SHANGRI-LA ASIA LIMITED
香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)
website: www.ir.shangri-la.com
(Stock code: 00069)

2015 FINAL RESULTS ANNOUNCEMENT

The board of directors ("**Board**") of Shangri-La Asia Limited ("**Company**") wishes to announce the audited results of the Company and its subsidiaries ("**Group**"), and associates for the year ended 31 December 2015. These results have been audited by the Company's auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Board.

The following audited consolidated financial results include all operating and non-operating items of the Group and associates.

	2015 *US$ million*	2014 *US$ million*	% of change
Net profit before non-operating items	**85.8**	89.8	-4.5%
Net profit from non-operating items	**54.3**	91.1	-40.4%
Consolidated profit attributable to equity holders of the Company	**140.1**	180.9	-22.6%

The Group's share of the net fair value change of investment properties owned by subsidiaries and associates increased substantially from US$90.6 million in 2014 to US$131.4 million in the current year. It was, however, substantially offset by the impairment provision in respect of hotels of US$71.4 million recorded during the year which led to an overall decrease in net profit from non-operating items in 2015.

The Board has recommended a final dividend of **HK5 cents** per share for 2015 (2014: HK6 cents per share) payable to the Company's shareholders whose names appear on the registers of members of the Company on Tuesday, 7 June 2016. With the interim dividend of HK5 cents per share (2014: HK6 cents per share) paid in October 2015, the total dividend for 2015 is HK10 cents per share (2014: HK12 cents per share).

Subject to shareholders' approval of the payment of the final dividend at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on Thursday, 16 June 2016.

GROUP FINANCIAL HIGHLIGHTS

Consolidated Results

			Year ended 31 December	
			2015	2014
			Audited	Audited
Sales		*US$'000*	**2,122,624**	2,111,584
Profit attributable to the equity holders of the Company		*US$'000*	**140,131**	180,889
Earnings per share		*US cents*	**3.93**	5.77
	equivalent to	*HK cents*	**30**	45
Dividend per share		*HK cents*	**10**	12
Return on Equity			**2.1%**	2.7%

$$\left(\frac{\text{Profit attributable to equity holders of the Company}}{\text{Average equity attributable to equity holders of the Company}}\right)$$

Consolidated Statement of Financial Position

		As at 31 December	
		2015	2014
		Audited	Audited
Total equity	*US$'000*	**6,889,685**	7,439,247
Net assets attributable to the Company's equity holders	*US$'000*	**6,392,293**	6,904,198
Net borrowings (total of bank loans, convertible bonds and fixed rate bonds less cash and bank balances)	*US$'000*	**4,083,003**	3,663,631
Net assets per share attributable to the Company's equity holders	*US$*	**1.79**	1.93
Net assets (total equity) per share	*US$*	**1.92**	2.08
Net borrowings to total equity ratio		**59.3%**	49.2%

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**6,386,127**	6,465,821
Investment properties		**1,120,279**	1,071,038
Leasehold land and land use rights		**542,360**	615,898
Intangible assets		**89,770**	91,233
Interest in associates		**3,535,739**	3,584,567
Deferred income tax assets		**4,363**	553
Available-for-sale financial assets		**4,692**	4,906
Derivative financial instruments		**34**	342
Other receivables		**13,173**	13,099
		11,696,537	11,847,457
Current assets			
Inventories		**42,797**	46,433
Properties for sale		**21,309**	23,499
Accounts receivable, prepayments and deposits	*4*	**315,443**	283,396
Amounts due from associates		**109,588**	75,072
Derivative financial instruments		**31**	161
Amounts due from non-controlling shareholders		**106**	57
Financial assets held for trading		**15,533**	21,947
Cash and bank balances		**1,084,069**	1,442,257
		1,588,876	1,892,822
Total assets		**13,285,413**	13,740,279
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*5*	**3,191,801**	3,191,745
Other reserves		**1,114,421**	1,716,784
Retained earnings		**2,086,071**	1,995,669
		6,392,293	6,904,198
Non-controlling interests		**497,392**	535,049
Total equity		**6,889,685**	7,439,247

	Note	As at 31 December **2015** ***US$'000***	 2014 *US$'000*
LIABILITIES			
Non-current liabilities			
Bank loans		**2,965,774**	3,277,663
Convertible bonds	*6*	**–**	527,305
Fixed rate bonds	*7*	**598,758**	597,787
Derivative financial instruments		**3,612**	2,500
Amounts due to non-controlling shareholders		**28,563**	27,579
Deferred income tax liabilities		**317,319**	304,957
		3,914,026	4,737,791
Current liabilities			
Accounts payable and accruals	*8*	**834,916**	829,245
Amounts due to non-controlling shareholders		**22,059**	8,605
Current income tax liabilities		**19,885**	21,280
Bank loans		**1,052,082**	703,133
Convertible bonds	*6*	**550,458**	–
Derivative financial instruments		**2,302**	978
		2,481,702	1,563,241
Total liabilities		**6,395,728**	6,301,032
Total equity and liabilities		**13,285,413**	13,740,279

AUDITED CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2015 US$'000	2014 US$'000
Sales	*3*	**2,122,624**	2,111,584
Cost of sales	*9*	**(934,037)**	(912,646)
Gross profit		**1,188,587**	1,198,938
Other (losses)/gains – net	*10*	**(21,111)**	19,342
Marketing costs	*9*	**(89,914)**	(84,858)
Administrative expenses	*9*	**(202,434)**	(203,959)
Other operating expenses	*9*	**(721,802)**	(704,889)
Operating profit		**153,326**	224,574
Finance costs – net	*11*	**(135,351)**	(117,294)
Share of profit of associates	*12*	**254,358**	207,286
Profit before income tax		**272,333**	314,566
Income tax expense	*13*	**(102,355)**	(107,071)
Profit for the year		**169,978**	207,495
Attributable to:			
Equity holders of the Company		**140,131**	180,889
Non-controlling interests		**29,847**	26,606
		169,978	207,495
Earnings per share for profit attributable to the equity holders of the Company during the year *(expressed in US cents per share)*			
– basic	*14*	**3.93**	5.77
– diluted	*14*	**3.93**	5.77
Dividends	*15*	**46,058**	51,805

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	US$'000	*US$'000*
Profit for the year	**169,978**	207,495
Other comprehensive (loss)/income:		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligation	**(1,170)**	970
Items that may be reclassified subsequently to profit or loss		
Fair value changes of interest-rate swap contracts – hedging	**(2,874)**	(3,337)
Currency translation differences – subsidiaries	**(413,994)**	(161,765)
Currency translation differences – associates	**(238,292)**	(41,626)
Other comprehensive loss for the year	**(656,330)**	(205,758)
Total comprehensive (loss)/income for the year	**(486,352)**	1,737
Attributable to:		
Equity holders of the Company	**(461,285)**	(5,578)
Non-controlling interests	**(25,067)**	7,315
	(486,352)	1,737

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Share capital *US$'000*	**Other reserves** *US$'000*	**Retained earnings** *US$'000*	**Total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
Balance at 1 January 2015	**3,191,745**	**1,716,784**	**1,995,669**	**6,904,198**	**535,049**	**7,439,247**
Remeasurements of post-employment benefit obligations	**–**	**–**	**(1,163)**	**(1,163)**	**(7)**	**(1,170)**
Fair value changes of interest-rate swap contracts – hedging	**–**	**(2,874)**	**–**	**(2,874)**	**–**	**(2,874)**
Currency translation differences	**–**	**(597,379)**	**–**	**(597,379)**	**(54,907)**	**(652,286)**
Other comprehensive loss for the year recognised directly in equity	**–**	**(600,253)**	**(1,163)**	**(601,416)**	**(54,914)**	**(656,330)**
Profit for the year	**–**	**–**	**140,131**	**140,131**	**29,847**	**169,978**
Total comprehensive income/(loss) for the year ended 31 December 2015	**–**	**(600,253)**	**138,968**	**(461,285)**	**(25,067)**	**(486,352)**
Exercise of share options – allotment of shares	**44**	**–**	**–**	**44**	**–**	**44**
Exercise of share options – transfer from share option reserve to share premium	**12**	**(12)**	**–**	**–**	**–**	**–**
Transfer of share option reserve to retained earnings upon expiry of share options	**–**	**(2,098)**	**2,098**	**–**	**–**	**–**
Payment of 2014 final dividend	**–**	**–**	**(27,635)**	**(27,635)**	**–**	**(27,635)**
Payment of 2015 interim dividend	**–**	**–**	**(23,029)**	**(23,029)**	**–**	**(23,029)**
Dividend paid and payable to non-controlling shareholders	**–**	**–**	**–**	**–**	**(19,405)**	**(19,405)**
Net change in equity loans due to non-controlling shareholders	**–**	**–**	**–**	**–**	**6,815**	**6,815**
	56	**(2,110)**	**(48,566)**	**(50,620)**	**(12,590)**	**(63,210)**
Balance at 31 December 2015	**3,191,801**	**1,114,421**	**2,086,071**	**6,392,293**	**497,392**	**6,889,685**

	Attributable to equity holders of the Company					
	Share capital *US$'000*	Other reserves *US$'000*	Retained earnings *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
Balance at 1 January 2014	2,554,222	1,904,254	1,854,105	6,312,581	554,763	6,867,344
Remeasurements of post-employment benefit obligations	–	–	958	958	12	970
Fair value changes of interest-rate swap contracts – hedging	–	(3,337)	–	(3,337)	–	(3,337)
Currency translation differences	–	(184,088)	–	(184,088)	(19,303)	(203,391)
Other comprehensive income/(loss) for the year recognised directly in equity	–	(187,425)	958	(186,467)	(19,291)	(205,758)
Profit for the year	–	–	180,889	180,889	26,606	207,495
Total comprehensive income/(loss) for the year ended 31 December 2014	–	(187,425)	181,847	(5,578)	7,315	1,737
Rights issue	637,308	–	–	637,308	–	637,308
Exercise of share options – allotment of shares	170	–	–	170	–	170
Exercise of share options – transfer from share option reserve to share premium	45	(45)	–	–	–	–
Payment of 2013 final dividend	–	–	(16,113)	(16,113)	–	(16,113)
Payment of 2014 interim dividend	–	–	(24,170)	(24,170)	–	(24,170)
Dividend paid and payable to non-controlling shareholders	–	–	–	–	(21,724)	(21,724)
Net change in equity loans due to non-controlling shareholders	–	–	–	–	(5,305)	(5,305)
	637,523	(45)	(40,283)	597,195	(27,029)	570,166
Balance at 31 December 2014	3,191,745	1,716,784	1,995,669	6,904,198	535,049	7,439,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Group owns/leases and operates hotels and associated properties; and provide hotel management and related services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited with secondary listing on the Singapore Exchange Securities Trading Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets, financial liabilities (including derivative financial instruments) and investment properties are stated at fair value.

