ share which, together with the first interim dividends of HK¢112.0 per ‘A’ share and HK¢22.4 per ‘B’ share paid in October 2015, amount to full year dividends of HK¢390.0 per ‘A’ share and HK¢78.0 per ‘B’ share in respect of 2015, the same as those paid in respect of 2014. The second interim dividends will be paid on 6th May 2016 to shareholders registered at the close of business on the record date, being Friday, 15th April 2016. Shares of the Company will be traded ex-dividend from Wednesday, 13th April 2016.

The register of members will be closed on Friday, 15th April 2016, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividends, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company’s share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th April 2016.

To facilitate the processing of proxy voting for the annual general meeting to be held on 12th May 2016, the register of members will be closed from 9th May 2016 to 12th May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6th May 2016.

8. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company’s shareholders of HK$13,429 million (2014: HK$11,069 million) by the weighted average number of 905,397,863 ‘A’ shares and 2,995,220,000 ‘B’ shares in issue during the year, (2014: 905,578,500 ‘A’ shares and 2,995,220,000 ‘B’ shares) in the proportion five to one.

9. Trade and Other Receivables

	2015	2014
	HK$M	HK$M
Trade debtors	**3,529**	3,719
Amounts due from immediate holding company	**2**	2
Amounts due from joint venture companies	**160**	142
Amounts due from associated companies	**610**	457
Interest-bearing advance to an associated company	**117**	123
Prepayments and accrued income	**2,578**	2,314
Other receivables	**3,432**	2,853
	10,428	9,610
Amounts due after one year included under non-current assets	**(466)**	(58)
	9,962	9,552

9. Trade and Other Receivables (continued)

The analysis of the age of trade debtors at year-end (based on the invoice date) is as follows:

	2015	2014
	HK$M	HK$M
Up to three months	**3,318**	3,523
Between three and six months	**115**	132
Over six months	**96**	64
	3,529	3,719

The various Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

10. Trade and Other Payables

	2015	2014
	HK$M	HK$M
Trade creditors	**3,645**	3,812
Amounts due to immediate holding company	**168**	191
Amounts due to joint venture companies	**207**	179
Amounts due to associated companies	**101**	238
Interest-bearing advances from joint venture companies	**343**	402
Interest-bearing advances from an associated company	**296**	128
Advances from non-controlling interests	**159**	125
Rental deposits from tenants	**2,389**	2,303
Put option over non-controlling interest in Brickell City Centre	**509**	470
Put option over non-controlling interest in subsidiary companies	**74**	127
Contingent consideration	**932**	388
Accrued capital expenditure	**1,454**	734
Other accruals	**5,229**	5,117
Other payables	**4,502**	3,719
	20,008	17,933
Amounts due after one year included under non-current liabilities	**(1,198)**	(1,194)
	18,810	16,739

The analysis of the age of trade creditors at the year-end is as follows:

	2015	2014
	HK$M	HK$M
Up to three months	**3,470**	3,606
Between three and six months	**123**	139
Over six months	**52**	67
	3,645	3,812

11. Share Capital

	'A' shares	'B' shares	Total HK$M
Issued and fully paid:			
At 1st January 2015	905,578,500	2,995,220,000	1,294
Repurchased during the year	(372,500)	-	-
At 31st December 2015	905,206,000	2,995,220,000	1,294
At 1st January 2014	905,578,500	2,995,220,000	903
Transition to no-par value regime on 3rd March 2014	-	-	391
At 31st December 2014	905,578,500	2,995,220,000	1,294

The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on 3rd March 2014. On that date, the share premium account and the capital redemption reserve became part of share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not affect the number of shares in issue or the relative entitlements of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

In July 2015, the company repurchased 372,500 'A' shares on The Stock Exchange of Hong Kong Limited for a total aggregate price paid of HK$35 million. The highest and lowest price paid per 'A' share was HK$92.86. The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid for the repurchased 'A' shares was paid wholly out of the distributable profits included in revenue reserve.

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in proportion five to one.

12. Reserves

	Revenue reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
At 1st January 2015	**214,880**	**1,972**	**772**	**(4,094)**	**3,951**	**217,481**
Profit for the year	**13,429**	**-**	**-**	**-**	**-**	**13,429**
Other comprehensive income						
Defined benefit plans						
- remeasurement gains recognised during the year	**(332)**	**-**	**-**	**-**	**-**	**(332)**
- deferred tax	**57**	**-**	**-**	**-**	**-**	**57**
Cash flow hedges						
- losses recognised during the year	**-**	**-**	**-**	**(410)**	**-**	**(410)**
- transferred to net finance charges	**-**	**-**	**-**	**(94)**	**-**	**(94)**
- transferred to operating profit	**-**	**-**	**-**	**49**	**-**	**49**
- deferred tax	**-**	**-**	**-**	**57**	**-**	**57**
Net fair value changes on available-for-sale assets						
- losses recognised during the year	**-**	**-**	**(74)**	**-**	**-**	**(74)**
- transferred to profit or loss on disposal	**-**	**-**	**(99)**	**-**	**-**	**(99)**
Revaluation of property previously occupied by the Group						
- gains recognised during the year	**-**	**25**	**-**	**-**	**-**	**25**
- deferred tax	**-**	**(3)**	**-**	**-**	**-**	**(3)**
Share of other comprehensive income of joint venture and associated companies	**(125)**	**-**	**(156)**	**(2,806)**	**(920)**	**(4,007)**
Net translation differences on foreign operations						
- losses recognised during the year	**-**	**-**	**-**	**-**	**(1,269)**	**(1,269)**
- reclassified to profit or loss on disposal	**-**	**-**	**-**	**-**	**116**	**116**
Total comprehensive income for the year	**13,029**	**22**	**(329)**	**(3,204)**	**(2,073)**	**7,445**
Acquisition of additional interests in subsidiary companies	**(1,310)**	**-**	**-**	**-**	**-**	**(1,310)**
Change in composition of the Group	**13**	**-**	**-**	**-**	**-**	**13**
Repurchase of the Company’s shares (note 11)	**(35)**	**-**	**-**	**-**	**-**	**(35)**
Recognition of contingent consideration	**(541)**	**-**	**-**	**-**	**-**	**(541)**
2014 second interim dividend (note 7)	**(4,213)**	**-**	**-**	**-**	**-**	**(4,213)**
2015 first interim dividend (note 7)	**(1,685)**	**-**	**-**	**-**	**-**	**(1,685)**
At 31st December 2015	**220,138**	**1,994**	**443**	**(7,298)**	**1,878**	**217,155**

