



ANNUAL REPORT 2016

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

Stock code 71 Warrant code 1437

Contents

001	About Miramar
002	Group 60 th Anniversary
004	Financial Highlights
006	Chairman and CEO's Statement
010	Management Discussion and Analysis
026	Award Recognition
028	Environmental, Social and Governance Report
040	Biographical Details of Directors
044	Biographical Details of Senior Management
049	Corporate Governance Report
066	Principal Risks
067	Report of the Directors
090	Independent Auditor's Report
095	Consolidated Statement of Profit or Loss
096	Consolidated Statement of Profit or Loss and Other Comprehensive Income
097	Consolidated Statement of Financial Position
099	Consolidated Statement of Changes in Equity
101	Consolidated Cash Flow Statement
104	Notes to the Financial Statements
166	Group's Five-year Financial Summary
167	Group Properties
169	Notice of Annual General Meeting
172	Corporate Information

About Miramar

A DYNAMIC AND DESIGN-ORIENTED GROUP PROVIDING LIFESTYLE PRODUCTS

Established in Hong Kong in 1957, Miramar Hotel and Investment Company, Limited (Miramar Group) is a group with a diversified service-oriented business portfolio comprising stylish hotels and serviced apartments, property rental, food and beverage, and travel services in Hong Kong and Mainland China. Miramar Group has been listed on the Hong Kong Stock Exchange since 1970 (HKEx Stock Code: 71) and is a member of Henderson Land Group.



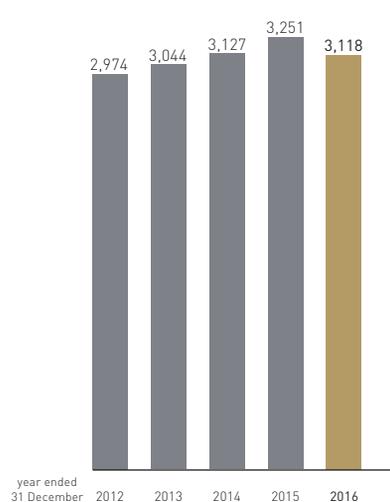
CELEBRATE 60 LEGENDARY YEARS OF HERITAGE WITH AN ENVISIONED FUTURE



4 Financial Highlights

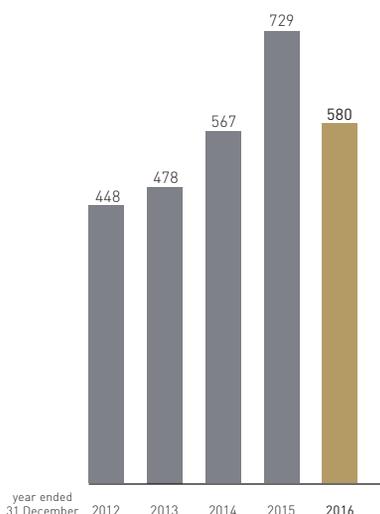
Consolidated revenue

HK\$ million



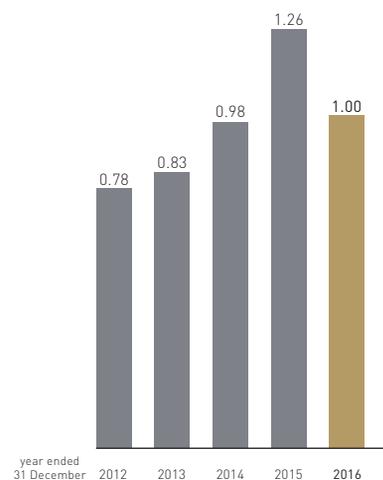
Underlying profit attributable to shareholders of the Company

HK\$ million



Underlying earnings per share

HK\$



Revenue

Property rental

Hotels and serviced apartments

Food and beverage operation

Travel operation

Others

Consolidated revenue

Profit attributable to shareholders of the Company

Underlying profit attributable to shareholders of the Company *(note)*

For the year ended 31 December

2016
HK\$ million

2015
HK\$ million

829

834

638

675

448

451

1,198

1,275

5

16

3,118

3,251

1,277

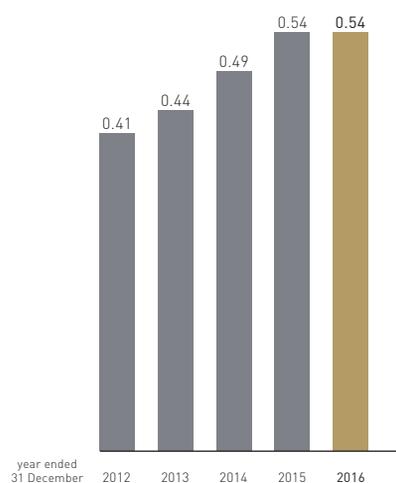
1,355

580

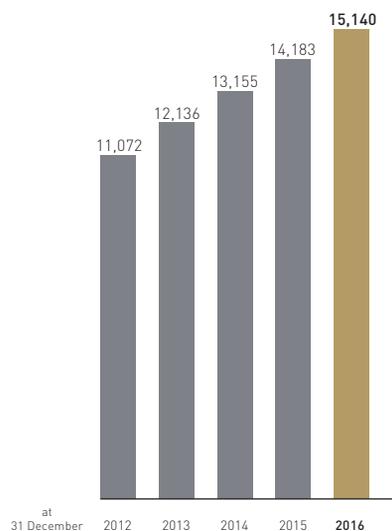
729

Note: The effect of the net increase/decrease in fair value of investment properties (net of deferred tax and non-controlling interests) was excluded in the calculation of the underlying profit attributable to shareholders of the Company.

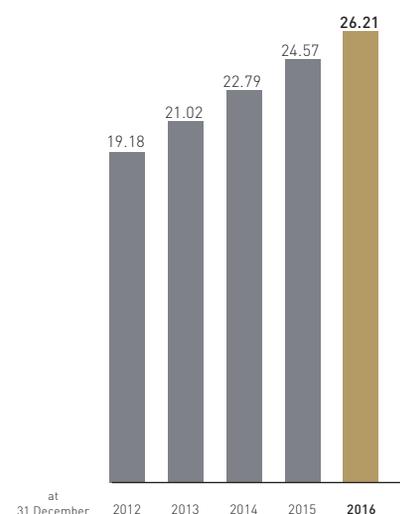
Dividend per share
HK\$



Consolidated net assets
attributable to shareholders
of the Company
HK\$ million



Consolidated net assets value
attributable to shareholders of
the Company per share
HK\$



Earnings per share – Basic

Underlying earnings per share

Dividend per share

For the year ended 31 December

2016	2015
HK\$	HK\$
2.21	2.35
1.00	1.26
0.54	0.54

At 31 December

Consolidated net assets attributable to shareholders of the Company

2016	2015
HK\$ million	HK\$ million
15,140	14,183

Consolidated net assets value attributable to shareholders of the Company
per share

2016	2015
HK\$	HK\$
26.21	24.57

PUTTING VISION INTO MOTION

Dear Shareholders,

On behalf of the Board of the Miramar Group (the "Group"), I am pleased to present my report on the operations of the Group, together with the financial performance for the financial year ended 31 December 2016.





Revenue, Profit Attributable to Shareholders and Basic Underlying Earnings per Share

The Group's revenue for the financial year ended 31 December 2016 (the "Reporting Period") amounted to HK\$3,118 million, representing a slight decrease of 4% compared to the last year (2015: HK\$3,251 million).

Benefitting from a net increase in the fair value of our investment properties, the profit attributable to shareholders increased by 4% year-on-year to approximately HK\$1,277 million (2015: HK\$1,232 million (excluding the one-off gain in the sale of No.6 Knutsford Terrace last year)). Again, excluding the effects of one-off gain of the sale of No.6 Knutsford Terrace and the increase in the fair value of our investment properties, the underlying profit attributable to shareholders decreased by 4% to approximately HK\$580 million (2015: HK\$606 million). The basic underlying earnings per share dropped by 4% year-on-year to HK\$1.00 (2015: HK\$1.05).

Final Dividend

The Directors are pleased to recommend a final dividend of 34 Hong Kong cents per share payable to shareholders whose names are on the Register of Members as at 13 June 2017. Including an interim dividend of 20 Hong Kong cents per share paid on 20 October 2016, the total dividend payout for the entire year will be 54 Hong Kong cents per share.

Overview

2016 was a challenging year with economic and political instabilities at home and abroad. During the year, global economic growth continued to weaken due to market concerns over trade protectionism led by the United States presidential election and Brexit. Besides, the persistently sluggish economy in mainland China,

together with the RMB depreciation, led to a further decline in visitor arrivals from mainland China. Impacted by these external factors, Hong Kong's economic growth slowed down during the year. In the face of this debilitated business environment, the Group's core businesses were inevitably affected to a certain extent.

To cope with the challenges brought by the external environment, the management adopted several measures. Besides making great efforts to improve internal operational efficiency and strengthen risk management, we vigorously strived to enhance the value of our operations, including optimizing our tenant mix, improving service quality and enriching customer experiences. At the same time we stepped up our marketing promotion and expanded our cooperation with overseas partners in order to broaden our customer source. These measures gradually yielded remarkable results in the second half of the year which brought the full year results to the comparable level as in 2015.

Business Outlook

Looking ahead, the global economic outlook for 2017 is clouded by increased uncertainty, complicated by geopolitical risks, the concerns about trade protectionism and the hastened pace of U.S. interest rates hikes. Amid slowing economic growth in mainland China coupled with dearth of signs of recovery in Hong Kong's retail market and rising labour costs, it is expected that the Group will continue to face a challenging operating environment. However, the Group will keep a close watch on global economic conditions and investment opportunities, and lose no time in exploiting them. The Group will further improve

cost and risk management and optimize the operation of various departments, thereby enhancing operational efficiency. The Group will also embrace the global e-commerce trend through leveraging the robustness of social media coverage to expand our marketing scope. In our drive for increased revenues and profits, we will actively utilize information embedded in our business databases to further facilitate cross-selling by enhancing and integrating our customer relations management functions of our retail, food and beverage, hotel, and travel businesses.

With 2017 marking the proud 60th anniversary of Miramar Group, we will with conviction, determination and aspiration continue to provide the best of services to all our customers and stakeholders. I am confident that with the continued support of my shareholders, Board of Directors, business partners and dedicated staff, the Group will grow from strength to strength into more success and prosperity capitalizing on the challenges and opportunities ahead of us.

Acknowledgement

I would like to express my gratitude to my fellow directors for their brilliant leadership, in guiding the Company towards stable development; and on behalf of all the shareholders and directors to our management team and every staff for their unrelenting efforts and contributions throughout the year towards laying a solid foundation for the Group's future development.

Lee Ka Shing

Chairman and CEO

Hong Kong, 17 March 2017

CRAFTING ENDURING MEMORIES WITH ENDEARING HOSPITALITY

BUSINESS OVERVIEW

Hotels and Serviced Apartments Business

During the year, total visitor arrivals decreased by 4.5% year-on-year, with mainland China arrivals falling by 6.7%. In addition, as the United States dollar continued to be strong, the non-dollar tourist destinations were thus more attractive than Hong Kong to visitors. The Group's hotels and serviced apartments recorded a revenue of HK\$638 million, and EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to HK\$228 million, both representing a decline of approximately 5%.





**PAMPER YOURSELF
WITH A CAPTIVATION
OF THE SENSES**



To further enhance market competitiveness, the Group's two hotels, The Mira Hong Kong and Mira Moon, participated in the Starwood Preferred Guest® (SPG®) program, a world-renowned hotel and resort program that allows its members to book SPG® hotels directly and enjoy a range of exclusive privileges. This has successfully expanded our global reach and enriched our customer base of overseas business and high-end customers. It has also increased the renown of our Group's hotels in the international market, which helped enhance our customer mix and elevated overall business performance.



The Mira Hong Kong

Situated in the heart of Tsim Sha Tsui, The Mira Hong Kong is a member of the Design Hotels™ network, providing 492 stylish guestrooms with all-round luxury services.

Challenged by both fewer visitor arrivals and the strong Hong Kong dollar, The Mira Hong Kong's average occupancy and room rates slightly dropped in 2016. The management proactively reviewed its operational processes to reduce overlapping procedures and streamline its manpower deployment, which successfully reduced its manpower costs by 3%.

Mira Moon

Mira Moon, located at the centre of the bustling Causeway Bay, is also a member of the Design Hotels™ network. It delivers unforgettable guest experience with 91 uniquely decorated guestrooms as well as an opulent penthouse suite and comprehensive personal service that has earned it numerous international awards.

Mira Moon has not only remained competitive but in fact grown steadily despite fierce price competition from nearby hotels and decreased visitor arrivals to Hong Kong. In 2016, the hotel's average occupancy and room rates remained stable compared to the previous year, while its food and beverage business achieved satisfactory growth.

To attract more potential customers, both hotels will further strengthen the promotion of their online reservation business. Apart from the hotels' official websites, high-performing dedicated hotel reservation sites are being evaluated and advertising resources are more effectively utilised so as to boost online reservations. The two hotels are also planning to enhance promotions to local small/medium enterprises and private enterprises in mainland China, so as to actively develop its MICE (meetings, incentives, conferences, and exhibitions) segment.

Serviced Apartments

Located in the bustling Gubei residential area of the booming Hongqiao district, Miramar Apartment sits adjacent to Shanghai's business hub and upscale residential area, enjoying exceptional living convenience and comfort. During the year, Miramar Apartment's operations remained satisfactory. Other than those units undergoing refurbishing and tenant changes, the apartments were continually fully occupied.



HEAD-TURNING TRENDS AND BESPOKE EXPERIENCES

Property Rental Business

The Group's property rental business remained solid in 2016 amidst Hong Kong's economic slowdown and lower retail sales, with a revenue of HK\$829 million and an EBITDA of HK\$724 million, which were largely flat compared to the previous year.

Miramar Tower and Miramar Shopping Centre are the Group's key rental properties with a total of 1,000,000 square feet of floor area. The Mira Hong Kong, the Group's flagship hotel, sits adjacent to these properties and provides excellent conference venues. This combination amasses excellent business opportunities.



**SPARING NO DETAILS FOR
MOMENTS TO DELIGHT**

Miramar Tower

Miramar Tower is an 18-storey, Grade-A office building with total floor area of 700,000 square feet, and a floor area of approximately 38,000 square feet per floor. It is home to numerous internationally renowned enterprises, financial institutions, and medical organisations, and also provides several floors tailored to the needs of various types of enterprises.

During the year, the Group continued to optimize its tenant mix and successfully attracted more semi-retail tenants such as one-stop beauty centres and large-scale fitness clubs. These tenants now account for over 20% of the office space. Merging shopping mall facilitation into the office floors, this scheme enhanced the property's value and facilitated stable development of the Group's rental business.

Miramar Shopping Centre

Miramar Shopping Centre combines the elements of retail, dining, leisure and commerce into a 500,000 square feet, integrated one-stop shopping hub. It is home to over 130 fashion brands, including Asian chic and famous international designer labels, providing customers with pleasure of leisurely shopping. Among its more than 40 eateries are Michelin starred and recommended restaurants, offering delicacies from around the world.

Amid the lacklustre turnover of the retail sector, Miramar Shopping Centre continually refined its retail sales mix and successfully boosted pedestrian flow through its floors. Both the per-square-foot rent and occupancy rates have remained at levels similar to last year.

Mira Mall

Located at Nathan Road, the part of Tsim Sha Tsui where pedestrian flow is always at its highest density, Mira Mall features four storeys of retail spaces, and houses a host of international fashion and cosmetics brands, as well as stylish cafes and several flagship fashion stores. Merged with Miramar Shopping Centre where many other famous shops are, Mira Mall has become a new landmark of fashion brands. With retail sales mix under continual enhancement, it creates a distinctive experience for shoppers.

Asset Enhancement Program and Mall Integration

During the year, Miramar Shopping Centre and Mira Mall continued to carry out their asset enhancement program to keep the malls fresh and attractive through interior renovation and decoration, as well as tenant portfolio optimisation. Several promotional events aimed at drawing crowds were launched, including the Kirin Ichiban Summer Feast and Hong Kong's first-ever shopping mall music festival, which incorporated live music performances and an original handcraft fair; these helped heat up the mall's feverish summer atmosphere. An interactive Christmas game also brought a special Scandinavian ambiance to the shopping mall during the Christmas shopping season. Thanks to these promotional events, the Group's retail spaces saw a rise of 8% in their average yearly pedestrian traffic, which boosted tenants' sales revenue.

In 2017, the Group will continue to integrate Miramar Shopping Centre and Mira Mall, affording customers a more comprehensive shopping and leisure experience. In the long term, through integrating our retail, hotel, and other businesses for better synergy, we hope to bring about for customers a brand new all-encompassing experience that covers shopping, entertainment, dining and even upscale accommodations.



Net increase in fair value of investment properties

Miramar Tower and Mira Mall are the Group's major investment properties. Based on the Group's accounting policy, investment properties are calculated by their fair value at the end of the year. The independent professional surveying firm of DTZ Cushman & Wakefield was engaged to conduct an open market valuation for the Group's investment properties as at 31 December 2016. Benefited by the on-going asset optimisation project and the year-on-year improvement on the Miramar Tower's rental rates, the Group's investment property portfolio recorded a net increase in fair value of HK\$723 million to stand at HK\$13,402 million as at 31 December 2016, representing an increase of 6% as compared to that in previous year.



ECLECTIC DELICACIES IN PURSUIT OF PERFECTION

Food and Beverage Business

The Group recorded a revenue of HK\$448 million from its food and beverage business, approximately the same as last year, with EBITDA declined to HK\$42 million.



**DELIVERING ENGAGING
EXPERIENCE WITH
INTIMATE SERVICE**



Impacted by the slowing economic growth, consumers turned cautious and consumption propensity to dine out was affected. For the Group's restaurants, customer visits decreased slightly, while consumption per capita remained steady. Our Chinese restaurants like Cuisine Cuisine and Tsui Hang Village showed remarkable performance, providing a stable income for the Group. The Group also launched traditional delicacies in 2016, such as glutinous rice cakes and moon cakes, which were adored by customers. This year, the Group aims to expand this move by launching more specially-prepared foods to diversify business income.

In addition to continuing to look for opportunities to properly implement its multi-brand strategy, the Group will keep perfecting its dining outlets' customer experience and service, introducing new dishes and new themes from time to time to bring a continuous sense of freshness to customers.

The Group is targeting a steady growth for its food and beverage business this year, and is committed to improving its operational efficiency while keeping pace with the dining market and trends. Focusing on medium-to-high-end restaurants, the Group aims to offer diners more options of quality cuisines, in pursuit of better profit margin.







UNFURL THE SAILS FOR UNFORGETTABLE ADVENTURES

Travel Business

Impeded by Hong Kong's slowing economy, the Group's travel business showed unsatisfactory performance in the first half of the year. However, the second half saw a turnaround thanks to enhanced promotions and beefed-up itineraries that successfully stimulated traveller spending. The revenue was HK\$1,198 million for the whole year. The EBITDA declined to HK\$30 million.



Operating and Other Expenses

In 2016, the Group's operating and other expenses decreased by 13% to HK\$274 million (2015: HK\$314 million). In response to the devaluation of the RMB, the Group has substantially lowered its balance of RMB deposits. Moreover, the Group has further enhanced its operating efficiency through a host of cost control strategies. Operating and other expenses reduced by HK\$40 million in total.

Corporate Finance

The Group maintains its conservative financial policy with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was only 5% as at 31 December 2016 (31 December 2015: 10%).

The Group has its business operations primarily in Hong Kong with related cash flows, assets and liabilities denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure results from its operations in mainland China as well as with certain bank deposits which are denominated in RMB and USD, plus equity and bond investments which are denominated in USD, EUR and JPY. The majority of the Group's banking facilities are denominated in Hong Kong dollars and interest on bank loans and borrowings are chargeable mainly based on a certain premium over the Hong Kong Interbank Offered Rate, therefore are floating rate in nature.

As the Group is buttressed upon a large cash pool with adequate credit facilities available to fund its development program for the foreseeable future, we terminated some credit arrangements as appropriate to reduce financial expenses during the year. At 31 December 2016, total available facilities amounted to approximately HK\$ 2.7 billion (31 December 2015: approximately HK\$3.4 billion), 28 % of which (31 December 2015: 42%) have been utilised. At 31 December 2016, consolidated net cash totalled approximately HK\$ 2.1 billion (31 December 2015: HK\$1.6 billion), of which HK\$10 million comprised secured borrowings (31 December 2015: HK\$30 million).

Investments

With the upward trend in global interest rate and unsettling geopolitical situation, the Group adopted a more prudent investment strategy during the second half of the year with no further purchases of shares or bonds. Under favourable global investment climate at the end of the year, provisions for impairment of the Group's investment portfolio saw an improvement compared to the first half of 2016.



**MULTIPLE HONORS
DEMONSTRATE
LEADERSHIP POSITION**



Award Recognition

MIRAMAR GROUP

- Caring Company 2015-2016, The Hong Kong Council of Social Service
- Silver, Property Development: Various & Multi-Use, Photography, International ARC Awards 2016, MerComm, Inc.

Winning project: FY2015 annual report

- Bronze, Property Development: Various & Multi-Use, Traditional Annual Report, International ARC Awards 2016, MerComm, Inc.

Winning project: FY2015 annual report

- Manpower Developer Award Scheme 2015-2017, Employees Retraining Board
- Outstanding Social Organization Award 2016, Social Enterprise Research Institute

HOTELS AND SERVICED APARTMENTS

Mira Moon

- Best Boutique Hotel Asia Pacific, Travel Weekly Asia 2016
- Best Boutique Hotel Asia Pacific, TTG Travel Awards 2016
- Asia's Best City Boutique Hotel, World Boutique Hotel Awards 2016
- 2016 Certificate of Excellence, Trip Advisor
- Highly Commended Hotel Marketing Hong Kong, International Hotel Awards 2016

The Mira Hong Kong

- Best Business Hotel in Hong Kong, TTG China Travel Awards 2016
- 2016 Certificate of Excellence, Trip Advisor

Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2016

WHISK (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2016

PROPERTY RENTAL

Malls and Office Tower

- Gold Award, CLP GREEN^{PLUS} Award 2016, CLP Hong Kong
- Silver Award, 2016 Hong Kong Awards for Environmental Excellence -Property Management (Commercial & Industrial), Environmental Campaign Committee
- Green Management Award (Corporation) -Service Provider-Silver, Hong Kong Green Awards 2016, Green Council
- Excellence in Facility Management Award (Retail) 2016, The Hong Kong Institute of Facility Management
- My Favorite Shopping Mall Events, My Favorite Shopping Mall Awards 2016-2017, Hong Kong Economic Times

FOOD AND BEVERAGE

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2016

Yun Yan

- Bib Gourmand Recommended Restaurant, Michelin Guide Hong Kong & Macau 2016

TRAVEL

Miramar Travel

- Caring Company 2015-2016, The Hong Kong Council of Social Service
- Partner Employer Award 2015-2016, The Hong Kong General Chamber of Small and Medium Business
- 2016 Best of the Best Travel Agency Award, Capital Magazine

TAKING STEPS TODAY TO SHAPE A SUSTAINABLE COMMUNITY

Miramar Group believes that a sustainable business provides not only financial returns to investors, but also sustainable growth to stakeholders and the community we serve. The

Group continued its commitment as a responsible corporate citizen by making active engagement in environmental, social and livelihood issues.