Going concern

The consolidated financial statements as at 31 December 2015 have been prepared on a going-concern basis although the Group's consolidated current liabilities exceeded its consolidated current assets by US$892,826,000. The future funding requirements can be met through the committed available bank loan facilities of US$1,799,345,000 which are maturing after 31 December 2016 and the net cash inflows to be generated from operating activities. In addition, the Group has signed new bank borrowing agreements totaling US$450,874,000 subsequent to year end and has received firm offers from banks for new long term loan facilities totaling US$631,081,000 in respect of which bank borrowing agreements are under preparation. The Group is also currently negotiating with certain banks for additional long-term loan facilities for loan refinancing and to meet the scheduled project funding requirements. The Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Amendments to standards adopted by the Group

The following amendments to standards effective in 2015 which are relevant to the Group's operations have been adopted by the Group for the first time for the financial year beginning on 1 January 2015. All these new amendments adopted by the Group did not have a significant impact on the Group's financial statements.

Amendments to HKAS19 regarding defined benefit plans: employee contributions

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Annual improvements 2012 on HKFRS 8 'Operating segments'

Amendments to HKFRS 8 requires disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

Annual improvements 2012 on HKAS 16 "Property, plant and equipment" and HKAS 38 "Intangible assets"

Amendments to HKAS 16 and HKAS 38 clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

Annual improvements 2012 on HKAS 24 'related party disclosures'

Amendments to HKAS 24 do not require disclosure on the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the Company by the management entity for services provided.

Annual improvements 2013 on HKFRS3 'Business combinations'

Amendments to HKFRS 3 clarify that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

Annual improvements 2013 on HKFRS13 'Fair value measurement'

Amendments to HKFRS 13 clarify that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

Annual improvements 2013 on HKAS40 'Investment property'

Amendments to HKAS 40 clarify the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

New standards and amendments to standards not yet adopted by the Group

The following new standards and amendments to standards are relevant to the Group's operations but are not effective for the year 2015 and have not been early adopted:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 15	Revenue from Contracts with Customers

Amendments from annual improvements to HKFRSs 2012-2014 cycle

The Group is now assessing the impact of these new standards and amendments to standards on the Group's financial statements.

3 SALES AND SEGMENT INFORMATION

The Group owns/leases and operates hotels and associated properties and provides hotel management and related services. Some of the associates also engaged in property sales and such sales revenue of the associates is not included in the sales revenue of the Group. Sales recognised in the consolidated financial statements during the year are as follows:

	2015	2014
	US$'000	*US$'000*
Sales		
Hotel operations:		
Room rentals	**1,022,903**	1,029,154
Food and beverage sales	**861,918**	837,519
Rendering of ancillary services	**112,813**	116,311
Hotel management and related service fees	**47,618**	51,752
Property rentals	**77,372**	76,848
	2,122,624	2,111,584

The Group is domiciled in Hong Kong. The sales revenue from external customers attributed to Hong Kong and other countries are US$315,477,000 (2014: US$318,367,000) and US$1,807,147,000 (2014: US$1,793,217,000), respectively.

The total of non-current assets other than available-for-sale financial assets, deferred income tax assets and interest in associates located in Hong Kong and other countries are US$690,016,000 (2014: US$605,728,000) and US$7,461,693,000 (2014: US$7,651,361,000), respectively.

In accordance with HKFRS 8 "Operating Segments", segment information disclosed in the financial statements has been prepared in a manner consistent with the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group's sales revenue is derived from various external customers in which there is no significant sales revenue derived from a single external customer of the Group. The Group's management considers the business from both a geographic and business perspective.

The Group is managed on a worldwide basis in the following main segments:

i. Hotel ownership (including those under lease)

- Hong Kong
- Mainland China
- Singapore
- Malaysia
- The Philippines
- Japan
- Thailand
- Australia
- France
- United Kingdom
- Other countries (including Fiji, Myanmar, Maldives, Turkey, Mauritius, Indonesia and Mongolia)

ii. ***Property rentals (ownership and leasing of office, commercial and serviced apartments/residences)***

– Mainland China

– Singapore

– Malaysia

– Other countries (including Thailand, Australia, Myanmar and Mongolia)

iii. ***Hotel management services***

iv. ***Property sales***

The Group also engaged in other businesses including wines trading and golf course operation. These other businesses did not have a material impact on the Group's results.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of the share of profit after tax and non-controlling interests. This measurement basis excludes the effects of pre-opening expenses of projects, corporate expenses and other non-operating items such as fair value gains or losses on investment properties, fair value adjustments on monetary items and impairments for any isolated non-recurring event.

Segment income statement
For year ended 31 December 2015 and 2014 (US$ million)

	2015		2014	
	Sales *(Note ii)*	**Profit/(Loss) after tax** *(Note i)*	Sales *(Note ii)*	Profit/(Loss) after tax *(Note i)*
Hotel ownership				
Hong Kong	**264.0**	**62.7**	277.8	67.5
Mainland China	**780.5**	**(55.8)**	734.5	(15.1)
Singapore	**218.9**	**29.9**	204.4	39.4
Malaysia	**121.4**	**17.6**	149.0	16.5
The Philippines	**199.4**	**16.2**	202.3	13.4
Japan	**56.3**	**(0.7)**	56.6	(5.8)
Thailand	**67.4**	**12.4**	56.2	5.9
Australia	**92.1**	**(0.1)**	101.6	(1.4)
France	**48.3**	**(22.4)**	62.0	(27.0)
United Kingdom	**51.7**	**(21.7)**	28.7	(24.7)
Other countries	**97.6**	**(10.9)**	109.9	1.7
	1,997.6	**27.2**	1,983.0	70.4
Property rentals				
Mainland China	**27.5**	**121.4**	29.4	110.5
Singapore	**13.9**	**10.1**	14.6	10.9
Malaysia	**6.4**	**1.8**	7.3	1.9
Other countries	**29.6**	**5.7**	25.5	4.1
	77.4	**139.0**	76.8	127.4
Hotel management services	**133.8**	**10.7**	150.7	18.7
Property sales	**–**	**22.8**	–	5.1
Other business	**–**	**(1.5)**	–	(1.3)
Total	**2,208.8**	**198.2**	2,210.5	220.3
Less: Hotel management – Inter-segment sales	**(86.2)**		(98.9)	
Total external sales	**2,122.6**		2,111.6	
Net corporate finance costs (including foreign exchange gains and losses)		**(74.7)**		(62.4)
Land cost amortisation and pre-opening expenses for projects		**(23.6)**		(50.0)
Corporate expenses		**(14.1)**		(18.1)
Profit before non-operating items		**85.8**		89.8

	2015 Profit/(Loss) after tax *(Note i)*	2014 Profit/(Loss) after tax *(Note i)*
Profit before non-operating items	**85.8**	89.8
Non-operating items		
Fair value gains on investment properties	**131.4**	90.6
Net realised and unrealised (losses)/gains on financial assets held for trading	**(4.2)**	1.0
Fair value adjustments on loans from non-controlling shareholders and security deposit on leased premises	**(0.9)**	(0.9)
Provision for impairment losses on hotel properties and property under development	**(71.4)**	(3.2)
Reversal of impairment losses for other properties	**–**	5.0
Provision for deferred tax on reversal of impairment losses	**–**	(1.4)
Gain on disposal of controlling interests in a subsidiary which owns a land site for composite development	**3.1**	–
Exchange losses arising from the refinancing of Euro shareholder's loan	**(3.7)**	–
Total non-operating items	**54.3**	91.1
Profit attributable to equity holders of the Company	**140.1**	180.9

Notes:

i. Profit/(Loss) after tax includes net of tax results from both associates and subsidiaries after share of non-controlling interests.

ii. Sales exclude sales of associates.

The Group's share of profit of associates (excluding projects under development) by operating segments included in profit before non-operating items in the Segment Income Statement is analysed as follows:

(US$ million)	**2015 Share of profit/(loss) of associates**	2014 Share of profit/(loss) of associates
Hotel ownership		
Hong Kong	**(0.4)**	(0.2)
Mainland China	**(1.3)**	(2.8)
Singapore	**(2.4)**	3.3
Malaysia	**3.7**	4.2
The Philippines	**1.2**	1.1
Other countries	**(3.7)**	1.1
	(2.9)	6.7
Property rentals		
Mainland China	**118.7**	106.5
Singapore	**4.8**	5.3
	123.5	111.8
Property sales	**22.8**	5.6
Other business	**(1.4)**	(1.2)
Total	**142.0**	122.9

The amount of depreciation and amortisation and income tax expense before share of non-controlling interests included in the results of operating segments from subsidiaries (excluding projects under development) are analysed as follows:

	2015		2014	
(US$ million)	**Depreciation and amortisation**	**Income tax expense**	Depreciation and amortisation	Income tax expense
Hotel ownership				
Hong Kong	**12.9**	**13.9**	14.7	15.3
Mainland China	**166.8**	**27.0**	130.6	27.0
Singapore	**17.7**	**7.4**	18.4	7.6
Malaysia	**15.9**	**3.1**	16.6	9.2
The Philippines	**38.2**	**8.2**	37.2	11.6
Japan	**1.0**	**–**	2.1	–
Thailand	**9.3**	**4.6**	14.5	1.8
Australia	**13.4**	**–**	15.4	–
France	**23.3**	**–**	28.2	–
United Kingdom	**9.8**	**–**	7.5	(0.1)
Other countries	**25.9**	**0.7**	20.8	3.0
	334.2	**64.9**	306.0	75.4
Property rentals				
Mainland China	**–**	**6.1**	–	5.8
Singapore	**–**	**1.1**	–	1.1
Malaysia	**–**	**0.7**	–	1.0
Other countries	**–**	**4.4**	–	3.0
	–	**12.3**	–	10.9
Hotel management services	**3.4**	**9.8**	4.0	10.3
Other business	**–**	**–**	–	0.5
Total	**337.6**	**87.0**	310.0	97.1

Segment assets
As at 31 December 2015 and 2014 (US$ million)

	As at 31 December	
	2015	2014
Hotel ownership		
Hong Kong	**238.3**	288.9
Mainland China	**3,446.2**	3,298.1
Singapore	**524.1**	571.9
Malaysia	**289.4**	349.0
The Philippines	**466.4**	513.0
Japan	**8.7**	25.7
Thailand	**243.6**	252.4
Australia	**315.5**	364.2
France	**315.7**	379.8
United Kingdom	**171.2**	177.0
Other countries	**531.5**	312.1
	6,550.6	6,532.1
Property rentals		
Mainland China	**392.0**	359.2
Singapore	**405.8**	434.2
Malaysia	**73.8**	87.4
Other countries	**263.1**	257.3
	1,134.7	1,138.1
Hotel management services	**183.2**	209.9
Elimination	**(51.2)**	(57.6)
Total segment assets	**7,817.3**	7,822.5
Assets allocated to projects	**1,712.3**	1,797.7
Unallocated assets	**130.3**	444.3
Intangible assets	**89.8**	91.2
Total assets of the Company and its subsidiaries	**9,749.7**	10,155.7
Interest in associates	**3,535.7**	3,584.6
Total assets	**13,285.4**	13,740.3

Unallocated assets mainly comprise other assets of the Company and non-properties holding companies of the Group as well as the available-for-sale financial assets, financial assets held for trading and deferred income tax assets.

