KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 0184

ANNUAL REPORT 2016 ANNUAL REPORT 2016

CONTENTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Total Assets	**6,659,344**	6,549,924
Capital and Reserves	**3,610,991**	3,445,779
Issued Share Capital	**498,305**	498,305
Revenue	**1,955,211**	1,939,567
Profit Before Taxation	**412,742**	422,173
Profit Attributable to Equity Shareholders	**225,345**	228,972
Basic Earnings Per Share (cents)	**66.2**	67.3
Dividends Attributable to the year (cents per share)	**15.0**	15.0

CORPORATE INFORMATION

DIRECTORS

HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
* HO Kian Cheong
** CHAN Yau Hing Robin
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela
** YU Hon To David
HO Chung Kain (Alternate to HO Chung Hui)

* *Non-executive Director*
** *Independent Non-executive Director*

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David

REMUNERATION COMMITTEE

WANG Poey Foon Angela – *Chairman*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
YU Hon To David
TSE See Fan Paul
YU Yuet Chu Evelyn

NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*
CHAN Yau Hing Robin
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul
HO Chung Tao

AUDITORS

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

NG Sing Beng

REGISTERED OFFICE

Room 2902 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.keckseng.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2016.

RESULTS

The consolidated Group net profit attributable to equity shareholders for the year 2016 amounted to HK$225 million, a reduction of 1.7% as compared to HK$229 million in 2015. Earnings per share for the year 2016 amounted to HK$0.662 per share as compared to HK$0.673 per share in 2015.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.12 per share be paid for the year ended 31 December 2016. An interim dividend of HK$0.03 per share has already been paid. Total dividends for the year will be HK$0.15 per share.

REVIEW OF OPERATIONS

The Group's revenue for 2016 was HK$1,955 million, an increase of 0.8% as compared to HK$1,940 million in 2015. Operating profit was HK$414 million, an increase of 0.7% as compared to HK$411 million in 2015. Primarily due to a smaller increase in fair value of investment property in 2016 (HK$19 million) as compared to 2015 (HK$35 million), profit after tax for the year dropped to HK$310 million, a drop of 4.9% as compared to HK$326 million in 2015.

A summary and analysis of the operations are as follows.

Macau

In 2016, Macau's overall GDP recorded at MOP358.2 billion, slightly down by 1.2% from 2015. This was however a significant improvement compared to the drop of GDP of 18.0% in 2015. Macau's economic fundamentals remained stable with a low unemployment rate of 1.9% and high fiscal reserves. However, the uncertainties in the global political and economic environment may still cause impact on Macau's economy.

The Macau property market fell significantly in the first half of 2016 but rebounded in the second half of 2016. The capital values for high-end and mass-to-medium residential properties rose by 7.8% and 5.3% respectively year-on-year in 2016.

In the residential leasing sector, the reduced number of expatriates in Macau coupled with the increased new supply to the property market in 2015 continued to exert downward pressure on rental rates. The rental values for high-end and mass-to medium residential properties registered negative growth rates of 9.0% and 7.6% respectively year-on-year in 2016. Against this background, income from leasing of properties of the Group has dropped to HK$88.1 million in 2016, a decrease of 3.1% as compared to HK$90.9 million in 2015.

There was no sale of properties in Macau during 2016, as it is the view of the directors that the completion of the Hong Kong-Zhuhai-Macau Bridge will have a positive impact on the value of residential properties in Macau. The directors therefore consider that the Group should continue to closely monitor property market conditions, and to conduct sale of properties at a time and price that will optimize profits for the group. In the meantime, properties held for sale in Macau are leased to maximize profits.

The People's Republic of China

Holiday Inn Wuhan Riverside The Chinese economy was undergoing a period of consolidation. The GDP in 2016 grew by 6.7%, as compared to annual growth rate of 7.3% in 2015. GDP of Wuhan in 2016 grew by 9.2%, as compared to 8.8% in 2015.

Holiday Inn Wuhan Riverside improved in occupancy rate of 72.0% in 2016 as compared to 68.3% in 2015. Average room rate dropped to RMB402 during the year, as compared to RMB414 in 2015.

The domestic consumption in PRC continues to be weak due to economic adjustments. Gross operating revenue has slightly decreased by 0.2% in 2016 to RMB52.8 million, as compared to RMB52.9 million in 2015 as a result of reduction in meeting and convention business and food and beverage revenue.

Vietnam

Vietnam's GDP grew by 6.4% in 2016 as compared to the previous year as a result of increased level of commercial activities. With a GDP growth rate of 6.9%, Saigon's economic growth was very much in line with the national average in 2016.

Sheraton Saigon Hotel and Towers The Sheraton Saigon Hotel & Towers performance in 2016 was down approximately 4% year-on-year. Vietnam continues to be a major tourism destination with arrivals up by 26% on a nationwide basis. This was reflected in the hotel's occupancy performance in 2016 at 69.7% as compared to 67.9% in 2015. However, the increased competition led to a reduced average room rate to US$159 as compared to US$169 in 2015. Further, renovations of the grant ballroom and all-day dining restaurant reduced food & beverage revenue as well as room business.

Going forward, the hotel planned to work diligently to extract the maximum benefit from the recent Marriott acquisition of Starwood in terms of achieving potential savings and synergies in all operational areas, especially in procurement and sales.

Caravelle Hotel Occupancy rate increased from 52.9% in 2015 to 61.4% in 2016. However, average room rate has decreased to US$122 in 2016, as compared to US$135 in 2015. Completion of renovation of the ballroom and other parts of the hotel contributed to an increase in revenue particularly in the second half of the year. Despite the relatively low room rate, share of contribution to profit from the hotel has increased significantly to HK$18.1 million in 2016, as compared to HK$11.8 million in 2015.

Japan

The Japanese GDP had increased approximately by 14.7% in 2016 due to a weaker yen and strong export growth fueled by global demand.

Best Western Hotel Fino Osaka Shinsaibashi During 2016, the hotel's occupancy rate decreased marginally to 89.2%, as compared to 90.3% in 2015. Average room rate rose to Yen12,578 in 2016, as compared to Yen11,763 in 2015. Gross operating profit has increased by 7.8% in 2016 to Yen515.4 million, as compared to Yen478.2 million in 2015.

The United States ("US")

The US economy remained strong with its GDP in 2016 at US$18,560 billion, representing an annual growth rate of 1.6% as compared to 2.6% annual growth rate in 2015.

W San Francisco San Francisco had seen a slight economic growth of approximately 3.0% in 2016 which is above the national average growth.

Despite the vulnerability seen in the local tourism and hotel market, W San Francisco was able to better of its 2015 performance both in terms of occupancy (89.8% in 2016 versus 89.5% in 2015) and average room rate (US$343 in 2016 versus US$342 in 2015). For 2016, the hotel continued to command a respectable US$36 rate premium against the competitive set and outperformed its competitors in the market penetration indices in both the transient and group segments.

W San Francisco also won the American Hotel & Lodging Association's "2016 Property of the Year, Large Property" award, maintaining its status as one of the top W hotels on the US west coast.

Sofitel New York In 2016, New York recorded economic growth of around 6.0%, which is higher than the national average growth.

The New York lodging marketplace continued to be challenging in 2016. The overall supply of new guestrooms outpaced the demand for accommodations, which put downward pressure on average room rates. The Sofitel New York suffered from this trend in 2016 with an average room rate of US$358 against a rate of US$370 in 2015. Despite these, the hotel was able to make improvements in occupancy rates, ending the year with a strong 89.5% occupancy rate versus 88.1% in 2015.

Canada

The economy continued to grow slowly in 2016, registered a GDP growth rate of 1.1%, as compared to 1.0% in 2015.

The Sheraton Ottawa Hotel Ottawa had experienced a slight growth in GDP in 2016 of 2.0%, as compared to GDP growth in 2015 of 1.7%.

The Sheraton Ottawa Hotel enjoyed a strong year in 2016 with positive gains made in both occupancy (77.9% in 2016 versus 77.0% in 2015) and average room rate (C$182 in 2016 versus C$169 in 2015). These strong gains were due to the relative stability of the Canadian economy, the Canadian government's infrastructure program that raised corporate travel activities to Ottawa, increased number of US visitors due to the depreciation in Canadian dollar, and a number of Ottawa hotels undergoing major renovations in 2016 that had reduced the room inventory during the year.

International Plaza Hotel As Canada's business and economic center, Toronto had reported an economic growth of 4.4%, as compared to GDP growth in 2015 of 3.7%.

The International Plaza Hotel saw higher occupancy (74.5% in 2016 versus 71.2% in 2015) and room rates (C$103 in 2016 versus C$95 in 2015) last year. The Greater Toronto Airport sub-market was generally stable in 2016, with no new hotel supply coming online. The weak Canadian dollar is making the city more attractive for tourists while at the same time encouraging Canadians to travel domestically. The hotel is embarking on a renovation program to enhance the experience for hotel guests. During the renovation, some revenue loss is expected in the first half of 2017. After renovations, the hotel will be rebranded to Delta Hotels Toronto Airport and Conference Centre.

Other net gains/(losses)

Net exchange loss for 2016 amounted to HK$14.1 million, as compared to a net exchange loss of HK$7.6 million in 2015.

Net realised and unrealised gain on derivative financial instruments amounted to HK$32.9 million in 2016, as compared to a gain of HK$7.4 million in 2015.

Net realised and unrealised gain on trading securities for 2016 amounted to HK$1.6 million, as compared to a loss of HK$1.5 million in 2015.

There was a gain on disposal of other property, plant and equipment in 2016 amounting to HK$0.2 million, as compared to a loss of HK$1.5 million in 2015. These were related to disposal of furniture, fixtures and equipment.

PROSPECTS

The global economy has continued to experience volatility while proving to be resilient. Economic activity of virtually every major region has now stabilized. Some economies are trending upwards.

2017 is generally expected to be a year filled with challenges in global financial markets and world economic conditions. The interest rate cycle in the US is expected to enter a new phase with periodic increases in 2017. China is still going through consolidation in both its economy and financial markets, and is aiming for a soft-landing during this period of adjustment. Macau's economy is returning to stability after experiencing contraction in the past two years. Vietnam is continuing its path towards economic growth.

The Group will regard 2017 as a year of consolidation. We will continue to adopt a disciplined approach towards acquisitions, targeting industries and countries or regions where it has a comparative advantage. The Group will continue to focus on seeking investments that creates long-term value on a sustainable basis for shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of our Group for their diligence, dedication and loyalty. The independent non-executive directors have continued to dispense their advice generously and in a professional manner. To them, we owe our sincere gratitude.

Ho Kian Guan
Executive Chairman

Hong Kong, 24 March 2017

REPORT OF THE DIRECTORS

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 activities of the Company and its subsidiaries (the "Group") are hotel and club operations, property investment and development and the provision of management services.

The principal activities of the Company are investment holding and those of its subsidiaries are set out in Note 12 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 10 to the financial statements.