This Environmental, Social and Governance Report provides an overview of our Group's efforts made on the environmental, employee, supply chain, products, health and safety, corporate governance and community during the year ended 31 December 2016. This

Report mainly focuses on Hong Kong's business in which we have full ownership. The aspects covered in this Report are based on the importance to the Group and assessment to the market practice. It is also prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.





Newly-installed central water-cooled chiller plant

Environmental Protection

The Group values the importance of environmental protection and the impact of environment on the well-being of communities. Our Group's Environmental Policy applies to every stage of business operations and pertains to our people and across our supply chain. We give due consideration to environmental issues in our corporate decision-making process and have been a market pioneer to actively implement effective environmental protection programme into our business operations. We also continue improving our performance in environmental protection and ensuring compliance of the applicable environmental laws and standards. We raise employee awareness of environmental issues through education and training and enlist their support in improving our performance.

Our Environmental Committees

Two committees namely "Green Management Committee" and "Energy Management Committee" have been set up in the Asset Management of the Group. Committee members consist of qualified professionals in environmental and energy related disciplines, such as BEAM Professionals, Registered Professional Engineers, Registered Professional Surveyors, Registered Energy Assessors, Chartered Engineers, Members of The Hong Kong Institute of Surveyors, The Hong Kong Institution of Engineers and Hong Kong Association of Energy Engineers and a Chartered Environmentalist. They meet periodically aiming to enhance environmental performance, strengthen our green practice, improve operating efficiency and minimize adverse impact to environment from our business operations.



Our Senior Technical Manager sharing our successful experience in energy efficiency and conservation with industrial professionals.



Environmental Considerations in Our Supply Chain

The Group emphasises to green purchasing practices across business and back office operations. For example, one of our key food suppliers is adopting green fish farming, and our printer is using environmental friendly soybean ink. We will continue exploring environmental friendly and cost-efficient technologies in our sourcing activities.

Energy and Emissions

The Group aims to reduce our carbon emissions and maximize energy efficiency. We have conducted energy audits for Miramar Tower and Miramar Shopping Centre in 2013 and Mira Mall in 2014, carbon audits for Miramar Tower and Miramar Shopping Centre in 2016, and established action plans for improvements. With the implementation of various energy saving programmes

described below, the total electricity consumption of Miramar Tower and Miramar Shopping Centre in 2016 is 13,640,724 kWh, which represent a decrease of 43.6% energy saving from 2012's consumption of 24,198,071 kWh.

Smart Use of Facilities

Signing up to "Energy Saving Charter on Indoor Temperature", we maintain the temperature of the public areas within Miramar Tower and Miramar Shopping Centre at 24°C to 26°C. In Mira Moon, we also stop one guest lift during non-peak hour and manually stop the chiller plant when outside temperature drops below 13°C. We installed motion sensors in hotel corridors and back of house areas, and set timer to control outdoor signage light.

Facilities Enhancement

Our chiller plant conversion project at Miramar Tower and Miramar Shopping Centre started in 2012 aiming to converse the old chiller plant to a more energy efficient and effective central water-cooled chillers and air-cooled oil-free chillers with variable frequency inverters for air conditioning supply. A significant reduction in electricity consumption by 52% has been achieved since implementation of the project.

In addition, since 2015, we started to install more environmental friendly R410A split-type air conditioners in our core properties to meet the EMSD building energy efficiency requirements.

In 2012, the Group had approved an energy saving proposal by retro-fitting the lighting system by LED type lighting fixtures in the common areas of Miramar Tower and Miramar Shopping Centre. The lighting retro-fit has been carried out phase by phase and integrated into the Asset Enhancement Packages. By the end of 2016, the lighting retro-fit can result in energy saving of 430,000 kWh a year.

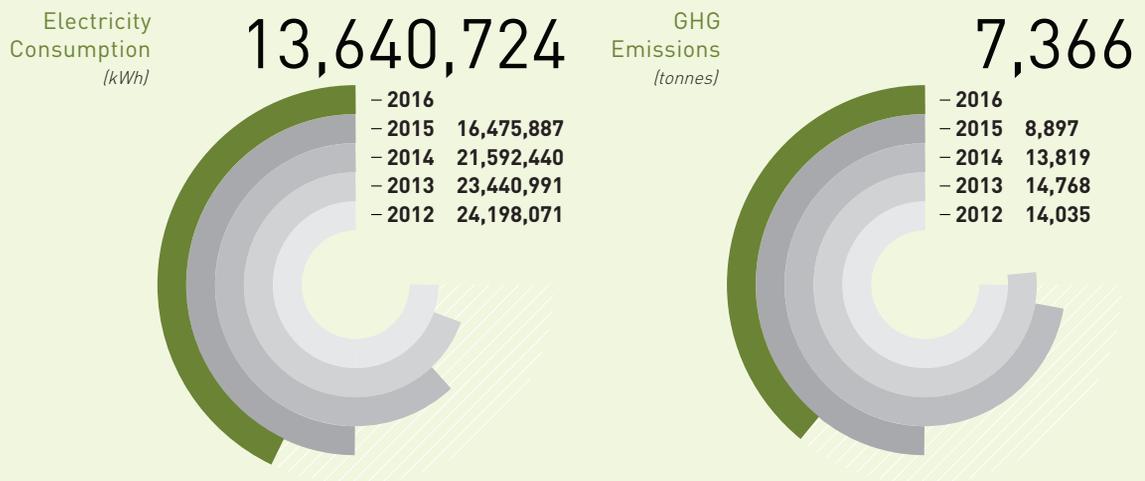
In 2015, we started to increase/upgrade the electric vehicle charging stations in Miramar Shopping Centre as a token of our support to the promotion of using electric vehicles in Hong Kong. This upgrade exercise will continue meeting the market need.

Energy Saving Measures

We regularly analyze the usage of energy to identify further energy saving opportunities. The Group has approved budget for green and energy initiative projects. We have implemented a series of energy saving measures as follows:

Installations and Measures	Year of Implementation	Target achievement in 5 years	Saving achieved in 2016	% of achievement vs target since implementation
a) Central water-cooled chillers in Miramar Tower and Miramar Shopping Centre	2015	23.95M kWh	8.54M kWh (one year savings)	62.30%
b) Central air-cooled oil-free chillers in Miramar Shopping Centre	2015	5.15M kWh	1.07M kWh (one year savings)	36.20%
c) Replace the 50W halogen lamps by 7W LED lamps in Miramar Tower	2016	867600 kWh	14460 kWh (one month savings)	11.67%
d) Remove 50W halogen lamps, 1200mm and 600mm T5 decorative florescent tubes and 1200mm T8 florescent tubes in ceiling recessed light fittings in Miramar Tower	2016	592200 kWh	9870 kWh (one month savings)	11.67%
e) LED TV screens installed in Miramar Shopping Centre	2015/2016	111600 kWh	1860 kWh (one month savings)	21.67%
f) VVVF On-demand control for escalators in Miramar Shopping Centre	2012	96000 kWh	19200 kWh (one year savings)	81.67%
g) LED lighting systems for Asset Enhancement Package A & B Projects in Miramar Shopping Centre	2014/2015	992000 kWh	198400 kWh (one year savings)	34.80%

Electricity consumption and corresponding GHG emissions of Miramar Tower and Miramar Shopping Centre:



ISO14001 certification has been accredited to Miramar Tower, Miramar Shopping Centre and The Mira Hong Kong for successful implementation of environmental management system.

Development of Energy Saving Culture

Building awareness and commitment among employees on waste management is important. We encourage employees to implement energy-saving measures and encourage employees to make recommendations on energy efficiency plans. We post notices to remind employees to turn off air-conditioning, lighting, personal computers and other electrical appliances when leaving

the office. Environmental card is placed at each hotel guest room to invite guests to participate in green activities. Besides, the paint used in the renovation/fit-out works are required to comply with the Air Pollution Control (VOC) Code. The newly purchased chillers and air-conditioners make use of R134a/R410A environmentally friendly refrigerants. Lead-free solder is used in the water supply piping system.

Water

We installed a 1,000 litres storage tank in the basement of car park for collecting discarded water from the fire protection system for cleaning purposes. Most of the public toilets in Miramar Tower and Miramar Shopping Centre have been equipped with automatic sensors at the washing basins and the urinals, and dual flush system devices at the water closets to minimize water consumption.

Materials

We also seek to conserve resources by using recyclable and renewable materials and other green alternatives in projects wherever possible. Recycling bins are provided at the Miramar Tower and Miramar Shopping Centre. We are also maximizing the use of internet technology to move toward paperless systems that promote communication between internal and external stakeholders, including in the tender process. Our Property Management subsidiaries also follow policies on green procurement

Awards

The following major green and energy saving awards and certifications are earned by Miramar Tower and/or Miramar Shopping Centre to recognize the environmental and sustainable achievements in recent years:

Awards	Organizer	Year
1) CAPITAL Outstanding Green Excellence Awards	Capital	2013
2) Commendation Scheme on Source Separation of Commercial and Industrial Waste (Mixed Office) – Silver Award	Environmental Protection Department	2013/2014
3) Friends of EcoPark – Certificate of Appreciation	Environmental Protection Department	2013, 2014
4) Hong Kong Green Organization Certification (IAQwi\$e Certificate) – Excellence Level	Environmental Campaign Committee	2013, 2014
5) Green Purchawi\$e Award (Corporation) – Silver Award	Green Council	2013, 2014
6) Hong Kong Awards for Environmental Excellence (Property Management – Commercial & Industrial) – Certificate of Merit	Environmental Campaign Committee	2013, 2014
7) Green Management Award (Corporation – Service Provider) – Silver Award	Green Council	2013, 2014, 2015
8) Hong Kong Green Organization Certification (Wastewi\$e Certificate) – Excellence Level	Environmental Campaign Committee	2013, 2014, 2015, 2016
9) ISO14001 Environmental Management System	Hong Kong Quality Assurance Agency	2013, 2014, 2015, 2016
10) ISO50001 Energy Management System	Hong Kong Quality Assurance Agency	2013, 2014, 2015, 2016

in line with the ISO14001 standards, which demand environmental-friendly considerations on products and services.

We use “Nu-Kleen Smell” detergent, a biotechnology-based all-surface cleaner. We contracted an experienced contractor with international sustainability and carbon certification to handle used cooking oil in our restaurants, underlining our commitment to prompting a sustainable environment.

Effluents and Waste

The Group ensures disposal of wastes in an environmentally responsible manner. In order to support the government’s waste reduction target, Miramar Shopping Centre has been equipped with food waste eliminators to treat and decompose organic food waste received from the food and beverage tenants. Our offices and malls have also provided facilities for the collection, sorting, recycling and proper disposal of waste and recovered materials.

34 Environmental, Social and Governance Report

Awards	Organizer	Year
11) Indoor Air Quality Certification Scheme – Excellent Class for Miramar Tower	Environmental Protection Department	2013, 2014, 2015, 2016
12) Indoor Air Quality Certification Scheme – Good Class for Miramar Shopping Centre	Environmental Protection Department	2013, 2014, 2015, 2016
13) Prime Awards for Eco-business	Metro Prosperity	2014
14) GreenPLUS Recognition Award (Property Management – Commercial & Industrial) – Silver Award	CLP Power Hong Kong Limited	2014
15) Energy Saving Charter on Indoor Temperature	Environment Bureau	2014, 2015
16) HKQAA Sustainability Building Index Mark	Hong Kong Quality Assurance Agency	2014, 2015, 2016
17) Hong Kong Green Mark Certification Scheme	Hong Kong Q-Mark Council Federation	2014, 2015, 2016
18) Waste Check Charter – Miramar Shopping Centre	Hong Kong Productivity Council	2015
19) Hong Kong Green Award – Sustained Performance Award	Green Council	2015
20) Hong Kong Green Mark 3+ – Honorary Certificate	Hong Kong Environmental Protection Association	2015
21) Power Smart Energy Saving Contest (Property Management) – 2nd Runner Up of Highest Percentage Saver Award	Friends of the Earth	2015
22) BOCHK Corporate Environmental Leadership Awards (Service Sector) – Bronze Prize	Federation of Hong Kong Industries	2015
23) Hong Kong Awards for Environmental Excellence (Property Management – Commercial & Industrial) – Bronze Prize	Environmental Campaign Committee	2015
24) Hong Kong Green Organization Certification (Energywise Certificate) – Good Level	Environmental Campaign Committee	2015, 2016
25) Energy Saving Charter	Environmental Bureau	2016
26) Charter on External Lighting – Platinum Class for Miramar Shopping Centre	Environment Bureau	2016
27) FoodEver WasteNever Scheme – Certificate of Pioneer	Hong Kong Productivity Council	2016
28) Hong Kong Green Organization Certification	Environmental Campaign Committee	2016
29) GreenPLUS Award (Property Management – Commercial & Industrial) – Gold Award	CLP Power Hong Kong Limited	2016
30) Excellence in Facility Management Award (Energy Management) – Silver Award	Hong Kong Institute of Facility Management	2016
31) CABE Built Environment Awards (Sustainability Award) – Golden Award	Chartered Association of Building Engineers	2016
32) CABE Hong Kong Chapter Awards (Green & Safety Projects) – Silver Star Award	Chartered Association of Building Engineers	2016
33) Hong Kong Awards for Environmental Excellence (Property Management – Commercial & Industrial) – Silver Award	Environmental Campaign Committee	2016

Our People

The Group values employees as our most precious asset and is committed to providing all employees with a safe, healthy, equal-opportunity and non-discriminatory working environment. We are an “Equal Opportunity Employer”; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group’s Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner and provide a continuous learning environment and opportunities to our employees at all levels to help them grow and excel in productivity.

Employment and Employee Welfare

We reward our employee with competitive remuneration packages, including competitive compensation and benefits, which include medical and life insurance, dental benefit, marriage and paternity leaves, free meal, free sports and recreation facilities. The Group reviews its Remuneration and Benefits Programs on a regular basis to ensure the programs are in compliance with the latest laws, in line with market practice and keeps up

with market conditions and levels of remuneration. We establish prevention controls over the use of child and forced labour in the Group and extend such expectations to our supply chain.

We have been awarded the “Top 10 Awards of The Best Place to Work in Hong Kong” which is organized by Diversified Communications Hong Kong and HRM Asia. This prestigious award honors outstanding enterprises’ dedication to the well-being of their employees. The Group is honored to receive the “Merit Award for Employers” for the 8th “Manpower Development Scheme” by the Employees Retraining Board.

Equal Opportunity and Diversity

The diversity of our employees provides us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Group ensures equal opportunity and non-discrimination to recruitment, promotion and all other aspects of our employment practices.

Employees in Hong Kong by gender and age (as of 31 December 2016)

	No. of employees	Male	Female	Aged below 30	Aged 30-50	Aged over 50
Corporate	155	63	92	40	85	30
Hotel and Serviced Apartments	605	317	288	141	315	149
Property Rental	100	76	24	15	52	33
Food and Beverage	539	315	224	149	235	155
Travel	377	186	191	92	234	51
Overall	1,776	957	819	437	921	418

Staff Training and Education

The Group continuously develops a comprehensive learning and development roadmap for employees to advance their career achievements within the Group. These include provision of in-house and external training

programs such as Management/Supervisory Skills, Business Knowledge, Technical Skills, Customer Services Skills, Language Ability, People Management and Personal Effectiveness, etc. We also offer sponsorship to staff for external training.

During the reporting year, a total of about 18,594 pax have attended a variety of training courses, as shown in the statistics below.

Average training hours per employee by employee category

Employee Category	No. of attendance	Average training hours
Senior Managerial/Executives	93 pax	1.15 hours
Middle Management	842 pax	9.69 hours
Supervisory & General	17,659 pax	21.16 hours
Total	18,594 pax	

In recognition of the Group's outstanding achievements in fostering an organizational culture conducive to manpower training and development as well as life-long learning, the Group has been awarded the honour of "Manpower Developer" by the Employees Retraining Board since 2011.

Health and Safety

We care about employees and provide a safe and secure workplace for them. The Hygiene & Health Safety Teams are formed to promote trainings to the staff on hygiene and occupational safety awareness. All related staff are encouraged to take Occupational Health and Safety and First Aid courses. During the reporting year, 45 staff working in different locations in the Group obtained valid First Aid Certificate. First aid arrangement at different workplaces is well established in accordance to the legal requirements. We also improve work safety, process and systems to ensure that any significant unsafe practices are rectified immediately. In our staff canteen, we have the Green Monday menu which serves green food to our staff for healthy diet.

Standard Operating Procedures for prevention and handling of work injury was established to maintain the low accident rates at works. During the reporting year, 57 work injury cases were reported, which is lower than last year's 71 cases. A comprehensive Business Continuity Plan is in place to ensure that employees and assets are protected and the Company can function in the event of any unanticipated interruption of normal operations.

Our Supply Chain Management

We place great importance on local procurement wherever possible. By purchasing the products and services that we need locally, the Group reduces the carbon emissions associated with transport and shipping while creating economic opportunity and the development of talent and skills locally.

Our supply chain management is effective and helps to maintain high-standard compliance with legal and regulatory requirements. Our social, environmental and occupational health and safety standards and requirements are clearly stipulated in our vendor registration and tendering processes and such requirements are well communicated to suppliers and subcontractors in every procurement exercise. These processes are regularly reviewed and monitored by Risk Management & Corporate Services Department which works closely with other departments to ensure that the established processes are conducted in a responsible and transparent manner. Besides, contract clauses mandate compliance with relevant local legislations such as the minimum wage ordinance, environmental ordinance, competition law, governance and labour laws. Should any contractor or supplier be found in any serious non-compliance, they will be removed from the tender list.

Our Customer

The Group strives to offer premium quality of services and goods to customers and we believe that customer satisfaction and comments are of paramount importance to business success and sustainability. A wide range of customer feedback channels are established to seek comments from customers for improvement.

Quality Controls

The quality of goods and services are systematically monitored to meet customers' expectation. This entails a dedication to stringent product safety standards and a focus on health and safety issues in operations.

Food Safety in F&B Business

The Group has established a professional hygiene team to ensure food safety in our food and beverage business. Our food hygiene control system is applied throughout the processes from food purchases to production. All food vendors are prequalified with assessment of high level of hygiene standard. Standard hygiene checking procedures are also applied to the food receipt procedures and regular on-site hygiene inspection is conducted for immediate rectification and improvement.

Quality Services in Property Management

The Group follows the ISO9001 and ISO14001 standard to ensure quality property management services in our commercial and shopping malls. Key services providers such as cleansing services, water supply and sewerage maintenance services are required to adhere to such standard, which are stipulated in the contract terms.

Legal and Regulatory Compliance

The Group is committed to achieving high standard of professional ethics, good corporate governance and compliance with all applicable rules and regulations in conducting businesses.

We have established effective risk management and internal control processes to identify and manage risks that may adversely affect the successful operations of the Group. Major risks and internal controls in business, financial, legal and regulatory compliance are periodically reviewed and assessed. We integrate our control and risk mitigation measures into the daily operation through policies and procedures.

Anti-corruption

We strive to uphold the highest standard of business ethics and integrity. We do not tolerate any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. Expected professional conduct at the workplace is outlined in the Group's Code of Conduct, which requires all employees to abide by anticorruption regulations in Hong Kong. The Code of Conduct also lays down rules on soliciting or accepting any unfair advantages.

Risk and controls of corruption and malpractice are always included in the risk management processes. Effective controls such as vendor prequalification check, competitive quotation and tendering processes are integrated in our procurement procedures. In addition, we ensure sufficient segregation of duties in the design of sales and procurement approval processes.

Whistleblowing Policy and Procedure was established since 2013. It encourages employees to directly bring to the attention of senior management and/or Director of Internal Audit for any malpractice, non-compliance, criminal offence and other material matters in operations. Procedures of handling whistleblowing cases are defined for effective investigation and independent reporting. Employee bringing the whistleblowing matter to management is assured of complete confidentiality and protected from being disciplined if nothing improper is found after investigation.

During the reporting period, there were no confirmed cases of corruption and non-compliance with any rules and regulations as regards anti-corruption such as the Prevention of Bribery Ordinance.

Data Privacy

The Group is committed to protecting private data of our employees and ensuring their legal right to privacy. Our policy has been to ensure compliance with the requirements of the Personal Data (Privacy) Ordinance (Cap. 486). Information collected from job applicants will be kept for only 6 months with their consent. Information collected from our sales activities is used only for business development and customer relationship management purposes, with customers being provided the option of opting out of any direct marketing messages.

We only collect personal data for operational needs and clearly inform all customers or persons about the intended use of the data and their rights to review and revise their information. All collected personal data is treated as confidential and kept securely, accessible by designated personnel only. During the reporting year, there were no substantiated complaints received concerning breaches of customer privacy and losses of customer data.



Our Community

The Group has been actively assuming corporate social responsibility. We have joined forces with our staff, business partners and community organizations to protect the environment, practising sustainable developments and caring for the community. Last year, we supported and participated in many different community activities covering community caring, poverty alleviation and disaster relief, as well as environmental protection. With the help of our employees, we have organized various events to give back to our community.

Caring for Society

The Group upholds the philosophy of “From the Community, For the Community”. We pursue long-term partnerships with community organizations and encourage our staff to participate in community initiatives. We have developed a long-term cooperation relationship with Chi Heng Foundation, fully supporting the Foundation to organize various fund-raising activities.

Meanwhile, the Group has built up a close connection with Sheng Kung Hui Holy Carpenter Church for a long time and sent blessings and warmth to the disadvantaged through a wide range of activities. In the year, the Group has continued to arrange a visit to The Mira Hong Kong for Primary Students from low income families through Sheng Kung Hui Holy Carpenter Church, aiming to develop their interests in the hotel industry. The Miramar Volunteer Team also paid a visit to Sheng Kung Hui District Elderly Community Centre before the Mid-Autumn Festival and spent a happy afternoon with over 50 elders. In addition, we have delivered selected items to the community through the community centre managed by SKH Holy Carpenter Church.

To support breastfeeding and provide convenience to visitors, the Group has set up nursery room and relevant facilities across its properties. Meanwhile, the Group has additionally provided barrier-free facilities in its office and shopping mall for people who are in need.

Poverty Alleviation and Disaster Relief

In addition, the Group has been devoting much effort to poverty alleviation and disaster relief. During the reporting period, we have participated in “TOGETHER x AMATRICE”, a fund raising campaign organized by Italian Chamber of Commerce, for victims of the Earthquake in Italy. Our staff has also participated in Red Cross Blood Donation Day, ORBIS World Sight Day and Community Chest Dress Casual Day, while taking initiatives to donate.

Charity Activities

The Group has also supported and participated in various charity activities, including the Association of Hong Kong Nursing Staff Christmas Party and the “Blissful and Fortunate Gourmet” Dinner Menu for the Hong Kong Ballet Guild, aiming to raise charity funding for those who are in need and foster harmony in the community.

Care of Environment

The Group values the importance of environmental protection and the impact of environment on the well-being of communities. We have continuously recycled paper, aluminium cans, plastic bottles, light bulbs and fluorescent tubes, as well as used cooking oil. Meanwhile, we have also cooperated with different environmental protection organizations in many projects, including the Drink Carton Boxes Recycling Scheme with Green Power and the Used Clothes Recycling with Friends of Earth, pursuing the policy initiatives on environmental protection by reducing energy consumption and conserving resources.