4 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2015	2014
	US$'000	*US$'000*
Trade receivables	**90,305**	90,361
Less: Provision for impairment of receivables	**(2,126)**	(1,506)
Trade receivables – net	**88,179**	88,855
Other receivables	**110,736**	102,058
Prepayments and other deposits	**116,528**	92,483
	315,443	283,396

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

(a) The fair values of the trade and other receivables are not materially different from their carrying values.

(b) A significant part of the Group's sales are by credit cards or against payment of deposits. The remaining amounts are with general credit term of 30 days. The Group has a defined credit policy. The ageing analysis of the trade receivables based on invoice date after provision for impairment is as follows:

	2015	2014
	US$'000	*US$'000*
0 – 3 months	**78,891**	79,528
4 – 6 months	**3,940**	3,977
Over 6 months	**5,348**	5,350
	88,179	88,855

5 SHARE CAPITAL

		Amount		
	No. of shares *('000)*	**Ordinary shares** *US$'000*	**Share premium** *US$'000*	**Total** *US$'000*
Authorised – Ordinary shares of HK$1 each				
At 31 December 2014 and 31 December 2015	**5,000,000**	**646,496**	**–**	**646,496**
Issued and fully paid				
– Ordinary shares of HK$1 each				
At 1 January 2015	3,579,994	462,191	2,729,554	3,191,745
Exercise of share options				
– allotment of shares	30	4	40	44
– transfer from share option reserve	–	–	12	12
At 31 December 2015	**3,580,024**	**462,195**	**2,729,606**	**3,191,801**

As at 31 December 2015, 10,501,055 ordinary shares in the Company were held by a subsidiary which was acquired in late 1999. The cost of these shares was recognised in equity in prior years.

Share options

The shareholders of the Company approved the adoption of a new share option scheme on 28 May 2012 ("**2012 Option Scheme**") to replace the expired share option scheme adopted on 24 May 2002 ("**2002 Option Scheme**"). The subsisting option shares granted in the past years under the 2002 Option Scheme prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the scheme. On 23 August 2013, the Company granted a total of 19,000,000 option shares under the 2012 Option Scheme at an exercise price of HK$12.11 per share to the directors and key employees of the Group. The options under the 2012 Option Scheme are immediately exercisable on the grant date and have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following option shares at various exercise prices granted to option holders of the Company under the 2002 Option Scheme and 2012 Option Scheme were exercised:

	Number of option shares issued			
	At HK$11.60 per option share	**At HK$14.60 per option share**	**At HK$12.11 per option share**	**Total consideration** *US$'000*
In year 2015				
April	30,000	–	–	44
For the year ended 31 December 2015	**30,000**	**–**	**–**	**44**

The closing price of the shares immediately before the dates on which the options were exercised for the year was HK$11.82 (2014: HK$14.18).

Movements in the number of outstanding option shares and their related weighted average exercise prices are as follows:

	For the year ended 31 December 2015		For the year ended 31 December 2014	
	Weighted average exercise price in HK$ per option share	**Number of outstanding option shares**	Weighted average exercise price in HK$ per option share	Number of outstanding option shares
At 1 January	**12.33**	**24,478,500**	12.32	26,591,000
Granted	**–**	**–**	–	–
Exercised	**11.60**	**(30,000)**	11.97	(110,000)
Lapsed	**11.79**	**(5,722,500)**	12.25	(2,002,500)
At 31 December	**12.50**	**18,726,000**	12.33	24,478,500

Outstanding option shares at the end of the year are as follows:

Last exercisable date	Exercise price in HK$ per option share	Number of outstanding option shares as at **31 December 2015**	31 December 2014
27 April 2015	11.60	**–**	4,245,000
15 June 2016	14.60	**2,918,000**	3,045,500
22 August 2023	12.11	**15,808,000**	17,188,000
		18,726,000	24,478,500

No options have been exercised subsequent to 31 December 2015 and up to the date of this announcement. Options on 120,000 shares with exercise price of HK$12.11 per share have lapsed subsequent to 31 December 2015 and up to the date of this announcement.

6 CONVERTIBLE BONDS

On 12 May 2011, a wholly owned subsidiary of the Company issued zero coupon guaranteed convertible bonds due 12 May 2016 ("**Maturity Date**"), in the aggregate principal amount of US$500 million. Each bond will, at the option of the holder, be convertible on or after 22 June 2011 up to the close of business on the business day immediately prior to 2 May 2016 into fully paid ordinary shares of the Company with a par value of HK$1.00 each at an initial conversion price of HK$29.03 per ordinary share of the Company (subject to adjustment) and the conversion price has been adjusted to HK$27.63 per ordinary share of the Company on 11 June 2015. Unless previously redeemed, converted or purchased and cancelled, these bonds will be redeemed at 111.84% of their principal amount on the Maturity Date.

The initial fair values of the liability component and the equity conversion component, based on net proceeds, were determined at issuance of the bonds. The fair value of the liability component, included under non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves.

The convertible bonds recognised in the consolidated statement of financial position is calculated as follows:

	2015 *US$'000*	2014 *US$'000*
Face value of convertible bonds issued on 12 May 2011	**500,000**	500,000
Issuing expenses	**(4,400)**	(4,400)
Equity component credited to the equity	**(44,518)**	(44,518)
Liability component on initial recognition at 12 May 2011	**451,082**	451,082
Accumulated interest expense	**99,376**	76,223
Liability component at 31 December	**550,458**	527,305

The face value of outstanding bonds at 31 December 2015 amounted to US$500,000,000. No convertible bonds were converted to ordinary shares of the Company during the year or subsequent to 31 December 2015 and up to the date of this announcement. The carrying amount of the liability component which approximates to its fair value is calculated using cash flows discounted at an initial market interest rate of 4.34% per annum.

7 FIXED RATE BONDS

On 10 April 2012, a wholly owned subsidiary of the Company issued fixed rate bonds in the aggregate principal amount of US$600,000,000 which carry a coupon rate of 4.75% per annum and have a maturity term of 5 years. The fixed rate bonds recognised in the statement of financial position is calculated as follows:

	2015	2014
	US$'000	*US$'000*
Face value of fixed rate bonds issued on 10 April 2012	**600,000**	600,000
Issuing expenses	**(4,859)**	(4,859)
Net bonds proceeds received	**595,141**	595,141
Accumulated amortisation of issuing expenses	**3,617**	2,646
Carrying amount of fixed rate bonds at 31 December	**598,758**	597,787

As at 31 December 2015, the outstanding interest payable for the fixed rate bonds included in accounts payable and accruals is US$6,333,000 (31 December 2014: US$6,333,000). The carrying amount of the bonds approximates to its fair value.

8 ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
	US$'000	*US$'000*
Trade payables	**105,341**	102,867
Construction cost payable, other payables and accrued expenses	**714,175**	710,035
Short term advance from an associate of the Company's controlling shareholder	**15,400**	16,343
	834,916	829,245

The short term advance from an associate of the Company's controlling shareholder is unsecured and bearing interest at a fixed rate of 5.21% (2014: 6.02%) per annum.

At 31 December 2015, the ageing analysis of the trade payables based on invoice date is as follows:

	2015	2014
	US$'000	*US$'000*
0 – 3 months	**94,116**	91,167
4 – 6 months	**7,412**	5,434
Over 6 months	**3,813**	6,266
	105,341	102,867

9 EXPENSES BY NATURE

Expenses included in cost of sales, marketing costs, administrative expenses and other operating expenses are analysed as follows:

	2015	2014
	US$'000	*US$'000*
Depreciation of property, plant and equipment (net of amount capitalised of US$81,000 (2014: US$232,000))	**324,779**	300,238
Amortisation of leasehold land and land use rights (net of amount capitalised of US$431,000 (2014: Nil))	**15,823**	16,858
Amortisation of trademark; and website and system development	**786**	777
Employee benefit expenses excluding directors' emoluments (net of amount capitalised and amount grouped under pre-opening expenses)	**675,690**	669,087
Cost of inventories sold or consumed in operation	**275,308**	280,410
Loss on disposal of property, plant and equipment; and partial replacement of investment properties	**2,819**	3,305
Discarding of property, plant and equipment due to renovation of hotels and resorts	**4,088**	1,354
Operating lease expenses	**69,734**	55,824
Pre-opening expenses	**4,937**	29,342
Auditors' remuneration		
– Audit services	**1,776**	1,687
– Non-audit services	**595**	572

10 OTHER (LOSSES)/GAINS – NET

	2015	2014
	US$'000	*US$'000*
Fair value gains on investment properties	**36,333**	1,537
Net realised and unrealised (losses)/gains on financial assets held for trading – equity securities	**(4,111)**	996
(Provision for)/reversal of impairment losses on hotel properties and other properties	**(72,379)**	4,956
Impairment provision for a property under development and the underlying land	**–**	(3,275)
Gain on disposal of controlling interests in a subsidiary which owns a land site for composite development	**3,051**	–
Non-operating items	**(37,106)**	4,214
Interest income	**14,945**	13,816
Dividend income	**1,050**	1,045
Others	**–**	267
	(21,111)	19,342

11 FINANCE COSTS – NET

	2015	2014
	US$'000	*US$'000*
Interest expense:		
– bank loans	**112,641**	113,104
– convertible bonds	**23,153**	22,179
– fixed rate bonds	**29,476**	29,476
– other loans	**3,364**	3,292
	168,634	168,051
Less: amount capitalised	**(42,307)**	(51,285)
	126,327	116,766
Net foreign exchange losses	**9,024**	528
	135,351	117,294

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.2% per annum (2014: 3.2%).

12 SHARE OF PROFIT OF ASSOCIATES

	2015	2014
	US$'000	*US$'000*
Share of profit before tax and before share of net fair value gains of investment properties	**184,889**	155,269
Share of net fair value gains of investment properties	**157,487**	120,395
Share of profit before tax of associates	**342,376**	275,664
Share of tax before provision for deferred tax liabilities on fair value gains of investment properties	**(49,093)**	(39,015)
Share of provision for deferred tax liabilities on fair value gains of investment properties	**(38,925)**	(29,363)
Share of associates' taxation	**(88,018)**	(68,378)
Share of profit of associates	**254,358**	207,286

13 INCOME TAX EXPENSE

	2015	2014
	US$'000	*US$'000*
Current income tax		
– Hong Kong profits tax	**14,578**	16,696
– Overseas taxation	**67,619**	67,430
Deferred income tax	**20,158**	22,945
	102,355	107,071

Share of associates' taxation for the year ended 31 December 2015 of US$88,018,000 (2014: US$68,378,000) is included in the consolidated income statement as share of profit of associates.