BUSINESS REVIEW AND PERFORMANCE

Further discussion and analysis of the Group's principal activities and business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group, indication of likely future developments in the Group's business, analysis of the Group's performance during the year and the material factors underlying its results and financial position, can be found in "Corporate Governance Report", "Chairman's Statement" and "Other Corporate Information" sections of the Annual Report. This discussion forms part of this "Report of the Directors". There is no significant event affecting the Group that has occurred since the end of the financial year 2016.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Sustainability and environmental conservation are important issues for our customers, suppliers, shareholders, governments of respective countries, and the general public. The Group is committed to the long-term sustainability of its businesses and communities where our stakeholders work and reside.

The Group considers that there is a close linkage between its Environmental, Social and Governance ("ESG") strategy and business operations. ESG strategy and policies facilitates the Group's understanding of its exposure to emerging environmental and social risks, and its linkage to new commercial opportunities. ESG reporting is the process by which the group gathers data to monitor and manage its environmental performance and social responsibilities.

The Group maintains a global perspective on managing our emissions, minimizing use of fresh water and reducing energy use. The local management of each major reporting entity is accountable to ESG reporting. The Group has complied with all environmental regulations and internal policies related to environmental responsibility. We aim to improve our performance continually in line with best practices, and to be prepared to respond to future challenges and opportunities on sustainable development.

REPORT OF THE DIRECTORS (continued)

The following is a summary of our compliance and initiatives towards Environmental and Governance reporting guide in accordance with Appendix 27 of Hong Kong Stock Exchange Listing Rules for the financial year ended of 2016:

ESG requirements	General disclosures	Compliance with ESG requirements
ASPECTS **SUBJECT AREA A: ENVIRONMENTAL**		
A1 - Emissions	Policies and compliance relating to emissions, discharges and wastes	The Group has complied with emissions levels, discharges and waste practices of respective local government environmental authorities.
A2 - Use of resources	Policies on the efficient use of resources	The Group has complied with internal policies and/or local Environmental Laws on a series of initiatives and programs to reduce, reuse and recycle resources.
A3 - The environmental and natural resources	Policies on minimizing environmental impacts	The Group actively pursues growth while ensuring sustainable development across all business units, by minimizing our environmental impacts.

No incident of significant non-compliance with relevant environmental policies, laws and regulations was recorded in 2016.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to ensuring that its affairs are conducted in accordance with high ethical standards. By doing so, the Group believes that shareholders wealth will be maximized in the long term. Further, its employees, those with whom it does business, and the communities in which it operates will all stand to benefit.

The Group employs around 1,982 employees. We believe attracting and retaining loyal employees in the respective geographical areas of operations is central to our success. We are an equal opportunities employer and aim to provide a work environment that is respectful, challenging, rewarding and safe. We have policies covering training and development, labor practices, human rights and workplace health and safety. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. We pursue the highest standards of integrity and honesty from every employee in every process.

We undertake careful credit assessments of prospective tenants, collect rental deposits and closely monitor outstanding rents in order to mitigate risks of rents recoverability. We maintain mutually beneficial relationship with our customers. We strive to provide quality service to our tenants and customers.

The following is a summary of our compliance and initiatives towards Social and Governance reporting guide in accordance with Appendix 27 of Hong Kong Stock Exchange Listing Rules for the financial year ended of 2016:

ESG requirements	General disclosures	Compliance with ESG requirements
ASPECTS **SUBJECT AREA B: SOCIAL**		
B1 - Employment	Policies and compliance relating to employment	The Group has complied with all internal employment policies, local labor laws and regulations.
B2 - Health and safety	Policies and compliance relating to occupational health & safety	The Group has complied with all internal occupational health and safety policies, local labor laws and regulations.
B3 - Development and training	Policies on development & training	The Group has complied with all staff training policies, local labor laws and requirements.
B4 - Labor standards	Policies and compliance relating to child & forced labor	The Group has complied with all internal employment and human rights policies, local labor laws and regulations.
B5 - Supply chain management	Policies on environmental and social risks of the supply chain	The Group has complied with all internal supply chain management requirements and procedures.
B6 - Product responsibility	Policies and compliance to product responsibility matters	The Group has complied with all internal recall procedures, product liability law, and company policies related to product responsibility matters.
B7 - Anti-corruption	Policies and compliance relating to anti-corruption	The Group has complied with corporate work regulations and all local anti-corruption laws.
B8 - Community investment	Policies and community engagement and consideration of community issues	The Group actively seeks opportunities to contribute back to the community, and most business units organize charity events and participate local community activities on a regular basis.

Social sustainability and community investments are essential to our responsible operation and are valued in our communities. The Group conducts business with honesty, integrity and respect for all people and communities, especially towards our employees. Dialogue between management and employees is integral to our work practices and takes place daily and directly in the respective local cultural environments.

We aim to do businesses fairly, ethically and in accordance with local laws that promote and safeguard fair competition between businesses. We seek to work with contractors and suppliers that behave in an economical, environmentally friendly and socially responsible manner.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there was no incident of significant non-compliance with any relevant laws and regulations in all material aspects for the business operation of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016:

(i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

(ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

FINANCIAL STATEMENTS

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 37 to 100.

TRANSFER TO RESERVES

Profits attributable to equity shareholders, before dividends, of HK$225,345,000 (2015: HK$228,972,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 24 to the financial statements.

An interim dividend of HK$0.03 per share (2015: HK$0.03 per share) was paid on 21 October 2016. The directors now recommend the payment of a final dividend of HK$0.12 per share (2015: HK$0.12 per share) in respect of the year ended 31 December 2016.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$49,000 (2015: HK$146,000).

DIRECTORS

The directors during the financial year and up to the date of this report are:

Executive directors

HO Kian Guan *(Executive Chairman)*
HO Kian Hock *(Deputy Executive Chairman)*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain *(alternate director to Ho Chung Hui)*

Non-executive directors

HO Kian Cheong
CHAN Yau Hing Robin*
KWOK Chi Shun Arthur*
WANG Poey Foon Angela*
YU Hon To David*

* *Independent non-executive directors*

Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan Paul and Ms WANG Poey Foon Angela shall retire from the Board of directors at the forthcoming annual general meeting in accordance with article 116 of the Company's articles of association, being eligible, offer themselves for re-election.

Ms WANG Poey Foon Angela who has been serving as an Independent Non-executive Director of the Company for more than 9 years, has confirmed her independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Company considers Ms WANG is still independent in accordance with the independence guidelines as set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Company has not entered into service contracts with any of the above directors.

The non-executive directors are not appointed for a fixed period of term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with Company's articles of association.

DIRECTORS OF SUBSIDIARIES

The names of directors who have served on the boards of the subsidiaries of the Company the year and up to the date of the report are set below:

(In alphabetical order)

Ms. HO, Pansy Catilina Chiu King
Mr. HOANG Hai Dang**
Mr. LE Ngoc Co
Ms. LEE Hwee Leng
Mr. LEE Sek Yean
Ms. NG Sing Beng
Mr. NGUYEN Dinh Phu
Ms. NGUYEN Thi Muoi Hai
Mr. PENG Xing Wang
Mr. Satoshi KISHIMOTO
Mr. SI TOU Tek Lam
Mr. SPERLING Lawrence David
Mr. TIEU Khanh Long*
Mr. TSE Yee Ming

* *No longer a director of any subsidiaries of the Company as at 15 February 2016*

** *Appointed as a director of a subsidiary of the Company on 1 July 2016*

CONNECTED TRANSACTIONS

The Board has reviewed all connected transactions of the Company which were undertaken in the normal course of business. All of these transactions were exempted from any reporting requirements under the Listing Rules. Details of material related party transactions which were undertaken in the normal course of business are set out in Note 27 to the Financial Statements.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 31 December 2016 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests[1]	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	394,480	197,556,320[2]	197,950,800	58.19
	Ho Kian Hock	20,480	197,556,320[2]	197,576,800	58.08
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000[3]	900,000	0.26
	Kwok Chi Shun Arthur	196,000	–	196,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774[4]	32,410,774	99.70
	Ho Kian Hock	–	32,410,774[4]	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052[5]	83,052	83.05
	Ho Kian Hock	–	83,052[5]	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US$	Ho Kian Guan	–	13,163,880[6]	13,163,880	80.76
	Ho Kian Hock	–	13,163,880[6]	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000[7]	489,000	3.00
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000[8]	56,675,000	80.96
	Ho Kian Hock	–	56,675,000[8]	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000[9]	100,000	100.00
	Ho Kian Hock	–	100,000[9]	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305[10]	4,305	43.05
	Ho Kian Hock	–	4,305[10]	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500[11]	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	Ho Kian Guan	–	9,010,000[12]	9,010,000	100.00
	Ho Kian Hock	–	9,010,000[12]	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000[13]	24,000,000	100.00
	Ho Kian Hock	–	24,000,000[13]	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000[14]	4,950,000	55.00
	Ho Kian Hock	–	4,950,000[14]	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,485,000[15]	1,485,000	55.00
	Ho Kian Hock	–	1,485,000[15]	1,485,000	55.00

Notes:

(1) This represents interests held by the relevant directors as beneficial owners.

(2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.

(4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(6) This represents US$8,965,000 (55%) indirectly contributed by the Company and US$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.

(8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.

(12) This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 4,505,001 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(13) This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(14) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

(15) This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

Save as mentioned above, at 31 December 2016, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS (continued)

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2016, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	Capacity in which shares were held	Number of ordinary shares held	% of total issued share capital of the Company
Ocean Inc. (Note 1, 2)	Interests of controlled corporations	197,556,320	58.1
Pad Inc (Note 1)	Interests of controlled corporations	96,646,960	28.4
Lapford Limited (Note 1)	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited (Note 1)	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited (Note 2)	Beneficial owner	100,909,360	29.7
Goodland Limited (Note 1)	Beneficial owner	96,646,960	28.4

Notes:

(1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.

(2) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 31 December 2016, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year ended 31 December 2016, there existed the following arrangements for an indefinite period:

(1) Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.

(2) Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended 31 December 2016, certain subsidiaries of the Company had transactions with Goodland as set out in Note 27 to the financial statements.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

Apart from the foregoing and the management arrangements set out above, no transactions, arrangements or contracts of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS (continued)

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Wuhan Riverside, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr Ho Kian Guan is a Non-executive Director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr Ho Chung Tao has been appointed as an alternate director to Mr Ho Kian Guan in place of Mr Ho Kian Hock with effect from 18 October 2016.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

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 19, Note 22 and Note 27 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

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 101 of the annual report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 102 of the annual report.

PERSONNEL AND RETIREMENT SCHEMES

At 31 December 2016, the Group had approximately 1,982 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam and the United States, Canada and Japan.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

REPORT OF THE DIRECTORS (continued)

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Ho Kian Guan
Executive Chairman

Hong Kong, 24 March 2017

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's revenue was HK$1,955.2 million for the year ended 31 December 2016; a slightly increase of 0.8% compared to year 2015. The increase was primarily attributable to the combined effects of increase in revenue from hotel and club operations, and a mild reduction in rental income from properties held for sale in Macau. The Group's operating profit was HK$414.4 million for the year ended 31 December 2016 as compared to HK$410.6 million in 2015. Profit attributable to equity shareholders amounted to HK$225.3 million (2015: HK$229.0 million).