12. Reserves (continued)

	Revenue reserve	Share premium	Capital redemption reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
At 1st January 2014	209,682	342	49	1,967	884	1,517	4,953	219,394
Profit for the year	11,069	-	-	-	-	-	-	11,069
Other comprehensive income								
Defined benefit plans								
- remeasurement gains recognised during the year	(417)	-	-	-	-	-	-	(417)
- deferred tax	96	-	-	-	-	-	-	96
Cash flow hedges								
- gains recognised during the year	-	-	-	-	-	35	-	35
- transferred to net finance charges	-	-	-	-	-	(95)	-	(95)
- transferred to operating profit	-	-	-	-	-	6	-	6
- transferred to initial cost of non-financial assets	-	-	-	-	-	93	-	93
- deferred tax	-	-	-	-	-	9	-	9
Net fair value changes on available-for-sale assets								
- losses recognised during the year	-	-	-	-	(53)	-	-	(53)
- transferred to profit or loss on disposal	-	-	-	-	(91)	-	-	(91)
Revaluation of property previously occupied by the Group								
- gains recognised during the year	-	-	-	7	-	-	-	7
- deferred tax	-	-	-	(2)	-	-	-	(2)
Share of other comprehensive income of joint venture and associated companies	(140)	-	-	-	32	(5,659)	(367)	(6,134)
Net translation differences on foreign operations	-	-	-	-	-	-	(635)	(635)
Total comprehensive income for the year	10,608	-	-	5	(112)	(5,611)	(1,002)	3,888
Change in composition of the Group	6	-	-	-	-	-	-	6
Transition to no-par value regime on 3rd March 2014 (note 11)	-	(342)	(49)	-	-	-	-	(391)
2013 second interim dividend	(3,761)	-	-	-	-	-	-	(3,761)
2014 first interim dividend (note 7)	(1,655)	-	-	-	-	-	-	(1,655)
At 31st December 2014	214,880	-	-	1,972	772	(4,094)	3,951	217,481

13. Changes in Accounting Policies and Disclosures

i. The following amendments to standards were required to be adopted by the Group effective from 1st January 2015:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010-2012 Cycle
	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendment)	Defined Benefit Plans – Employee Contributions

The adoption of these amendments has had no significant impact on the Group's financial statements.

ii. Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) started to apply in respect of the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

iii. The Group has not early adopted the following relevant new and revised standards that have been issued but are not yet effective:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 1 (Amendment)	Disclosure Initiative[1]
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] To be applied by the Group from 1st January 2016
[2] To be applied by the Group from 1st January 2018
[3] The mandatory effective date has been postponed indefinitely

14. Requirement in connection with publication of "non-statutory accounts" under Section 436 of the Hong Kong Companies Ordinance Cap.622

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the "Ordinance") in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2015 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. An auditor's report has been prepared on those specified financial statements. That report was not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 406(2) or 407(2) or (3) of the Ordinance.

Sources of Finance

At 31st December 2015, committed loan facilities and debt securities amounted to HK$90,526 million, of which HK$22,140 million (24%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$9,387 million. Sources of funds at 31st December 2015 comprised:

	Available	Drawn	Undrawn expiring within one year	Undrawn expiring beyond one year
	HK$M	HK$M	HK$M	HK$M
Committed facilities				
Loans and bonds				
Fixed/floating rate bonds	**43,807**	**43,807**	**-**	**-**
Bank loans, overdrafts and other loans	**44,394**	**22,254**	**1,215**	**20,925**
Perpetual capital securities	**2,325**	**2,325**	**-**	**-**
Total committed facilities	**90,526**	**68,386**	**1,215**	**20,925**
Uncommitted facilities				
Bank loans, overdrafts and other loans	**10,056**	**669**	**9,387**	**-**
Total	**100,582**	**69,055**	**10,602**	**20,925**

At 31st December 2015, 72% of the Group's gross borrowings were on a fixed rate basis and 28% were on a floating rate basis (2014: 63% and 37%).

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules throughout the year covered by the annual report with the following exceptions which it believes do not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

The annual results have been reviewed by the Audit Committee of the Company.

Annual Report
The 2015 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Group website www.swirepacific.com. Printed copies will be available to shareholders on 7th April 2016.

List of Directors
At the date of this announcement, the Directors of the Company are:
Executive Directors: J R Slosar (Chairman), G M C Bradley, I K L Chu, M Cubbon, J B Rae-Smith, I S C Shiu, A K W Tang
Non-Executive Directors: P A Johansen, M B Swire, S C Swire
Independent Non-Executive Directors: T G Freshwater, C Lee, R W M Lee, G R H Orr, M C C Sze, M M T Yang