Hong Kong profits tax is provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong.

Taxation outside Hong Kong includes withholding tax paid and payable on dividends from subsidiaries and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

14 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year after adjustment of those issued ordinary shares of the Company held by a subsidiary.

	2015	2014
Profit attributable to equity holders of the Company *(US$'000)*	**140,131**	180,889
Weighted average number of ordinary shares in issue *(thousands)*	**3,569,513**	3,134,231
Basic earnings per share *(US cents per share)*	**3.93**	5.77

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense. For the share options, a calculation is done to determine the number of shares that would be issued at fair value (determined as the average annual market share price of the Company's shares for the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is increased by the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2015, there is no dilution effect on the earnings per share. For the year ended 31 December 2014, share options of HK$11.60 issued under the 2002 Option Scheme and HK$12.11 issued under the 2012 Option Scheme have the greatest dilution effect.

	2015	2014
Profit attributable to equity holders of the Company *(US$'000)*	**140,131**	180,889
Weighted average number of ordinary shares in issue *(thousands)*	**3,569,513**	3,134,231
Adjustments for – share options *(thousands)*	**–**	366
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,569,513**	3,134,597
Diluted earnings per share *(US cents per share)*	**3.93**	5.77

15 DIVIDENDS

	2015	2014
	US$'000	*US$'000*
Interim dividend paid of HK5 cents (2014: HK6 cents) per ordinary share	**23,029**	24,170
Proposed final dividend of HK5 cents (2014: HK6 cents) per ordinary share	**23,029**	27,635
	46,058	51,805

At a meeting held on 24 March 2016, the Board proposed a final dividend of HK5 cents per ordinary share for the year ended 31 December 2015. This proposed dividend is not reflected as a dividend payable in these financial statements.

The proposed final dividend of US$23,029,000 for the year ended 31 December 2015 is calculated based on 3,580,024,056 shares in issue as at 24 March 2016, after elimination on consolidation the amount of US$68,000 for the 10,501,055 ordinary shares in the Company held by a subsidiary of the Company (Note 5).

16 FINANCIAL GUARANTEES, CONTINGENCIES AND CHARGES OVER ASSETS

(a) Financial guarantees

As at 31 December 2015, the Group executed proportionate guarantees in favour of banks for securing banking facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees for these associates amounts to US$375,945,000 (2014: US$420,897,000). Guarantees are stated at their respective contracted amounts. The Board is of the opinion that it is not probable that the above guarantees will be called upon.

(b) Contingent liabilities

As at 31 December 2015, the Group executed guarantees for securing standby documentary credit granted by banks in favour of certain building contractors relating to the execution of construction works for hotel buildings with the amount of US$16,940,000 (2014: US$17,977,000). These facilities were undrawn as at 31 December 2015.

(c) Charges over assets

As at 31 December 2015, bank loans of certain subsidiaries amounting to US$191,132,000 (2014: US$263,844,000) were secured by:

(i) Land lease rights and all immovable assets owned by a subsidiary with net book value of US$119,959,000 (2014: US$127,416,000) together with a pledge of all the equity shares of the subsidiary.

(ii) Legal mortgage over the property owned by four subsidiaries with an aggregate net book value of US$403,079,000 (2014: US$548,661,000).

17 COMMITMENTS

The Group's commitment for capital expenditure at the date of the consolidated statement of financial position but not yet incurred is as follows:

	2015	2014
	US$'000	*US$'000*
Existing properties – Property, plant and equipment and investment properties		
– contracted but not provided for	**48,814**	66,601
– authorised but not contracted for	**95,669**	124,780
Development projects		
– contracted but not provided for	**185,946**	285,402
– authorised but not contracted for	**866,718**	1,352,396
	1,197,147	1,829,179

18 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The Group executed a 5-year bank loan agreement of RMB450,000,000 (equivalent to US$69,299,000) and another 5-year bank loan agreement of US$300,000,000 in January 2016 for project financing. The Group also executed a 3-year bank loan agreement of EUR75,000,000 (equivalent to US$81,575,000) in February 2016 to refinance its outstanding bank loan maturing in early 2016.

PERFORMANCE REVIEW

The Group's business is organised into four main segments:

(i) **Hotel ownership** (including hotels under lease)

(ii) **Hotel management services** for Group-owned hotels and for hotels owned by third parties

(iii) **Property rentals** from ownership and leasing of office properties, commercial properties and serviced apartments/residences

(iv) **Property sales**

The Group currently owns and/or manages hotels under five brands:

– **Shangri-La Hotels** are five-star luxury hotels characterised by extensive facilities and exceptional hospitality, located in premier cities.

– **Shangri-La Resorts** offer travellers and families relaxing and engaging holiday experiences in some of the world's most exotic destinations.

– **Kerry Hotels** are five-star hotels with unique contemporary designs and sincere, intuitive service.

– **Hotel Jen** is a new brand launched in 2014 that caters to an emerging generation of independently-minded business and leisure travellers with a friendly, technology-centric approach.

– **Traders Hotels** are four-star business hotels that also appeal to leisure travellers.

Mainland China continues to be the primary focus of the Group's principal business activities. As disclosed in the 2015 Interim Report, hotels in Mainland China continued to face challenges from a difficult business environment. Intense price competition continued in most cities. Performance of hotels in Hong Kong, Singapore and Malaysia suffered from a decline in visitor arrivals. Start-up costs of newly opened hotels operating in a weak business environment continued to be a drag on profitability. The weakening of most global currencies relative to the US dollar also diluted Group hotels' revenues and profits. Net profit from the hotel ownership segment reduced substantially by 61% to US$27.2 million during the year ended 31 December 2015.

In comparison, the principal investment properties in Mainland China continued to perform well. Both renovated and newly opened investment properties in Mainland China generated good operating profits. The property rental segment continued to be the Group's key profit contributor. Net profit after tax from the property rentals segment increased by 9% during the year to US$139.0 million.

The Group has equity interests in certain joint venture companies engaged in composite developments. Some of these developments have office spaces and/or residential units for sales. As the property sales market in Mainland China improved in the second half of 2015, the Group recorded an improvement in net profit from property sales for the year ended 31 December 2015 resulting in it becoming one of the main business segments for the year.

The Group also engaged in businesses other than the above-mentioned main business segments. These include:

– the operation of a golf course in Bali, Indonesia (a 53.3%-owned business); and

– wine trading in Hong Kong and Mainland China (a 20%-owned business).

These other businesses did not have a material impact on the Group's consolidated results for the year ended 31 December 2015.

(a) Segment Results

Details of the segment information are provided in Note 3 to the consolidated financial statements included in this announcement.

(i) Hotel Ownership

During the year ended 31 December 2015, the following Group-owned new hotels and extension of an existing hotel opened for business:

	Number of Rooms	Date of Opening	Group's Equity Interest
In Mainland China			
Shangri-La Hotel, Nanchang*	473	8 February 2015	20%
Shangri-La Hotel, Qinhuangdao	330	8 May 2015	100%
Shangri-La Hotel, Hefei	401	25 June 2015	100%
Hylandia by Shangri-La	166	3 August 2015	100%
Shangri-La Hotel, Tangshan*	301	28 August 2015	35%
In Mongolia			
Shangri-La Hotel, Ulaanbaatar*	290	3 June 2015	51%
In Malaysia			
Extension of the Ocean Wing of Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu	83	2 April 2015	64.59%

* This hotel forms part of a composite development project in the city.

The newly acquired Le Touessrok Resort in Mauritius (a 26%-owned resort) closed for a major renovation on 15 April 2015. After an extensive renovation, it was reflagged as Shangri-La's Le Touessrok Resort & Spa, Mauritius and reopened on 1 November 2015. It is the second property in the Group's portfolio of high-end five-star resorts in the Indian Ocean.

The former Traders Hotel, Singapore reopened in December 2015 as the newly renovated Hotel Jen Tanglin Singapore, following a major refurbishment during the year.

As at 31 December 2015, the Group had equity interest in 73 operating hotels, including the Portman Ritz-Carlton Hotel, Shanghai ("**Portman**") (2014: 67) and 3 hotels under operating lease (2014: 3), representing a room inventory of 33,202 (2014: 30,883) across Asia Pacific, Europe and Africa.

As at 31 December 2015, operating hotels owned by the Group and hotels under operating lease agreements are as follows:

	Group's Equity Interest	**Available Rooms**
(A) Hotels owned by the Group		
Hong Kong		
Kowloon Shangri-La, Hong Kong	100%	688
Island Shangri-La, Hong Kong	80%	565
Hotel Jen Hong Kong	30%	283
Mainland China		
Shangri-La Hotel, Beijing	38%	670
China World Hotel, Beijing	50%	716
China World Summit Wing, Beijing	40.32%	278
Traders Hotel, Beijing	50%	570
Kerry Hotel, Beijing	23.75%	485
Pudong Shangri-La, East Shanghai	100%	952
Jing An Shangri-La, West Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Portman Ritz-Carlton Hotel, Shanghai	30%	610
Shangri-La Hotel, Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Golden Flower Hotel, Xian	100%	382
Shangri-La Hotel, Xian	100%	393
Shangri-La Hotel, Hangzhou	45%	382
Shangri-La Hotel, Beihai	100%	362
Shangri-La Hotel, Changchun	100%	457
Hotel Jen Shenyang	100%	407
Shangri-La Hotel, Shenyang	25%	383
Shangri-La Hotel, Qingdao	100%	696
Shangri-La Hotel, Dalian	100%	563
Shangri-La Hotel, Wuhan	92%	442
Shangri-La Hotel, Harbin	100%	404
Shangri-La Hotel, Fuzhou	100%	414
Shangri-La Hotel, Guangzhou	80%	704
Shangri-La Hotel, Chengdu	80%	593
Shangri-La Hotel, Wenzhou	75%	409
Shangri-La Hotel, Ningbo	95%	562
Shangri-La Hotel, Guilin	100%	439
Shangri-La Hotel, Baotou	100%	360