At 31 December 2016, the Group has total bank loan of HK$1,732.0 million (2015: HK$1,830.5 million) and deposits and cash of HK$1,942.5 million (2015: HK$1,828.8 million). Of the total bank borrowings, HK$1,706.8 million (2015: HK$91.5 million) are repayable within one year, HK$25.2 million (2015: HK$1,739.0 million) are repayable after one year but within two years.

The Group's bank borrowings are denominated in United States dollars and Canadian dollars. Bank deposits and cash are mostly in United States dollars, Canadian dollars, Australian dollars and Hong Kong dollars. The Group's bank borrowings are on floating rate. Taking into account of cash at bank and in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

KEY PERFORMANCE INDICATORS ("KPIs")

The Group sets a number of KPIs to support the delivery of its strategies with its performance as below:

Operational KPIs:

				2016		2015	
Operation and investment	**Country**	**Star rated**	**Cur.**	Occupancy Rate	ARR	Occupancy Rate	ARR
Sheraton Saigon Hotel & Towers	Vietnam	5	USD	70%	159	68%	169
Caravelle Hotel	Vietnam	5	USD	61%	122	53%	135
Holiday Inn Wuhan Riverside	PRC	4	RMB	72%	402	68%	414
Sofitel New York	USA	5	USD	89%	358	88%	370
W San Francisco	USA	5	USD	90%	343	90%	342
Sheraton Ottawa Hotel	Canada	4	CAD	78%	182	77%	169
International Plaza Hotel	Canada	4	CAD	74%	103	71%	95
Best Western Hotel Fino Osaka Shinsaibashi	Japan	3	YEN	89%	12,578	90%	11,763

- *Occupancy Rate (Total number of Rooms Nights booked relative to Total number of Available Rooms Nights for Guests over the year)*
- *Average Room Rate (Total Room Revenue divided by Total Room Nights Occupied)*

OTHER CORPORATE INFORMATION (continued)

Financial KPIs:

Strategy	KPIs	Calculation basis
To maintain a healthy liquidity ratio	Bank loan to Total assets ratio = 26% (2015: 28%)	Percentage of Total bank loans relative to the Total assets as at the respective year end
	Leverage ratio = 36% (2015: 37%)	Percentage of Total liabilities relative to the Total assets as at the respective year end
To maintain a healthy cash flow	Times interest covered by Profits = 8 (2015: 10)	Ratio of Profit for the year to Finance costs
	Times interest covered by Deposits and cash = 49 (2015: 54)	Ratio of Deposits and cash (including pledged deposits) to Finance costs

PLEDGE OF ASSETS

As at 31 December 2016, hotel properties including land, and certain properties held for sale with an aggregate value of HK$2,771.0 million (2015: HK$2,804.0 million) and bank deposits of HK$Nil million (2015: HK$38.1 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2016, the directors do not consider it probable that a claim would be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROFILES OF DIRECTORS

Mr HO Kian Guan, aged 71, is the Executive Chairman of the Company and director of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")) and serves on the board of Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Tao, brother of Mr Ho Kian Hock and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Kian Hock, aged 69, is the Deputy Executive Chairman of the Company and director of various companies of the Group. He was appointed as a Director of the Company on 19 December 1979. Mr Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr Ho resigned from the position of an alternate director of Shangri-La Asia Limited (Listed on The Hong Kong Stock Exchange) with effect from 18 October 2016 and a director of Ocean Place Joint Venture Company Limited (being one of the Companies of the Group) on 1 February 2017. He is the father of Mr Ho Chung Kain and Mr Ho Chung Hui, brother of Mr Ho Kian Guan and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr TSE See Fan Paul, aged 62, is an Executive Director of the Company, a Remuneration Committee member and a Nomination Committee member of the Board and director/treasurer/secretary of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr Tse is also a non-executive director of Banco Nacional Ultramarino, one of the two note-issuing banks of the Macau SAR, and member of the Chinese People's Political Consultative Committee of Yunnan Province, China.

Mr CHAN Lui Ming Ivan, aged 47, is an Executive Director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006 and a director of Ocean Place Joint Venture Company Limited (being one of the Companies of the Group) on 1 February 2017. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of Ocean Inc, Lapford Limited and Kansas Holdings Ltd (all being substantial shareholders of the Company). He is a nephew of Mr Ho Kian Guan, Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Ms YU Yuet Chu Evelyn, aged 61, is an Executive Director of the Company, a Remuneration Committee member of the Board and director/secretary of various companies of the Group. She joined the Company in 1994 to oversee the Group's investments in China and was appointed as a director of the Company on 1 July 2006. Ms Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr HO Chung Tao, aged 42, is an Executive Director of the Company, a Nomination Committee member of the Board, and director of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. Mr Ho has been appointed as an alternate director of Shangri-La Asia Limited (listed on the Hong Kong Exchange) with effect from 18 October 2016. Before joining the Group, Mr Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. Mr Ho is the son of Mr Ho Kian Guan, nephew of Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Chung Hui, aged 40, is an Executive Director of the Company and director of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008 and the Chairman of Ocean Place Joint Venture Company Limited (being one of the Companies of the Group) on 1 February 2017. Mr Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr Ho holds a Bachelor of Science in Economics from the London School of Economics. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Kain, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr HO Kian Cheong, aged 67, is a Non-executive Director of the Company. He was appointed as a Director of the Company on 5 December 1979 and was re-designated as Non-executive Director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the brother of Mr Ho Kian Guan and Mr Ho Kian Hock and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

PROFILES OF DIRECTORS (continued)

Dr CHAN Yau Hing Robin, *GBS, LLD, JP*, aged 84, is an Independent Non-executive Director of the Company since 8 September 1988. He is also the chairman of the Audit Committee, a Remuneration Committee member and a Nomination Committee member of the Board. Dr Chan is the chairman of Asia Financial Holdings Limited and an independent non-executive director of K. Wah International Holdings Limited (all listed on The Hong Kong Stock Exchange). He is also a director of and an adviser to numerous other companies with over 40 years' experience in banking business. Dr Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star by the Government of the HKSAR in 2000. Dr Chan was conferred with the Honorary University Fellowships by Hong Kong Baptist University and the University of Hong Kong in 2010 and 2011 respectively, and the Honorary Fellowship by The Hong Kong University of Science and Technology in 2013. He is the Life Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong and the Vice Chairman of All-China Federation of Returned Overseas Chinese. He is also the Founding Chairman and President of the Hong Kong Federation of Overseas Chinese Associations Limited, the Honorary Chairman of both the China Federation of Overseas Chinese Entrepreneurs and Federation of HK Chiu Chow Community Organizations Limited, and the Executive Vice Chairman of the China Overseas Chinese Entrepreneurs Association. Dr Chan had been a Deputy to The National People's Congress of the People's Republic of China from March 1988 to February 2008.

Mr KWOK Chi Shun Arthur, aged 71, is an Independent Non-executive Director of the Company since 3 January 1995. He is also the chairman of the Nomination Committee, an Audit Committee member and a Remuneration Committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms WANG Poey Foon Angela, aged 59, is an Independent Non-executive Director of the Company since 28 September 2004. She is also the chairman of the Remuneration Committee, an Audit Committee member and a Nomination Committee member of the Board. Ms Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

Mr YU Hon To David, aged 68, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 1 April 2013. He is also an Audit Committee member, a Remuneration Committee member and a Nomination Committee member of the Board. He is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of Institute of Chartered Accountants in England and Wales. Mr Yu has over 30 years' experience in the fields of auditing, corporate finance (including IPO advisory, mergers and acquisitions and financial restructuring), financial investigation and corporate management and has been appointed as independent non-executive directors of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Haier Electronics Group Company Limited, Media Chinese International Limited, One Media Group Limited, Playmates Holdings Limited, Synergis Holdings Limited and New Century Asset Management Limited, all listed on The Stock Exchange of Hong Kong Limited. Mr. Yu resigned from the position of independent non-executive director of Barcell Limited (delisted on 25 October 2016) with effect from 1 November 2016, Great China Holdings Limited with effect from 13 July 2016 and Crown International Corporation Limited (formerly known as VXL Capital Limited) with effect from 27 May 2014, all of which are listed on The Stock Exchange of Hong Kong Limited.

Mr HO Chung Kain, aged 42, is an Alternate Director to Mr Ho Chung Hui and director of various Companies of the Group. He was appointed as a director of the Company on 15 October 2008. Mr Ho joined the Group in 2001 as a director of a subsidiary. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Hui, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Businesses of the Group are under the direct responsibilities of the executive directors who are regarded as members of the Group's senior management.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has applied with the principles set out in the CG Code for the year ended 31 December 2016, contained in Appendix 14 of the Listing Rules.

The Board is of the view that throughout the year ended 31 December 2016, the Company has complied with most of the code provisions as set out in the CG Code, save and except for deviations as listed below:–

1. Code Provision A.2.1, as the role of chairman and chief executive officer of the Company is not segregated;

2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term;

3. Code Provision D.1.2, as the Company did not formalize functions reserved to the board and those delegated to management and did not conduct review periodically;

4. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the board and management;

5. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and

6. Code Provision E.1.4, as the board has only adopted a shareholders' communication policy at the Board Meeting held on 9 December 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

BOARD OF DIRECTORS

The Board of the Company comprises the following Directors:

Executive Directors:
HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain (Alternate to HO Chung Hui)

Non-executive Director:
HO Kian Cheong

Independent Non-executive Directors:
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David

The Board currently comprises 12 members, consisting of 7 Executive Directors (having 1 Alternate Director), 1 Non-executive Director and 4 Independent Non-executive Directors. The biographical information of the Directors are set out in the section headed "Profiles of Directors" on pages 19 to 20 of the annual report for the year ended 31 December 2016.

There is no relationship between members of the Board other than that Mr HO Kian Guan is the father of Mr HO Chung Tao, Mr HO Kian Hock is the father of Messrs HO Chung Kain and HO Chung Hui while Messrs HO Kian Guan, HO Kian Hock and HO Kian Cheong are brothers who are also uncles of Mr Chan Lui Ming Ivan.

Executive Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the Executive Directors. In respect of the management of the Board, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

Non-executive Directors

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the Non-executive Directors of the Company were not appointed for a specific term, all Directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a Director will not exceed three years.

Independent Non-executive Directors

During the year ended 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Independent Non-executive Directors also serve the important functions of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director to be independent in character and judgment and that they all meet the specific independence criteria as required under the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent. The Independent Non-executive Directors are explicitly identified in all corporate communications.

Responsibilities, Accountabilities and Contributions of the Board and Management

The principal function of the Board is on setting the overall strategic direction and investment focus of the Group. The Board also monitors the financial performance and the internal controls of the Group's business activities. Day-to-day management of the Group's business is delegated to the management and the responsibilities and powers so delegated are periodically reviewed to ensure that they remain appropriate.

With wide respective professional experience in financial, architectural, legal and accounting fields, the Independent Non-executive Directors bring and contribute to the Board a balance of skills, independent judgment and insight into the setting of strategic direction, investment focus, performance evaluation, risk management of the Group through attendance at meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and general discussions with the Executive Directors.