Treasuring Food

The Group’s principal businesses include hotel and food and beverage. We have practiced the concept of sustainable development in our hotels and restaurants operations by donating leftover food to Foodlink Foundation, a non-profit organization. In 2016, we have participated in Meal Boxes Preparation Volunteering Activity at Central Kitchen of Food Angel by Bo Charity Foundation, promoting the virtue of treasuring food and reducing food waste.

In addition, we offer Green Menu on a monthly basis in our staff canteen to promote the healthy-eating culture and reduce carbon footprint.

Community Recognition

The Group has supported and participated in various social services. During the year, the Group has been granted the “10 Years Plus Caring Company Logo” by the Hong Kong Council of Social Service and “Outstanding Social Caring Organization Award” by the Social Enterprise Research Institute under the Social Caring Pledge Scheme. We are delighted to see that the Group’s endeavour and contributions to the community has been widely recognized.

DIRECTORS

Mr LEE Ka Shing

Aged 45. Mr Lee was appointed director of the Company in 2004 and has been actively involved in formulating the Group's corporate development strategies and directions. On 1 August 2006, he was appointed as Managing Director of the Company, with the title changed to Chief Executive Officer on 7 June 2012. On 12 June 2014, Mr Lee was re-designated as the Chairman and Chief Executive Officer and was also appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. He has been in charge of corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. He was educated in Canada. He is the Vice Chairman of Henderson Land Development Company Limited ("Henderson Land"), the Chairman and Managing Director of Henderson Investment Limited ("Henderson Investment"), a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is also a Vice Chairman of Henderson Development Limited ("Henderson Development"). Mr Lee is a Committee Member of the 12th Beijing Committee, and previously a Committee Member of the 10th Guangxi Zhuangzu Zizhiqu Committee and of the 10th Foshan Committee, of the Chinese People's Political Consultative Conference, PRC. He is a member of The Court of The Hong Kong Polytechnic University. Henderson Land and Henderson Development have discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2016. He is also a director of certain subsidiaries of the Company. Mr Lee is the son of Dr Lee Shau Kee.

Dr David SIN Wai Kin, DSSc (Hon)

Aged 87. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Dr Sin has a plenitude of experience in the businesses of jewelry, property development, property rental, hotel operation, and banking and finance. He is the Chairman of Myer Jewelry Manufacturer Limited. He is also a director of certain subsidiaries of the Company.

Dr The Honourable LEE Shau Kee, GBM, DBA (Hon), DSSc (Hon), LLD (Hon)

Aged 88. Dr Lee was appointed director of the Company in 1993 and has been the Chairman of the Company since 8 August 2001. On 12 June 2014, Dr Lee resigned as Chairman and member of both of the Remuneration Committee and Nomination Committee and was re-designated as non-executive director of the Company. He has been engaged in property development in Hong Kong for more than 60 years. He is the founder and the Chairman and Managing Director of Henderson Land, the Chairman of The Hong Kong and China Gas Company Limited, the Vice Chairman of Sun Hung Kai Properties Limited as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. On 1 July 2015, Dr Lee resigned as Chairman and Managing Director of Henderson Investment, a listed company, and remains as an executive director. Dr Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. He is a director of Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), Henderson Land, Henderson Development, Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer") which have discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2016. Dr Lee is the father of Mr Lee Ka Shing.

Dr Patrick FUNG Yuk Bun

Aged 69. Dr Fung was appointed director of the Company in 1985. He obtained his MBA degree from the University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) in 1976 and was appointed a director of the Bank in 1980, Chief Executive in 1992, and then Chairman and Chief Executive in April 1996. Dr Fung is currently the Chairman of OCBC Wing Hang Bank Limited. Dr Fung was appointed as a non-executive director of King Fook Holdings Limited on 4 May 2016 and was re-designated as an executive director on 25 November 2016. He retired as an independent non-executive director of The Link Management Limited, the manager of The Link Real Estate Investment Trust, with effect from 1 August 2014. The Link Real Estate Investment Trust is listed on the Hong Kong Stock Exchange.

Dr Fung is a honorary member of the Court and Adjunct Professor with the Faculty's School of Accounting and Finance of the Hong Kong Polytechnic University, a court member of the Hong Kong University of Science and Technology, Vice President of the Hong Kong Institute of Bankers, a member of Board of Governors of The Hong Kong Philharmonic Society Limited and a member of Hang Seng Management College-Foundation Management Committee. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On

Aged 67. Mr Cheng was appointed director of the Company in 1985. He is currently also a member of the Audit Committee of the Company and serves as director of certain subsidiaries of the Company. Mr Cheng has extensive practical experience in corporate management and is also the Managing Director of the Onflo International Group of Companies. He previously served as an executive director of King Fook Holdings Limited, a listed company, until his resignation on 30 March 2017.

Mr Richard TANG Yat Sun, MBA, SBS, JP

Aged 64. Mr Tang was appointed director of the Company in 1986. He is an MBA graduate from the University of Santa Clara, California, U.S.A., and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, U.S.A. He is currently the Chairman and Managing Director of Richcom Company Limited, the Chairman of King Fook Holdings Limited, an independent non-executive director of Hang Seng Bank Limited and Wheelock and Company Limited and a director of various private business enterprises. He is an Advisor of Tang Shiu Kin and Ho Tim Charitable Fund. He is also a director of certain subsidiaries of the Company.

Dr Colin LAM Ko Yin, FCILT, FHKIoD, DB (Hon)

Aged 65. Dr Lam was appointed director of the Company in 1993. He holds a Bachelor of Science (Honours) degree from The University of Hong Kong and has over 43 years' experience in banking and property development. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research and a Director of Fudan University Education Development Foundation. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008, and was conferred with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. He is also the Chairman of Hong Kong Ferry (Holdings) Company Limited, the Vice Chairman of Henderson Land and Henderson Investment as well as a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Dr Lam is a director of Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2016. He is also a director of certain subsidiaries of the Company.

42 Biographical Details of Directors

Mr Eddie LAU Yum Chuen

Aged 70. Mr Lau was appointed director of the Company in 1996. He has over 45 years' experience in banking, finance and investment. He is also an executive director of Henderson Land as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, both of which are listed companies. Henderson Land has discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2016. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, BA, ACA, FCPA

Aged 61. Mr Ho was appointed director of the Company in 1998. He is a member of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Hong Kong Institute of Certified Public Accountants. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 34 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 60. Mr Yeung was appointed director of the Company in 2000 and was re-designated as independent non-executive director of the Company in December 2012. He has extensive experience in the businesses of property development, hotel operation and jewelry. He is also an independent non-executive director of New World Development Company Limited. He previously served as Chairman and director of King Fook Holdings Limited, a listed company, until his resignation on 1 July 2016.

Mr Thomas LIANG Cheung Bui, BA, MBA

Aged 70. Mr Liang was appointed director of the Company in 2004 and was re-designated as independent non-executive director of the Company in December 2012. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from Columbia University. Mr Liang has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Mr Liang is a member of the Council of The Chinese University of Hong Kong with effect from 15 April 2015 and is a member of the Board of Governors, Hang Seng Management College with effect from 16 November 2015. He is also the Group Chief Executive of Wideland Investors Limited and an independent non-executive director of New World Development Company Limited.

Mr WU King Cheong, BBS, JP

Aged 66. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an independent non-executive director of Yau Lee Holdings Limited, Henderson Land, Henderson Investment and Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. Henderson Land has discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2016.

Mr Alexander AU Siu Kee, OBE, FCA, FCCA, FCPA, AAIA, FCIB, FHKIB

Aged 70. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Mr Au was an executive director and the chief financial officer of Henderson Land, a listed company, from December 2005 to June 2011. He stepped down from the position of chief financial officer and was re-designated as a non-executive director of Henderson Land on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an independent non-executive director of Henderson Land until his retirement on 2 June 2015. Currently, Mr Au is an independent non-executive director of Henderson Investment and The Wharf (Holdings) Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of Henderson Land, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Au has been appointed as a member of the Finance Committee of The Independent Schools Foundation Limited with effect from 5 December 2016. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Dr Timpson CHUNG Shui Ming, GBS, JP, DSSc (Hon)

Aged 65. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference. He is a Pro-Chancellor of the City University of Hong Kong with effect from 1 August 2016 for three years. Currently, Dr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Glorious Sun Enterprises Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. He is also an independent director of China State Construction Engineering Corporation Limited, listed on the Shanghai Stock Exchange. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited (listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of Henderson Land, a listed company, until his retirement on 2 June 2016.

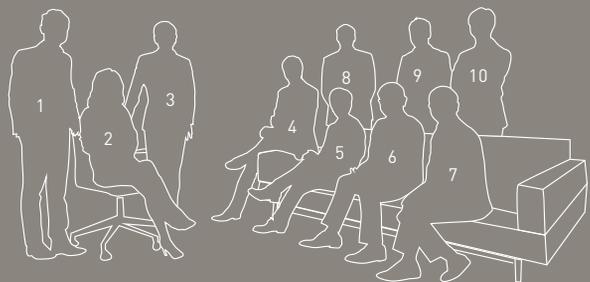


UNITED AS ONE
AND POISED
FOR SUCCESS



- 1. Mr Windsor Woo
- 2. Ms Liza Leung
- 3. Mr Calvin Lee
- 4. Mr Alexis Wong
- 5. Ms Elizabeth Ting

- 6. Mr Dickson Lai
- 7. Mr Patrick Cheang
- 8. Mr Kenneth Sorensen
- 9. Mr Clement Wu
- 10. Mr Anthony Ho



SENIOR MANAGEMENT

Mr Alexis WONG Lit Chor

Aged 58. Mr Wong joined the Group in May 2016 as Deputy Chief Executive Officer. He holds a Bachelor of Arts Degree in Economics and Commerce from the University of Toronto, Canada and a Master of Business Administration from The Chinese University of Hong Kong. With over 30 years of corporate management experience, he is proficient in securities dealing, corporate finance, banking, investment management as well as merger and acquisition. Prior to joining the Group, he was the Managing Director and Responsible Officer of Quam Securities Company Limited. He also worked as a senior executive for a number of listed Hong Kong and PRC companies. Mr Wong is an independent non-executive director of Inspur International Limited, China Fortune Holdings Limited and Tempus Holdings Limited, which are listed on the Main Board of The Stock Exchange of Hong Kong.

Mr Dickson LAI Ho Man

Aged 43. Mr Lai joined the Group in September 2016 as Director of Group Finance. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He holds a Bachelor of Arts Degree in Accountancy from the Hong Kong Polytechnic University and a Master of Business Administration from University of Birmingham. Mr Lai has over 20 years of experience in auditing, finance, accounting as well as financial management. He began his career with auditing in KPMG Hong Kong. Prior to joining the Group, he was the Chief Financial Officer and Company Secretary of Bi Feng Tang (Group) Holdings Limited. He also worked as a senior executive for a number of listed and private Hong Kong and PRC companies, including the Hosa International Limited, CITIC Pacific Group, Kerry Beverage Group and AsiaAlum Group, etc.

Ms Liza LEUNG Ka May

Aged 54. Ms Leung joined the Group in May 2006 as Director of Human Resources of Administration, Miramar Travel. She is the Acting Director, Group Human Resources & Administration. Ms Leung is a member of the Hong Kong Institute of Human Resource Management (“IHRM”), she has nearly 30 years of experience in human resources and administration in the Greater China Region. Her past duties included a full spectrum of functions covering human resources management, training and development, and general administration. Prior to joining the Group, she held senior management positions in recognized companies focusing on travel, hotels, securities and retail, etc.

Mr Patrick CHEANG Kwok Kei

Aged 48. Mr Cheang was appointed as Director of Risk Management & Corporate Services in March 2016. He holds a Bachelor’s Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen. Mr Cheang has nearly 20 years of experience in auditing and risk management with expertise in property related areas. Prior to joining the Group, Mr Cheang worked at Link Asset Management Limited as Head of Risk Management & Compliance and Head of Internal Audit and before that, he was the Supervising Consultant (Group Audit) for Jardine Matheson Limited.

Mr Windsor WOO Lap Fai

Aged 36. Mr Woo joined the Group in June 2016 as Director of Internal Audit. He is a Certified Practising Accountant Australia ("CPAA") and a Certified Information Systems Auditor ("CISA"). He holds a Bachelor degree in Information Systems from the University of Melbourne, Australia. Mr Woo has over 10 years of experience in the audit and risk management industry. He began his career with Risk and Control Solutions in PricewaterhouseCoopers Hong Kong with expertise in financial and operation review and technology audit. Prior to joining the Group, he was the Supervising Consultant, Group Audit and Risk Management of Jardine Matheson.

Mr Clement WU Kim Man

Aged 48. Mr Wu joined the Group in November 2012 as Business Unit Head of Asset Management. He is a Registered Professional Surveyor and Authorized Person in Hong Kong, and holds a Master of Business Administration (Financial Services) from The Hong Kong Polytechnic University. He is also a Member of the Chartered Institute of Arbitrators in U.K., a Panel Member of Appeal Tribunal (Buildings) in Hong Kong and a Registered BEAM Professional of Hong Kong Green Building Council. Mr Wu has over 20 years of experience in the property and construction industry with expertise in asset enhancement and management. Prior to joining the Group, Mr Wu was the General Manager (Project and Planning Department) of The Link Management Limited.

Mr Kenneth SORENSEN

Aged 51. Mr Sorensen joined the Group in November 2012 as Business Unit Head of Hotels and Serviced Apartments. A Danish national and holding a Degree in Hospitality Management from EHL in Lausanne, Mr Sorensen is a well-traveled multi-cultural seasoned executive with more than 25 years of sales, marketing, business development, operations, asset management and general management experiences, the last 15 in the Asia Pacific region. He has held key leadership roles in the main disciplines of the hospitality industry, with world leading organizations. Prior to joining the Group, he was at the helm of Onyx Hospitality Group - North Asia.

Ms Elizabeth TING Hwee Yuan

Aged 52. Ms Ting joined the Group in July 2011. She is the Acting Head of Food & Beverage. Ms Ting has nearly 30 years of experience in hotel & chain restaurant operations. Her primary role with the Group is to expand and manage the growth of our F&B operations in Hong Kong and within Asia. Prior to joining the Group, she held senior management positions in various international companies in Singapore, Malaysia, Taiwan, China and France; spanning from quick service restaurants, cafe chain, theme restaurants to food production factory.

48 Biographical Details of Senior Management

Mr Anthony HO Wai Cheong

Aged 47. Mr Ho joined the Group in December 2012 as Director of Group Information Technology. He holds a Bachelor's Degree in Computer Engineering and a Master of Business Administration from The University of Hong Kong. Mr Ho has more than 20 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Mr Calvin LEE Kang Hung

Aged 51. Mr Lee joined the Group in November 2016 as Assistant Director of Group Procurement. Mr Lee holds a Master Degree of Logistics and Supply Chain from University of Lancaster; he has nearly 30 years of extensive experience in procurement, logistics and supply chain in Greater China Region. Prior to joining the Group, he held management positions in recognized companies focusing on packaging industry, food manufacturing, quick service restaurant and retail, etc.

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 December 2016, with the exception of one deviation that roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. Mr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Mr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

Board of Directors

The Board of Directors (the “Board”) currently comprises fourteen members, of whom five are executive directors, four non-executive directors and five independent non-executive directors, as details below:

Executive Directors

Mr LEE Ka Shing
Mr Richard TANG Yat Sun
Dr Colin LAM Ko Yin
Mr Eddie LAU Yum Chuen
Mr Norman HO Hau Chong

Non-Executive Directors

Dr LEE Shau Kee
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
Mr Alexander AU Siu Kee

Independent Non-Executive Directors

Dr David SIN Wai Kin
Mr WU King Cheong
Dr Timpson CHUNG Shui Ming
Mr Howard YEUNG Ping Leung
Mr Thomas LIANG Cheung Bui

The biographical details of the directors and relationship among them are shown under the section “Biographical Details of Directors” in this Annual Report. Save as disclosed therein, there is no financial, business, family or other material/relevant relationship among the directors.

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Dr David Sin Wai Kin, Mr Thomas Liang Cheung Bui, Dr Timpson Chung Shui Ming and Mr Howard Yeung Ping Leung up to 31 December 2017; Dr Patrick Fung Yuk Bun up to 31 December 2018; Mr Dominic Cheng Ka On, Mr Wu King Cheong, Mr Alexander Au Siu Kee and Dr Lee Shau Kee are up to 31 December 2019; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The Board has adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria. Selection of candidates will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. Appointments will be first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. The ultimate decision will be based on merit and contribution.

The Board has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive directors are independent. Notwithstanding (i) Mr Howard Yeung Ping Leung and Mr Thomas Liang Cheung Biu have been non-executive directors of the Company prior to their re-designation as independent non-executive directors on 6 December 2012; (ii) Mr Howard Yeung Ping Leung is indirectly interested in a subsidiary of the Company; and (iii) Mr Howard Yeung Ping Leung has minority interests in the business of the Company, the Board is of the view that they are independent since they did not take part in the day-to-day management or perform any management role or executive function in the Company or any of its subsidiaries before the re-designation. The Board is also of the view that Mr Howard Yeung Ping Leung is independent because (a) Mr Yeung is only indirectly interested in an insignificant minority stake in a subsidiary of the Company and (b) Mr Yeung does not have material interest in any principal business activity of the Company or being involved in any material business dealings with the Company that would fall within the ambit of Rule 3.13(4) of the Listing Rules.

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Mr Howard Yeung Ping Leung, Mr Wu King Cheong and Mr Alexander Au Siu Kee shall retire by rotation at the forthcoming 2017 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Mr Wu King Cheong has served as independent non-executive director for more than nine years. As an independent non-executive director with extensive experience and knowledge, Mr Wu has been providing objective and independent views to the Company over the years, and he remains committed to his independent role. The Board concurs with the view of the Nomination Committee that the long service of Mr Wu would not affect his exercise of independent judgement and is satisfied that Mr Wu has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and the Board thus recommends Mr Wu for re-election at the 2017 Annual General Meeting.

The Board makes broad policy decisions and has delegated the responsibility to the Chief Executive Officer for corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. The key function of the Chairman is the management of the Board. The day-to-day management and operation of the Company's businesses are delegated to the senior management. The Board has the following matters specifically reserved for its approval:

1. Major acquisitions and disposals, and joint ventures;
2. Major project investments, and major capital expenditure programmes;
3. Annual budgets, and business and financial plans;
4. Financial statements, dividend distributions, capital structure, treasury policy, and accounting policy;
5. Remuneration policy and terms of employment of the senior executive team; and
6. Public announcements as required under the Listing Rules.

During the year ended 31 December 2016, five board meetings were held to review and approve financial results, evaluate operating performance and direct business development. The Board has a total of four board committees to assist it in carrying out its responsibilities; and they are the General Purpose Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, all of which have defined terms of reference setting out their respective duties, powers and functions.

Corporate Governance Function

The Board has undertaken the following corporate governance functions:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

General Purpose Committee

The General Purpose Committee comprises five members, all of them are executive directors, namely Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Dr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen and Mr Norman Ho Hau Chong. The General Purpose Committee operates with delegated authority from the Board.

Remuneration Committee

The Remuneration Committee comprises five members, three of them are independent non-executive directors, namely Dr David Sin Wai Kin, Mr Wu King Cheong and Dr Timpson Chung Shui Ming, and two are executive directors, namely Mr Lee Ka Shing and Mr Richard Tang Yat Sun. Dr Timpson Chung Shui Ming is the Chairman of the Remuneration Committee.

The Remuneration Committee meets at least once a year to review the structure of remunerations for directors and senior management with reference to the skill, knowledge, experience, responsibilities, individual performance and the overall profitability of the Company. The Remuneration Committee regards that the remunerations offered to the directors and senior management are appropriate for their duties and in line with market practice. No director would be involved in deciding his own remunerations. The Board has delegated responsibility to the Remuneration Committee to determine the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights, compensation payments and compensation payable for loss or termination of their office or appointment.

Audit Committee

The Audit Committee is primarily responsible for review of the financial results of the Group and oversight of the Group's financial controls, internal controls and risk management systems. It comprises five members, three of them are independent non-executive directors, namely Dr David Sin Wai Kin, Mr Wu King Cheong and Dr Timpson Chung Shui Ming, and two are non-executive directors, namely Dr Patrick Fung Yuk Bun and Mr Dominic Cheng Ka On. Dr Timpson Chung Shui Ming is the Chairman of the Audit Committee.

The Audit Committee met five times during the year ended 31 December 2016. The major work performed by the Audit Committee included reviewing the Group's internal controls, risk management, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions, approving the remunerations and terms of engagement of the external auditors and making recommendation to the Board on the re-appointment of auditors.

Nomination Committee

The Nomination Committee comprises four members, three of them are independent non-executive directors, namely Dr David Sin Wai Kin, Mr Wu King Cheong and Dr Timpson Chung Shui Ming, and an executive director, namely Mr Lee Ka Shing. Mr Lee Ka Shing is the Chairman of the Nomination Committee.

The Nomination Committee from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board. It will evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time.

The Nomination Committee met once during the year ended 31 December 2016. It has discussed and reviewed the composition of the Board; assessed the independence of all independent non-executive directors; recommended to the Board for approval the re-election of all the retiring Directors at the Annual General Meeting.

Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2016 and the attendance of directors are set out in the table below:

Directors	Meetings attended/held				2016 Annual
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Mr LEE Ka Shing	4/5	N/A	1/1	1/1	1/1
Mr Richard TANG Yat Sun	5/5	N/A	1/1	N/A	1/1
Dr Colin LAM Ko Yin	4/5	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	4/5	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	4/5	N/A	N/A	N/A	1/1
Non-Executive Directors					
Dr LEE Shau Kee	4/5	N/A	N/A	N/A	1/1
Dr Patrick FUNG Yuk Bun	5/5	5/5	N/A	N/A	1/1
Mr Dominic CHENG Ka On	5/5	5/5	N/A	N/A	1/1
Mr Alexander AU Siu Kee	4/5	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Dr David SIN Wai Kin	5/5	5/5	1/1	1/1	1/1
Mr WU King Cheong	4/5	5/5	1/1	1/1	1/1
Dr Timpson CHUNG Shui Ming	4/5	5/5	1/1	1/1	1/1
Mr Howard YEUNG Ping Leung	3/5	N/A	N/A	N/A	0/1
Mr Thomas LIANG Cheung Bui	5/5	N/A	N/A	N/A	1/1

In one of the board meeting, certain directors excused themselves on consideration of good corporate governance practice.

Accountability and Audit

The Directors are responsible for overseeing the preparation of the annual financial statements which give a true and fair view of the Group's state of affairs and of the results and cash flow for the year. The Group's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are fair and reasonable; and that the accounts are prepared on a going concern basis.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 90 to 94 of this Annual Report.