	Group's Equity Interest	Available Rooms
Shangri-La Hotel, Huhhot	100%	365
Shangri-La Hotel, Manzhouli	100%	235
Shangri-La Hotel, Yangzhou	100%	369
Shangri-La Hotel, Qufu	100%	322
Shangri-La Hotel, Lhasa	100%	289
Shangri-La's Sanya Resort & Spa, Hainan	100%	348
Shangri-La Hotel, Nanjing	55%	450
Shangri-La Hotel, Qinhuangdao	100%	330
Shangri-La Hotel, Hefei	100%	401
Hylandia by Shangri-La	100%	166
Shangri-La Hotel, Tianjin	20%	304
Shangri-La Hotel, Nanchang	20%	473
Shangri-La Hotel, Tangshan	35%	301
Singapore		
Shangri-La Hotel, Singapore	100%	747
Shangri-La's Rasa Sentosa Resort & Spa	100%	454
Hotel Jen Tanglin Singapore	44.6%	565
Malaysia		
Shangri-La Hotel, Kuala Lumpur	52.78%	655
Shangri-La's Rasa Sayang Resort & Spa, Penang	52.78%	303
Golden Sands Resort, Penang	52.78%	387
Hotel Jen Penang	31.67%	443
Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu	64.59%	499
Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu	40%	492
The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	630
Shangri-La's Mactan Resort & Spa, Cebu	93.95%	530
Shangri-La's Boracay Resort & Spa	100%	219
Thailand		
Shangri-La Hotel, Bangkok	73.61%	802
Shangri-La Hotel, Chiang Mai	73.61%	277
Australia		
Shangri-La Hotel, Sydney	100%	565
Shangri-La Hotel, The Marina, Cairns	100%	255
Hotel Jen Brisbane	100%	191
France		
Shangri-La Hotel, Paris	100%	101

	Group's Equity Interest	Available Rooms
Maldives		
Shangri-La's Villingili Resort & Spa, Maldives	70%	132
Hotel Jen Malé, Maldives	100%	117
Other areas		
Shangri-La Bosphorus, Istanbul	50%	186
Shangri-La's Fijian Resort & Spa, Yanuca, Fiji	71.64%	442
Sule Shangri-La, Yangon	59.16%	479
Shangri-La Hotel, Jakarta, Indonesia	25%	619
Shangri-La Hotel, Surabaya, Indonesia	11.34%	368
Shangri-La Hotel, Ulaanbaatar	51%	290
Shangri-La's Le Touessrok Resort & Spa, Mauritius	26%	203
Total of 73 owned hotels		32,301
(B) Hotels under operating lease agreements		
Shangri-La Hotel, Tokyo		200
Shangri-La Hotel, At The Shard, London		202
Hotel Jen Orchardgateway Singapore		499
Total of 3 leased hotels		901
Grand total		33,202

For the year ended 31 December 2015, on an unconsolidated basis, room revenues accounted for around 50% of the total revenues from hotel operation while food and beverage revenues accounted for around 44%. Despite the opening of new hotels during the year, room revenues expressed in US dollar terms were adversely affected by the general depreciation of most currencies (against the US dollar) and recorded a marginal decrease of 1% while food and beverage revenues increased by 3% as compared to 2014.

The key performance indicators of the Group-owned hotels (including hotels under lease) on an unconsolidated basis for the years ended 31 December 2015 and 2014 are as follows:

Country	**2015 Weighted Average**			2014 Weighted Average		
	Occupancy *(%)*	**Room Rate** *(US$)*	**RevPAR** *(US$)*	Occupancy *(%)*	Room Rate *(US$)*	RevPAR *(US$)*
The People's Republic of China						
Hong Kong	**78**	**307**	**239**	82	327	267
Mainland China	**58**	**138**	**79**	55	152	83
Singapore	**69**	**221**	**152**	76	249	190
Malaysia	**71**	**123**	**87**	74	148	110
The Philippines	**70**	**201**	**140**	72	199	143
Japan	**87**	**467**	**406**	86	460	397
Thailand	**68**	**148**	**101**	54	154	83
Australia	**83**	**206**	**172**	81	235	189
France	**64**	**1,226**	**783**	75	1,339	1,000
United Kingdom	**68**	**588**	**402**	60	619	373
Other countries	**54**	**203**	**110**	64	219	140
Weighted Average	**62**	**175**	**109**	62	194	121

Overall, both the weighted Average Room Rate ("**ADR**") and the weighted Average Room Yields ("**RevPAR**") decreased by 10% in 2015. Depreciation of local currencies accounted for half of this decrease.

Comments on performance by geography:

The People's Republic of China

Hong Kong

Hotels in Hong Kong registered a decrease in weighted average RevPAR of 11% mainly due to the decline in visitors from Mainland China. The decline is attributable to the political and social environment in the city, cheaper alternative destinations available due to the weakening of most currencies against the US and Hong Kong dollar and a general slowdown of economic growth in Mainland China. The two Shangri-La hotels recorded an overall 10% decrease in weighted average RevPAR while Hotel Jen Hong Kong recorded a 15% decrease in RevPAR for the year as compared to 2014.

In line with the operating results, the overall net profit of the Hong Kong hotel ownership segment decreased to US$62.7 million for the year from US$67.5 million in 2014.

Mainland China

Five new Shangri-La hotels opened for business during the year. As at 31 December 2015, the Group has equity interest in 42 operating hotels in Mainland China.

Overall weighted average occupancies increased by 3 percentage points to 58%. However, given the weakening of the Renminbi and influx of new hotel supply in some cities, the weighted average ADR of the hotel portfolio declined by 9% resulting in an overall decrease in the weighted average RevPAR by 4%. Hotels in Shenzhen and Shanghai (with the exception of Portman) registered notable improvements in weighted average RevPAR ranging from 4% to 25%. In Beijing, the RevPAR of the Traders Hotel, Beijing remained at the same level as 2014 while the Kerry Hotel, Beijing registered an increase of 5%. The other three hotels in the city recorded a decrease in weighted average RevPAR ranging from 1% to 14%. Among the new hotels opened in or after 2013, the Shangri-La hotels in Jing An (Shanghai), Shenyang, Tianjin, Sanya and Nanjing registered increases in RevPAR of 25%, 36%, 19%, 36% and 113%, respectively, while the hotels in Qufu and Lhasa registered decreases in RevPAR of 15% and 16%, respectively, during the year.

The difficult market conditions, together with the start-up losses recorded by the newly opened hotels (total nine hotels opened for business in 2014 and 2015) adversely affected the results of this segment. The effective share of the depreciation charges for these nine newly opened hotels in 2015 increased by US$45.1 million as compared to the previous year. The net losses of this segment increased to US$55.8 million in the year from US$15.1 million in 2014.

The 417-room Midtown Shangri-La, Hangzhou (a 25%-owned hotel) opened for business on 12 March 2016.

Singapore

Performance of the Group's hotels in the city suffered from a decline in visitor arrivals, the 8% depreciation of the Singapore dollar against US dollar as well as the major renovation of Hotel Jen Tanglin Singapore. The resort in Sentosa registered a marginal decrease in occupancy of 2 percentage points and a marginal decrease in ADR of 2%. Shangri-La Hotel, Singapore registered a decrease in occupancy and ADR of 2 percentage points and 10%, respectively. The Hotel Jen Tanglin Singapore recorded a 54% decrease in RevPAR in US dollar terms. The Hotel Jen Orchardgateway Singapore, however, recorded increase in occupancy and RevPAR of 27 percentage points and 36%, respectively.

As a result, the overall net profit of the four hotels reduced to US$29.9 million for the year from US$39.4 million in 2014.

The Philippines

With the exception of Shangri-La's Mactan Resort & Spa, Cebu which recorded an increase in occupancy and RevPAR of 4 percentage points and 5%, respectively, the other three operating hotels in the Philippines recorded decreases in RevPAR ranging from 3% to 6%. Overall, the four hotels recorded a marginal decrease in weighted average RevPAR of 2%. This is despite a 3% depreciation of the Philippines peso during 2015.

However, the net profit from these hotels increased by US$2.8 million as there was an additional tax charge in 2014 relating to prior years.

The 576-room Shangri-La at the Fort, Manila (a 40%-owned hotel) opened for business on 1 March 2016.

Malaysia

While the Group's hotels experienced a weak demand sentiment in the first half of 2015, market conditions improved in the second half of the year. Shangri-La's Rasa Sayang Resort & Spa, Penang also benefited from the completion of its renovation programme in 2014 and registered a remarkable increase in occupancy of 14 percentage points. With the opening for business of the extension of Ocean Wing, Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu ("RRR") registered a decrease in occupancy of 7 percentage points. The overall weighted average occupancies for all the six hotels and resorts decreased by 3 percentage points. This, together with a 16% depreciation of the Malaysian ringgit against the US dollar during the year, led to a decrease in weighted average RevPAR of 21% in US dollar terms.

The net profit of the Malaysia hotel ownership segment, however, increased by US$1.1 million as a result of US$2.5 million exchange gains recorded from the translation of the US dollar shareholder loans granted by the Group to its associates and the tax incentive allowance obtained from the investment in the extension of Ocean Wing of RRR.

Thailand

Supported by increased visitor arrivals following an improvement in the political environment, the two hotels in Thailand recorded remarkable increases in weighted average occupancies of 15 percentage points. The weighted average ADR was down by 4%, adversely affected by the 5% depreciation of the Thai baht against US dollar during the year.

The two hotels recorded an increase in net profit of US$6.5 million.

Japan

With the continuous weakening of the Japanese yen (it weakened by 12% in 2015), the Shangri-La Hotel, Tokyo registered a marginal increase in RevPAR of 2% in US dollar terms due to higher occupancies and increase in ADR by 15% in local currency terms.

Net loss of the hotel substantially reduced from US$5.8 million in 2014 to US$0.7 million for the current year.

Australia

The three hotels in Australia registered a decrease in weighted average ADR of 12% in US dollar terms, largely due to a 17% depreciation of Australian dollar during the year. The Group's hotels in Sydney and Cairns recorded an increase in occupancy of 7 percentage points and 1 percentage point, respectively. The newly rebranded Hotel Jen Brisbane, however, registered a decrease in occupancy of 7 percentage points as the new brand was striving to gain local market acceptance. The overall weighted average occupancies increased by 3 percentage points.

Benefiting from the cost saving efforts, the overall net loss of the three hotels reduced from US$1.4 million to US$0.1 million in the current year.

France

Although the market situation improved in the second half of 2015, the hotel in France still recorded a decrease in RevPAR in US dollar terms of 22% due to a decrease of 11 percentage points in occupancy following weaker demand from the key markets in Russia and the Middle East, terrorism related incidents in the city and a 16% depreciation of the Euro as compared to 2014.

The reduction in the loan interest rate following the signing of new bank loan agreements and the favourable translation effect of a weaker Euro resulted in the net loss of the hotel reducing from US$27.0 million in 2014 to US$22.4 million in the current year.

The United Kingdom

The leased hotel in London recorded an increase in occupancy of 8 percentage points and an increase in RevPAR of 8% in 2015. The hotel was recognised as one of the best business hotels in the United Kingdom.

The hotel still has to contend with the burden of a high fixed lease rental. However, the amount of net loss reduced from US$24.7 million in 2014 to US$21.7 million in the current year.