All Directors are updated on governance and regulatory matters. All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. Directors can obtain independent advice at the expense of the Company for the furtherance of their duties. The Company has also arranged appropriate Director and officer liability insurance cover in respect of legal actions against its Directors.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board meets to review the overall strategic direction of the Group, to monitor the operations and to deal with any corporate and policy matters in respect of which its attention is required. The Executive Directors are responsible for drawing up and approving the agenda for each Board meeting. Notices of at least 14 days have been given to all Directors for all Board meetings. Directors can include matters for discussion in the agenda if necessary. Agenda and board papers in respect of Board meetings are sent out in full to all Directors at least 3 business days prior to the meetings. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of the Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decisions on matters under discussion.

Pursuant to Code Provisions D.1.2, D.1.3 and D.1.4, the Company should formalize functions reserved to the board and those delegated to management and should conduct review periodically. The Company should disclose the respective responsibilities, accountabilities and contributions of the board and management. The Company should also have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As the Executive Directors have been closely involved in the day-to-day management to the Company and its major subsidiaries, the Company considers that it is not necessary at this time to have a distinction between the respective responsibilities, accountabilities and contributions of the board and management. The Company is now planning to have formal letters of appointment for Directors.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Since 2004, new Directors have been given, on appointment, an orientation package, including information on the Group's company structure, details of major investments, the Company's Articles of Association, and other relevant information to familiarize the new Directors with the corporate affairs and operations of the Group. They will receive, from time to time, formal, comprehensive and tailored induction to ensure full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

CORPORATE GOVERNANCE REPORT (continued)

During the year ended 31 December 2016, the training records of the Directors of the Company are as follows:–

Directors	Attending seminar and/or conferences and/or forums	Reading journals, updates, articles and/or materials, etc
Executive Directors		
HO Kian Guan	✔	✔
HO Kian Hock	✔	✔
TSE See Fan Paul	✔	✔
CHAN Lui Ming Ivan	✔	✔
YU Yuet Chu Evelyn	✔	✔
HO Chung Tao	✔	✔
HO Chung Hui	✔	✔
HO Chung Kain (Alternate to HO Chung Hui)	✔	✔
Non-executive Director		
HO Kian Cheong	✔	✔
Independent Non-executive Directors		
CHAN Yau Hing Robin	✔	✔
KWOK Chi Shun Arthur	✔	✔
WANG Poey Foon Angela	✔	✔
YU Hon To David	✔	✔

Under Code Provision A.6.5, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and have regular updates on the changes of Listing Rules and industry sectors as continuous professional development. In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out below.

Audit Committee

The Audit Committee of the Company was established in 1999. Its current members are:

CHAN Yau Hing Robin *(Chairman of the Committee)*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David

All the members are Independent Non-executive Directors. The Board considers that each of the Audit Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering legal, business, accounting and financial management disciplines on the Committee. The composition and the membership of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference covering the authority and duties of the Audit Committee conform to the provisions of the Code.

The Audit Committee deliberates and meets to review the reporting of financial and other relevant information to shareholders, the scheme of internal controls and risk management, the effectiveness of the internal audit function and the effectiveness and objectivity of the audit process. The Audit Committee also provides one of the important links between the Company and the Company's external auditors in matters within the Committee's terms of reference, and keep in view the independence and objectivity of the external auditors.

The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group, discussed financial reporting matters including a review of the financial statements for the year ended 31 December 2016 and review the effectiveness of the internal audit function.

During the year, two Audit Committee meetings were held. The Audit Committee also met the Company's external auditors twice during 2016. The Audit Committee has also met twice with the independent accounting firm engaged to conduct reviews of the Group's internal control framework and systems.

Remuneration Committee

The Remuneration Committee was established in 2005. Its current members are:

WANG Poey Foon Angela *(Chairman of the Committee)*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
YU Hon To David
TSE See Fan Paul
YU Yuet Chu Evelyn

Membership of the Remuneration Committee is appointed by the Board. The majority of the members are Independent Non-executive Directors. The principal duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of service contracts and remuneration packages of the Executive Directors, Non-executive Directors and senior management. The Remuneration Committee review and make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management. The Remuneration Committee ensures that no Director or any of his/her associate is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee conform to the provisions of the Code.

In 2016, the Remuneration Committee held two meetings, during which the committee reviewed and discussed matters related to the remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors and senior management and other related matters.

Details of the remuneration of each Director and senior management for the year ended 31 December 2016 are set out in note 7 to the Financial Statements contained in this Annual Report.

Nomination Committee

The Nomination Committee was established in 2012. Its current members are:

KWOK Chi Shun Arthur *(Chairman of the Committee)*
CHAN Yau Hing Robin
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul
HO Chung Tao

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors. The terms of reference of the Nomination Committee conform to the provisions of the Code.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting. The Company has already adopted a Board diversity policy and the Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2016 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**
Executive Directors					
HO Kian Guan	4/4	–	–	–	1/1
HO Kian Hock	4/4	–	–	–	1/1
TSE See Fan Paul	4/4	2/2	2/2	2/2*	1/1
CHAN Lui Ming Ivan	3/4	–	–	–	1/1
YU Yuet Chu Evelyn	4/4	1/2*	2/2	2/2*	1/1
HO Chung Tao	4/4	2/2	2/2*	2/2*	1/1
HO Chung Hui	2/4	–	–	–	1/1
HO Chung Kain (Alternate to HO Chung Hui)	2/4	–	–	–	–
Non-executive Director					
HO Kian Cheong	4/4	–	–	–	1/1
Independent Non-executive Directors					
CHAN Yau Hing Robin	4/4	2/2	2/2	2/2	0/1
KWOK Chi Shun Arthur	4/4	2/2	2/2	2/2	1/1
WANG Poey Foon Angela	4/4	2/2	2/2	2/2	1/1
YU Hon To David	4/4	2/2	2/2	2/2	1/1

* Director is not the member of the Committee, only acts as the attendee of the Committee Meeting.

Apart from regular Board meetings, the Chairman also held meetings with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

We have adopted a structured approach to risk management and internal control that incorporated the following:

1. Identification and assessment of the most significant risks faced by the Group in achieving its strategic and operational objectives.

2. Measurement, mitigation, control and assurance activities for the identified risks.

3. Inclusion of risk management and internal control as a regular boardroom agenda.

4. Senior management accountability.

5. Ongoing monitoring and reporting of the above activities to the board/Audit Committee for formal evaluation.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

An internal audit team for the Group has been established in late 2016 to conduct independent reviews on the group's financial & operational controls, compliance to various relevant law & regulations and risk management.

Since its establishment, the internal audit team had developed a scope of works that cover internal audit and risk management of the Group's operations. The team had entered into dialogue with the Audit Committee on the scope of internal audit and risk management to ensure all processes are more transparent.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions including hotel operations, sales and leasing of properties, financial reporting, human resources and information technology.

The Group's businesses, results of operations, financial conditions and prospects are subject to risks and uncertainties, which may or may not be controllable by the Group. The following are four top principal risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not identified for the time being or turn out to be material in the future.

1. Market Risk

- The Group's core businesses are hotel businesses and properties. The Group monitors closely its competitors and develops accurate market information.
- The luxury lodging markets that we are in are highly competitive. A lot of our hotels' competitors offer attractive room rates and facilities for guests. In addition, there are new hotels added to the market on a continuous basis which provide increasing competitions.
- Since the middle of 2016, the Macau property market had been on the road to recovery. There is an increasing number of nearby new residential units completed which will exert some pressures on our properties' capital and leasing values.

2. Economic Risk

- The Group's core businesses are susceptible to, amongst others, elements that impact business activities, corporate spending, visitor arrivals and demand for properties. The supply and demand equilibrium of the property markets, the change of government policies, social conditions, global, regional and local economic environments, all have direct or indirect impact on the Group's core businesses.
- The global economy is not expected to pick up quickly in the coming year due to the lack of catalysts for future economic growth. Recent or future changes in government administration for several major countries (such as United States and Japan) had provided uncertainties for future growth in the lodging and tourism sectors.
- The economy had been contracting in Macau in the past two years which had negative impacts on capital and rental values. However, the economy and property market had started to recover since quarter three of 2016 and it is expected this recovery will be continuously mild in 2017.

3. Currency Risk

- The Group's core businesses are mostly overseas. The Group is exposed to currency risk primarily through transactions, structure of assets and liabilities that are denominated in currencies, e.g. Canadian dollars, Vietnamese dollars, Japanese Yen and Renminbi, other than the functional currency of the holding company. Any exchange rate fluctuations would adversely affect results of operations and/or profit or loss as well as capital expenditure projects of the Group.
- The US dollar is expected to keep strong in 2017, and it is likely that Federal Bank rate will surge if the US economy continues to improve. This provides downward pressures on CNY and CAD against the US dollar.
- Fluctuations for JPY and VND against US dollar are expected to continue.

4. Corporate and Management Risk

- Quality hotel managers & associates are on big demand in the ever-competitive lodging market. There is a risk that our hotels will lose experienced managers & associates if they are approached and offered better salary & benefits by our competitor hotels.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2016.

The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2016, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

In respect of the year 2016, the Group has engaged an accounting firm to conduct an independent review of the operation of the Company and its major subsidiaries. This is done to supplement the internal audit reviews conducted by these subsidiaries.

On the basis of the review, the Board and the Audit Committee are satisfied as to the effectiveness of the Group's internal control, and concluded that:

1. the Company during the year has complied with the Code on internal control;
2. the Group has a framework of prudent and effective controls to identify, evaluate and manage the risks;
3. the Group has internal control and accounting systems which are efficient and adequate;
4. the Group has ongoing monitoring processes which identified, evaluated and managed significant risks that may influence its business operations; and
5. material transactions are executed with management's authorization.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016.

In preparing the financial statements for the year ended 31 December 2016, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are fair and reasonable, and have prepared the financial statements on the going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 32 to 36.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2016 are set out below.

	2016 HK$'000	2015 HK$'000
Auditor's remuneration		
– Audit Services	3,306	3,000
– Interim Review	777	847
– Tax Advisory and others	928	1,139
	5,011	4,986

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening A General Meeting/Right To Call A General Meeting

General meetings may be convened by the Board on requisition of shareholders of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

Putting Forward Proposals At General Meeting/Right To Circulate Resolution At Annual General Meeting

Pursuant to Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders; or at least 50 shareholders (as the case may be) who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for annual general meeting.

Putting Forward Enquiries To The Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company at the Company's address in Hong Kong or by email.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 2902, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Email: enquiry@keckseng.com.hk

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including Non-executive Directors, Independent Non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The Shareholders' Communication Policy was adopted at the Board Meeting held on 9 December 2016 in compliance with Code Provision E.1.4 of the CG Code.

During the year under review, the Company has not made any changes to Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year 2016 and up to and including the date of this Annual Report as required by the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

KPMG

TO THE MEMBERS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited and its subsidiaries (together "the Group") set out on pages 37 to 100, 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 ("HKFRS") 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 ("HKSAs") 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.

Valuation of investment properties

Refer to note 11 to the consolidated financial statements and the accounting policy at note 1(h).

The Key Audit Matter

The Group holds a portfolio of investment properties (primarily office and commercial premises) located in Macau which are stated at their fair values which totalled HK$797 million and accounted for 12% of the Group's total assets as at 31 December 2016.