Directors' Training

During the year ended 31 December 2016, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

Directors	Type of trainings
Executive Directors	
Mr LEE Ka Shing	A, B
Mr Richard TANG Yat Sun	A, B
Dr Colin LAM Ko Yin	A, B
Mr Eddie LAU Yum Chuen	A, B
Mr Norman HO Hau Chong	A, B
Non-Executive Directors	
Dr LEE Shau Kee	A, B
Dr Patrick FUNG Yuk Bun	A, B
Mr Dominic CHENG Ka On	A, B
Mr Alexander AU Siu Kee	A, B
Independent Non-Executive Directors	
Dr David SIN Wai Kin	B
Mr WU King Cheong	A, B
Dr Timpson CHUNG Shui Ming	A, B
Mr Howard YEUNG Ping Leung	A, B
Mr Thomas LIANG Cheung Bui	A, B

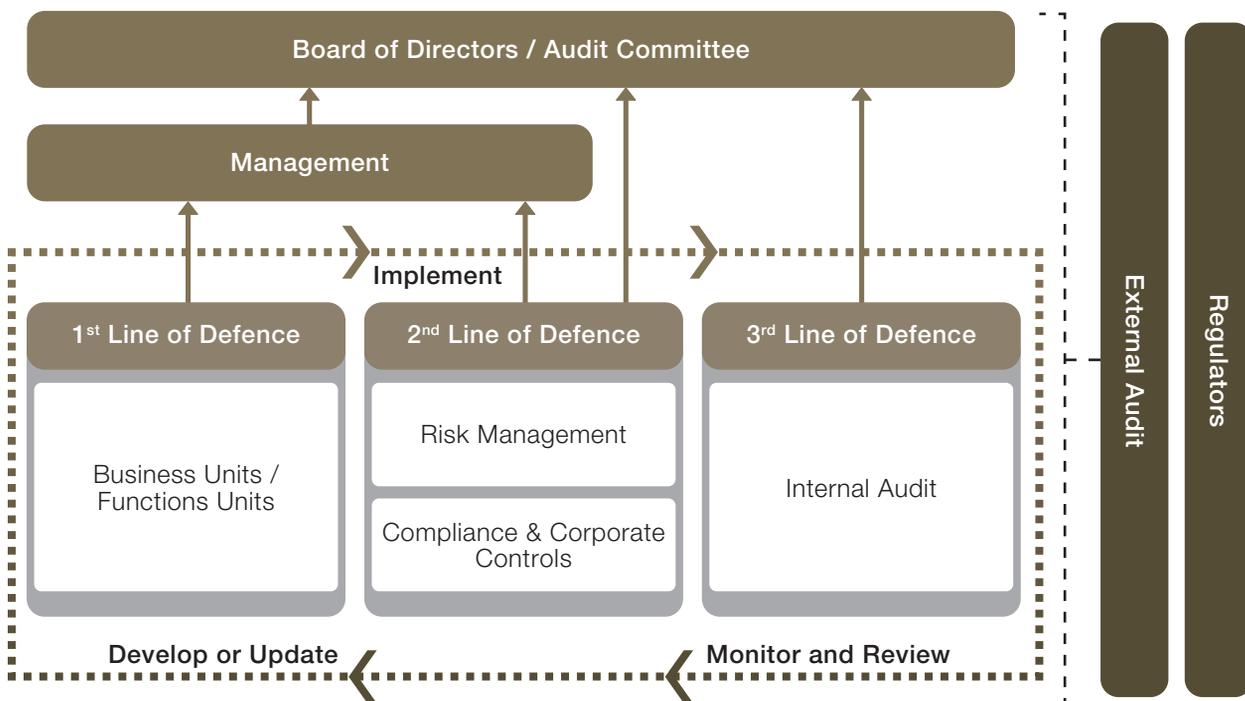
A: attending seminars and/or conferences and/or forums

B: reading materials relevant to the directors' duties and responsibilities

Risk Management and Internal Control

Effective management of risks is essential for the long-term growth and sustainability of the Group’s business; it blends seamlessly into strategic, operational and financial management in our Group’s holistic approach to management control. It is always a challenge to determinately identify and manage the pertinent risks so that they are treated, transferred, terminated or simply taken, where appropriate. To achieve this, the Board ensures that there is a robust framework of continuous risk management process of identifying, evaluating and managing key risks faced by the Group. Adhering to this framework, the Group has met this challenge with high effectiveness.

Our risk management framework is guided by the model of “Three Lines of Defence” as follows:



Three Lines of Defence

Our framework is not a standalone program; it is an integrated, continuous process, in which elements in the framework are integrated into the Group’s day-to-day operations and are continually applied under cycles of reviewing, implementing, monitoring and updating.

56 Corporate Governance Report

1st Line of Defence – Operational Management and Internal Controls

Key internal control activities are integrated into daily operations with clear policies and procedures with the elements of governance, risk management and compliance. The policies and procedures are reviewed and updated on a regular basis to ensure their effectiveness, and shared with our employees through intranet and comprehensive training.

Key Group Policies and Procedures apply to all employees:

- **Whistleblowing Policy** provides a proper reporting channel for employees to raise genuine concerns about malpractice or suspected wrongdoing.
- **Inside Information Policy** ensures inside information of the Group is to be kept in strict confidence or otherwise disseminated to the public in a timely manner in accordance with the applicable laws and regulations.
- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transaction in order to comply with the listing rules requirement.
- **Code of Conduct** stipulates the Group policy on matter of personal conduct and relationships.
- **Approval Authority** sets clear authority limits on business decision and daily operations.
- **Operational Policies and Procedures** are set in each business and functional units to provide guideline in daily operations within the corporate governance framework.

2nd Line of Defence – Risk Management and Corporate Services

During the year, Risk Management and Corporate Services Department (“RM&CS”) was established with the reporting line to the management and has direct access to Audit Committee. The key functions include:

- Establish and maintain appropriate and effective risk management system to facilitate the business and functional units to continuously identify, evaluate and monitor risks to business objectives;
- Support management to assess and respond to emerging risks;
- Lead in modifying the control procedures of identified and/or potential irregularities at the business and functional units;
- Assist in developing and updating the policies and procedures to ensure that key control and monitoring procedures over compliance and risk management have been integrated into the daily operations; and
- Regularly report key risks and advise mitigating strategies to the management and Audit Committee.

The Group adopts an integrated top-down approach complemented by a bottom-up approach in the risk management process. The top-down approach involves the corporate view from the Board and management on risks which may have significant impact to the Group. The bottom-up approach identifies, assesses and manages key risks of each business and functional units through annual risk management workshops held by RM&CS. Our process is designed to manage risks and not eliminate all risks.

The Group identifies risks in 11 categories, detailed disclosure on the key risks of the Group are set out on pages 58 to 62.

3rd Line of Defence – Internal Audit

The Internal Audit Department reports directly and independently to the Audit Committee, is responsible for carrying out the analysis and independent appraisal of adequacy and effectiveness of internal control and risk management system in accordance with its approved risk-based audit plan. Internal Audit periodically reports the key findings and recommendations to Audit Committee and follows up on the implementation of its recommendations. The objective is to ensure that all material controls are in place and functioning effectively.

During the year under review, internal audit was undertaken to provide the management with assurance that the Group's business operations and risk management practice complied with the international and professional standards. With reference to the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) internal control and risk management framework, the Group has conducted an assessment of the risk management and internal control system against the five elements of COSO, namely control environment, risk assessment, control activities, information & communication and monitoring.

Audit Committee and Management

The Board has overall responsibility for the system of risk management and internal controls of the Group and has reviewed its effectiveness. Our Board has delegated the responsibility for overseeing overall risk management and internal control systems to Audit Committee.

The Audit Committee receives regular reports from Internal Audit Department and RM&CS. The reports include the key activities and issues that happened in the period. The Audit Committee and management discuss the nature and impact of the issues/risks, and see whether appropriate mitigating actions are in place, and whether further action is needed. The management ensures adequate resources to support the implementation of the decisions and confirm to the Board on the risk management and internal control systems in respect of their effectiveness, design, implementation and monitoring. Like all systems, our systems can only provide reasonable and not absolute assurance against material misstatement, misstep or loss.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2016 and discussed with the Director of Internal Audit, Director of Risk Management & Corporate Services and independent auditors matters on auditing, internal control, risk management and financial report of the Group.

External Auditor

The external auditor further supplements the 3rd Line of Defence process by providing independent review on internal controls in relation to financial reporting process during the course of its audit work. The external auditor would report on any control issues to the Audit Committee.

During the year, the risk management process assessed the following risk aspects, under 11 different categories, in term of their impact on financial performance, reputation, health and safety, legal and compliance and staffing towards our business objectives. They are summarized as follows:

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level
Investment Strategy	Return on acquisitions/investments/developments of business could turn out to be uncertain due to uncontrollable external factors and may result in financial loss	<ul style="list-style-type: none"> – Investment decisions are supported by detailed integration plan and business strategies with management approval – Potential projects/investment are subject to an extensive due diligence review by in-house specialists and external advisors – Continuous monitoring and review of all aspects of development, planning and progress by experienced managers – Controls over projects/investment are independently reviewed by internal audit 	Medium
Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong; adverse changes in economic and political environments in Hong Kong could have a direct or indirect impact to the Group's earnings	<ul style="list-style-type: none"> – Constantly evaluate the economic environment it operates in and promptly respond to any changes – Continuous monitoring of changes in the political agenda in Hong Kong and Mainland China – Marketing strategy to cater to changes in economic and political outlook 	Medium

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level
Staff	Our core businesses are in people intensive industries and loss of key staff would affect the Group's ability to deliver on its strategies	<ul style="list-style-type: none"> – Maintain succession plans for key positions – Regular review on the competitiveness of our compensation and benefit arrangement – Development platform and comprehensive trainings have been provided to staff 	Low to Medium
Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss	<ul style="list-style-type: none"> – Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements – Encourage staff to attend seminar to update relevant knowledge – Establish related policies and procedures to provide clear guideline to staff – Regular independent review by Internal Audit Department to ensure its compliance 	Low to Medium
Disaster Events	Major disaster events, including terrorist attack and outbreak of contagious diseases such as Avian Flu, SARS, Ebola, would impact on our business operations, company reputation and reduce our earnings	<ul style="list-style-type: none"> – Emergency Procedures, Business Continuity Management and Crisis Management are in place to minimize business disruption during disaster events – Drill on business continuity are conducted on an annual basis to ensure effectiveness – Comprehensive insurance coverage for property assets, business interruption and third party liabilities 	Low to Medium

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level
Tenant and Customer	Loss of income due to change in customer spending behavior, such as online shopping and decline in spending on luxury goods	<ul style="list-style-type: none"> – Enhance marketing and promotion to attract customers, such as creating new mall mobile app – Actively engage with current and potential tenants to strengthen strategic relationships – Maintain a well-balanced tenant mix and trade mix – Continuously update with the market trend and promptly respond 	Low
Contractor and Supplier	Association with problematic/substandard contractors/suppliers may cause financial and reputation loss	<ul style="list-style-type: none"> – All vendors are required to go through the well-established pre-qualification mechanism – Closely monitoring of the performance of contractors/suppliers – Mechanism on picking out and deregistering problematic vendors from the list is in place 	Low

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level
Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss of physical assets, etc.	<ul style="list-style-type: none"> – Approval authority has been set up and well communicated among all staff – Policies and procedures of key controls have been established and published on intranet – Monitoring procedures, e.g. stocktaking/cash count by Group Finance, are in place – Whistleblowing channel has been set up – Internal Audit conducts independent review on a regular basis 	Low
Information Technology	Business operations may be adversely affected and sensitive information may be leaked out by cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure	<ul style="list-style-type: none"> – Enforce security measures such as periodic change of password, updating antivirus and firewall protection – Establish information technology security policy on use of information technology equipment and installation on application software – Business continuity plan and disaster recovery plan of major information technology systems have been formulated and can be quickly applied to ensure business continuity – Recovery drill is conducted periodically to ensure its effectiveness 	Low

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level
Brand and Reputation	Protecting the Group's brand and reputation from negative public attention which could result in significant decline in our tenant and customer base and financial loss	<ul style="list-style-type: none"> – Guideline on handling media enquiries to all level of staff has been established – Continuous monitoring of media coverages, with actions taken where necessary – Crisis management mechanism is in place with the formation of Crisis Management Committee – Spokesperson hierarchy and principles of corporate communications are in place 	Low
Environmental	Threats of adverse effects on environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations	<ul style="list-style-type: none"> – Environmental Policy have been established – Environmental Committees have been set up to enhance environmental protection – Green purchasing practices – Closely monitoring on energy usage – A series of Energy Saving Plan, e.g. upgrade of chiller plant, use of LED light bulbs, etc. 	Low

Auditors' Remuneration

During the year ended 31 December 2016, the fees (before out-of-pocket expenses) paid/payable to the Company's auditors, KPMG, for the provision of audit services and non-audit services are as follows:

	Remuneration HK\$'000
Audit services	2,596
Non-audit services:	
Interim review	406
Other services	386
	<hr/>
	3,388

Model Code for Securities Transaction by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2016.

Communication with Shareholders

During the year ended 31 December 2016, the Board has adopted a Shareholders Communication Policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy is to promote effective communication with shareholders of the Company and enable them to exercise their rights as shareholders in an informed manner and to furnish the investment community with equal and timely access to information about the Company. It will be updated in response to any subsequent changes in internal structure, regulatory and market developments.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.miramar-group.com;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website and the Articles of Association of the Company is made available on the respective websites of the Stock Exchange and the Company;
- (iv) Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Company's Share Registrar serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

Shareholders' Rights

(a) Procedures for shareholders to convene an extraordinary general meeting ("EGM")

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company can make a request to call an EGM.

The request:

- (i) must state the general nature of the business to be dealt with at the EGM;
- (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the EGM;
- (iii) may consist of several documents in like form;
- (iv) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at IR@miramar-group.com); and
- (v) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance. Directors must call an EGM within 21 days after the date on which they become subject to the requirement and the EGM so called must be held on a date not more than 28 days after the date of the notice convening the EGM.

Pursuant to Section 568 of the Companies Ordinance, if the Directors do not do so, the shareholders who requested the EGM, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an EGM. The EGM must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call an EGM. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the EGM by reason of the failure of the Directors duly to call the EGM.

(b) Procedures for putting forward enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

15/F, Miramar Tower
132 Nathan Road
Tsim Sha Tsui
Kowloon, Hong Kong
Fax: (852) 2736 4975
Email: IR@miramar-group.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

(c) Procedures for shareholders to request circulation of resolution for annual general meeting (“AGM”)

Pursuant to Section 615 of the Companies Ordinance, shareholder(s) can make a request to circulate a notice of a resolution that may properly be moved and is intended to be moved at an AGM. The request must be made by:

- (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or
- (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

- (i) may be sent in hard copy form (to the Company’s registered office, which is situated at 15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at IR@miramar-group.com);
- (ii) must identify the resolution of which notice is to be given;
- (iii) must be authenticated by the person or persons making it; and
- (iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

Constitutional Documents

During the year ended 31 December 2016, there are no changes in the Company’s constitutional documents.

Miramar Group's core businesses span hotel & serviced apartments, food & beverage, property leasing and travel agency. There are several principal risks and uncertainties which may directly or indirectly affect the Group's business operations and financial conditions, and future prospect of the business. The magnitude of impact arising from these risks on the Group depends on severity, duration and locality of the event should it occur. Risk is a function of many dynamic forces and factors at play in the environment the Group operates. As such, there are risks that are not significant now but can turn significant, risk we are not aware of, and/or new risk emerging from time to time in the future. We continually monitor, review, evaluate these risks and update all concerned staff accordingly. Outlined here are the principal risks that may affect the Group's businesses, and it is not intended to be exhaustive or comprehensive.

- 1. Economic Downturn and Investment Uncertainty:** The Group core businesses and investments are susceptible to, amongst others, elements that impact consumer and investor confidence, retail spending, property prices, interest rates and visitor arrivals. A significant portion of the Group's operations and core assets are in Hong Kong and its revenue largely derived from Hong Kong. In this context, Hong Kong's government policies and economic conditions and developments, and global political & social conditions, global economic & investment sentiments, fiscal and monetary policies similarly, have direct or indirect impact on the Group's businesses and investments, by virtue of Hong Kong being an open economy. The Group closely monitors the economic environment it operates in, and constantly evaluates our risk profile and takes appropriate actions to mitigate these risks and adjusts our strategies, operations and policies where appropriate.
- 2. Disaster Event:** These are events such as natural disaster, terrorist attack, social unrest, or outbreak of contagious diseases such as Avian Flu, SARS, Ebola or a major fire in our core properties. Depending on the severity, duration and locality, this could severely disrupt the Group's businesses and operations. The Group has policies and processes in place to respond to these crises and minimize disruptions, ensure business continuity, and protect safety of our employees and customers. The Group also has taken out comprehensive insurance coverage for its properties and its business operations and undertakes periodic risk assessment of its core properties.
- 3. Human Resources:** The Group is engaged in people-intensive service businesses and retention of key and skillful staff is a challenge to our business performance. In the recent year, Hong Kong has experienced rising people and related benefits costs due to a range of factors including legislation of minimum wages and impending introduction of standard working hours. Failure to strategically manage staff retention and the related costs would adversely impact our businesses, particularly in an economic downturn. Whilst preserving high quality of service, the Group closely monitors these operating and labour costs; and timely review our business strategies to optimize the benefits to our stakeholders.
- 4. Legal and Compliance:** The Group is committed to complying with the relevant legal and regulatory requirements. The compliance costs are projected to be rising in the coming years due to imposition of new standards and requirements by government and regulatory bodies. The costs include appointment of external consultants for training, establishment/update of policies and procedures in response to the new requirements. The Group actively engages with the regulatory bodies and external advisors on any upcoming new requirements to ensure compliance.

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2016.

Principal Activities

The principal activity of the Company is investment holding, and the principal activities of its principal subsidiaries are property rental, hotels and serviced apartments, food and beverage operation and travel operation; the particulars of which are set out in note 11 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2016 are set out in note 9 to the financial statements.

Group Profit

The profit of the Group for the year ended 31 December 2016 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 95 to 165.

Dividends

An interim dividend of 20 Hong Kong cents per share (2015: 20 Hong Kong cents per share) was paid on 20 October 2016. The directors now recommend the payment of a final dividend of 34 Hong Kong cents per share (2015: 34 Hong Kong cents per share) in respect of the year ended 31 December 2016 to shareholders whose names are on the Register of Members as at 13 June 2017. Subject to the approval to be obtained at the 2017 Annual General Meeting, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 27 June 2017.

Business Review and Performance

The business review of the Group for the year ended 31 December 2016 and the discussion on the Group's future business development are set out in the sections headed "Chairman and CEO's Statement" and "Management Discussion and Analysis". Description of the principal risks and uncertainties facing the Group are set out in the section headed "Principal Risks". There were no important events affecting the Group since the end of the financial year end. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlight on pages 4 and 5 of this Annual Report. Discussion on the Company's environmental policies and performance as well as compliance with relevant laws and regulations are in the sections headed "Environmental, Social and Governance Report".

Major Customers and Suppliers

Due to the diversity and nature of the Group's activities, the aggregate percentage of the Group's sales and purchases attributable to the Group's five largest customers and suppliers respectively was less than 30%.

At 31 December 2016, none of the directors, their close associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's number of issued shares, had an interest in any of the five largest customers and suppliers. The Directors do not consider any one employee, customer, supplier and others to be influential to the Group.

Directors

The directors who held office during the year ended 31 December 2016 and up to the date of this report were:

Executive Directors

Mr LEE Ka Shing
Mr Richard TANG Yat Sun
Dr Colin LAM Ko Yin
Mr Eddie LAU Yum Chuen
Mr Norman HO Hau Chong

Non-Executive Directors

Dr LEE Shau Kee
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
Mr Alexander AU Siu Kee

Independent Non-Executive Directors

Dr David SIN Wai Kin
Mr WU King Cheong
Dr Timpson CHUNG Shui Ming
Mr Howard YEUNG Ping Leung
Mr Thomas LIANG Cheung Biu

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Mr Howard Yeung Ping Leung, Mr Wu King Cheong and Mr Alexander Au Siu Kee shall retire by rotation at the forthcoming 2017 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Directors of Subsidiaries

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year ended 31 December 2016 and up to the date of this report is available on the Company's website at www.miramar-group.com.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2017 Annual General Meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

Management Contracts

No contracts (as defined in Section 543 of the Companies Ordinance (Cap. 622)) relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Disclosure of Interests

Directors' interests in shares

At 31 December 2016, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(A) Interests in ordinary shares

Long Positions

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	-	-	270,718,250 <i>(note 1)</i>	-	46.87%
	Mr LEE Ka Shing	-	-	-	270,718,250 <i>(note 2)</i>	46.87%
	Dr David SIN Wai Kin	4,158,000	-	-	-	0.72%
	Dr Patrick FUNG Yuk Bun	-	-	-	8,426,710 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	-	-	1.35%
	Mr Richard TANG Yat Sun	125,000	-	11,241,900 <i>(note 4)</i>	-	1.97%
	Mr Thomas LIANG Cheung Bui	-	2,218,000 <i>(note 5)</i>	-	-	0.38%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	-	-	-	2%

(B) Interests in warrants *(note 6)*

Long Positions

Name of Company	Name of Director	Personal Interests (units)	Family Interests (units)	Corporate Interests (units)	Other Interests (units)	Percentage of total number of warrants
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	-	-	52,621,850 <i>(note 1)</i>	-	45.70%
	Mr LEE Ka Shing	-	-	-	52,621,850 <i>(note 2)</i>	45.70%
	Dr David SIN Wai Kin	831,600	-	-	-	0.72%
	Dr Patrick FUNG Yuk Bun	-	-	-	1,685,342 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On	1,554,928	800	-	-	1.35%
	Mr Richard TANG Yat Sun	25,000	-	2,248,380 <i>(note 4)</i>	-	1.97%
	Mr Thomas LIANG Cheung Bui	-	443,600	-	-	0.39%

Save as disclosed above, as at 31 December 2016, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

Apart from the foregoing, at no time during the year ended 31 December 2016 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial shareholders and others

The Company has been notified of the following interests in the Company's issued shares at 31 December 2016, amounting to 5% or more of the shares in issue:

(A) Interests in ordinary shares

Long Positions

Substantial shareholders	Ordinary Shares held (shares)	Percentage of total issued shares
Dr LEE Shau Kee	270,718,250 <i>(note 1)</i>	46.87%
Mr LEE Ka Shing	270,718,250 <i>(note 2)</i>	46.87%
Rimmer (Cayman) Limited ("Rimmer")	270,718,250 <i>(note 7)</i>	46.87%
Riddick (Cayman) Limited ("Riddick")	270,718,250 <i>(note 7)</i>	46.87%
Hopkins (Cayman) Limited ("Hopkins")	270,718,250 <i>(note 7)</i>	46.87%
Henderson Development Limited ("Henderson Development")	270,718,250 <i>(note 8)</i>	46.87%
Henderson Land Development Company Limited ("Henderson Land")	270,718,250 <i>(note 8)</i>	46.87%
Aynbury Investments Limited ("Aynbury")	270,718,250 <i>(note 8)</i>	46.87%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 8)</i>	17.42%
Multiglade Holdings Limited ("Multiglade")	89,600,500 <i>(note 8)</i>	15.51%
Threadwell Limited ("Threadwell")	80,505,000 <i>(note 8)</i>	13.94%
Persons other than substantial shareholders	Ordinary Shares held (shares)	Percentage of total issued shares
Mr CHONG Wing Cheong	57,592,210	9.97%

(B) Interests in warrants *(note 6)***Long Positions**

Substantial shareholders	Warrants held (units)	Percentage of total number of warrants
Dr LEE Shau Kee	52,621,850 <i>(note 1)</i>	45.70%
Mr LEE Ka Shing	52,621,850 <i>(note 2)</i>	45.70%
Rimmer (Cayman) Limited ("Rimmer")	52,621,850 <i>(note 7)</i>	45.70%
Riddick (Cayman) Limited ("Riddick")	52,621,850 <i>(note 7)</i>	45.70%
Hopkins (Cayman) Limited ("Hopkins")	52,621,850 <i>(note 7)</i>	45.70%
Henderson Development Limited ("Henderson Development")	52,621,850 <i>(note 8)</i>	45.70%
Henderson Land Development Company Limited ("Henderson Land")	52,621,850 <i>(note 8)</i>	45.70%
Aynbury Investments Limited ("Aynbury")	52,621,850 <i>(note 8)</i>	45.70%
Higgins Holdings Limited ("Higgins")	20,122,550 <i>(note 8)</i>	17.48%
Multiglade Holdings Limited ("Multiglade")	16,398,300 <i>(note 8)</i>	14.24%
Threadwell Limited ("Threadwell")	16,101,000 <i>(note 8)</i>	13.98%
	Warrants held (units)	Percentage of total number of warrants
Persons other than substantial shareholders		
Mr CHONG Wing Cheong	11,518,442	10%

Save as disclosed above, as at 31 December 2016, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 270,718,250 shares and 52,621,850 units of warrants, which are duplicated in the interests described in Notes 2, 7 and 8.
- (2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 7, Mr Lee Ka Shing is taken to be interested in 270,718,250 shares and 52,621,850 units of warrants, which are duplicated in the interests described in Notes 1, 7 and 8, by virtue of the SFO.
- (3) All these shares and warrants were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.
- (4) All these shares and warrants were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.
- (5) These 2,218,000 shares, of which 1,080,000 shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary and the remaining of 1,138,000 shares were held by his spouse.
- (6) The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder to subscribe in cash for one Share at the initial subscription price of HK\$13.50 per Share (subject to adjustments). The Warrants are exercisable at any time during a period of thirty months commencing from 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015. As at 31 December 2016, the total units of warrants is 115,139,868.
- (7) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 270,718,250 shares and 52,621,850 units of warrants are duplicated in the interests described in Notes 1, 2 and 8.
- (8) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 270,718,250 shares and 52,621,850 units of warrants were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 270,718,250 shares and 52,621,850 units of warrants are duplicated in the interests described in Notes 1, 2 and 7.