Other Countries

The performance of the Shangri-La Bosphorus, Istanbul in Turkey registered a marginal decease in occupancy of 1 percentage point but recorded a decline in RevPAR of 20% in US dollar terms mainly due to the sharp depreciation of the local currency by 20%. The Group also recorded an exchange loss of US$1.3 million on translation of the US dollar bank loan borrowed by the hotel.

The Shangri-La's Fijian Resort & Spa, Yanuca, Fiji registered a decrease in occupancy of 4 percentage points and its RevPAR in US dollar terms decreased by 18% as a result of a 10% depreciation of the local currency.

The RevPAR of the Shangri-La Hotel, Jakarta was adversely affected by its ongoing renovations. The hotel registered a decrease in RevPAR of 12% largely due to a decrease of 10 percentage points in occupancy.

The Sule Shangri-La, Yangon in Myanmar was affected by increasing hotel supply in the market and recorded a drop in occupancy and room rate of 6 percentage points and 9%, respectively, which led to a decrease in RevPAR of 18% as compared to last year.

The two hotels in the Maldives recorded a decrease in weighted average RevPAR of 25% following a substantial decrease in weighted average occupancies of 18 percentage points in 2015. This was largely due to deteriorating economic conditions in its principal source markets and political uncertainties in the country.

The newly opened Shangri-La Hotel, Ulaanbaatar in Mongolia registered an average room rate of US$182 with occupancy of 28% since its opening in June 2015.

The overall results of hotels in other countries turned from a net profit of US$1.7 million in 2014 to a net loss of US$10.9 million caused by the large start-up loss of the new hotel in Mongolia.

(ii) *Hotel Management*

The 397-room Shangri-La Hotel, Bengaluru in India and the 272-room Shangri-La Hotel, Doha in Qatar opened for business on 24 September 2015 and 21 December 2015, respectively. The management agreement with the Traders Hotel, Dubai was terminated during the year following its sale.

As at 31 December 2015, the Group's wholly owned subsidiary, SLIM International Limited and its subsidiaries ("SLIM") managed a total of 95 hotels and resorts. Except for the Portman, all the other 72 hotels (2014: 66) in which the Group has equity interest and 3 hotels under operating lease agreements (2014: 3) are managed by SLIM. SLIM also managed a total of 20 operating hotels (6,597 available rooms) owned by third parties located in Toronto and Vancouver (Canada), Manila (the Philippines), Muscat (Oman), Doha (Qatar), Abu Dhabi (2 hotels) and Dubai (UAE); Putrajaya, Johor and Kuala Lumpur (Malaysia); New Delhi and Bengaluru (India); Taipei and Tainan (Taiwan); and Beijing, Changzhou (2 hotels), Haikou and Suzhou (Mainland China).

For the year ended 31 December 2015, overall weighted average RevPAR of those hotels under third party hotel management agreements registered a decrease of 11% in US dollar terms as compared to last year mainly due to the depreciation of the local currencies. Consolidated revenues of SLIM, after elimination of revenue earned from fellow subsidiaries, recorded a decline of 8%.

Net profit of the hotel management segment decreased substantially from US$18.7 million in 2014 to US$10.7 million in the current year following the reduction in fee income as a result of the decrease of the underlying hotels' revenues and operating profits.

During the year, SLIM had signed 4 new management agreements with third parties for hotels under development. Further details are provided in the paragraph headed "MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES" included in this announcement. As at 31 December 2015, SLIM had management agreements on hand for 8 new hotel projects which were owned by third parties.

(iii) *Property Rentals*

As at 31 December 2015, the subsidiaries and associates owned a portfolio comprising investment properties of 1,173,273 square meters leasable area* and investment properties under development with approximately 1,081,218 square meters gross floor area upon completion.

(in square meters)	Total leasable area* as at 31 December 2015 Office spaces	Commercial spaces	Serviced apartments
Mainland China	610,681	197,144	207,866
Singapore	2,119	14,720	20,345
Malaysia	30,651	2,065	8,800
Other countries	20,233	14,147	44,502
Total	663,684	228,076	281,513

* *Being the total leasable area owned by subsidiaries and associates*

The Group's major investment properties are located principally in Shanghai and Beijing and are owned by associates. While incremental profit was recorded from the investment properties in Mainland China, the financial performance of the investment properties in Singapore, Malaysia and Mongolia measured in US dollar terms were adversely affected by the significant depreciation of their currencies during the year.

Mainland China

(in square meters)	Group's equity interests	Total leasable area* as at 31 December 2015 Office spaces	Commercial spaces	Serviced apartments
China World Trade Center	40.32%-50%	190,415	45,438	50,602
Century Towers, Beijing	50%	–	–	14,617
Beijing Kerry Centre	23.75%	80,348	17,006	33,311
Shanghai Centre	30%	30,161	9,477	39,780
Kerry Parkside Shanghai Pudong	23.2%	92,932	26,444	24,336
Jing An Kerry Centre – Phase I	24.75%	34,395	6,017	16,671
Jing An Kerry Centre – Phase II	49%	109,000	36,963	–
Shangri-La Centre, Chengdu	80%	41,519	4,212	–
Shangri-La Residences, Dalian	100%	–	–	28,549
Shangri-La Centre, Qingdao	100%	31,911	8,029	–
Tianjin Kerry Centre	20%	–	43,558	–
Total		610,681	197,144	207,866

* *Being the total leasable area owned by subsidiaries and associates*

In Beijing, the China World Trade Center (the Group owns between 40.32% to 50% equity interests) recorded further improvement in yields of 4% for its office spaces. Yields of commercial spaces and serviced apartments however recorded decreases of 1% and 4%, respectively. Major renovations to the Center's original exhibition hall and its connecting area are ongoing and are expected to be completed by late 2016. These spaces will be converted into a shopping mall with much higher rental yields and the total lettable area will be increased by approximately 21,500 square meters upon completion. The serviced apartments of Century Towers, Beijing (50% owned by the Group) recorded a remarkable increase in yields of 58% following the completion of major renovations during the year. Yields of office and commercial spaces at the Beijing Kerry Centre (23.75% owned by the Group) recorded increases of 7% and 28%, respectively. Yields of the serviced apartments at the Beijing Kerry Centre, which re-opened for business in April 2014, recorded a 45% increase as compared to 2014.

In Shanghai, yields of the office spaces, commercial spaces and serviced apartments at the Jing An Kerry Centre Phase I (24.75% owned by the Group) registered growth of 21%, 25% and 36%, respectively. The office spaces at the Jing An Kerry Centre Phase II (49% owned by the Group) recorded growth in yields of 32% while the commercial spaces remained at the same level as last year. Yields of the commercial spaces and office spaces at the Kerry Parkside Shanghai Pudong (23.20% owned by the Group) recorded increases of 8% and 10%, respectively, while its serviced apartments performed at the same level as last year. Yields of serviced apartments and commercial spaces in the Shanghai Centre recorded an increase of 7% and 4%, respectively while yields of office spaces registered a decrease of 6% in 2015.

In other cities, the Shangri-La Residences, Dalian (a 100%-owned property) recorded an improvement in yields of 11% as compared to last year. The Shangri-La Centre, Qingdao (a 100%-owned property) recorded an increase in yields of 6% for its office spaces but the yields of its commercial spaces registered a decline of 10%. In Chengdu, the Shangri-La Centre (an 80%-owned property) recorded a 10% increase in yields for its commercial spaces but a 14% decrease in yields for its office spaces.

The Tianjin Kerry Centre (a 20%-owned property) opened for business in May 2015 and its commercial spaces reached an occupancy of 87% by end of 2015.

The investment properties in Mainland China continued to be the key profit contributors with their net profits increasing from US$110.5 million in 2014 to US$121.4 million in the current year. During the year, the Jing An Kerry Centre recorded an incremental profit of US$8.8 million while the Beijing Kerry Centre and China World Trade Center each contributed an additional profit of US$2.7 million.

Singapore

In Singapore, the yields of Shangri-La Residences (a 100%-owned property) registered an increase of 7% supported by an increase in occupancy of 13 percentage points. In comparison, the Shangri-La Apartments (a 100%-owned property) saw yields decrease by 13% with a stable occupancy (81% in both 2015 and 2014) largely due to the depreciation of Singapore dollar. The commercial spaces at the Tanglin Place and Tanglin Mall (both 44.60% owned by the Group) recorded modest declines in yields of 4% and 7%, respectively. Office spaces at the Tanglin Place recorded a decline in yields of 11%.

The overall net profit of the investment properties in the country reduced marginally by US$0.8 million as compared to 2014.

Malaysia

Affected by the depreciation of the Malaysian ringgit during the year, the UBN Apartments (a 52.78%-owned property); and the commercial spaces and office spaces of UBN Tower (a 52.78%-owned property) recorded decreases in yields of 26%, 2% and 13%, respectively.

The overall net profit of the investment properties in the country remained at the same level as last year.

Other Countries

While the Shangri-La Residences in Yangon, Myanmar (a 55.86%-owned property) registered further growth in occupancy of 38 percentage points to 91% and in yields of 67%, both the office spaces and commercial spaces at the Central Tower in Ulaanbaatar (a 51%-owned property) recorded declines in yields of 25% during the year.

Benefiting from a US$1.6 million incremental profit contributed by the Shangri-La Residences in Yangon, the overall net profit of the investment properties in other countries increased to US$5.7 million in the current year from US$4.1 million in last year.

(iv) Property Sales

The Group has equity interests in certain composite developments in Mainland China which included the development of Shangri-La hotels together with office building and/or residential buildings for sales and/or rental purposes. It is envisaged that the residential units for sales would benefit from the strong interest from investors and end-users in this kind of development. Following the improvement of the property sales market in Mainland China in the second half of 2015, the Group recognised a net profit of US$22.8 million from the sales of the following residential units and office spaces during the year:

– *Arcadia Court, Tangshan (a 35%-owned project) in Mainland China*
  Phases I to III with 14 towers are available for sale. As at 31 December 2015, 1,225 units had been sold.

– *Phase I of Tianjin Kerry Centre (a 20%-owned project) in Mainland China*
  Three residential towers have been completed and handed over consecutively. As at 31 December 2015, 794 units had been sold.

– *Phase I of Shenyang Kerry Centre (a 25%-owned project) in Mainland China which also includes office spaces*
  Four residential towers and the Enterprise Square (office spaces) have been completed and delivered for occupation. As at 31 December 2015, 481 residential units and 134 office units had been sold.

– *Arcadia Court, Putian (a 40%-owned project) in Mainland China*
  The first tranche of Phase I units was delivered ahead of schedule by the end of December 2015. As at 31 December 2015, 1,055 residential units had been sold/pre-sold.

– *Arcadia Court, Nanchang (a 20%-owned project) in Mainland China*
  One tower has been completed with hand-over commencing in the fourth quarter of 2015. As at 31 December 2015, 184 residential units had been sold/pre-sold.