The fair values of the investment properties as at 31 December 2016 were assessed by the board of directors based on independent valuations prepared by an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach which takes into account the rental income of each property and the appropriate market capitalisation rate. The net changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 5% of the Group's profit before taxation for the year ended 31 December 2016.

We identified the valuation of investment properties as a key audit matter because of 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 potential 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 professional surveyors engaged by the Group and on which the directors' assessment of the valuation of investment properties was based;

- assessing the qualifications of the independent professional surveyors and their experience expertise in the properties being valued and considering their objectivity and independence of management;

- discussing with the independent professional surveyors their valuation methodology in a separate private session and challenging the key estimates and assumptions adopted in the valuations, including capitalisation rates and market rents, by comparing the 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 considering whether there was any indication of management bias in the selection of the assumptions;

- comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the independent professional surveyors with underlying contracts and related documentation, on a sample basis.

Recoverability of the carrying value of hotel properties owned by the Group

Refer to note 11 to the consolidated financial statements and the accounting policy at notes 1(i)(i) and 1(k)(ii).

The Key Audit Matter

The Group holds a number of hotel properties located in major cities in Asia Pacific and North America. These hotel properties, which are stated at cost less accumulated depreciation and impairment, are significant to the Group in terms of their values.

At the year end management assesses if there are any indicators of potential impairment of hotel properties. Where indicators of potential impairment are identified, management assesses the recoverability of the carrying value of hotel properties based on the present value of estimated future cash flows arising from the continued use of the related assets. The assessment of the recoverable amounts of hotel properties is inherently subjective as it involves significant management judgement and estimation, particularly given the diverse locations of the hotel properties and the particular economic and political circumstances at each location which can affect, inter alia, occupancy rates, revenue per available room and future growth rates.

We identified assessing the recoverability of the carrying value of hotel properties owned by the Group as a key audit matter because of its significance to the consolidated financial statements and because the determination of whether there is objective evidence of impairment involves significant management judgment and could be subject to potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the recoverability of the carrying value of hotel properties owned by the Group included the following:

- discussing triggering events and/or indicators of potential impairment of hotel properties with management and inspecting the operating results and cash flow forecasts of the respective hotels;

- where such triggering events or indicators of potential impairment were determined to exist, performing the following procedures in respect of each individual hotel property:

  - discussing with Group management and assessing the valuation methodologies adopted in the preparation of the impairment assessment with reference to the requirements of the prevailing accounting standards;

  - challenging the key estimates and assumptions adopted in the impairment assessment, including occupancy rates, revenue per available room and future growth rates, by comparing these with market available data and the current year's operating results;

  - assessing the discount rate applied in the impairment assessment by comparison with those of similar companies in the same industry and external market data.

- performing sensitivity analyses by making adjustments to the key estimates and assumptions adopted in the impairment assessments to assess risk of possible management bias in the selection of these assumptions;

- performing a retrospective review by comparing the forecast operating results made in the prior year's impairment assessments with the current year's operating results to assess the historical accuracy of management's forecasting process.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

- 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.

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

24 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	3	**1,955,211**	1,939,567
Cost of sales		**(185,597)**	(175,801)
		1,769,614	1,763,766
Other revenue	4(a)	**29,383**	33,885
Other net gains/(losses)	4(b)	**20,525**	(2,738)
Direct costs and operating expenses		**(751,250)**	(762,635)
Marketing and selling expenses		**(87,216)**	(98,761)
Depreciation	11(a)	**(134,877)**	(130,112)
Administrative and other operating expenses		**(431,780)**	(392,774)
Operating profit		**414,399**	410,631
Net increase in fair value of investment properties	11(a)	**19,000**	35,000
		433,399	445,631
Finance costs	5(a)	**(39,569)**	(34,105)
Share of profits less losses of associates		**18,912**	10,647
Profit before taxation	5	**412,742**	422,173
Income tax	6(a)	**(102,665)**	(96,417)
Profit for the year		**310,077**	325,756
Attributable to:			
Equity shareholders of the Company		**225,345**	228,972
Non-controlling interests		**84,732**	96,784
Profit for the year		**310,077**	325,756
Earnings per share, basic and diluted (cents)	9	**66.2**	67.3

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(b).

The notes on pages 43 to 100 form part of these financial statements.

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	**310,077**	325,756
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss (net of tax):		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	**(16,221)**	(36,760)
Available-for-sale securities:		
– changes in fair value recognised during the year	**13**	(836)
Other comprehensive income for the year	**(16,208)**	(37,596)
Total comprehensive income for the year	**293,869**	288,160
Attributable to:		
Equity shareholders of the Company	**216,242**	205,362
Non-controlling interests	**77,627**	82,798
Total comprehensive income for the year	**293,869**	288,160

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

The notes on pages 43 to 100 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment properties		**797,000**	778,000
Property, plant and equipment		**2,512,343**	2,553,321
Land		**827,428**	831,425
	11	**4,136,771**	4,162,746
Interest in associates	13	**145,817**	148,588
Derivative financial assets		**6,501**	5,918
Available-for-sale securities	14	**3,732**	3,719
Deferred tax assets	23(b)	**6,119**	5,571
		4,298,940	4,326,542
Current assets			
Trading securities	15	**9,609**	8,053
Properties held for sale	16	**280,658**	280,658
Inventories		**5,911**	6,422
Trade and other receivables	17	**95,289**	92,606
Derivative financial assets		**26,388**	–
Pledged deposits		**–**	38,119
Deposits and cash	18(a)	**1,942,549**	1,790,706
Taxation recoverable	23(a)	**–**	6,818
		2,360,404	2,223,382
Current liabilities			
Bank loans, secured	19(a)	**1,706,837**	91,493
Trade and other payables	20	**336,591**	317,226
Loan from an associate	13	**464**	464
Loans from non-controlling shareholders	22	**30,774**	30,760
Taxation payable	23(a)	**19,500**	26,137
		2,094,166	466,080
Net current assets		**266,238**	1,757,302
Total assets less current liabilities		**4,565,178**	6,083,844

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Bank loans, secured	19(a)	25,199	1,739,005
Deferred revenue	21	6,557	7,297
Loans from non-controlling shareholders	22	80,858	80,903
Derivative financial liabilities		–	1,409
Deferred tax liabilities	23(b)	182,410	149,790
		295,024	1,978,404
NET ASSETS		4,270,154	4,105,440
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		3,112,686	2,947,474
Total equity attributable to equity shareholders of the Company		3,610,991	3,445,779
Non-controlling interests		659,163	659,661
TOTAL EQUITY		4,270,154	4,105,440

Approved and authorised for issue by the board of directors on 24 March 2017.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 43 to 100 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2016	**498,305**	**12,758**	**11,044**	**3,128**	**–**	**2,920,544**	**3,445,779**	**659,661**	**4,105,440**
Changes in equity for 2016:									
Profit for the year	–	–	–	–	–	225,345	225,345	84,732	310,077
Other comprehensive income	–	–	(9,116)	13	–	–	(9,103)	(7,105)	(16,208)
Total comprehensive income for the year	–	–	(9,116)	13	–	225,345	216,242	77,627	293,869
Dividends approved in respect of the previous year (note 24(b))	–	–	–	–	–	(40,824)	(40,824)	–	(40,824)
Dividends declared in respect of the current year (note 24(b))	–	–	–	–	–	(10,206)	(10,206)	–	(10,206)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(78,125)	(78,125)
At 31 December 2016	**498,305**	**12,758**	**1,928**	**3,141**	**–**	**3,094,859**	**3,610,991**	**659,163**	**4,270,154**
At 1 January 2015	498,305	12,758	33,818	3,964	3,807	2,742,602	3,295,254	634,312	3,929,566
Changes in equity for 2015:									
Profit for the year	–	–	–	–	–	228,972	228,972	96,784	325,756
Other comprehensive income	–	–	(22,774)	(836)	–	–	(23,610)	(13,986)	(37,596)
Total comprehensive income for the year	–	–	(22,774)	(836)	–	228,972	205,362	82,798	288,160
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	26,996	26,996
Dividends approved in respect of the previous year (note 24(b))	–	–	–	–	–	(40,824)	(40,824)	–	(40,824)
Dividends declared in respect of the current year (note 24(b))	–	–	–	–	–	(10,206)	(10,206)	–	(10,206)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(84,445)	(84,445)
Others	–	–	–	–	(3,807)	–	(3,807)	–	(3,807)
At 31 December 2015	498,305	12,758	11,044	3,128	–	2,920,544	3,445,779	659,661	4,105,440

The notes on pages 43 to 100 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Operating activities			
Cash generated from operations	18(b)	513,105	518,391
Overseas tax paid		(69,847)	(60,724)
Net cash generated from operating activities		443,258	457,667
Investing activities			
Payment for the purchase of property, plant and equipment		(100,145)	(50,851)
Proceeds from sale of property, plant and equipment		486	–
Interest received		18,750	23,225
Decrease in pledged deposits		38,119	134,574
Decrease/(increase) in bank deposits with maturity more than three months		1,506	(1,076)
Dividends received from available-for-sale and trading securities		303	334
Dividends received from associates		22,785	24,500
Net cash (used in)/generated from investing activities		(18,196)	130,706
Financing activities			
Repayment of bank loans		(102,141)	(94,827)
Interest paid		(34,715)	(30,831)
Dividends paid		(51,030)	(51,030)
Dividends paid to non-controlling shareholders		(78,125)	(84,445)
Net cash used in financing activities		(266,011)	(261,133)
Net increase in cash and cash equivalents		159,051	327,240
Cash and cash equivalents at 1 January		1,761,410	1,440,027
Effect of foreign exchange rate changes		(5,702)	(5,857)
Cash and cash equivalents at 31 December		1,914,759	1,761,410
Analysis of the balances of cash and cash equivalents at 31 December			
Deposits and cash	18	1,942,549	1,790,706
Less: Bank deposits with maturity more than three months		(27,790)	(29,296)
		1,914,759	1,761,410

The notes on pages 43 to 100 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 HKFRSs, 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise 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 and liabilities are stated at their fair value:

- financial instruments classified as available-for-sale securities and trading securities;
- derivative financial instruments; and
- investment properties.

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 28.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

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 and 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 the 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(n) or (o) depending on the nature of the liabilities.

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 (note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(k)).

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 and 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 (note 1(k)). 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 (note 1(f)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (note 1(k)).

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(k)).

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) Investments in equity securities

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

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the 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.

Investments in equity 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 interest earned or dividends on these investments as these are recognised in accordance with the policies set out in notes 1(t)(v) and (vi).

Investments in equity securities which do not fall into trading securities 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(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 1(t)(vi).

When the investments are derecognised or impaired (see note 1(k)), 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (note 1(j)) 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 determined 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(t)(ii).

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 (note 1(j)), 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(j).

(i) Property, plant and equipment

(i) Hotel properties

Hotel properties are stated at cost less accumulated depreciation (note 1(i)(iii)) and impairment losses (note 1(k)).

(ii) Other property, plant and equipment

Other property, plant and equipment, except for construction-in-progress, are stated at cost less accumulated depreciation (note 1(i)(iii)) and impairment losses (note 1(k)). Construction-in-progress is stated at cost less accumulated impairment losses and not subject to depreciation.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Property, plant and equipment *(continued)*

(iii) Depreciation

Depreciation is calculated to write off the cost of these assets, less their estimated residual value, if any, using the straight line method over the shorter of the unexpired period of the land lease and their estimated useful lives as follows:

– Buildings situated on freehold land are depreciated over their estimated useful lives of 30 to 48 years. Freehold land is not depreciated.