Continuing Connected Transactions

The Group has the following continuing connected transactions during the year ended 31 December 2016:

- (1) (a) On 18 March 2013, a lease (the “Whole of 18th Floor Lease”) was entered into between Shahdan Limited (“Shahdan”) as landlord and Union Medical Centre Limited (“Union Medical”) as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises : Whole of 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Miramar Tower 1803-07 and 1812 Premises:
Three years, commencing from 1 February 2013 to 31 January 2016 (both days inclusive);

Miramar Tower 1801-02 Premises:
Two years eight months, commencing from 1 June 2013 to 31 January 2016 (both days inclusive);

Miramar Tower 1808 and 1813 Premises:
Two years seven months and sixteen days, commencing from 15 June 2013 to 31 January 2016 (both days inclusive);

Miramar Tower 1814 Premises:
Two years five months sixteen days, commencing from 16 August 2013 to 31 January 2016 (both days inclusive);

Miramar Tower 1815 Premises, Miramar Tower 1816 Premises and Miramar Tower 1817-18 Premises:
Two years four months fifteen days, commencing from 16 September 2013 to 31 January 2016 (both days inclusive);

Miramar Tower 1809-11 Premises:
One year nine months six days, commencing from 25 April 2014 to 31 January 2016 (both days inclusive).

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$1,462,000.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$233,166.40; and

Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.

Sublet : The tenant shall have the right to sublet part of the Premises to Paragon Clinic Limited, which is a third party (not being a Connected Person of the Company) or individual doctors provided prior written consent has been obtained from Shahdan.

Usage : To be used as a clinic only.

Union Medical is a company indirectly controlled by the private trusts of the family of Dr Lee Shau Kee. Accordingly, Union Medical is a connected person of the Company thereby rendering the Whole of 18th Floor Lease a continuing connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Such continuing connected transaction has expired on 31 January 2016, and was renewed under a new lease as listed under the following paragraph (1)(b).

- (1) (b) On 23 November 2015, a lease (the "New Whole of 18th Floor Lease") was entered into between Shahdan as landlord and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises : Units 1801-18 on the 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Terms : Three years, commencing from 1 February 2016 to 31 January 2019 (both days inclusive)

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK\$1,841,307.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK\$265,306.60; and

Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.

Usage : To be used as a clinic only.

Union Medical is a connected person of the Company thereby rendering the New Whole of 18th Floor Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

74 Report of the Directors

- (1) (c) On 17 August 2016, a lease (the "1706-1707 Lease") was entered into between Shahdan as landlord and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises : Units 1706-1707 on the 17th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Terms : Three years, commencing from 1 September 2016 to 31 August 2019 (both days inclusive).

Rent-Free period : No rent is to be payable by the tenant for the initial 61 days starting from and inclusive of the Lease Commencement Date provided that the management fee and air-conditioning charges, government rates and utility charges for the Premises shall still be paid by the tenant during the rent-free period.

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK\$215,262.50.

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK\$35,961.50.

Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.

Usage : To be used as a clinic only.

Union Medical is a connected person of the Company thereby rendering the 1706-1707 Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

- (2) On 19 November 2013, Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant entered into a sub-lease with IFC Development Limited as landlord (“Sub-Lease”) and certain floor space at the ifc Mall are also being licenced by the landlord to the tenant. Details of the terms and conditions are set out as follows:

Premises : Shop Nos. 3101-3107 on Level Three of ifc Mall (the “ifc Premises”) and certain floor space at ifc Mall.

Term : Initial term of three years commencing from 7 July 2013 to 6 July 2016 (the “Initial Term”) and, for the Licence, on an annual basis (and/or such shorter period as may be agreed between the landlord and the tenant) subject to termination upon termination of the Sub-Lease.

Rent and other charges : The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term shall be as follows:

(a) From 7 July 2013 to 6 July 2016, basis rent in the sum of HK\$836,594.00 per month together with turnover rent representing the amount by which 11% of the Gross Receipts exceeds the basic rent per month (the “Turnover Rent”); and

(b) From 7 July 2016 to 6 July 2019, provided an option (as defined below) is exercised by the tenant, at open market rent provided that the basic rent shall not be less than HK\$836,594.00 per month or more than HK\$1,003,912.80 per month, together with the Turnover Rent.

The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Sub-Lease shall be approximately HK\$435,736.00 per month (subject to review from time to time). The aggregate licence fee, air-conditioning and management charges and promotional levy payable on a monthly basis in respect of the Licence shall be approximately HK\$9,890.40 per month (subject to review from time to time).

Option : An option exercisable by the tenant at the expiry of the Initial Term on 6 July 2016 to renew the sub-lease of the ifc Premises for three years. The parties will enter into new agreement(s) upon the tenant exercising the renewal option.

Usage : The ifc Premises shall be used for operating up-market restaurants and the certain floor space are used in connection with the restaurant business.

On 7 June 2016, the tenant exercised the option to renew the sub-lease of the ifc Premises (the “Renewed Sub-Lease”) for three years upon the terms as detailed below:

- Term : Three years commencing from 7 July 2016 to 6 July 2019.
- Rent and other charges : The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term is HK\$923,602.93 per month together with turnover rent representing the amount by which 11% of the Gross Receipts exceeds the basic rent per month.
- The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Renewed Sub-Lease shall be approximately HK\$471,144.50 per month (subject to review from time to time).

As the landlord is an associate of Henderson Land Development Company Limited (“Henderson Land”), which in turn is a substantial shareholder of the Company, therefore the landlord is a connected person of the Company under Listing Rules. Accordingly, the entering into of the Sub-Lease and the Renewed Sub-Lease constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

- (3) On 5 December 2013, a lease (the “Mira Moon Lease Agreement”) was entered into between Intelligent House Limited as landlord (the “Landlord”) and Mira Moon Limited, a wholly-owned subsidiary of the Company, as tenant (the “Tenant”), whereby the tenant had agreed to lease from the landlord the premises upon the terms as detailed below:

- Premises : the Premises, being the remaining portion of section A of Marine Lot No. 436 together with a building now known as “MIRA MOON” located at No. 388 Jaffe Road, Wanchai, Hong Kong.
- Term : 10 years and 6 months, commencing from 21 November 2013 to 20 May 2024 (both days inclusive).
- Termination by sale and redevelopment : If, at any time during the Term, the Landlord shall resolve to (i) sell the Premises or any part of it; (ii) assign any of its rights and interests in the Premises or any part of it to any third party(ies); or (iii) re-develop the Premises or any part of it by demolition, rebuilding, renovation, refurbishment or otherwise, the Landlord shall have the right upon giving 6 months written notice to the Tenant to terminate the Mira Moon Lease Agreement; provided that such notice of termination shall not be given by the Landlord to the Tenant on or before the expiry date of the 5th year of the Term (i.e. on or before 30 June 2018).
- Rent : A base rent of HK\$1,320,000.00 per month (the “Base Rent”) plus the Additional Rent, which is calculated in the following manner:

Additional Rent

The Additional Rent in respect of each and every year of the Term (the “Relevant Year”) for the Term (“Annual Additional Rent”) shall be:

- (i) where the Gross Annual Room Revenue is less than or equal to HK\$80,000,000.00, the amount of the Additional Rent payable shall be 22.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (ii) where the Gross Annual Room Revenue is more than HK\$80,000,000.00 but less than or equal to HK\$100,000,000.00, the amount of the Additional Rent payable shall be 25% of the Gross Annual Room Revenue exceeding HK\$15,840,000 for the Relevant Year; or
- (iii) where the Gross Annual Room Revenue is more than HK\$100,000,000.00 but less than or equal to HK\$130,000,000.00, the amount of the Additional Rent payable shall be 27.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (iv) where the Gross Annual Room Revenue is more than HK\$130,000,000.00, the amount of the Additional Rent payable shall be 30% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year.

If the amount of Annual Additional Rent calculated based on the above formula is a negative figure, then no Annual Additional Rent shall be payable by the Tenant to the Landlord for that Relevant Year.

The Annual Additional Rent in respect of any Relevant Year shall be paid annually in arrears by the Tenant to the Landlord within 90 days immediately following the end of the Relevant Year subject to the terms and conditions of the Mira Moon Lease Agreement.

Food and Beverage charges : The Tenant shall pay to the Landlord 15% of the monthly Food and Beverage Revenue of the Tenant’s business at the Food and Beverage Outlets without any deduction (the “Food and Beverage Charges”).

Provisional Food and Beverage Charges in respect of any calendar month shall be paid in arrears by the Tenant in respect of the monthly Food and Beverage Revenue of the Tenant’s business during the relevant calendar month by the 15th day of the immediately following calendar month.

Within 90 days after the expiration of each calendar year, the Tenant shall supply a statement certified by its auditors or external accountants (the “Certified Statement”) as to the actual amount of the Food and Beverage Revenue for the relevant calendar year.

If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is less than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, the shortfall shall be paid by the Tenant to the Landlord within 30 days of the Landlord's notice to the Tenant on such shortfall. If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is more than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, such excess sum shall be refunded by the Landlord to the Tenant within 30 days of the Landlord's receipt of the Certified Statement.

Rates, outgoings and other charges : The Tenant shall pay and discharge all rates, taxes, assessments, duties, impositions, charges and outgoings levied on the Premises by the Government of Hong Kong or other lawful authority, save that the Government rent and property tax in respect of the Premises shall be paid by the Landlord.

The Tenant shall also pay to the suppliers and indemnify the Landlord against all deposits and charges in respect of electricity, gas, water and telephone and other services consumed or used at or in relation to the Premises.

Deposit : A sum of HK\$1,320,000.00 payable by the Tenant to the Landlord on the signing of the Mira Moon Lease Agreement.

Rent-free period : Three respective rent free periods for a total of 6 months during the Term as follows:

- (i) the 3rd and 4th months of the Term (i.e. commencing from 21 January 2014 to 20 March 2014 (both days inclusive));
- (ii) the 15th and 16th months of the Term (i.e. commencing from 21 January 2015 to 20 March 2015 (both days inclusive)); and
- (iii) the 27th and 28th months of the Term (i.e. commencing from 21 January 2016 to 20 March 2016 (both days exclusive));

during which the Tenant shall not be obliged to pay the Base Rent but shall pay the rates, all outgoings and utility charges in respect of the Premises.

The Gross Annual Room Revenue received by the Tenant during each of the rent-free periods will be counted for the purpose of calculation of the Additional Rent for that relevant year of the Term and the Tenant shall also pay to the Landlord the Food and Beverage Charges during the rent-free periods.

- Usage : To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.
- Commencement of business at the Premises : The Tenant shall commence business as a hotel at the Premises on or before 21 November 2013.
- Opening contribution : The Landlord shall contribute a sum in a total amount of HK\$9.7 million towards the actual cost incurred by the Tenant in setting up a first class design hotel at the Premises and such Opening Contribution shall be paid by the Landlord to the Tenant within 60 days after signing of the Mira Moon Lease Agreement by the Tenant.
- Transfer of restaurant licence : At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure to assign or transfer the general restaurant licence and the liquor licence or related licences (collectively the "Licences") for operating the then existing Food and Beverage Outlets at the Premises to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. The Tenant shall not transfer or assign the Licences to any person or corporation for consideration or otherwise during the Term without the consent of the Landlord. All charges relating to the aforesaid assignment or transfer of the Licences shall be borne by the Landlord.
- Transfer of hotel licence : At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure and ensure the assignment or transfer of the hotel licence used in the operation of the Premises as a hotel (the "Hotel Licence") to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. Without the consent of the Landlord, the Tenant or the holder of the Hotel Licence shall not transfer or assign the Hotel Licence to any person or corporation for consideration or otherwise. All charges relating to the aforesaid assignment or transfer of the Hotel Licence shall be borne by the Landlord.

As the Landlord is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, therefore the Landlord is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Mira Moon Lease Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(4) On 10 July 2014, the Group entered into the following agreements with Henderson Property Agency Limited (“HPAL”) which constituted continuing connected transactions for the Company:

- (i) A tenancy agreement (the “Tenancy Agreement”) entered into between Shahdan as landlord and HPAL as tenant;
- (ii) A licence agreement (the “Signage A Licence Agreement”) entered into between Shahdan as licensor and HPAL as licensee which has been terminated on 31 May 2015 by signing a surrender agreement dated 29 September 2015; and
- (iii) A licence agreement (the “Pillar Signage Licence Agreement”) entered into between Shahdan as licensor and HPAL as licensee.

Details of the terms and conditions of the agreements are set out as follows:

Details of the Tenancy Agreement

- | | | |
|------------------------|---|--|
| Premises | : | Shops 501-502 and 503A-C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong. |
| Term | : | Three years commencing from 5 August 2014 to 4 August 2017, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2016. |
| Rent and other charges | : | (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$1,900,000.00; |
| | | (b) Government rates (subject to Government’s review) is HK\$179,550.00 per quarter; |
| | | (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK\$320,778.02; and |
| | | (d) monthly promotion contribution, being 1% of the monthly rent of Premises, that is HK\$19,000.00 subject to periodic review by Shahdan. |

Details of the Pillar Signage Licence Agreement

- Pillar Signage Licence Area : Pillar Signage near Shops Nos. G3-5, two service lift cars and service lift lobby near Shops Nos. G21 and G22 on the Ground Floor of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
- Term : Three years commencing from 5 August 2014 to 4 August 2017 subject to the right of early termination. The licensor shall have the right to early terminate the license by giving one month's prior notice to the licensee and repossess the Pillar Signage Licence Area without any compensation to the licensee.
- Licence fee and other charges : (a) The licence fee (exclusive of electricity charges but inclusive of management fee, air-conditioning charge and promotion contribution) payable for the whole term is HK\$1,100.00;
- (b) Government rates shall be borne by the licensee in the event the licensor receives the rates assessment bill from the Rating and Valuation Department; and
- (c) Electricity charges, and ongoing maintenance cost (if any) shall be borne by the licensee during the Licence Period.
- Usage : To be used for advertising the trade name of the licensee only.

As HPAL is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, therefore HPAL is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Tenancy Agreement and Pillar Signage Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

82 Report of the Directors

- (5) On 8 October 2014, a lease (the “Citistore Tenancy Agreement”) was entered into between Shahdan as landlord and Citistore (Hong Kong) Limited (“Citistore”) as tenant, whereby Citistore had agreed to lease from Shahdan the premises upon the terms as detailed below:

Citistore Premises : Shop 2004, 2/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Three years commencing from 3 October 2014 to 2 October 2017.

Rent and other charges : (a) The rent payable on monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) (payable in advance on the 1st day of each month) during the term is HK\$290,000.00 per month plus the Annual Additional Turnover Rent (payable in arrear);

(b) Government rates (subject to Government’s review) is HK\$26,700.00 per quarter (payable on the 1st day of January, April, July and October);

(c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its property manager) (payable in advance on the 1st day of each month) is HK\$47,890.44; and

(d) monthly promotion contribution being 1% of the monthly basic rent as referred to in (a) above (subject to periodic review by Shahdan) (payable in advance on the 1st day of each month).

Rent-free period : Three respective rent free periods for a total of 3 months during the Term as follows:

(1) initial rent-free period commencing from 3 October 2014 for a period of one month;

(2) second rent-free period commencing from 3 October 2015 for a period of one month; and

(3) third rent-free period commencing from 3 October 2016 for a period of one month.

During the rent-free period, Citistore is not obliged to pay rent but pay for the management fee, air-conditioning charges, Government rates and promotion contribution and other outgoings in respect of Citistore Premises.

Usage : To be used as retail shop only.

As Citistore is an indirect subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, therefore Citistore is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Citistore Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Since both Dr Lee Shau Kee and Mr Lee Ka Shing, being Directors, through companies indirectly controlled by the private trusts of the family of Dr Lee Shau Kee, are deemed to be interested in the shares in Henderson Land and Union Medical, they both have material interest in all of the above transactions.

Annual review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed that they have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the above relevant agreements governing them which terms are fair and reasonable and in the interests of the Company's shareholders as a whole.

The independent non-executive directors confirmed the above based mainly on the confirmation offered by the Company's Director of Internal Audit.

The auditors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed in writing to the board of directors of the Company that they:

- (i) have received the approval of the board of directors of the Company;
- (ii) are in accordance with the pricing policies of the Group;
- (iii) have been entered into in accordance with the terms of the above relevant agreements governing the transactions; and
- (iv) have not exceeded the relevant cap amounts of such transactions as disclosed in the relevant announcements for the year ended 31 December 2016.

Connected Transaction

On 14 July 2016, Miramar Travel Limited (“Miramar Travel”), a subsidiary owned as to approximately 53.8% by the Company, and Hong Kong Ferry (Holdings) Company Limited (“HKF”) entered into a sale and purchase agreement (the “HYFCO Travel S&P Agreement”) in relation to the purchase by Miramar Travel from HKF of all the issued shares of HYFCO Travel Agency Limited (“HYFCO Travel”) and the taking of the assignment by Miramar Travel from HKF, of the benefit of all amounts of shareholder’s loan owing by HYFCO Travel to HKF as at the completion date of the HYFCO Travel S&P Agreement, at an aggregate initial consideration based on an agreed value of HK\$5,000,000.00, subject to adjustments pursuant to the terms of the HYFCO Travel S&P Agreement (upward adjustment capped at HK\$980,000.00). The adjusted consideration was determined to be HK\$4,587,244.00 which had been fully paid by Miramar Travel to HKF. The Miramar Travel group is principally engaged in providing travel agency services. As stated in the announcement of the Company dated 14 July 2016, it was expected that the acquisition of HYFCO Travel would result in synergy effect for the Miramar Travel group. Such transaction has been completed on 6 October 2016.

Henderson Land, a substantial shareholder of the Company, indirectly holds approximately 33.41% of the total issued shares of HKF. As HKF is an associate of Henderson Land, HKF is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the HYFCO Travel S&P Agreement constitute a connected transaction of the Company under the Listing Rules.

Since both Dr Lee Shau Kee and Mr Lee Ka Shing, being Directors, through companies indirectly controlled by the private trusts of the family of Dr Lee Shau Kee, are deemed to be interested in the shares in HKF, they both have material interest in the above transaction.

Directors’ Interests in Transactions, Arrangements or Contracts

Apart from the material interest that some of the directors and their connected entity held in the contracts under the paragraph of the Continuing Connected Transactions and Connected Transaction, there were no other transactions, arrangements or contracts of significance which subsisted during or at the end of the financial year in which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director was interested, directly or indirectly, and the director’s interest was material.

Directors’ and Management Emoluments

Particulars of directors’ emoluments and the five highest paid individuals in the Group are set out in notes 5 and 6 respectively to the financial statements.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2016 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Business

The following directors are considered to have interests in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules:

1. Dr Lee Shau Kee, Mr Lee Ka Shing and Dr Colin Lam Ko Yin are also directors of Henderson Development and Henderson Land which, through their subsidiaries, are also engaged in the businesses of property investment, hotel management and operation and other related services.
2. Mr Eddie Lau Yum Chuen is also a director of Henderson Land which, through its subsidiaries, is also engaged in the businesses of property investment, hotel management and operation and other related services.
3. Dr Lee Shau Kee, Dr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen, Mr Norman Ho Hau Chong and Mr Alexander Au Siu Kee are also directors of Hong Kong Ferry (Holdings) Company Limited, the principal activities of this group include property development, property investment and travel business.
4. Mr Alexander Au Siu Kee is also a director of The Wharf (Holdings) Limited which, through its subsidiaries, is also engaged in the businesses of property investment, hotel management and operation and other related services.

As the board of directors of the Company is independent from the boards of the above-mentioned companies and none of the above directors controls the board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of those companies.

Permitted Indemnity Provision

The Company's Articles of Association provides that every director shall be indemnified out of the fund of the Company against all liabilities incurred by him as such Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Ordinance in which relief from liability is granted to him by the Court. The Company and its subsidiaries have taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 December 2016 amounted to HK\$477,994,000 (2015: HK\$583,597,000).

Charitable Donations

Donations made by the Group during the year ended 31 December 2016 amounted to HK\$111,376 (2015: HK\$80,982).

Investment Properties, Other Property, Plant and Equipment

Details of movements in investment properties, other property, plant and equipment are set out in note 10 to the financial statements.

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

During the year ended 31 December 2016, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Bonus Warrants Issue

On 10 June 2015, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five shares held on the record date (i.e. 30 June 2015). 115,446,250 units of warrants were issued on 20 July 2015. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HK\$13.50 per share (subject to adjustments). The warrants are exercisable at any time during a period of thirty months commencing from the date of issue of the warrants (i.e. 20 July 2015). Details of the bonus warrants are disclosed in the Company's announcements dated 10 June 2015 and 16 July 2015 and the Company's circular dated 20 July 2015.

During the year, 304,110 units (2015: 2,272 units) of warrants were exercised to subscribe for totally 304,110 ordinary shares (2015: 2,272 ordinary shares) in the Company. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. At 31 December 2016, 115,139,868 units (2015: 115,443,978 units) of warrants remained outstanding.

Shares Issued and Share Capital

During the year ended 31 December 2016, the Company issued and allotted 304,110 shares on the exercise of warrants and the Group realised cash proceeds of approximately HK\$4,105,485.00 (net of expenses).

Details of the share capital during the year ended 31 December 2016 are set out in note 23(b) to the financial statements.

Equity-linked Agreements

For the year ended 31 December 2016, the Company has not entered into any equity-linked agreement, which will or may result in the Company issuing shares.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2016 are set out in note 20 to the financial statements.