(b) EBITDA and Consolidated Profits

	EBITDA of the Company and subsidiaries		**Effective share of EBITDA of associates**	
	2015	2014	**2015**	2014
	US$ Mil	*US$ Mil*	***US$ Mil***	*US$ Mil*
Hotel ownership	**493.0**	511.7	**61.7**	70.1
Hotel management	**24.5**	33.2	**–**	–
Sub-total	**517.5**	544.9	**61.7**	70.1
Property rentals	**36.8**	35.3	**187.6**	174.9
Property sales	**–**	–	**26.5**	8.5
Other business	**–**	–	**(1.6)**	(1.2)
Corporate and project expenses	**(24.6)**	(38.1)	**(3.0)**	(7.5)
Grand total	**529.7**	542.1	**271.2**	244.8

For the hotel ownership and hotel management segments, total EBITDA of the Company and subsidiaries and the Group's effective share of EBITDA of associates together decreased by US$35.8 million in 2015 which was consistent with the slide in the profitability evidenced by the segment results. For the property rental segment, the Group's effective share of EBITDA of associates increased by US$12.7 million in 2015 with the additional contributions from China World Trade Center and Jing An Kerry Centre of US$2.0 million and US$8.4 million, respectively. The Group's effective share of the EBITDA relating to the property sales segment from associates increased by US$18.0 million.

Total EBITDA of the Company and subsidiaries to consolidated sales ratio was 25.0% compared to 25.7% in 2014. Aggregate EBITDA (EBITDA of the Company and its subsidiaries and the Group's effective share of EBITDA of associates) increased slightly by US$14.0 million during the year to US$800.9 million.

EBITDA is defined as earnings before interest expenses on loans and bonds issued, tax, depreciation and amortisation, gain or loss on disposal of fixed assets and interest in investee companies and excludes fair value gains on investment properties; fair value gains or losses on interest-rate swap contracts and financial assets held for trading; and impairment loss on fixed assets.

Important comments on the consolidated financial results for the year as compared to those of 2014 are as follows:

– Aggressive cost control measures instituted by the Group arrested the decline in gross profit margin of the hotels owned by subsidiaries from 58.3% to 57.7% and the consolidated gross profit margin of the Group from 56.8% to 56.0% in 2015.

- Due to impairment provisions made in respect of hotels owned by subsidiaries of US$72.4 million, the consolidated operating profit before finance costs for 2015 decreased by US$71.2 million compared to 2014.

- The consolidated labour cost increased slightly by US$1.5 million to US$678.6 million in 2015.

- Consolidated finance costs increased by US$18.1 million in 2015 following the commencement of operations of projects under development which were funded by bank loans.

- Net income from associates increased by US$47.1 million. Of this, operating items contributed US$19.6 million largely attributable to improved yields from investment properties and property sales. Incremental asset revaluation gains of US$27.5 million (non-operating item) were recorded with the improved contribution from investment properties. Most of the revaluation gains were attributable to the China World Trade Center complex's ongoing developments (Phase 3B and gaining additional commercial spaces from conversion of its exhibition hall).

The Group's share of the net fair value change of investment properties owned by subsidiaries and associates increased substantially from US$90.6 million in 2014 to US$131.4 million in the current year which was, however, substantially offset by the impairment provision recorded during the year. Accordingly, the Group recorded a decrease of US$40.8 million in consolidated profits attributable to the equity holders of the Company in 2015.

CORPORATE DEBT AND FINANCIAL CONDITIONS

At the corporate level, twelve 5-year unsecured corporate bank loan agreements totaling an equivalent of US$2,049.5 million were executed during the year ended 31 December 2015 for refinancing corporate borrowings (including the funding requirement for final redemption of the US$500 million convertible bonds due May 2016). The corporate office together with certain subsidiaries also jointly executed a 2-year bank loan agreement of US$100 million.

At the subsidiary level, the Group also executed the following bank loan agreements during the year:

- one 3-year local bank loan agreement of US$100 million and one 5-year local bank loan agreement of US$50 million for project financing;

- one 4-year local bank loan agreement of S$100 million (approximately US$71.0 million) for hotel renovations; and

- one 5-year bank loan agreement of HK$360 million (approximately US$46.5 million), two 4-year bank loan agreements totaling S$102.9 million (approximately US$73.0 million), one 3-year bank loan agreement of US$23.9 million, one 5-year bank loan agreement of RMB200 million (approximately US$30.8 million) and one 5-year bank loan agreement of EUR100 million (approximately US$108.8 million) for refinancing maturing loans.

The Group has not encountered any difficulty when drawing down loans from committed banking facilities. None of the banking facilities were cancelled by the banks during or after the close of the financial year.

The Group's net borrowings (total bank loans, convertible bonds and fixed-rate bonds less cash and bank balances) to total equity ratio, i.e. the gearing ratio, increased from 49.2% as at 31 December 2014 to 59.3% as at 31 December 2015.

The Group has satisfactorily complied with all covenants under its borrowing agreements.

The analysis of borrowings outstanding as at 31 December 2015 is as follows:

	Maturities of Borrowings Contracted as at 31 December 2015				
			Repayment		
(US$ million)	**Within 1 year**	**In the 2nd year**	**In the 3rd to 5th year**	**After 5 years**	**Total**
Borrowings					
Corporate borrowings					
– unsecured bank loans	657.4	100.6	1,678.8	–	2,436.8
– convertible bonds	550.5	–	–	–	550.5
– fixed-rate bonds	–	598.8	–	–	598.8
Bank loans of subsidiaries					
– secured	153.5	6.9	20.5	10.2	191.1
– unsecured	241.1	241.0	839.2	68.6	1,389.9
Total outstanding balance	1,602.5	947.3	2,538.5	78.8	5,167.1
Undrawn but committed facilities					
Bank loans and overdrafts	190.7	83.9	1,039.5	675.9	1,990.0

As at 31 December 2015, the Group had net current liabilities of US$892.8 million. These funding obligations can be met through the committed available bank loan facilities of US$1,799.3 million, which are expiring after 31 December 2016, the new bank loan facilities committed subsequent to the year end and the net cash inflows to be generated from operating activities.

Subsequent to the year end, certain subsidiaries also executed a 3-year bank loan facility of EUR75 million (approximately US$81.6 million) for refinancing of a maturing loan, a 5-year local bank loan facility of RMB450 million (approximately US$69.3 million) and a 5-year bank loan facility of US$300 million for project financing. The Group is also finalising the documentation of four 5-year bank loan agreements at the corporate level and four bank loan agreements at the subsidiary level totaling equivalent US$631.1 million.

The currency mix of borrowings and cash and bank balances as at 31 December 2015 is as follows:

(US$ million)	**Borrowings**	**Cash and Bank Balances**
In United States dollars	2,997.3	241.8
In Hong Kong dollars	1,320.4	204.5
In Renminbi	284.7	353.2
In Euros	234.8	42.7
In Australian dollars	144.2	25.6
In Singapore dollars	65.9	67.8
In British pounds	66.7	7.1
In Japanese yen	41.5	3.4
In Philippine pesos	11.6	26.2
In Thai baht	–	59.2
In Malaysian ringgit	–	22.8
In Fiji dollars	–	15.1
In Mongolian tugrik	–	5.7
In Sri Lankan rupee	–	6.1
In Myanmar kyat	–	2.5
In Maldivian rufiyaa	–	0.3
In other currencies	–	0.1
	5,167.1	1,084.1

Excepting convertible bonds, fixed-rate bonds and bank loans in Renminbi, which carry interest at rates specified by the People's Bank of China from time to time, all borrowings are generally at floating interest rates.

Details of financial guarantees, contingencies and charges over assets as at 31 December 2015 are disclosed in Note 16 to the consolidated financial statements included in this announcement.

TREASURY POLICIES

The Group has consistently followed treasury policies aimed at minimising interest and currency risks:

(a) Minimising Interest Risks

The Group had arranged additional shareholder loans and equity contributions totaling US$426 million to certain loss-making subsidiaries in Mainland China to repay their Renminbi bank borrowings in order to reduce the overall interest costs.

Intra-group financing in Mainland China by way of entrusted loans between subsidiaries and those provided to associates through local banks increased from RMB1,122.5 million (approximately US$183.4 million) as at 31 December 2014 to RMB1,380.1 million (approximately US$212.5 million) as at 31 December 2015. The Group reviews the entrusted loans arrangements from time to time in response to changes in the Renminbi exchange rates and bank loan interest rates.

The Group has endeavoured to hedge its medium term interest rate risks by entering into interest-rate swap contracts. No new contract was executed during the year. As at 31 December 2015, the outstanding HIBOR and LIBOR interest-rate swap contracts are:

– HK$2,200 million (approximately US$283.9 million) at fixed rates ranging between 0.94% and 1.635% per annum maturing during December 2016 to October 2018

– US$206 million at fixed rates ranging between 1.42% and 1.785% per annum maturing during August 2018 to October 2018

All these interest-rate swap contracts qualify for hedge accounting.

Taking into account these interest-rate swap contracts, convertible bonds, fixed rate bonds and the Renminbi bank loans, the Group has fixed its interest liability on 37% of its borrowings outstanding as at 31 December 2015.

(b) Minimising Currency Risks

It is the Group's practice, wherever and to the extent possible, to quote tariffs in the stronger currency and maintain bank balances in that currency, if legally permitted.

In response to the depreciation of the Renminbi, the Group is progressively reducing its Renminbi cash balances. The Group is trying to minimise its net assets exposure in Renminbi by refinancing the foreign currency borrowings in Mainland China with local bank borrowings in Renminbi.

In general, the Group has not felt it appropriate to substantially hedge against currency risks through currency forward contracts upon consideration of the currency risks involved in normal operations and the cost of obtaining such cover.

INVESTMENT PROPERTIES VALUATIONS

Investment properties of subsidiaries and associates continue to be stated at fair value and are reviewed semi-annually (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). All changes in the fair value of investment properties (including those under construction) are recorded in the income statement. For the year ended 31 December 2015, the Group's share of the net fair value gains on investment properties being owned by subsidiaries and associates (net of deferred taxation) amounted to US$12.8 million and US$118.6 million, respectively, based on the opinion from independent professional valuers as obtained by the Group and the relevant associates which own the investment properties.

Investment properties are stated at professional valuations carried out by independent firms of professional valuers engaged by the Group or the relevant associates as at 31 December 2015.

IMPAIRMENT PROVISION

The Group assesses the carrying value of a group-owned operating hotel when there is any indication that the asset may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the hotel operates or will operate, when the hotel continues to operate at a loss position and its financial performance is worse than expected. Professional valuations were carried out by independent firms of professional valuers during the year for those properties for which the internal assessment results needed independent confirmation. Based on the valuation reports obtained at 30 June 2015, the Group has recognised total impairment losses of US$53.6 million for five hotels in Mainland China located in Yangzhou, Huhhot, Baotou, Manzhouli and Xian and recognised an impairment loss of US$15.4 million for a hotel operated under an operating lease in Japan. The Group has also written off the development cost of US$3.4 million (US$2.4 million after share of non-controlling interests) in respect of the renovation of a resort in Fiji. These hotels and the project are owned by subsidiaries and therefore the impairment losses are included in the consolidated income statement under "Other (losses)/gains – net", to write down the carrying values of the hotels' fixed assets to their recoverable amount. The recoverable amount of each hotel is the higher of its fair value less costs of disposal and its value in use based on the opinion of independent firms of professional valuers obtained by the Group using the market comparison approach and income approach. Based on a review at year end 2015, no further provision was required.