– Buildings situated on leasehold land are depreciated over the shorter of the joint venture period, the unexpired term of the lease and their estimated useful lives of 30 to 48 years.

– Motor vehicles 7 years

– Furniture, fixtures and equipment 3 to 5 years

– No depreciation is provided on property under development

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) 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 the 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 (note 1(h)); and

– 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Leased assets *(continued)*

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(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 (note 1(h)).

(k) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investments in equity securities and 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)*

(k) Impairment of assets *(continued)*

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

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

– For investments in subsidiaries and associates accounted for under the equity method in the consolidated financial statements (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(k)(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(k)(ii).

– 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 are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included in 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 receivables 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(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, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than investment properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; 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.

– 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).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Inventories

(i) Hotel and club operations

Inventories are carried at the lower of cost and net realisable value. Cost represents purchase cost computed on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Property development

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

In the case of completed 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 completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(m) 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 (note 1(k)), 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.

(n) 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.

(o) Trade and other payables

Trade and other payables (including interest-free loans from non-controlling shareholders) are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) 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 readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

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.

(q) Employee benefits

(i) 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.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(r) Income tax

(i) 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.

(ii) 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.

(iii) 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

(iii) *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(h), 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 reporting date 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.

(iv) 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)*

(s) 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(s)(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) Provisions and contingent liabilities

Provisions are recognised for 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)*

(t) 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) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the later of signing of the sale and purchase agreement and the issue of an occupation permit by the relevant government authorities. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under trade and other payables.

(ii) Rental income from operating leases

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.

(iii) Hotel and club operations

Hotel and club revenue from room rental, food and beverage sales and other ancillary services is recognised when the services are rendered. The slot machine income represents proceeds earned from the operation of slot machines at one of the Group's hotels and is recognised based on net receipts from the machines.

(iv) Management fee income

Management fee income is recognised when the services are rendered.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividends

– 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) 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 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.

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.

(v) 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 that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

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

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Related parties *(continued)*

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

(1) 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).

(2) 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).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) 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).

(8) 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.

(x) 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 CHANGES IN ACCOUNTING POLICIES

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.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services.

Revenue represents income from hotel and club operations, rental income and the provision of management services. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2016 HK$'000	2015 HK$'000
Hotel and club operations		
– Rooms	1,042,334	1,030,341
– Food and beverage	343,045	356,546
– Slot machine income	421,846	388,704
– Other	50,125	63,343
	1,857,350	1,838,934
Rental income	91,186	94,409
Management fee income	6,675	6,224
	1,955,211	1,939,567

4 OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

(a) Other revenue

	2016 HK$'000	2015 HK$'000
Interest income from bank deposits	18,750	23,225
Dividend income from listed available-for-sale and trading securities	303	334
Others	10,330	10,326
	29,383	33,885

(b) Other net gains/(losses)

	2016 HK$'000	2015 HK$'000
Net exchange losses	(14,094)	(7,635)
Net realised and unrealised gains on derivative financial instruments	32,867	7,419
Net realised and unrealised gains/(losses) on trading securities	1,556	(1,460)
Gain/(loss) on disposal of property, plant and equipment	157	(1,469)
Others	39	407
	20,525	(2,738)

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2016 HK$'000	2015 HK$'000
Bank loan interests	34,715	30,831
Interest expense on loans from non-controlling shareholders	4,839	3,240
Other interest expenses	15	34
	39,569	34,105

(b) Staff costs

	2016 HK$'000	2015 HK$'000
Salaries, wages and other benefits	564,904	491,246
Contributions to defined contribution retirement plans	10,175	6,843
	575,079	498,089

5 PROFIT BEFORE TAXATION *(continued)*

(b) Staff costs *(continued)*

Employee benefits

The Group participates in defined contribution retirement schemes in Hong Kong, Macau, the PRC, Vietnam, the United States, Canada and Japan. Contributions to the plan vest immediately and the contributions are charged to the consolidated statement of profit or loss as incurred.

The Company and subsidiaries in Hong Kong participate in a mandatory provident fund scheme (the "MPF scheme"). 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 with a ceiling of HK$1,500 per month. The MPF scheme is a defined contribution retirement scheme administered by independent trustees.

The Group operates a social security fund for all local employees in Macau. Under the fund, the employer and its employees are respectively required to make contributions at MOP30 and MOP15 on a monthly basis. The contributions are vested benefits to the employees even if upon their retirement or termination of the employment.

The employees of the Group's subsidiary operating in the PRC are members of central pension schemes and the subsidiary makes mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiary are based on the 20% of the employees' salaries cost in accordance with the relevant regulations in the PRC.

The employees of the Group's subsidiary operating in Vietnam are members of social insurance fund schemes operated by the local governments in Vietnam and the subsidiary makes mandatory contributions to these social insurance fund schemes to fund the employees' retirement benefits, maternity benefits and sick leave benefits. The social insurance contributions paid by the Vietnam subsidiary are based on Social Insurance Regulations at the prevailing rate of 22% of basic salaries.

The employees of the Group's subsidiary operating in the United States are under a voluntary defined contribution plan governed by the United States Internal Revenue Service, whereby participants may contribute on a pre-tax basis between 0% and 50% of their compensations to the plan subject to certain maximum limits. The plan also contains provisions for matching contributions to be made by the Group's subsidiary, which are based on a portion of the participants' eligible compensation.

The employees of the Group's subsidiary operating in Canada are required to participate in the Canadian Pension Plan, a nationally administered and mandated defined contribution pension plan. Employers and employees contribute at 4.95% each to an employee's earnings subject to certain maximum limits.

The employees of the Group's subsidiary operating in Japan are required to participate in a pension plan, whereby the employers and employees are each required to contribute at 8.7% of the employee's monthly salary.

5 PROFIT BEFORE TAXATION *(continued)*

(c) Other items

	2016 HK$'000	2015 HK$'000
Cost of inventories	**185,597**	175,801
Auditors' remuneration		
– Audit services	**3,306**	3,000
– Interim review	**777**	847
– Tax advisory and other services	**928**	1,139
Operating lease charges for hire of premises	**228**	3,362
Rentals receivable from investment properties less direct outgoings of HK$531,000 (2015: HK$496,000)	**(29,618)**	(27,762)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK$2,417,000 (2015: HK$1,834,000)	**(58,620)**	(64,317)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2016 HK$'000	2015 HK$'000
Current tax - Overseas		
Provision for the year	**71,555**	73,976
Over-provision in respect of prior years	**(1,215)**	(6,982)
	70,340	66,994
Deferred tax (note 23(b))		
Origination and reversal of other temporary differences	**32,325**	29,423
	102,665	96,417

Notes:

(i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income during 2015 and 2016.

(ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(iii) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2015: 22%) for 2016.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

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

Notes: *(continued)*

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2015: 25%) of the estimated taxable profits for the year. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income during 2015 and 2016.

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 34% (2015: 34%) and 12.89% (2015: 13.74%) respectively determined by income ranges for 2016.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% (2015: 20%) on all gross profit distributions from the subsidiary.

(vii) Provision for Macau, Complementary Tax is calculated at 12% (2015: 12%) of the estimated assessable profits for the year. Macau Property Tax is calculated at 10% (2015: 10%) of the assessable rental income in Macau.

(viii) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2015: 26.5%).

(ix) Share of associates' tax for the year ended 31 December 2016 of HK$29,000 (2015: HK$4,622,000) 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	**412,742**	422,173
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**106,438**	101,871
Tax effect of non-deductible expenses	**9,937**	5,331
Tax effect of non-taxable revenue	**(12,247)**	(3,345)
Tax effect of previously unrecognised prior years' tax losses utilised this year	**(248)**	(458)
Over-provision in respect of prior years	**(1,215)**	(6,982)
Actual tax expense	**102,665**	96,417

7 DIRECTORS' REMUNERATION

Directors' remuneration 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:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2016 Total HK$'000
Executive directors					
HO Kian Guan	170	1,212	404	–	1,786
HO Kian Hock	125	1,212	404	–	1,741
TSE See Fan Paul	215	–	–	–	215
CHAN Lui Ming Ivan	120	528	164	–	812
YU Yuet Chu Evelyn	155	982	315	18	1,470
HO Chung Tao	185	1,320	330	18	1,853
HO Chung Hui	95	396	123	–	614
HO Chung Kain (alternate director to HO Chung Hui)	10	396	123	–	529
Non-executive director					
HO Kian Cheong	105	–	–	–	105
Independent non-executive directors					
CHAN Yau Hing Robin	265	–	–	–	265
KWOK Chi Shun Arthur	270	–	–	–	270
WANG Poey Foon Angela	270	–	–	–	270
YU Hon To David	250	–	–	–	250
	2,235	6,046	1,863	36	10,180

7 DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2015 Total HK$'000
Executive directors					
HO Kian Guan	130	1,212	404	–	1,746
HO Kian Hock	80	1,212	404	–	1,696
TSE See Fan Paul	175	–	–	–	175
CHAN Lui Ming Ivan	85	480	160	–	725
YU Yuet Chu Evelyn	110	935	298	18	1,361
HO Chung Tao	145	1,200	320	18	1,683
HO Chung Hui	65	360	120	–	545
HO Chung Kain (alternate director to HO Chung Hui)	–	360	120	–	480
Non-executive director					
HO Kian Cheong	65	–	–	–	65
Independent non-executive directors					
CHAN Yau Hing Robin	230	–	–	–	230
KWOK Chi Shun Arthur	230	–	–	–	230
WANG Poey Foon Angela	230	–	–	–	230
YU Hon To David	210	–	–	–	210
	1,755	5,759	1,826	36	9,376

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2016 (2015: Nil).

During the years ended 31 December 2016 and 2015, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, none (2015: none) is a director whose emoluments are disclosed in note 7.

The aggregate of the emoluments in respect of the five (2015: five) other individuals is as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other emoluments	8,682	9,323
Discretionary bonuses	2,604	2,968
Retirement scheme contributions	190	257
	11,476	12,548

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

	2016 Number of individuals	2015 Number of individuals
HK$1,500,001 - HK$2,000,000	2	1
HK$2,000,001 - HK$2,500,000	1	1
HK$2,500,001 - HK$3,000,000	2	2
HK$3,000,001 - HK$3,500,000	–	1

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$225,345,000 (2015: HK$228,972,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2016 and 2015.

There are no potential dilutive ordinary shares during the years ended 31 December 2016 and 2015.

10 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following three reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

(i) Hotel segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.

(ii) Property segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau and of development, sales and marketing of the Group's trading properties in Macau.