Particulars of Debt Securities, Convertible Securities or Options Issued by the Company and its Subsidiaries

The Company and its subsidiaries have not issued, during the year ended 31 December 2016, any debt securities, convertible securities or options.

Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2016 (2015: HK\$Nil).

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

Group's Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 166.

Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 167 to 168.

Employees

As at 31 December 2016, the Group had a total of about 1,829 full-time employees, including 1,776 employed in Hong Kong and 53 employed in The People's Republic of China.

The Group is the "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group's Mission, Vision and Business Strategies.

It is the policy of the Group to remunerate employees in a fair and equitable manner. The Group develops a performance-driven culture and adopts Total Rewards Management for talents attraction, employee recognition and retention.

The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the program is in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration.

Training and Development

The Group regards Employees as our most precious asset. We commit ourselves to providing a continuous learning environment and opportunities to our Employees at all levels to help them grow and excel in productivity.

The Group strives to continuously develop a comprehensive Learning and Development Road map including the provision of in-house and external training programs such as Management/Supervisory Skills, Business Knowledge, Technical Skills, Customer Services Skills, Language Ability, People Management and Personal Effectiveness, etc. for employees at all levels to advance their career achievements within the Group.

Subsequent to continued deployment of resources towards employee training and development, the Group has been awarded "Manpower Developer" by the Employees Retraining Board every year since 2011. In 2015, the Group has also awarded "Merit Award for Employers" from the Employees Retraining Board, in recognition of the Group's outstanding achievements in fostering an organizational culture conducive to manpower training and development as well as life-long learning.

Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2016 and discussed with Director of Internal Audit, Director of Risk Management & Corporate Services and independent auditors matters on auditing, internal control, risk management and financial report of the Group.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2017 Annual General Meeting.

Forward-Looking Statements

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

By Order of the Board

LEE KA SHING

Chairman and CEO

Hong Kong, 17 March 2017



Independent auditor's report to the members of

Miramar Hotel and Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 95 to 165, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (Continued)

Valuation of investment properties

Refer to the accounting policy at note 1(g) and note 10 to the consolidated financial statements

The Key Audit Matter

The fair value of the Group's investment properties as at 31 December 2016 totalled HK\$13,402 million which represented 77% of the Group's total assets as at that date.

The fair value of the Group's investment properties as at 31 December 2016 was assessed by the board of directors based on independent valuations prepared by an independent firm of surveyors. The changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 49% of the Group's profit before taxation for the year ended 31 December 2016.

The Group's investment properties, which are located in Hong Kong and first tier cities in Mainland China, comprise shopping malls, office premises, retail shops and car parking bays.

We identified assessing the valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of the changes in fair value of investment properties to the Group's profit before taxation and because the valuation of investment properties can be inherently subjective and requires the exercise of significant judgement and estimation, in particular in determining the appropriate valuation methodology, capitalisation rates and market rents, which increases the risk of error or management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- obtaining and inspecting the valuation reports prepared by the independent firm of surveyors engaged by the Group on which the directors' assessment of valuation of investment properties was based;
- assessing the qualifications of the external surveyors and their experience expertise in the properties being valued and considering their objectivity and independence of management;
- discussing with the external surveyors their valuation methodology in a separate private session and challenging the key estimates and assumptions adopted in the valuations, including the capitalisation rates and market rents, by comparing assumptions made in prior years with the current year's assumptions and current publicly available data, with the assistance of our internal property valuation specialists; and
- comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external surveyors with underlying contracts and related documentation, on a sample basis.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yuk Fan.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
17 March 2017

Consolidated Statement of Profit or Loss

95

for the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	9	3,118,437	3,250,775
Cost of inventories		(197,932)	(207,183)
Staff costs	3(a)	(532,626)	(540,540)
Utilities, repairs and maintenance and rent		(207,049)	(203,208)
Tour and ticketing costs		(1,070,811)	(1,105,200)
		<hr/>	<hr/>
Gross profit		1,110,019	1,194,644
Other revenue		79,377	100,390
Operating and other expenses		(273,844)	(313,527)
Depreciation		(145,850)	(157,172)
		<hr/>	<hr/>
		769,702	824,335
Finance costs	3(b)	(17,966)	(33,823)
Share of profits less losses of associates	12	(23)	57
Share of loss of a joint venture		-	(902)
		<hr/>	<hr/>
		751,713	789,667
Other non-operating net (loss)/income	3(c)	(10,248)	127,717
Net increase in fair value of investment properties	10(a)	722,632	626,090
		<hr/>	<hr/>
Profit before taxation	3	1,464,097	1,543,474
Taxation			
Current	4(a)	(137,385)	(136,621)
Deferred	4(a)	(18,818)	(11,233)
		<hr/>	<hr/>
Profit for the year		1,307,894	1,395,620
		<hr/>	<hr/>
Attributable to:			
Shareholders of the Company		1,276,719	1,355,385
Non-controlling interests		31,175	40,235
		<hr/>	<hr/>
		1,307,894	1,395,620
		<hr/>	<hr/>
Earnings per share	8		
Basic		HK\$2.21	HK\$2.35
Diluted		HK\$2.19	HK\$2.35
		<hr/>	<hr/>

The notes on pages 104 to 165 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 7(a).

96 Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the year	1,307,894	1,395,620
Other comprehensive income for the year (after tax and reclassification adjustments):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	(22,450)	(29,289)
Available-for-sale securities:		
– changes in fair value	(5,612)	(5,311)
– transfer to profit or loss upon disposal	(2,364)	(11,816)
– transfer to profit or loss upon impairment	11,741	11,719
	(18,685)	(34,697)
Total comprehensive income for the year	1,289,209	1,360,923
Attributable to:		
Shareholders of the Company	1,265,620	1,328,161
Non-controlling interests	23,589	32,762
Total comprehensive income for the year	1,289,209	1,360,923

There is no tax effect relating to the above component of other comprehensive income.

The notes on pages 104 to 165 form part of these financial statements.

Consolidated Statement of Financial Position

97

at 31 December 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Investment properties	10(a)	13,401,850	12,658,338
Other property, plant and equipment	10(a)	411,895	545,620
		13,813,745	13,203,958
Interests in associates	12	1,789	1,729
Available-for-sale securities	13	152,038	252,142
Deferred tax assets	22(b)(ii)	4,843	3,846
		13,972,415	13,461,675
Current assets			
Inventories	14	119,403	124,052
Trade and other receivables	15	294,905	250,685
Available-for-sale securities	13	30,756	33,421
Trading securities	16	11,492	14,042
Cash and bank balances	17	2,865,966	3,077,497
Tax recoverable	22(a)	91	1,023
		3,322,613	3,500,720
Current liabilities			
Trade and other payables	18	(553,545)	(573,241)
Bank loans and overdrafts	20	(387,900)	(455,187)
Sales and rental deposits received		(221,575)	(203,403)
Tax payable	22(a)	(44,999)	(46,699)
		(1,208,019)	(1,278,530)
Net current assets		2,114,594	2,222,190
Total assets less current liabilities carried forward		16,087,009	15,683,865

98 Consolidated Statement of Financial Position (Continued)

at 31 December 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Total assets less current liabilities brought forward		16,087,009	15,683,865
Non-current liabilities			
Bank loans	20	(352,300)	(967,797)
Deferred liabilities	21	(168,980)	(137,078)
Amounts due to holders of non-controlling interests of a subsidiary	19	(23,772)	–
Deferred tax liabilities	22(b)(ii)	(263,323)	(249,126)
		(808,375)	(1,354,001)
NET ASSETS		15,278,634	14,329,864
CAPITAL AND RESERVES			
Share capital	23(b)	695,826	691,721
Reserves		14,443,541	13,491,318
Total equity attributable to shareholders of the Company		15,139,367	14,183,039
Non-controlling interests		139,267	146,825
TOTAL EQUITY		15,278,634	14,329,864

Approved and authorised for issue by the board of directors on 17 March 2017.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 104 to 165 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Note	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2015	691,690	(91,086)	142,260	304,827	8,827	12,098,490	13,155,008	137,463	13,292,471
Changes in equity for 2015:									
Profit for the year	-	-	-	-	-	1,355,385	1,355,385	40,235	1,395,620
Other comprehensive income	-	-	(21,816)	-	(5,408)	-	(27,224)	(7,473)	(34,697)
Total comprehensive income	-	-	(21,816)	-	(5,408)	1,355,385	1,328,161	32,762	1,360,923
Final dividends approved in respect of the previous year	7(b)	-	-	-	-	(184,714)	(184,714)	-	(184,714)
Interim dividends declared in respect of the current year	7(a)	-	-	-	-	(115,447)	(115,447)	-	(115,447)
Shares issued on exercise of warrants	23(b)(i)	31	-	-	-	-	31	-	31
Dividends paid to non-controlling interests		-	-	-	-	-	-	(23,400)	(23,400)
Balance at 31 December 2015	691,721	(91,086)	120,444	304,827	3,419	13,153,714	14,183,039	146,825	14,329,864

100 Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2016

Note	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2016	691,721	(91,086)	120,444	304,827	3,419	13,153,714	14,183,039	146,825	14,329,864
Changes in equity for 2016:									
Profit for the year	-	-	-	-	-	1,276,719	1,276,719	31,175	1,307,894
Other comprehensive income	-	-	(14,864)	-	3,765	-	(11,099)	(7,586)	(18,685)
Total comprehensive income	-	-	(14,864)	-	3,765	1,276,719	1,265,620	23,589	1,289,209
Final dividends approved in respect of the previous year	7(b)	-	-	-	-	(196,344)	(196,344)	-	(196,344)
Interim dividends declared in respect of the current year	7(a)	-	-	-	-	(115,500)	(115,500)	-	(115,500)
Shares issued on exercise of warrants	23(b)(i)	4,105	-	-	-	-	4,105	-	4,105
Dividends paid to non-controlling interests		-	-	-	-	-	-	(32,700)	(32,700)
Acquisition of additional interest in a subsidiary		-	(1,553)	-	-	-	(1,553)	1,553	-
Balance at 31 December 2016	695,826	(92,639)	105,580	304,827	7,184	14,118,589	15,139,367	139,267	15,278,634

The notes on pages 104 to 165 form part of these financial statements.

Consolidated Cash Flow Statement

101

for the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Operating activities		
Profit before taxation	1,464,097	1,543,474
Adjustments for:		
Interest income from unlisted debt securities	(2,669)	(6,551)
Dividend income from listed securities	(4,926)	(5,050)
Bank interest income	(36,790)	(53,540)
Net loss on disposal of other property, plant and equipment	498	317
Impairment loss on trade receivables	100	70
Reversal of provision for properties held for resale	(872)	(252)
Depreciation	145,850	157,172
Finance costs	17,966	33,823
Share of profits less losses of associates	23	(57)
Share of loss of a joint venture	-	902
Net gain on disposal of properties	-	(123,451)
Net loss on disposal of a joint venture	-	177
Net realised and unrealised losses/(gains) on trading securities	871	(4,169)
Impairment loss on available-for-sale securities	11,741	11,719
Net gain on disposal of available-for-sale securities	(2,364)	(11,816)
Net increase in fair value of investment properties	(722,632)	(626,090)
Exchange differences	24,619	37,741
Operating profit before changes in working capital	895,512	954,419
(Increase)/decrease in inventories	(823)	2,826
(Increase)/decrease in trade and other receivables	(30,415)	25,681
Increase in amounts due from associates	(83)	(32)
Decrease in amount due from a joint venture	-	775
Decrease in amounts due to associates	(14)	(15)
Increase/(decrease) in trade and other payables	14,515	(34,486)
Increase in sales and rental deposits received	18,172	33,265
Increase/(decrease) in deferred liabilities	31,902	(38,005)
Payment for purchase of trading securities	(52,363)	(121,216)
Proceeds from disposal of trading securities	54,042	122,739
Cash generated from operations carried forward	930,445	945,951

102 Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Cash generated from operations brought forward	930,445	945,951
Interest received	40,667	59,317
Interest and other borrowing costs paid	(13,338)	(37,716)
Dividends paid	(311,844)	(300,161)
Dividends paid to non-controlling interests	(32,700)	(23,400)
Tax paid		
– Hong Kong Profits Tax paid	(133,313)	(125,254)
– Hong Kong Profits Tax refunded	–	245
– Overseas tax paid	(4,840)	(4,658)
– Overseas tax refunded	–	15,349
	<hr/>	<hr/>
Net cash generated from operating activities	475,077	529,673
	<hr/>	<hr/>
Investing activities		
Payment for purchase of investment properties	(2,200)	(28,316)
Payment for purchase of other property, plant and equipment	(86,706)	(99,486)
Payment for purchase of available-for-sale securities	(26,509)	(197,130)
Proceeds from disposal of available-for-sale securities	123,156	214,439
Proceeds from disposal of other property, plant and equipment	221	800
Proceeds from disposal of properties	–	434,200
Dividend income received from listed securities	4,926	5,050
Net cash paid upon acquisition of subsidiaries	(2,310)	–
Decrease in time deposits with maturity more than three months	411,628	50,120
	<hr/>	<hr/>
Net cash generated from investing activities	422,206	379,677
	<hr/>	<hr/>

Consolidated Cash Flow Statement (Continued)

103

for the year ended 31 December 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Financing activities			
Proceeds from new bank loans		1,408,758	6,294,312
Repayment of bank loans		(2,094,928)	(7,574,300)
Repayment of advances from holders of non-controlling interests of subsidiaries		(7,179)	(7,741)
Proceeds from issued of new shares		4,105	31
		<hr/>	<hr/>
Net cash used in financing activities		(689,244)	(1,287,698)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		208,039	(378,348)
Cash and cash equivalents at 1 January		1,257,014	1,662,178
Effect of foreign exchange rate changes		(6,968)	(26,816)
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		1,458,085	1,257,014
		<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	17	2,865,966	3,077,497
Bank overdrafts	20	(532)	(1,506)
Less: Time deposits with maturity more than three months		(1,407,349)	(1,818,977)
		<hr/>	<hr/>
		1,458,085	1,257,014
		<hr/>	<hr/>

The notes on pages 104 to 165 form part of these financial statements.

1 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented and the Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investment property (see note 1(g)); and
- financial instruments classified as available-for-sale securities or as trading securities (see note 1(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 Significant accounting policies (Continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies (Continued)

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(e) and (j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(j)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies (Continued)

(e) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(s)(iv) and (s)(v).

1 Significant accounting policies (Continued)

(f) Other investments in debt and equity securities (continued)

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(j)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 1(s)(iv) and 1(s)(v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(s)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(i).

1 Significant accounting policies (Continued)

(h) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)):

- buildings held for own use which are situated on leasehold land and classified as held under operating leases (see note 1(i));
- hotel property; and
- machinery, furniture, fixtures and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- leasehold land is depreciated over the remaining term of the lease;
- buildings including hotel property situated on leasehold land are depreciated over the unexpired term of the lease; and
- machinery, furniture, fixtures and equipment 4 - 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(g)); and

1 Significant accounting policies (Continued)

(i) Leased assets (continued)

(i) Classification of assets leased to the Group (continued)

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held for use in operating leases

When the Group leases out assets under operating leases, the assets are included in the statement of financial position according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in note 1(s)(i).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(g)) or is held for development for sale (see note 1(k)(ii)).

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates accounted for under the equity method in the consolidated financial statements (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- goodwill; and
- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (j)(ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(k) Inventories

(i) Consumable stores

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 Significant accounting policies (Continued)**(k) Inventories** (continued)*(ii) Property development*

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

- Properties held for resale

In the case of properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties held for resale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are within three months of maturity at acquisition and are readily convertible into known amounts of cash with insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1 Significant accounting policies (Continued)

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 Significant accounting policies (Continued)

(q) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 Significant accounting policies (Continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 Significant accounting policies (Continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.
- (ii) Revenue arising from the sale of properties held for resale is recognised upon the later of the signing of the sale and purchase agreement and the completion of the properties, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under sales deposits and instalments received.
- (iii) Income from hotel, food and beverage, travel operations and management services is recognised when the relevant services are provided.
- (iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.
- (v) Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

1 Significant accounting policies (Continued)

(t) Translation of foreign currencies (continued)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 Significant accounting policies (Continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made the following judgements:

(a) Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which are assessed annually by external qualified valuers, after taking into consideration the net rental income allowing for reversionary income potential.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment properties.

(b) Assessment of the useful economic lives for depreciation of other property, plant and equipment

The Group depreciates other property, plant and equipment in accordance with depreciation policy as set out in note 1(h). The estimated useful lives reflect the directors' estimate of the periods during which the Group intends to derive future economic benefits from the use of these assets.

(c) Assessment of provision for properties held for resale

Management determines the net realisable value of properties held for resale by using the prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers.

Management's assessment of net realisable value of properties held for resale requires judgement as to the anticipated sale prices with reference to the recent sale transactions in nearby locations and the related costs to be incurred in selling the property. The Group's estimates may not be accurate and might need to be adjusted in later periods.

3 Profit before taxation

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

	2016	2015
	HK\$'000	HK\$'000
(a) Staff costs		
Contributions to defined contribution retirement plan	23,885	23,106
Salaries, wages and other benefits	508,741	517,434
	532,626	540,540
<p>The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.</p> <p>Employees of subsidiaries in the People's Republic of China are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. Those subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.</p>		
(b) Finance costs		
Interest on bank advances and other borrowings	11,449	27,949
Other borrowing costs	6,517	5,874
	17,966	33,823
(c) Other non-operating net loss/(income)		
Net gain on disposal of properties	-	(123,451)
Impairment loss on available-for-sale securities	11,741	11,719
Net gain on disposal of available-for-sale securities	(2,364)	(11,816)
Net realised and unrealised losses/(gains) on trading securities	871	(4,169)
	10,248	(127,717)

3 Profit before taxation (Continued)

	2016	2015
	HK\$'000	HK\$'000
(d) Others		
Auditors' remuneration	3,388	3,192
Net foreign exchange loss	23,645	39,668
Net loss on disposal of other property, plant and equipment	498	317
Operating lease charges: minimum lease payments – property rentals	110,040	102,925
Rentals receivable from investment properties less direct outgoings of HK\$40,313,000 (2015: HK\$43,779,000)	(655,491)	(654,896)
Other rental income less direct outgoings of HK\$6,783,000 (2015: HK\$7,831,000)	(126,066)	(127,083)
Dividend income from listed securities	(4,926)	(5,050)
Bank interest income	(36,790)	(53,540)
Interest income from unlisted debt securities	(2,669)	(6,551)
Impairment loss on trade receivables (note 15(b))	100	70
Reversal of provision for properties held for resale	(872)	(252)

4 Taxation in the consolidated statement of profit or loss**(a) Taxation in the consolidated statement of profit or loss represents:**

	2016	2015
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	131,331	133,176
Under/(over)-provision in respect of prior years	615	(1,094)
	131,946	132,082
Current tax – Overseas Taxation		
Provision for the year	5,439	4,539
Deferred tax		
Change in fair value of investment properties	17,012	1,862
Origination and reversal of temporary differences	1,806	9,371
	18,818	11,233
	156,203	147,854

4 Taxation in the consolidated statement of profit or loss (Continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.

Share of associates' taxation for the year ended 31 December 2016 of HK\$7,000 (2015: HK\$8,000) is included in the share of profits less losses of associates.

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	1,464,097	1,543,474
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	240,515	252,036
Tax effect of non-deductible expenses	17,652	14,953
Tax effect of non-taxable income	(117,611)	(138,195)
Tax effect of unused tax losses not recognised in the year	15,940	22,240
Tax effect of tax losses not recognised in prior years utilised this year	(908)	(2,086)
Under/(over)-provision in prior years	615	(1,094)
Actual tax expense	156,203	147,854

5 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2016				
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Board of directors					
Dr Lee Shau Kee	50	-	-	-	50
Mr Lee Ka Shing	100	-	-	-	100
Dr Patrick Fung Yuk Bun	300	-	-	-	300
Mr Dominic Cheng Ka On	300	-	-	-	300
Mr Richard Tang Yat Sun	100	-	-	-	100
Dr Colin Lam Ko Yin	50	-	-	-	50
Mr Eddie Lau Yum Chuen	50	-	-	-	50
Mr Norman Ho Hau Chong	50	-	-	-	50
Mr Alexander Au Siu Kee	50	-	-	-	50
Independent non-executive directors					
Dr David Sin Wai Kin	350	-	-	-	350
Mr Wu King Cheong	350	-	-	-	350
Dr Timpson Chung Shui Ming	350	-	-	-	350
Mr Howard Yeung Ping Leung	50	-	-	-	50
Mr Thomas Liang Cheung Bui	50	-	-	-	50
	2,200	-	-	-	2,200

5 Directors' emoluments (Continued)

	2015				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	
Board of directors					
Dr Lee Shau Kee	50	-	-	-	50
Mr Lee Ka Shing	100	-	-	-	100
Dr Patrick Fung Yuk Bun	200	-	-	-	200
Mr Dominic Cheng Ka On	200	-	-	-	200
Mr Richard Tang Yat Sun	100	-	-	-	100
Dr Colin Lam Ko Yin	50	-	-	-	50
Mr Eddie Lau Yum Chuen	50	-	-	-	50
Mr Norman Ho Hau Chong	50	-	-	-	50
Mr Alexander Au Siu Kee	50	-	-	-	50
Independent non-executive directors					
Dr David Sin Wai Kin	250	-	-	-	250
Mr Wu King Cheong	250	-	-	-	250
Dr Timpson Chung Shui Ming	250	-	-	-	250
Mr Howard Yeung Ping Leung	50	-	-	-	50
Mr Thomas Liang Cheung Bui	50	-	-	-	50
	1,700	-	-	-	1,700

6 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

No directors of the Company was included in the five individuals with the highest emoluments (2015: Nil). Details of directors' emolument are disclosed in note 5. The aggregate of the emoluments in respect of the five (2015: five) individuals are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	11,292	10,561
Discretionary bonuses	2,392	2,309
Retirement scheme contributions	449	435
	14,133	13,305

6 Emoluments of five highest paid individuals and senior management (Continued)**(a) Emoluments of five highest paid individuals** (continued)

The emoluments of the five (2015: five) individuals with the highest emoluments are within the following bands:

Emolument band*	Number of individuals	
	2016	2015
HK\$0 – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	2
HK\$2,000,001 – HK\$2,500,000	–	–
HK\$2,500,001 – HK\$3,000,000	4	1
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	1	1
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 5 and 6(a), the emoluments of the senior management whose profiles are set out in the section “Biographical Details of Directors and Senior Management” of the annual report (of which these financial statements form a part) fell within the following bands:

Emolument band*	Number of individuals	
	2016	2015
HK\$0 – HK\$1,000,000	3	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	2	1
HK\$2,000,001 – HK\$2,500,000	2	–
	<hr/>	<hr/>
	7	2
	<hr/>	<hr/>

* Including salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions

7 Dividends

(a) Dividends attributable to the year

	2016	2015
	HK\$'000	HK\$'000
Interim dividend declared and paid of HK20 cents per share (2015: HK20 cents per share)	115,500	115,447
Final dividend proposed after the end of the reporting period of HK34 cents per share (2015: HK34 cents per share)	196,363	196,259
	311,863	311,706

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

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2016	2015
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK34 cents per share (2015: HK32 cents per share)	196,344	184,714

The final dividend of HK\$196,344,000 (calculated based on HK34 cents per share and the total number of issued shares as at the dividend pay-out date) for the year ended 31 December 2015 was approved and paid in the year ended 31 December 2016 (2015: HK\$184,714,000).