FINANCIAL ASSETS HELD FOR TRADING – TRADING SECURITIES

For the year ended 31 December 2015, the Group had disposed of its investment in trading securities amounting to US$2.3 million and recorded realised gains of US$0.2 million (US$0.1 million after share of non-controlling interests). As at 31 December 2015, the market value of the Group's investment portfolio was US$15.5 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited and 2,241,725 ordinary shares in Kerry Logistics Network Limited. The Group recorded unrealised fair value losses of US$4.3 million and dividend income of US$1.0 million (US$0.9 million after share of non-controlling interests) during the year.

DEVELOPMENT PROGRAMMES

On 1 March 2016, the 576-room Shangri-La at the Fort, Manila (part of composite development project in Bonifacio Global City, Metro Manila in which the Group has 40% equity interest) in the Philippines opened for business. The Group also opened the 417-room Midtown Shangri-La, Hangzhou (part of Kerry Central, Hangzhou in which the Group has 25% equity interest) in Mainland China on 12 March 2016.

Construction work on the following projects is on-going:

(a) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Long Stay Apartments/ Villas	Projected Opening
Hotels in the People's Republic of China				
New hotel in China World Trade Center (part of composite development project in China World Trade Center – Phase 3B)	40.32%	450	–	2nd half 2016
Shangri-La Harbin, Songbei District	100%	344	33	2nd half 2016
Kerry Hotel, Hong Kong	100%	546	–	Late 2016
Shangri-La Hotel, Xiamen	100%	433	–	2017
Shangri-La Hotel, Jinan (part of composite development project in Jinan City)	45%	364	32	2017
Shangri-La Hotel, Zhoushan	100%	300	–	2019
Hotels in other countries				
Shangri-La's Hambantota Resort & Spa, Sri Lanka	90%	300	–	2nd half 2016
Shangri-La Hotel, Colombo (part of composite development project in Colombo)	90%	500	41	2017
Lakeside Shangri-La, Yangon, Myanmar	55.86%	276	15	2018

(b) Composite Developments and Investment Properties Developments

	Group's Equity Interest	Total gross floor area upon completion (excluding hotel component) *(approximate in square meters)* Residential	Office	Commercial	Serviced Apartments	Scheduled Completion
In Mainland China						
Parkside Place, Tangshan	35%	–	–	18,460	–	2nd quarter 2016
Kerry Central, Hangzhou	25%	–	12,651	108,000	33,512	2nd half 2016
Phase II of Shangri-La Hotel, Dalian	100%	18,650	–	4,600	12,150	2nd half 2016
China World Trade Center Phase 3B	40.32%	–	47,441	69,528	–	2016
Putian City Project (Phase I)[1]	40%	141,409	–	7,205	–	2016 onwards*
Nanchang City Project (Phase I)[1]	20%	65,135	70,546	9,144	–	2016 onwards*
Shenyang Kerry Centre (Phase I & II)[1]	25%	513,879	165,484	214,613	–	2016 onwards*
Jinan City Project	45%	–	34,568	5,479	–	2017 onwards*
In other countries						
Bonifacio Global City, Metro Manila, the Philippines	40%	37,522	–	4,405	–	2nd half 2016
Sule Square, Yangon, Myanmar	59.28%	–	37,725	9,864	–	2016
Composite development project in Ulaanbaatar, Mongolia	51%	32,328	40,902	46,372	–	2016
Composite development project in Colombo, Sri Lanka[2]	90%	111,100	59,984	68,585	–	2018
		920,023	469,301	566,255	45,662	

* Being developed in phases

[1] Part of Phase I development (office and residential) has been sold and handed over.

[2] The pre-sale of residences was officially launched on 22 May 2015.

The Group is currently reviewing the development plans of the following projects in which land use rights and leasehold land were acquired in recent years:

Hotel development

– Wolong Bay in Dalian, Mainland China (wholly owned by the Group)
– Bali, Indonesia (53.3% equity interest owned by the Group)

Composite development

– Zhengzhou, Mainland China (45% equity interest owned by the Group)

– Kunming, Mainland China (45% equity interest owned by the Group)

– Tianjin Kerry Centre – Phase II, Mainland China (20% equity interest owned by the Group)

– Accra, the Republic of Ghana (the Group's equity interest was reduced from 100% to 45% with the completion of a sale and purchase agreement to dispose of 55% equity interest to a strategic partner on 20 August 2015)

The Group acquired the entire equity interest in a local company which owns a very well-located building in Rome in May 2012. The vacant possession of the premises has been obtained and the final adjusted balance of the cash consideration of EUR28.8 million (approximately US$31.7 million) was paid in May 2015. The Group intends to convert the building into a Shangri-La hotel.

The Group continues to review its asset portfolio, and may sell assets that it considers non-core at an acceptable price and introduce strategic investors for some of its operating assets/development projects. The Group adjusts its development plans and investment strategy from time to time in response to changing market conditions and in order to improve the financial position of the Group.

The estimated incremental funding required directly by subsidiaries and the Group's share of the funding obligations of associates for all projects and other renovations involving fund commitments as at 31 December 2015 is estimated at US$1,197.1 million, including US$775.0 million payable in the next 12 months which is expected to be sourced from operating cashflow, available and new bank facilities and cash balances.

DISPOSAL

On 20 August 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 55% equity interest in a project company which indirectly owns a piece of land in Accra, the Republic of Ghana for a cash consideration of US$15,150,000. The Group's equity interest in the project company was reduced from 100% to 45% with the completion of the transaction. Both parties intend to develop a high-end composite development, which includes a hotel, on the site.

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

During the year ended 31 December 2015, the Group signed the following hotel management agreements with third parties:

– In April 2015, the Group signed a management agreement for the management and operation of a hotel as part of a new mixed-use development located in Phnom Penh, Cambodia expected to open in 2019.

- In September 2015, the Group signed a management agreement with a third party in respect of a new development under the Hotel Jen brand in Kota Kinabalu, Malaysia comprising 440 rooms scheduled for opening in 2018.

- In November 2015, the Group signed an agreement with a third party for the management and operation of a 236-room Shangri-La hotel and serviced residences being developed in Jeddah, Saudi Arabia. This hotel will open in early 2018.

- In December 2015, the Group also signed an agreement for the management of a 516-room Shangri-La Hotel in Yiwu in Mainland China scheduled to open at the end of 2016. The hotel will form part of the upscale and newly built Yiwu World Trade Centre that comprises luxury living and expansive commercial and retail space in the heart of the city's central business district.

Subsequent to the year end, the Group signed an agreement with a third party in January 2016 in relation to the management of a 328-room Shangri-La hotel at Jinji Lake Suzhou in Mainland China scheduled to open at the end of 2017. The hotel will form part of the upscale Xiexin Plaza complex that comprises luxury living and a grade A office tower in the Suzhou Industrial Park. The Group signed another agreement with a third party in March 2016 in relation to the management of a 200-room Hotel Jen Kuala Lumpur in Malaysia scheduled to open in 2019. The hotel will be located in the heart of the city.

As at the date of this report, the Group has management agreements in respect of 20 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 10 new hotels owned by third parties. The development projects are located in Shaoxing, Nanning, Qiantan, Yiwu and Suzhou (Mainland China); Kota Kinabalu and Kuala Lumpur (Malaysia), Jeddah (Saudi Arabia), Phnom Penh (Cambodia) and Bengaluru (India).

The Group continues to review proposals it receives for management opportunities and intends to secure management agreements for third-party owned hotels that do not require capital commitments in locations/cities which it considers to be of long-term strategic interest.

PROSPECTS

Despite the difficult business environment, the Group's hotels have generally held up well in terms of their profit performance. While the global and regional economic situation is beset with challenges, the Group's hotels will continue to focus on optimising their market share and profit performance by leveraging on the strength of its brands.

Meanwhile, the performance of the Group's investment properties has shown steady improvement over these years and has made a useful contribution to the Group's profitability. The year's results have also benefited from a substantial profit contribution from residential sales. This positive contribution is expected to grow in the foreseeable future as projects under development commence commercial operations and from the continuing sale of residential/commercial properties.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company recognises the importance of transparency in governance and accountability to shareholders. The Board believes that shareholders can maximise their benefits from good corporate governance. Therefore, the Company continuously reviews its corporate governance framework to ensure alignment with generally acceptable practices and standards.

The Board adopted a composite handbook ("**Directors Handbook**") comprising (among other principles) a set of corporate governance principles of the Company ("**CG Principles**"), terms of which align with or are stricter than the requirements set out in the code provisions under the Corporate Governance Code and Corporate Governance Report ("**CG Model Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save for the provision that the positions of the chairman and the chief executive officer of the Company may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all directors of the Company.

The Company has met the CG Principles and the CG Model Code for the year ended 31 December 2015 except for the deviations summarised below:

CG Model Code		**Deviation and reason**
A.2.1	The roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual	Mr KUOK Khoon Chen served as both the chairman and the chief executive officer of the Company. The Company believes that the non-separation of the two roles is not significant given that Mr Gregory Allan DOGAN, an executive director and the chief operating officer of the Company, is also the president and chief executive officer of Shangri-La International Hotel Management Limited, the hotel management subsidiary of the Company, which is entrusted with the primary responsibility of operating the assets of the Group.

QUALIFICATION FOR PROPOSED FINAL DIVIDEND

The proposed final dividend of HK5 cents per share in the Company for 2015 (subject to shareholders' approval at the forthcoming annual general meeting of the Company) will be payable on 16 June 2016 to shareholders whose names appear on the registers of members of the Company on 7 June 2016.

To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 pm on 7 June 2016.

On behalf of the board of
Shangri-La Asia Limited
KUOK Khoon Chen
Chairman

Hong Kong, 24 March 2016

As at the date hereof, the directors of the Company are:

Executive directors
Mr KUOK Khoon Chen (Chairman)
Mr LUI Man Shing
Mr Madhu Rama Chandra RAO
Mr Gregory Allan DOGAN

Non-executive directors
Mr HO Kian Guan
Ms KUOK Hui Kwong
Mr HO Kian Hock (alternate to Mr HO Kian Guan)

Independent non-executive directors
Mr Alexander Reid HAMILTON
Mr Timothy David DATTELS
Professor LI Kwok Cheung Arthur
Dr LEE Kai-Fu