(iii) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

Segment results, assets and liabilities

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

Segment liabilities include all trade and other payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

10 SEGMENT REPORTING *(continued)*

(a) Analysis of segment results of the Group

	External revenue HK$'000	Inter-segment revenue HK$'000	Total revenue HK$'000	Depreciation HK$'000	Finance costs HK$'000	Share of profits less losses of associates HK$'000	Income tax HK$'000	Contribution to profit HK$'000
2016								
Hotel	1,849,989	–	1,849,989	(129,841)	(39,477)	18,915	(85,289)	262,604
– Vietnam	698,232	–	698,232	(28,111)	–	18,123	(36,123)	164,181
– United States	939,787	–	939,787	(79,996)	(33,905)	–	(38,547)	68,014
– The People's Republic of China	66,741	–	66,741	(12,376)	(4,839)	–	–	(2,852)
– Canada	90,779	–	90,779	(5,792)	(733)	792	(4,046)	11,957
– Japan	54,450	–	54,450	(3,566)	–	–	(6,573)	21,304
Property								
– Macau #	102,359	1,620	103,979	(4,951)	(17)	–	(9,089)	68,770
Investment and corporate	2,863	–	2,863	(85)	(75)	(3)	(8,287)	(21,297)
Inter-segment elimination	–	(1,620)	(1,620)	–	–	–	–	–
Total	1,955,211	–	1,955,211	(134,877)	(39,569)	18,912	(102,665)	310,077

	External revenue HK$'000	Inter-segment revenue HK$'000	Total revenue HK$'000	Depreciation HK$'000	Finance costs HK$'000	Share of profits less losses of associates HK$'000	Income tax HK$'000	Contribution to profit HK$'000
2015								
Hotel	1,831,457	–	1,831,457	(125,091)	(33,899)	10,648	(77,570)	256,375
– Vietnam	671,887	–	671,887	(25,628)	–	11,837	(43,146)	162,523
– United States	957,643	–	957,643	(75,372)	(29,851)	–	(33,953)	69,872
– The People's Republic of China	69,873	–	69,873	(14,432)	(3,240)	–	–	(5,400)
– Canada	85,721	–	85,721	(5,970)	(808)	(1,189)	3,169	12,425
– Japan	46,333	–	46,333	(3,689)	–	–	(3,640)	16,955
Property								
– Macau #	105,400	887	106,287	(4,931)	(36)	–	(10,535)	93,472
Investment and corporate	2,710	–	2,710	(90)	(170)	(1)	(8,312)	(24,091)
Inter-segment elimination	–	(887)	(887)	–	–	–	–	–
Total	1,939,567	–	1,939,567	(130,112)	(34,105)	10,647	(96,417)	325,756

External revenue from property segment in Macau included rental income from investment properties of HK$30,149,000 (2015: HK$28,258,000), rental income from properties held for sale of HK$57,915,000 (2015: HK$62,616,000) and club operations and others of HK$14,295,000 (2015: HK$14,526,000).

The amount of each significant category of revenue recognised in revenue during the year is analysed in note 3 to the financial statements.

10 SEGMENT REPORTING *(continued)*

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2016				
Hotel				
– Vietnam	424,021	114,515	538,536	53,090
– United States	2,884,780	–	2,884,780	31,340
– The People's Republic of China	206,620	–	206,620	1,597
– Canada	126,063	27,171	153,234	13,400
– Japan	108,507	–	108,507	72
Property				
– Macau	1,723,950	–	1,723,950	637
Investment and corporate	1,039,586	4,131	1,043,717	9
Total	6,513,527	145,817	6,659,344	100,145

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2015				
Hotel				
– Vietnam	415,032	119,178	534,210	10,731
– United States	2,906,503	–	2,906,503	37,413
– The People's Republic of China	217,841	–	217,841	876
– Canada	111,794	25,278	137,072	1,180
– Japan	109,414	–	109,414	114
Property				
– Macau	1,781,520	–	1,781,520	537
Investment and corporate	859,232	4,132	863,364	–
Total	6,401,336	148,588	6,549,924	50,851

Investment and corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the Group treasury function.

10 SEGMENT REPORTING *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2016			
Hotel			
– Vietnam	134,803	–	134,803
– United States	184,599	1,705,105	1,889,704
– The People's Republic of China	94,142	–	94,142
– Canada	12,461	26,931	39,392
– Japan	2,550	–	2,550
Property			
– Macau	160,769	–	160,769
Investment and corporate	67,830	–	67,830
Total	657,154	1,732,036	2,389,190

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2015			
Hotel			
– Vietnam	109,256	–	109,256
– United States	167,675	1,785,288	1,952,963
– The People's Republic of China	94,683	–	94,683
– Canada	10,917	27,711	38,628
– Japan	8,451	–	8,451
Property			
– Macau	156,130	–	156,130
Investment and corporate	66,874	17,499	84,373
Total	613,986	1,830,498	2,444,484

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND

(a) Reconciliation of carrying amount

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2016	778,000	3,007,296	108,014	698,957	3,814,267	732,962	172,726	905,688	5,497,955
Additions	–	36,779	157	63,209	100,145	–	–	–	100,145
Disposals	–	–	(835)	(20,471)	(21,306)	–	–	–	(21,306)
Surplus on revaluation	19,000	–	–	–	–	–	–	–	19,000
Exchange adjustments	–	(23,217)	(119)	(3,455)	(26,791)	2,228	(4,813)	(2,585)	(29,376)
At 31 December 2016	797,000	3,020,858	107,217	738,240	3,866,315	735,190	167,913	903,103	5,566,418
Representing:									
Cost	–	3,020,858	107,217	738,240	3,866,315	735,190	167,913	903,103	4,769,418
Valuation - 2016	797,000	–	–	–	–	–	–	–	797,000
	797,000	3,020,858	107,217	738,240	3,866,315	735,190	167,913	903,103	5,566,418
Accumulated depreciation:									
At 1 January 2016	–	673,241	73,903	513,802	1,260,946	–	74,263	74,263	1,335,209
Charge for the year	–	81,922	4,276	45,299	131,497	–	3,380	3,380	134,877
Written back on disposals	–	–	(835)	(20,142)	(20,977)	–	–	–	(20,977)
Exchange adjustments	–	(10,829)	(1,817)	(4,848)	(17,494)	–	(1,968)	(1,968)	(19,462)
At 31 December 2016	–	744,334	75,527	534,111	1,353,972	–	75,675	75,675	1,429,647
Net book value:									
At 31 December 2016	797,000	2,276,524	31,690	204,129	2,512,343	735,190	92,238	827,428	4,136,771

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(a) Reconciliation of carrying amount *(continued)*

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2015	743,000	3,011,924	107,286	698,174	3,817,384	738,376	177,548	915,924	5,476,308
Additions	–	32,460	790	17,601	50,851	–	–	–	50,851
Disposals	–	(85)	–	(10,038)	(10,123)	–	–	–	(10,123)
Surplus on revaluation	35,000	–	–	–	–	–	–	–	35,000
Exchange adjustments	–	(37,003)	(62)	(6,780)	(43,845)	(5,414)	(4,822)	(10,236)	(54,081)
At 31 December 2015	778,000	3,007,296	108,014	698,957	3,814,267	732,962	172,726	905,688	5,497,955
Representing:									
Cost	–	3,007,296	108,014	698,957	3,814,267	732,962	172,726	905,688	4,719,955
Valuation - 2015	778,000	–	–	–	–	–	–	–	778,000
	778,000	3,007,296	108,014	698,957	3,814,267	732,962	172,726	905,688	5,497,955
Accumulated depreciation:									
At 1 January 2015	–	606,109	70,835	485,263	1,162,207	–	72,518	72,518	1,234,725
Charge for the year	–	79,495	4,369	42,635	126,499	–	3,613	3,613	130,112
Written back on disposals	–	(64)	–	(8,590)	(8,654)	–	–	–	(8,654)
Exchange adjustments	–	(12,299)	(1,301)	(5,506)	(19,106)	–	(1,868)	(1,868)	(20,974)
At 31 December 2015	–	673,241	73,903	513,802	1,260,946	–	74,263	74,263	1,335,209
Net book value:									
At 31 December 2015	778,000	2,334,055	34,111	185,155	2,553,321	732,962	98,463	831,425	4,162,746

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(a) Reconciliation of carrying amount *(continued)*

Notes:

(i) Fair value measurement of investment properties

The investment properties were valued by Jones Lang LaSalle Limited, an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by capitalising the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit rent at the capitalisation rate after the existing lease period.

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13. The significant unobservable inputs were average unit rent per month ranging from HK$12.5 to HK$22.6 (2015: HK$11.5 to HK$23.1) per square foot and capitalisation rate ranging from 3.0% to 4.5% (2015: 3% to 4.5%) for the investment properties in Macau. The fair value measurement of the investment properties is positively correlated to the average unit rent per month and negatively correlated to the capitalisation rate.

The Group's senior management reviews the valuations performed by the independent valuers for financial reporting purposes. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the executive directors. Discussion of the valuation process and results are held between the senior management and independent valuer twice a year, to coincide with the Group's interim and annual reporting dates.

(ii) The Group leases out properties under operating leases, which generally run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property. The gross amount of investment properties of the Group held for use in operating leases was HK$797,000,000 (2015: HK$778,000,000).

(iii) Land use rights were granted to the subsidiaries for their hotel properties in (a) Wuhan, the PRC with a period of 50 years after receiving an approval for extension of 20 years in 2004 in addition to the initial period of 30 years commencing on 21 August 1995, and (b) Ho Chi Minh City, Vietnam with a period of 48 years commencing on 7 May 1994.

(iv) A club house situated in Ocean Gardens is classified under property, plant and equipment.

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(b) The analysis of the tenure of title to properties at net book value or valuation is as follows:

	Investment properties HK$'000	Hotel properties HK$'000	Property, plant and equipment HK$'000	Land HK$'000	Total HK$'000
Net book value or valuation:					
At 31 December 2016					
In Hong Kong					
– long leases	**–**	**–**	**2,953**	**–**	**2,953**
Outside Hong Kong					
– freehold	**–**	**1,950,750**	**–**	**735,190**	**2,685,940**
– medium term lease	**–**	**325,774**	**–**	**92,238**	**418,012**
– short term lease	**797,000**	**–**	**23,884**	**–**	**820,884**
	797,000	**2,276,524**	**26,837**	**827,428**	**3,927,789**
At 31 December 2015					
In Hong Kong					
– long leases	–	–	3,029	–	3,029
Outside Hong Kong					
– freehold	–	2,006,408	–	732,962	2,739,370
– medium term lease	–	327,647	–	98,463	426,110
– short term lease	778,000	–	28,665	–	806,665
	778,000	2,334,055	31,694	831,425	3,975,174

12 INTEREST IN SUBSIDIARIES

The following list contains only particulars of subsidiaries which principally affected the results, assets or liabilities of the Group, all of which are controlled subsidiaries as defined under note 1(c) and whose results, assets and liabilities have been consolidated into the Group financial statements. The class of shares held is ordinary unless otherwise stated.