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$1,276,719,000 (2015: HK\$1,355,385,000) and the weighted average of 577,403,504 ordinary shares (2015: 577,232,115 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 January	577,233,524	577,231,252
Effect of exercised bonus warrants (note 23(b)(ii))	169,980	863
Weighted average number of ordinary shares at 31 December	577,403,504	577,232,115

8 Earnings per share (Continued)

(b) Diluted earnings per share

For the year ended 31 December 2016, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of HK\$1,276,719,000 and the weighted average of 581,869,779 ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2016
Weighted average number of ordinary shares at 31 December	577,403,504
Effect of exercise of bonus warrants (note 23(b)(ii))	4,466,275
	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	581,869,779
	<hr/>

The Company's bonus warrants as at 31 December 2015 did not give rise to any dilutive effect to the earnings per share and there were no other potential dilutive ordinary shares in existence during the year ended 31 December 2015, and hence diluted earnings per share was the same as the basic earnings per share for the year ended 31 December 2015.

9 Revenue and segment reporting

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

Property rental	: The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
Hotels and serviced apartments	: The operating of hotels and serviced apartments and provision of hotel management services
Food and beverage operation	: The operation of restaurants
Travel operation	: The operation of travel agency services
Others	: Other businesses

The principal activities of the Group are property rental, hotels and serviced apartments, food and beverage operation and travel operation. Revenue represents rental income, income from hotels and serviced apartments, food and beverage, travel and other operations.

9 Revenue and segment reporting (Continued)

(a) Segment results

Revenue and expense are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment results is “adjusted EBITDA” i.e. “adjusted earnings before interest, taxes, depreciation and amortisation”. To arrive at adjusted EBITDA, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, other non-operating items and other corporate expenses.

Information regarding the Group’s reportable segments as provided to the Group’s board and senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

	2016					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation (note) HK\$'000	Travel operation HK\$'000	Others (note) HK\$'000	
Revenue from external customers	828,653	638,418	448,261	1,198,360	4,745	3,118,437
Inter-segment revenue	-	3,226	6,907	-	-	10,133
Reportable segment revenue	828,653	641,644	455,168	1,198,360	4,745	3,128,570
Elimination of inter-segment revenue						(10,133)
Consolidated revenue						3,118,437
Reportable segment results (adjusted EBITDA)	724,335	227,603	41,621	29,620	(15,826)	1,007,353
Unallocated corporate expenses						(237,651)
						769,702
Finance costs						(17,966)
Share of profits less losses of associates						(23)
Other non-operating net loss						(10,248)
Net increase in fair value of investment properties	722,632	-	-	-	-	722,632
Consolidated profit before taxation						1,464,097

130 Notes to the Financial Statements

9 Revenue and segment reporting (Continued)

(a) Segment results (continued)

	2015					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation (note) HK\$'000	Travel operation HK\$'000	Others (note) HK\$'000	
Revenue from external customers	833,589	675,262	450,206	1,275,343	16,375	3,250,775
Inter-segment revenue	–	2,142	6,174	–	–	8,316
Reportable segment revenue	833,589	677,404	456,380	1,275,343	16,375	3,259,091
Elimination of inter-segment revenue						(8,316)
Consolidated revenue						<u>3,250,775</u>
Reportable segment results (adjusted EBITDA)	723,843	238,913	62,897	73,914	(20,188)	1,079,379
Unallocated corporate expenses						(255,044)
						824,335
Finance costs						(33,823)
Share of profits less losses of associates						57
Share of loss of a joint venture						(902)
Other non-operating net income						127,717
Net increase in fair value of investment properties	626,090	–	–	–	–	<u>626,090</u>
Consolidated profit before taxation						<u>1,543,474</u>

Note: During the year, the financial results of business in the process of cessation are grouped and reported to the Group's board and senior management under "Others" segment. These were previously grouped and reported under "Food and beverage operation". Comparative figures have been restated in conformity with current year's presentation.

9 Revenue and segment reporting (Continued)

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group non-current assets other than financial instruments and deferred tax assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the asset, in case of interests in associates, the location of operations.

	Revenue from external customers		Non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
The Hong Kong Special Administrative Region	3,054,827	3,174,515	13,150,663	12,574,828
The People's Republic of China	63,610	76,260	664,871	630,859
	3,118,437	3,250,775	13,815,534	13,205,687

10 Investment properties, other property, plant and equipment

(a) Reconciliation of carrying amount

	Other property, plant and equipment					
	Investment properties HK\$'000	Hotel HK\$'000	Leasehold land and buildings held for own use HK\$'000	Others* HK\$'000	Sub-total HK\$'000	Total HK\$'000
Cost or valuation:						
At 1 January 2016	12,658,338	140,221	6,817	1,593,746	1,740,784	14,399,122
Additions	5,157	-	-	67,979	67,979	73,136
Acquisition of subsidiaries	-	-	-	2,142	2,142	2,142
Disposals	-	-	-	(75,519)	(75,519)	(75,519)
Exchange adjustments	(39,770)	-	-	(1,088)	(1,088)	(40,858)
Surplus on revaluation	722,632	-	-	-	-	722,632
Reclassification	55,493	-	-	(55,493)	(55,493)	-
At 31 December 2016	13,401,850	140,221	6,817	1,531,767	1,678,805	15,080,655
Representing:						
Cost	-	140,221	6,817	1,531,767	1,678,805	1,678,805
Valuation - 2016	13,401,850	-	-	-	-	13,401,850
	13,401,850	140,221	6,817	1,531,767	1,678,805	15,080,655
Accumulated depreciation:						
At 1 January 2016	-	95,562	5,100	1,094,502	1,195,164	1,195,164
Charge for the year	-	1,917	78	143,855	145,850	145,850
Acquisition of subsidiaries	-	-	-	1,703	1,703	1,703
Written back on disposals	-	-	-	(74,800)	(74,800)	(74,800)
Exchange adjustments	-	-	-	(1,007)	(1,007)	(1,007)
At 31 December 2016	-	97,479	5,178	1,164,253	1,266,910	1,266,910
Carrying amount:						
At 31 December 2016	13,401,850	42,742	1,639	367,514	411,895	13,813,745

* Others mainly comprise machinery, furniture, fixtures and equipment.

10 Investment properties, other property, plant and equipment (Continued)

(a) Reconciliation of carrying amount (continued)

	Other property, plant and equipment					
	Investment properties HK\$'000	Hotel HK\$'000	Leasehold land and buildings held for own use HK\$'000	Others* HK\$'000	Sub-total HK\$'000	Total HK\$'000
Cost or valuation:						
At 1 January 2015	11,905,710	140,221	7,255	1,600,449	1,747,925	13,653,635
Additions	63,726	–	60	102,487	102,547	166,273
Disposals	–	–	(498)	(5,937)	(6,435)	(6,435)
Exchange adjustments	(35,194)	–	–	(5,247)	(5,247)	(40,441)
Surplus on revaluation	626,090	–	–	–	–	626,090
Reclassification	98,006	–	–	(98,006)	(98,006)	–
At 31 December 2015	12,658,338	140,221	6,817	1,593,746	1,740,784	14,399,122
Representing:						
Cost	–	140,221	6,817	1,593,746	1,740,784	1,740,784
Valuation - 2015	12,658,338	–	–	–	–	12,658,338
	12,658,338	140,221	6,817	1,593,746	1,740,784	14,399,122
Accumulated depreciation:						
At 1 January 2015	–	93,644	5,293	946,201	1,045,138	1,045,138
Charge for the year	–	1,918	82	155,172	157,172	157,172
Written back on disposals	–	–	(275)	(4,277)	(4,552)	(4,552)
Exchange adjustments	–	–	–	(2,594)	(2,594)	(2,594)
At 31 December 2015	–	95,562	5,100	1,094,502	1,195,164	1,195,164
Carrying amount:						
At 31 December 2015	12,658,338	44,659	1,717	499,244	545,620	13,203,958

* Others mainly comprise machinery, furniture, fixtures and equipment.

10 Investment properties, other property, plant and equipment (Continued)**(b) Fair value measurement of investment properties***(i) Fair value hierarchy*

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair values of the Group's investment properties measured using Level 3 inputs.

During the years ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2016 and 2015. The valuations were carried out by an independent firm of surveyors, DTZ Cushman & Wakefield, who have among their staff Member of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

The Group's management has reviewed the valuation results performed by the independent surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

10 Investment properties, other property, plant and equipment (Continued)

(b) Fair value measurement of investment properties (continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs Range of capitalisation rates
Investment properties	Income capitalisation approach	
In Hong Kong		
– Retail		3.0% to 6.0% (2015: 3.0% to 6.0%)
– Office		4.4% (2015: 4.4%)
In the People’s Republic of China (“the PRC”)		
– Retail		8.5% (2015: 8.5%)
– Serviced apartment		7.0% (2015: 7.0%)

The fair value of investment properties is based on income capitalisation approach which capitalised the net income of the properties under the existing tenancies and upon reversion after expiry of the current lease. The fair value measurement is negatively correlated to the capitalisation rate.

The movements during the year in the balance of Level 3 fair value measurements are set out in note 10(a) to these financial statements.

Fair value adjustment of investment properties is recognised in the line item “net increase in fair value of investment properties” on the face of the consolidated statement of profit or loss.

Exchange adjustments of investment properties are recognised in other comprehensive income in “exchange reserve”.

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

10 Investment properties, other property, plant and equipment (Continued)**(c) The analysis of cost or valuation of properties is as follows:**

	2016	2015
	HK\$'000	HK\$'000
Land and buildings in Hong Kong:		
– long leases	117,145	117,145
– medium term leases	12,763,060	12,067,482
Land and buildings outside Hong Kong:		
– medium term leases	668,683	620,749
	13,548,888	12,805,376

- (d)** The Group leases out properties under operating leases. The leases typically run for an initial period of 1 to 6 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenant's sales receipts. Future minimum lease income under non-cancellable operating leases are disclosed in note 26(a).

The total contingent rents recognised in the consolidated statement of profit or loss for the year are HK\$13,729,000 (2015: HK\$18,321,000).

- (e)** The gross carrying amounts of investment properties held for use in operating leases are HK\$13,401,850,000 (2015: HK\$12,658,338,000).

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

11 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

All of these are subsidiaries as defined under note 1(c) and have been consolidated into the Group's financial statements.

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
All Best Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
Chitat Construction Limited	Hong Kong	The PRC	HK\$10,000	100%	99%	1%	Property rental
Contender Limited	Hong Kong	Hong Kong	HK\$200,000	100%	100%	–	Hotel operation and property rental
East Dragon Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
Globe Century Development Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Property rental
Glory Light Holdings Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Restaurant operation
Grand City Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
How Light Investments Limited *	Hong Kong	The PRC	HK\$100,000	100%	–	100%	Property sale
HYFCO Travel Agency Limited	Hong Kong	Hong Kong	HK\$3,500,000	53.8%	–	100%	Travel agency
Merry King Resources Limited	Hong Kong	Hong Kong	HK\$1,000	100%	–	100%	Restaurant operation
Mira Moon Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Hotel operation
Miramar East Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	–	100%	Property rental
Miramar Finance Limited	Hong Kong	Hong Kong	HK\$100,000	100%	100%	–	Finance

138 Notes to the Financial Statements

11 Investments in subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Miramar Group (Corporate Funding) Co. Limited	Hong Kong	Hong Kong	HK\$1,000	100%	99%	1%	Finance
Miramar Hotel and Property Management Company Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Property management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK\$10,000,000	100%	100%	–	Travel agency
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Hotel management
Miramar Travel Limited	Hong Kong	Hong Kong	HK\$13,000,000	53.8%	53.8%	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	–	Property rental
Randall Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK\$200,000	100%	100%	–	Property rental
Smart Faith Investments Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Restaurant operation
Strong Profit Resources Limited	Hong Kong	The PRC	HK\$10,000	70%	–	100%	Property rental and sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK\$500,000	100%	100%	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Property rental
World Eagle Resources Limited	Hong Kong	Hong Kong	HK\$2	100%	–	100%	Restaurant operation
Grand Mira Property Management (Shanghai) Limited - *	The PRC	The PRC	US\$5,000,000	100%	–	100%	Property rental and management

11 Investments in subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Shanghai Henderson - Miramar Hotels Management Co. Ltd. ^*	The PRC	The PRC	US\$200,000	100%	-	100%	Hotel management
Shanghai Shangmei Property Co. Ltd. ^**	The PRC	The PRC	US\$13,000,000	51.4%	-	68.6%	Property rental

* KPMG are not statutory auditors of these subsidiaries. The total net assets and total revenue of these subsidiaries constituting approximately 4% (2015: 5%) and 1% (2015: 2%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

12 Interests in associates

	2016 HK\$'000	2015 HK\$'000
Share of net assets	21,141	21,164
Amounts due from associates	1,377	1,294
Loans to associates	25,940	25,940
	48,458	48,398
Less: Impairment loss	(46,669)	(46,669)
	1,789	1,729

Amounts due from associates and loans to associates are unsecured, interest-free and have no fixed terms of repayment.

All of the Group's associates are unlisted corporate entities whose quoted market price is not available and not material (in aggregate and/or individually) to the Group.

140 Notes to the Financial Statements

12 Interests in associates (Continued)

Details of the Group's principal associate are as follows:

Name of associate	Place of incorporation	Place of operation	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Kamliease International Limited *	Hong Kong	The PRC	49%	–	49%	Property sale

* KPMG are not statutory auditors of this associate.

Aggregate information of associates that are not individually material:

	2016 HK\$'000	2015 HK\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,789	1,729
Aggregate amounts of the Group's share of those associates'		
– (Loss)/profit from continuing operations	(23)	57
– Total comprehensive income	(23)	57

13 Available-for-sale securities

	2016 HK\$'000	2015 HK\$'000
Non-current		
Listed equity securities in Hong Kong	68,381	105,879
Listed equity securities in overseas	40,059	53,135
Unlisted debt securities in overseas	29,101	66,491
Unlisted investment funds	14,497	26,637
	152,038	252,142
Current		
Unlisted investment fund	30,756	33,421
Total	182,794	285,563
Market value of listed equity securities	108,440	159,014

As at 31 December 2016, certain available-for-sale securities were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered. An impairment loss on these investments of HK\$11,741,000 (2015: HK\$11,719,000) was recognised for the year ended 31 December 2016.

14 Inventories

	2016	2015
	HK\$'000	HK\$'000
Consumable stores	14,161	13,452
Properties held for resale	105,242	110,600
	119,403	124,052

Properties held for resale of HK\$105,242,000 (2015: HK\$110,600,000) are net of a provision in order to state these properties at the lower of their cost and estimated net realisable value.

15 Trade and other receivables

	2016	2015
	HK\$'000	HK\$'000
Trade receivables	121,756	85,048
Less: Allowance for doubtful debts	(4,212)	(4,112)
	117,544	80,936
Other receivables, deposits and prepayments	177,361	169,749
	294,905	250,685

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK\$24,474,000 (2015: HK\$21,382,000) which is expected to be recovered after one year.

- (a) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis, based on the invoice date (or date of revenue recognition, if earlier), as at the end of the reporting period:

	2016	2015
	HK\$'000	HK\$'000
Within 1 month	72,462	56,183
1 month to 2 months	10,015	5,548
Over 2 months	35,067	19,205
	117,544	80,936

The Group's credit policy is set out in note 24(a).

15 Trade and other receivables (Continued)**(b) Impairment of trade receivables**

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2016 HK\$'000	2015 HK\$'000
At 1 January	4,112	4,042
Impairment loss recognised (<i>note 3(d)</i>)	100	70
	<hr/> 4,212	<hr/> 4,112
At 31 December	4,212	4,112

At 31 December 2016, trade receivables of HK\$4,212,000 (2015: HK\$4,112,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are expected to be not recoverable. Consequently, specific allowances for doubtful debts of HK\$4,212,000 (2015: HK\$4,112,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	72,462	56,183
Less than 1 month past due	10,015	5,548
1 to 2 months past due	11,775	6,292
Over 2 months past due	23,292	12,913
	<hr/> 45,082	<hr/> 24,753
	117,544	80,936

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 Trading securities

	2016	2015
	HK\$'000	HK\$'000
Listed equity securities in Hong Kong (stated at market value)	11,492	14,042

17 Cash and bank balances

	2016	2015
	HK\$'000	HK\$'000
Deposits with banks and other financial institutions	2,556,058	2,741,769
Cash at bank and in hand	309,908	335,728
	2,865,966	3,077,497

Cash and bank balances at 31 December 2016 include HK\$54,654,000 equivalent (2015: HK\$79,660,000 equivalent) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

18 Trade and other payables

	2016	2015
	HK\$'000	HK\$'000
Trade payables	137,444	100,207
Other payables and accrued charges	339,284	365,252
Amounts due to holders of non-controlling interests of subsidiaries (see note 19)	72,484	103,435
Amounts due to associates (<i>note</i>)	4,333	4,347
	553,545	573,241

Note: Amounts due to associates are unsecured, interest-free and repayable on demand.

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as at the end of the reporting period:

	2016	2015
	HK\$'000	HK\$'000
Due within 3 months or on demand	101,135	67,127
Due after 3 months but within 6 months	36,309	33,080
	137,444	100,207

19 Amounts due to holders of non-controlling interests of subsidiaries

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$23,772,000 (2015: HK\$30,965,000), which are interest bearing at 6% per annum and repayable after one year (2015: interest bearing at 6% per annum and repayable within one year), all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20 Bank loans and overdrafts

At 31 December 2016, the bank loans and overdrafts were repayable as follows:

	2016	2015
	HK\$'000	HK\$'000
Within one year or on demand	387,900	455,187
After one but within two years	352,300	422,117
After two but within five years	–	545,680
	352,300	967,797
	740,200	1,422,984

At 31 December 2016, the bank loans and overdrafts were secured as follows:

	2016	2015
	HK\$'000	HK\$'000
Unsecured bank overdrafts	532	1,506
Bank loans		
– Secured	13,639	30,285
– Unsecured	726,029	1,391,193
	740,200	1,422,984

Interest on bank loans and overdrafts is charged at prevailing market rates.

Bank loans repayable within one year will be settled by re-financing or from the general working capital of the Group.

At 31 December 2016, banking facilities of HK\$697,995,000 (2015: HK\$697,590,000) were secured by the Group's investment in listed equity securities, unlisted debt securities and unlisted investment funds with an aggregate carrying value of HK\$152,038,000 (2015: HK\$252,142,000). The facilities were utilised to the extent of HK\$13,639,000 (2015: HK\$30,285,000).

20 Bank loans and overdrafts (Continued)

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 24(b). At 31 December 2016, none of the covenants relating to drawn down facilities had been breached (2015: Nil).

21 Deferred liabilities

Deferred liabilities represent refundable rental deposits received on properties held under operating leases with unexpired lease terms exceeding one year as at the end of the reporting period.

22 Taxation in the consolidated statement of financial position

(a) Tax (recoverable)/payable in the consolidated statement of financial position represents:

	2016 HK\$'000	2015 HK\$'000
Provision for Hong Kong Profits Tax for the year	131,331	133,176
Provisional Hong Kong Profits Tax paid	(92,732)	(93,236)
	38,599	39,940
Balance of Hong Kong Profits Tax provision relating to prior years	4,107	4,133
Overseas tax payable	2,202	1,603
	44,908	45,676
Representing:		
Tax recoverable	(91)	(1,023)
Tax payable	44,999	46,699
	44,908	45,676

None of the tax (recoverable)/payable is expected to be recovered or settled after more than one year.

22 Taxation in the consolidated statement of financial position (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Future benefit of tax loss HK\$'000	Total HK\$'000
Deferred tax arising from:				
At 1 January 2015	180,963	61,188	(3,466)	238,685
Charged to profit or loss	8,909	1,862	462	11,233
Exchange adjustments	(1,286)	(3,352)	–	(4,638)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	188,586	59,698	(3,004)	245,280
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2016	188,586	59,698	(3,004)	245,280
Charged to profit or loss	840	17,012	966	18,818
Exchange adjustments	(1,373)	(4,245)	–	(5,618)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	188,053	72,465	(2,038)	258,480

(ii) Reconciliation to the consolidated statement of financial position

	2016 HK\$'000	2015 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(4,843)	(3,846)
Net deferred tax liabilities recognised in the consolidated statement of financial position	263,323	249,126
	<hr/>	<hr/>
	258,480	245,280

22 Taxation in the consolidated statement of financial position (Continued)

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets of HK\$133,858,000 (2015: HK\$127,854,000) in respect of accumulated tax losses of HK\$651,632,000 (2015: HK\$604,006,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2016.

The tax losses can be carried forward to offset against the taxable profits of subsequent years for up to five years from the year in which they were incurred or there is no restriction on their expiry, depending on the tax jurisdiction concerned.

23 Total equity

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2015	691,690	1,019,874	300,000	186,496	2,198,060
Changes in equity for 2015:					
Profit and total comprehensive income for the year	-	-	-	397,262	397,262
Final dividends approved in respect of the previous year (note 7(b))	-	-	-	(184,714)	(184,714)
Interim dividends declared in respect of the current year (note 7(a))	-	-	-	(115,447)	(115,447)
Shares issued on exercise of warrants (note 23(b)(i))	31	-	-	-	31
Balance at 31 December 2015	691,721	1,019,874	300,000	283,597	2,295,192

23 Total equity (Continued)**(a) Movements in components of equity** (continued)*The Company (continued)*

	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2016	691,721	1,019,874	300,000	283,597	2,295,192
Changes in equity for 2016:					
Profit and total comprehensive income for the year	-	-	-	206,244	206,244
Final dividends approved in respect of the previous year (note 7(b))	-	-	-	(196,344)	(196,344)
Interim dividends declared in respect of the current year (note 7(a))	-	-	-	(115,500)	(115,500)
Shares issued on exercise of warrants (note 23(b)(i))	4,105	-	-	-	4,105
Balance at 31 December 2016	695,826	1,019,874	300,000	177,997	2,193,697

(b) Share capital*(i) Issued share capital*

	2016		2015	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	577,233,524	691,721	577,231,252	691,690
Shares issued on exercise of warrants	304,110	4,105	2,272	31
At 31 December	577,537,634	695,826	577,233,524	691,721

23 Total equity (Continued)

(b) Share capital (continued)

(ii) Bonus warrants

On 10 June 2015, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five shares held on the record date (i.e. 30 June 2015). 115,446,250 units of warrants were issued on 20 July 2015. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HK\$13.50 per share (subject to adjustments). The warrants are exercisable at any time during a period of thirty months commencing from the date of issue of the warrants (i.e. 20 July 2015). Details of the bonus warrants are disclosed in the Company's announcements dated 10 June 2015 and 16 July 2015 and the Company's circular dated 20 July 2015.

During the year, 304,110 units (2015: 2,272 units) of warrants were exercised to subscribe for totally 304,110 ordinary shares (2015: 2,272 ordinary shares) in the Company. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. At 31 December 2016, 115,139,868 units (2015: 115,443,978 units) of warrants remained outstanding.

(c) Nature and purpose of reserves

The capital reserve represents positive goodwill arose from acquisition of subsidiaries and associates prior to 1 January 2001 which was taken directly to equity on acquisition.

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(t).

The application of the general reserve is in accordance with Article 117 of the Company's Articles of Association.

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 1(f).

23 Total equity (Continued)**(d) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total interest-bearing borrowings, including interest-bearing amounts due to holders of non-controlling interests of subsidiaries, less cash and bank balances. Total equity attributable to shareholders of the Company comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises total equity attributable to shareholders of the Company and non-controlling interests.

The net debt-to-equity ratios at the end of the reporting period are as follows:

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Bank loans and overdrafts	20	740,200	1,422,984
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	19	23,772	30,965
Less: Cash and bank balances	17	(2,865,966)	(3,077,497)
Net cash		(2,101,994)	(1,623,548)
Total equity attributable to shareholders of the Company		15,139,367	14,183,039
Net debt-to-shareholders' equity ratio		N/A	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

24 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due ranging from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain any collateral from customers. The ageing of trade receivables at 31 December 2016 is summarised in note 15.

Cash is deposited with financial institutions with sound credit ratings to minimise credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

24 Financial risk management and fair values (Continued)

(b) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow			Total HK\$'000	Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000		
At 31 December 2016					
Trade and other payables	476,728	-	-	476,728	476,728
Amounts due to associates	4,333	-	-	4,333	4,333
Amounts due to holders of non-controlling interests of subsidiaries	72,484	25,548	-	98,032	96,256
Bank loans and overdrafts	398,437	358,013	-	756,450	740,200
Sales and rental deposits received	221,575	-	-	221,575	221,575
Deferred liabilities	-	55,968	113,012	168,980	168,980
	1,173,557	439,529	113,012	1,726,098	1,708,072
At 31 December 2015					
Trade and other payables	465,459	-	-	465,459	465,459
Amounts due to associates	4,347	-	-	4,347	4,347
Amounts due to holders of non-controlling interests of subsidiaries	105,803	-	-	105,803	103,435
Bank loans and overdrafts	469,370	433,345	553,217	1,455,932	1,422,984
Sales and rental deposits received	203,403	-	-	203,403	203,403
Deferred liabilities	-	67,553	69,525	137,078	137,078
	1,248,382	500,898	622,742	2,372,022	2,336,706

24 Financial risk management and fair values (Continued)

(c) Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's bank loans and amounts due to holders of non-controlling interests of a subsidiary. The Group is most vulnerable to changes in Hong Kong dollar interest rates. Interest rate risk is managed by the Group's senior management in accordance with defined policies through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to its current business portfolio.

(i) *The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:*

	2016		2015	
	Effective interest rate	Amount HK\$'000	Effective interest rate	Amount HK\$'000
Floating rate borrowings				
Bank loans	0.900%-1.355%	739,668	0.881%-1.136%	1,421,478
Amounts due to holders of non-controlling interests of a subsidiary	6%	<u>23,772</u>	6%	<u>30,965</u>
Total borrowings		<u>763,440</u>		<u>1,452,443</u>

(ii) *Sensitivity analysis*

At 31 December 2016, it is estimated that a general increase/decrease of 25 basis points (2015: 25 basis points) in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and total equity by approximately HK\$1,589,000 (2015: HK\$3,026,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure the amount of interest-bearing borrowings held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2015.

24 Financial risk management and fair values (Continued)

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 16) and available-for-sale securities (see note 13).

The Group's listed investments are listed in Hong Kong and overseas. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indications, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance against expectations. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 December 2016, it is estimated that an increase/decrease of 5% (2015: 5%) in the market value of the Group's listed available-for-sale securities, with all other variables held constant, would not affect the Group's profit unless there are impairments. The Group's total equity would have increased/decreased by HK\$5,422,000 (2015: HK\$7,951,000). For the trading securities, it is estimated that an increase/decrease of 5% (2015: 5%) in the market value, with all other variables held constant, would have increased/decreased the Group's profit after tax and total equity by HK\$480,000 (2015: HK\$586,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in market value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the market values, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in market values, and that all other variables remain constant. The analysis is performed on the same basis for 2015.

24 Financial risk management and fair values (Continued)

(e) Foreign currency risk

The Group owns assets and conducts its business primarily in Hong Kong with its cash flows substantially denominated in Hong Kong dollars.

The Group's primary foreign currency exposures arise from its investment in subsidiaries and associates operating in the PRC and the United States of America. Where appropriate and cost-efficient, the Group seeks to finance these investments by Renminbi ("RMB") or United States Dollars ("USD") borrowings with reference to the future RMB or USD funding requirements from the investment and related returns.

The Group is also exposed to foreign currency risk through cash and bank balances and equity and debt investments that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily RMB, USD, Singapore Dollars ("SGD"), Euro ("EUR"), Japanese Yen ("JPY") and British Pound ("GBP").

The following tables details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

Exposure to foreign currencies

	2016					
	RMB HK\$'000	USD HK\$'000	SGD HK\$'000	EUR HK\$'000	JPY HK\$'000	GBP HK\$'000
Cash and bank balances	108,907	576,893	134	3,841	2,558	3,278
Unlisted debt securities in overseas	-	29,101	-	-	-	-
Listed equity securities in overseas	-	8,733	-	28,322	3,004	-
Unlisted investment funds in overseas	30,756	-	-	14,497	-	-
Total	139,663	614,727	134	46,660	5,562	3,278

24 Financial risk management and fair values (Continued)**(e) Foreign currency risk** (continued)

	Exposure to foreign currencies					
	2015					
	RMB HK\$'000	USD HK\$'000	SGD HK\$'000	EUR HK\$'000	JPY HK\$'000	GBP HK\$'000
Cash and bank balances	342,844	530,866	4,529	6,075	755	4,081
Unlisted debt securities in overseas	-	66,491	-	-	-	-
Listed equity securities in overseas	-	4,953	2,294	40,257	2,886	2,745
Unlisted investment funds in overseas	-	10,365	-	16,272	-	-
Total	342,844	612,675	6,823	62,604	3,641	6,826

The following table indicates the instantaneous change in the Group's profits after tax and total equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and USD would not be materially affected by any changes in movement in value of USD against other currencies.

	2016			2015		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effect on total equity HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effect on total equity HK\$'000
RMB	5%	5,445	6,983	5%	17,142	17,142
USD	5%	135	135	5%	130	130
SGD	5%	7	7	5%	226	341
EUR	5%	192	2,333	5%	304	3,130
JPY	5%	128	278	5%	38	182
GBP	5%	164	164	5%	204	341

Results of the analysis represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2015.

24 Financial risk management and fair values (Continued)

(f) Fair value measurement

(i) Financial assets measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2016 HK\$'000	Fair value measurements at 31 December 2016		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	68,381	68,381	–	–
– Listed equity securities in overseas	40,059	40,059	–	–
– Unlisted debt securities in overseas	29,101	–	29,101	–
– Unlisted investment funds	45,253	–	45,253	–
Trading securities:				
– Listed equity securities in Hong Kong	11,492	11,492	–	–

24 Financial risk management and fair values (Continued)**(f) Fair value measurement** (continued)*(i) Financial assets measured at fair value (continued)*

	Fair value at 31 December 2015 HK\$'000	Fair value measurements at 31 December 2015		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	105,879	105,879	–	–
– Listed equity securities in overseas	53,135	53,135	–	–
– Unlisted debt securities in overseas	66,491	–	66,491	–
– Unlisted investment funds	60,058	–	60,058	–
Trading securities:				
– Listed equity securities in Hong Kong	14,042	14,042	–	–

During the years ended 31 December 2016 and 2015, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted debt securities in overseas in Level 2 is determined by a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or debt instrument as an asset.

The fair value of unlisted investment fund is represented by the reported net asset value.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The fair values of receivables, bank balances and other current assets, payables and accruals and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016 and 2015. Amounts due from/(to) subsidiaries, associates and holders of non-controlling interests of subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

25 Capital commitments

Capital commitments outstanding at 31 December 2016 not provided for in the financial statements were as follows:

	2016	2015
	HK\$'000	HK\$'000
Future expenditure relating to properties:		
Contracted for	13,650	51,680

26 Operating lease commitments

(a) At 31 December 2016, the total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2016	2015
	HK\$'000	HK\$'000
Within 1 year	586,522	587,170
After 1 year but within 5 years	742,523	534,191
After 5 years	-	687
	1,329,045	1,122,048

(b) At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	HK\$'000	HK\$'000
Within 1 year	82,090	80,319
After 1 year but within 5 years	111,100	141,209
After 5 years	37,812	53,652
	231,002	275,180

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 11 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals.

27 Contingent liabilities

No guarantee was given by the Group as at 31 December 2016.

At 31 December 2015, the Group gave guarantee in respect of banking facility of a former joint venture to the extent of HK\$5,000,000. At 31 December 2015, the banking facility was not utilised and the directors did not consider it probable that a claim would be made against the Group under the guarantee. The Group did not recognise any deferred income in respect of this guarantee as its fair value could not be reliably measured using observable market data and no transaction price was incurred. The guarantee and the banking facility were cancelled during the year.

28 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions under the ordinary course of business and were carried out on normal commercial terms:

	2016 HK\$'000	2015 HK\$'000
Property agency fee payable to a subsidiary of the Group's major shareholder (<i>note (a)</i>)	3,000	3,000
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder (<i>note (a)</i>)	(13,803)	(17,620)
Management fee income from a subsidiary of the Group's major shareholder (<i>note (b)</i>)	(778)	(739)
Hotel and catering service income from subsidiaries of the Group's major shareholder (<i>note (c)</i>)	(2,478)	(2,837)
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre (<i>note (d)</i>)	(3,917)	(3,863)
– an entity controlled by a director for leasing of Office Units 1706-1707 and Whole of 18th Floor, Miramar Tower (<i>note (d)</i>)	(26,040)	(21,040)
– a subsidiary of the Group's major shareholder for leasing of Shop 503A-C and 501-02, Miramar Shopping Centre (<i>note (d)</i>)	(27,922)	(27,857)
– a subsidiary of the Group's major shareholder for leasing of Shop 3013, Portion of Podium Roof and Fan Room, Miramar Shopping Centre (<i>note (d)</i>)	–	(4,918)
Rental and building management fee payable to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101-3107 and certain floor space of ifc Mall (including contingent rental of HK\$208,000 for the year ended 31 December 2016 (2015: HK\$395,000)) (<i>note (d)</i>)	16,708	16,454
– a subsidiary of the Group's major shareholder for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong (including contingent rental of HK\$2,076,000 for the year ended 31 December 2016 (2015: HK\$1,839,000)) (<i>note (e)</i>)	15,276	16,925
Consideration paid for acquisition of subsidiaries from an associate of the Group's major shareholder (<i>note (f)</i>)	4,587	–

All of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in paragraphs headed "Continuing Connected Transactions" and "Connected Transaction" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2016.

28 Material related party transactions (Continued)

Notes:

- (a) The property agency fee payable to a subsidiary of the Group's major shareholder for the provision of property agency services to the Group's investment properties in Hong Kong, was calculated at a certain percentage of the gross rental income from the Group's investment properties during the year.

The Group's travel division provides agency services to certain subsidiaries and associates of the Group's major shareholder in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The net amounts due to these companies at the year end amounted to HK\$15,187,000 (2015: HK\$10,934,000).

- (b) The management fee income from a subsidiary of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the year the service provided. The amount due from this company at the year end amounted to HK\$201,000 (2015: HK\$148,000).
- (c) The Group's hotel division provides hotel and catering services to certain subsidiaries of the Group's major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amounts due from these companies at the year end amounted to HK\$1,556,000 (2015: HK\$45,000).
- (d) No amount due from/to these companies at the year end (2015: HK\$Nil).
- (e) The amount due to this company at the year end amounted to HK\$228,000 (2015: HK\$378,000).
- (f) During the year, the Group acquired all equity interests in HYFCO Travel Agency Limited from Hong Kong Ferry (Holdings) Company Limited (an associate of the Group's major shareholder). HYFCO Travel Agency Limited and its subsidiary became subsidiaries of the Group.
- (g) Remuneration for key management personnel are disclosed in note 5.

29 Company-level statement of financial position

	2016 HK\$'000	2015 HK\$'000
Non-current assets		
Property, plant and equipment	10,925	15,887
Interests in subsidiaries	2,609,531	1,654,447
	<u>2,620,456</u>	<u>1,670,334</u>
Current assets		
Inventories	3,100	2,564
Trade and other receivables	18,981	19,716
Cash and bank balances	1,288,611	2,221,116
	<u>1,310,692</u>	<u>2,243,396</u>
Current liabilities		
Trade and other payables	(53,851)	(87,823)
Deposits received	(353)	(353)
	<u>(54,204)</u>	<u>(88,176)</u>
Net current assets	<u>1,256,488</u>	<u>2,155,220</u>
Total assets less current liabilities	<u>3,876,944</u>	<u>3,825,554</u>
Non-current liabilities		
Amounts due to subsidiaries	(1,683,247)	(1,406,852)
Bank loans	-	(123,510)
	<u>(1,683,247)</u>	<u>(1,530,362)</u>
NET ASSETS	<u>2,193,697</u>	<u>2,295,192</u>
CAPITAL AND RESERVES		
Share capital	695,826	691,721
Reserves	1,497,871	1,603,471
TOTAL EQUITY	<u>2,193,697</u>	<u>2,295,192</u>

Approved and authorised for issue by the board of directors on 17 March 2017.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

30 Non-adjusting events after the reporting period

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 7.

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, *Financial instruments*

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. The Group is in the process of making an assessment of what the impact of HKFRS 9 expected to be in the period of initial application. With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either fair value through profit or loss ("FVTPL") or irrevocably elect to designate as fair value through other comprehensive income ("FVTOCI") (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. This change in policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported performance amounts such as profits and earnings per share. Calculation of impairment of financial assets and hedge accounting is unlikely to have a significant impact on the Group on adoption of HKFRS 9.

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2016 (Continued)

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services. The Group's revenue recognition policies are disclosed in note 1(s). Under HKFRS 15, the Group will need to identify each specified good or service to be transferred to the customer and determine whether it is a principal or agent for each one. It may be a principal for some goods and services and an agent for others in a contract to transfer multiple goods or services. As a result of this change, it is possible that once the Group adopts HKFRS 15 there may be result in a change in presentation of revenue arising from the provision of certain services in travel operations. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

HKFRS 16, *Leases*

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 26(b), at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$231,002,000 for properties, all of them is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

166 Group's Five-year Financial Summary

	For the year ended 31 December				
	2016 HK\$'million	2015 HK\$'million	2014 HK\$'million	2013 HK\$'million	2012 HK\$'million
Results					
Revenue	3,118	3,251	3,127	3,044	2,974
Profit attributable to shareholders	1,277	1,355	1,301	1,278	1,377
Assets and liabilities					
Investment properties, other property, plant and equipment	13,814	13,204	12,608	12,146	11,380
Interests in associates	2	2	2	2	2
Interest in a joint venture	–	–	6	10	8
Available-for-sale securities – non-current	152	252	277	408	250
Deferred tax assets	5	4	3	2	33
Net current assets	2,114	2,222	2,013	1,755	951
Total assets less current liabilities	16,087	15,684	14,909	14,323	12,624
Bank loans – non-current	(352)	(968)	(1,161)	(1,692)	(1,041)
Deferred liabilities	(169)	(137)	(175)	(127)	(117)
Amounts due to holders of non- controlling interests of a subsidiary	(24)	–	(39)	–	(47)
Deferred tax liabilities	(263)	(249)	(242)	(232)	(218)
Net assets	15,279	14,330	13,292	12,272	11,201
Capital and reserves					
Share capital (Note)	696	692	692	692	692
Reserves	14,444	13,491	12,463	11,444	10,380
Total equity attributable to shareholders of the Company	15,140	14,183	13,155	12,136	11,072
Non-controlling interests	139	147	137	136	129
Total equity	15,279	14,330	13,292	12,272	11,201
	HK\$	HK\$	HK\$	HK\$	HK\$
Per share					
Earnings – Basic	2.21	2.35	2.25	2.21	2.39
Dividends attributable to the year	0.54	0.54	0.49	0.44	0.41
Net assets value attributable to shareholders of the Company	26.21	24.57	22.79	21.02	19.18

Note: In accordance with the transitional provision set out in section 37 of schedule 11 to the new Hong Kong Companies Ordinance (Cap 622) on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital. Comparative figures have been restated in conformity with current year's presentation.

at 31 December 2016

Major properties held for investment and/or own use

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong				
The Mira Hong Kong 118-130 Nathan Road Tsimshatsui, Kowloon	Sections A and C of KIL6022	Hotel and Commercial	Medium	100
Miramar Tower and Miramar Shopping Centre 1 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6454	Commercial	Medium	100
1/F., Champagne Court 16 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6022B	Commercial	Medium	100
A3, 13/F., United Mansion Nos. 37E-37H and 37J-37K Jordan Road and Nos. 95-103 Shanghai Street, Kowloon	Portion of KIL6727	Residential	Medium	100
3/F., 47 and 49 Sa Po Road Kowloon City, Kowloon	Portion of NKIL498 B&C	Residential	Medium	100
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
Basement, South China Building, No.1 Wyndham Street Hong Kong	Portion of Sections K and L of IL80	Commercial	Long	100
No. 88 Stanley Main Street, Hong Kong	Stanley Inland Lot No.105 and Stanley Lot No.1130	Commercial	Medium	100

168 Group Properties

at 31 December 2016

Location	Lot number	Use	Lease	Group's interest (%)
Outside Hong Kong				
Flat A, 1/F., Block 2 Crystal Garden Shekou Special Industrial Zone Shenzhen The People's Republic of China	Portion of 102 in Shekou Special Industrial Zone	Residential	Medium	100
Level 4 of Miramar Shopping Arcade in Guang Fat Gardens 496 Huan Shi Dong Lu Guangzhou Guangdong Province The People's Republic of China	–	Commercial	Medium	100
Flat Nos. 403 and 503, Block 1, Jinghua Apartment 24 Jian Quo Men Wai Avenue Chao Yang District, Beijing The People's Republic of China	–	Residential	Medium	100
80 Flats and 31 Car Parking Spaces in Shang-Mira Garden Hongqiao Road Shanghai The People's Republic of China	–	Residential and Car parking	Medium	100
Level 1, portion of Level 2, portion of Level 3 and Basement Level of the Commercial Podium of Shang-Mira Garden Hongqiao Road Shanghai The People's Republic of China	–	Commercial	Medium	51.4

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the “Meeting”) of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 1 June 2017 at 12:00 noon to transact the following business:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 31 December 2016.
2. To declare a Final Dividend.
3. To re-elect Directors.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(A) **“THAT:**

- (a) a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined in paragraph (b) of this Resolution) all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements or options (including warrants, bonds, debentures, notes and other securities convertible into shares in the Company) which would or might require the exercise of such powers either during or after the Relevant Period, provided that the total number of shares of the Company to be allotted, issued and dealt with pursuant to the general mandate herein, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iii) an issue of shares in the Company upon the exercise of the subscription or conversion rights attaching to any warrants or convertible notes which may be issued by the Company or any of its subsidiaries, or (iv) any scrip dividend pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period) and the said approval shall be limited accordingly;

- (b) for the purposes of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiry of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to be held; and
- (iii) the date on which the approval set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

170 Notice of Annual General Meeting

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

(B) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company to be bought back pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period) and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” shall have the same meaning as assigned to it under Ordinary Resolution 5(A) as set out in the notice convening this Meeting.”

(C) **“THAT:**

the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution 5(A) as set out in the notice convening this Meeting be and is hereby extended by the addition to the total number of shares which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to such general mandate such number of shares of the Company bought back by the Company since the granting of the said general mandate pursuant to the exercise by the Directors of the powers of the Company to buy back such shares under the authority granted pursuant to Ordinary Resolution 5(B) as set out in the notice convening this Meeting provided that such number of additional shares shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period).”

By Order of the Board

CHU KWOK SUN

Corporate Secretary

Hong Kong, 26 April 2017

Registered Office:

15/F, Miramar Tower
 132 Nathan Road
 Tsim Sha Tsui
 Kowloon
 Hong Kong

Notes:

- (1) A Shareholder of the Company (the "Shareholder(s)") entitled to attend and vote is entitled to appoint (i) another person (whether a Shareholder or not) as a proxy to exercise all or any of the Shareholder's rights to attend and to speak and vote at the Meeting and (ii) separate proxies to represent respectively the number of the shares held by the Shareholder that is specified in their instruments of appointment of proxies. If a Shareholder appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands. Form of proxy must be lodged at the registered office of the Company at 15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (accordingly, not later than 12:00 noon on 29 May 2017). In calculating the periods mentioned for depositing the instrument appointing a proxy, no account is to be taken of any part of a day that is a public holiday.
- (2) For the purpose of ascertaining Shareholders' entitlement to attend and vote at the Meeting, the Register of Members and the Register of Warranholders will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017, both days inclusive, during such period no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights attached to the warrants of the Company) will be registered. In order to be eligible to attend and vote at the Meeting,
 - (i) Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("Computershare"), not later than 4:30 p.m. on Thursday, 25 May 2017; and
 - (ii) Warranholders must lodge all subscription forms accompanied by the relevant warrant certificates and subscription moneys (together the "Warrant Exercise Documents") for registration with Computershare, which also acts as the registrar maintaining the Register of Warranholders, not later than 4:30 p.m. on Thursday, 25 May 2017.
- (3) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the Register of Members and the Register of Warranholders will be closed from Wednesday, 7 June 2017 to Tuesday, 13 June 2017, both days inclusive, during such period no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights attached to the warrants of the Company) will be registered. In order to establish entitlements to the proposed final dividend,
 - (i) Shareholders must lodge the Share Transfer Documents for registration with Computershare not later than 4:30 p.m. on Tuesday, 6 June 2017; and
 - (ii) Warranholders must lodge the Warrant Exercise Documents for registration with Computershare not later than 4:30 p.m. on Tuesday, 6 June 2017.
- (4) An explanatory statement containing the information necessary to enable the Shareholders to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to Shareholders together with the Company's 2016 Annual Report.

Board of Directors

Executive Directors

Mr LEE Ka Shing (*Chairman and CEO*)
Mr Richard TANG Yat Sun
Dr Colin LAM Ko Yin
Mr Eddie LAU Yum Chuen
Mr Norman HO Hau Chong

Non-Executive Directors

Dr the Hon. LEE Shau Kee, GBM
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
Mr Alexander AU Siu Kee

Independent Non-Executive Directors

Dr David SIN Wai Kin (*Vice Chairman*)
Mr WU King Cheong
Dr Timpson CHUNG Shui Ming
Mr Howard YEUNG Ping Leung
Mr Thomas LIANG Cheung Biu

Audit Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)
Dr David SIN Wai Kin
Mr WU King Cheong
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On

Remuneration Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)
Mr LEE Ka Shing
Dr David SIN Wai Kin
Mr Richard TANG Yat Sun
Mr WU King Cheong

Nomination Committee

Mr LEE Ka Shing (*Committee Chairman*)
Dr David SIN Wai Kin
Mr WU King Cheong
Dr Timpson CHUNG Shui Ming

Chairman and CEO

Mr LEE Ka Shing

Corporate Secretary

Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

The Hongkong & Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.
China Construction Bank (Asia) Corporation Limited
Sumitomo Mitsui Banking Corporation
Bank of China (Hong Kong) Limited

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

Registered Office

15/F, Miramar Tower, 132 Nathan Road,
Tsim Sha Tsui, Kowloon, Hong Kong

Share and Warrant Listings

The Stock Exchange of Hong Kong Limited
(Stock Code: 71)
(Warrant Code: 1437)

Website

<http://www.miramar-group.com>



MIRAMAR GROUP
SINCE 1957

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
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