Details of the subsidiaries are as follows:

			Proportion of ownership interest			
Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Golden Crown Development Limited ("Golden Crown")	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and investment
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%**	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited ("Qing Chuan") *#	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
KSSF Enterprises Limited	USA	1,000,000 common stock and 35,000,000 series A preferred stock of US$1 each	100%	–	100%	Operation of a hotel
KSSNY, Inc.	USA	1,000,000 common stock and 69,000,000 preferred stock of US$1 each	100%	–	100%	Operation of a hotel
Acacio Limited *	British Virgin Islands/ Hong Kong	100 shares of US$1 each	97%	–	97%	Investment Holding
Godo Kaisha TSM 107	Japan	JPY500,000	96.75%	0.27%	99.46%	Operation of a hotel
Chateau Ottawa Hotel Inc. ("Chateau Ottawa")	Canada	9,000,000 common shares and 2,700,000 preferred shares of C$1 each	50%@	–	50%	Operation of a hotel

* Companies not audited by KPMG. The financial statements of the subsidiaries not audited by KPMG reflect total net assets and total turnover constituting approximately 3.55% (2015: 2.49%) and 3.81% (2015: 4.04%) respectively of the related consolidated totals.

\# Qing Chuan was established in the PRC as a Sino-foreign equity joint venture in 1995.

** Effective from 7 May 2014, the profit sharing ratio has changed from 64.12% to 54.96%. The Group's effective equity interest in OPJV of 64.12% is computed based on the shareholding held by the Company and its subsidiaries.

@ Notwithstanding the Group's contribution of 50% of the issued equity capital of Chateau Ottawa, as the Group's ultimate holding company, Ocean Inc., undertook that it would exercise its 5% voting right in Chateau Ottawa in accordance with the instruction of the Company. Accordingly, the directors consider that the Group controls Chateau Ottawa and account for its investment as subsidiary.

12 INTEREST IN SUBSIDIARIES *(continued)*

The following table lists out the information relating to Golden Crown and OPJV of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	Golden Crown		OPJV	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
NCI percentage	**29.39%**	29.39%	**45.04%**	45.04%
Current assets	**775,674**	641,534	**89,962**	97,712
Non-current assets	**679,153**	684,660	**334,059**	317,320
Current liabilities	**(176,468)**	(67,649)	**(134,803)**	(109,256)
Non-current liabilities	**(76,939)**	(77,583)	**–**	–
Net assets	**1,201,420**	1,180,962	**289,218**	305,776
Carrying amount of NCI	**353,097**	347,084	**143,077**	136,196
Revenue	**81,276**	84,860	**698,232**	671,887
Profit for the year	**62,460**	90,406	**146,057**	150,686
Total comprehensive income	**62,460**	90,406	**132,140**	132,655
Profit allocated to NCI	**18,357**	26,570	**65,784**	67,869
Dividend paid to NCI	**12,344**	20,573	**52,635**	59,758
Cash flows from operating activities	**32,013**	16,350	**82,127**	81,335
Cash flows from investing activities	**1,649**	1,103	**(17,839)**	(12,835)
Cash flows from financing activities	**20,935**	(20,679)	**(66,975)**	(63,461)

13 INTEREST IN ASSOCIATES

	2016	2015
	HK$'000	HK$'000
Share of net assets	**142,187**	144,960
Loan to an associate	**3,630**	3,628
	145,817	148,588
Loan from an associate	**464**	464

Loan to an associate is unsecured, interest-free, has no fixed terms of repayment and is not expected to be recovered within one year.

Loan from an associate is unsecured, interest-free and has no fixed terms of repayment.

13 INTEREST IN ASSOCIATES *(continued)*

The following list contains the particulars of associates, all of which are unlisted corporate entities, whose quoted market price is not available:

			Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation/ operation	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
KSF Enterprises Sdn Bhd ("KSF")	Incorporated	Malaysia	25%	25%	–	Investment holding (note (a))
Porchester Assets Limited ("PAL")	Incorporated	British Virgin Islands	49%	49%	–	Investment holding (note (b))

Notes:

(a) KSF holds 100% interest in KSD Enterprises Ltd. ("KSD") which operates the International Plaza Hotel, Toronto Airport in Toronto.

(b) PAL holds 51% interest in Chains Caravelle Hotel Joint Venture Company Limited ("CCH") which operates the Caravelle Hotel in Vietnam. The Group's effective interest in CCH is 24.99%.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	CCH	
	2016 HK$'000	2015 HK$'000
Gross amounts of the associate		
Current assets	329,257	306,935
Non-current assets	175,688	184,556
Current liabilities	(120,065)	(102,605)
Non-current liabilities	(36,828)	(29,347)
Equity	348,052	359,539
Revenue	386,237	391,083
Profit for the year	66,515	48,186
Total comprehensive income	66,515	48,186
Dividend received/receivable from the associate	19,492	13,545
Reconciled to the Group's interests in the associates		
Gross amounts of net assets of the associate	348,052	359,539
Group's effective interest	24.99%	24.99%
Carrying amount in the consolidated financial statements	86,978	89,848

13 INTEREST IN ASSOCIATES *(continued)*

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	55,209	58,740
Aggregated amounts of the Group's share of those associates'		
Profit for the year	2,290	4,656
Other comprehensive income	1,102	(5,846)
Total comprehensive income	3,392	(1,190)

14 AVAILABLE-FOR-SALE SECURITIES

	2016 HK$'000	2015 HK$'000
Equity securities listed outside Hong Kong, at market value	3,732	3,719

15 TRADING SECURITIES

	2016 HK$'000	2015 HK$'000
Equity securities listed outside Hong Kong, at market value	9,609	8,053

16 PROPERTIES HELD FOR SALE

The title and lease term of the properties held for sale by the Group is summarised as follows:

	2016 HK$'000	2015 HK$'000
Outside Hong Kong		
– freehold	8,599	8,599
– short term lease	272,059	272,059
	280,658	280,658

The rental income from properties held for sale is set out in note 10(a).

17 TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**41,834**	43,771
Other receivables, deposits and prepayments	**53,455**	48,835
	95,289	92,606

The Group's credit policy is set out in note 25(a).

	2016 HK$'000	2015 HK$'000
Amounts expected to be recoverable:		
– within one year	**94,591**	91,908
– after one year	**698**	698
	95,289	92,606

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis (by invoice date) as of the end of the reporting period:

	2016 HK$'000	2015 HK$'000
Within one month	**34,813**	30,625
One to three months	**7,021**	13,146
	41,834	43,771

None of the Group's trade receivables are impaired. 83% of trade receivables at 31 December 2016 (2015: 70%) were neither past due nor more than one month past due.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was 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.

The balance and the movement of the allowance for doubtful debts as at 31 December 2016 and 2015 are not significant.

18 DEPOSITS AND CASH

(a) Deposits and cash:

	2016 HK$'000	2015 HK$'000
Deposits with banks and other financial institutions	1,632,820	1,500,591
Cash at bank	309,729	290,115
	1,942,549	1,790,706

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2016 HK$'000	2015 HK$'000
Profit before taxation		412,742	422,173
Adjustments for:			
Net increase in fair value of investment property	11(a)	(19,000)	(35,000)
Depreciation	11(a)	134,877	130,112
Interest income	4(a)	(18,750)	(23,225)
Dividend income from listed available-for-sale and trading securities	4(a)	(303)	(334)
Net realised and unrealised gains on derivative financial instruments	4(b)	(32,867)	(7,419)
Net realised and unrealised (gains)/losses on trading securities	4(b)	(1,556)	1,460
(Gain)/loss on disposal of property, plant and equipment	4(b)	(157)	1,469
Finance costs	5(a)	39,569	34,105
Share of profits less losses of associates		(18,912)	(10,647)
Foreign exchange differences		696	7,158
Operating profit before changes in working capital		496,339	519,852
Decrease in inventories		511	10
(Increase)/decrease in trade and other receivables		(2,352)	40,518
Increase/(decrease) in trade and other payables		18,607	(41,989)
Cash generated from operations		513,105	518,391

19 BANK LOANS, SECURED

(a) At 31 December 2016, the secured bank loans were repayable as follows:

	2016 HK$'000	2015 HK$'000
Within one year or on demand	1,706,837	91,493
After one year but within two years	25,199	1,739,005
	1,732,036	1,830,498

At 31 December 2016 and 2015, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 31 December 2016, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) Properties held for sale with a carrying value of HK$63,898,000 (2015: HK$63,898,000),

(ii) Hotel properties, including land, of the Group with aggregate carrying value of HK$2,706,970,000 (2015: HK$2,740,129,000), and

(iii) Bank deposits of HK$Nil (2015: HK$38,119,000).

Such banking facilities amounted to HK$1,993,277,000 (2015: HK$2,206,447,000) and were utilised to the extent of HK$1,732,036,000 as at 31 December 2016 (2015: HK$1,830,498,000).

(c) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the draw 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 25(b). As at 31 December 2016, none of the covenants relating to drawn down facilities had been breached (2015: Nil).

20 TRADE AND OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Trade payables	68,012	67,193
Payables and accruals	137,694	103,734
Deposits and receipts in advance	130,885	146,299
	336,591	317,226

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2016 HK$'000	2015 HK$'000
Due within one month or on demand	49,594	41,223
Due after one month but within three months	14,546	16,380
Due after three months	3,872	9,590
	68,012	67,193

All of the payables and accruals are expected to be settled within one year, except for the amount of HK$5,502,000 (2015: HK$5,890,000) expected to be settled after one year.

21 DEFERRED REVENUE

Deferred revenue represents amounts received in advance under service contracts. The amounts expected to be recognised as income after more than one year are included under non-current liabilities.

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS

Loans from non-controlling shareholders are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. Loans from non-controlling shareholders are unsecured, interest-free and repayable on demand except for loans with carrying amount of HK$80,858,000 (2015: HK$80,903,000) which are repayable on 30 April 2020 and classified as non-current liabilities.

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	2016 HK$'000	2015 HK$'000
Provision for overseas tax for the year	71,555	73,976
Provisional tax paid	(51,293)	(53,983)
	20,262	19,993
Balance of overseas tax provision relating to prior years	(762)	(674)
	19,500	19,319
Taxation recoverable	–	(6,818)
Taxation payable	19,500	26,137
	19,500	19,319

(b) Deferred tax assets and liabilities recognised:

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

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Depreciation allowance in excess of the related depreciation and others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2016	85,693	(1,993)	4,675	55,844	144,219
Charged to profit or loss (note 6(a))	2,542	284	991	28,508	32,325
Exchange difference	–	–	(71)	(182)	(253)
At 31 December 2016	88,235	(1,709)	5,595	84,170	176,291
At 1 January 2015	81,231	(2,374)	2,829	32,702	114,388
Charged to profit or loss (note 6(a))	4,462	381	1,841	22,739	29,423
Exchange difference	–	–	5	403	408
At 31 December 2015	85,693	(1,993)	4,675	55,844	144,219

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

Deferred tax assets and liabilities recognised:

	2016 HK$'000	2015 HK$'000
Net deferred tax assets recognised in the statement of financial position	(6,119)	(5,571)
Net deferred tax liabilities recognised in the statement of financial position	182,410	149,790
	176,291	144,219

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2016 HK$'000	2015 HK$'000
Future benefit of tax losses	10,511	4,600

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2016. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from PRC and Macau operations expire three years and five years respectively after the relevant accounting year end date.

24 CAPITAL, DIVIDENDS AND RESERVES

(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$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015	498,305	736	3,964	471,325	974,330
Changes in equity for 2015:					
Profit for the year	–	–	–	18,584	18,584
Other comprehensive income	–	–	(836)	–	(836)
Total comprehensive income for the year	–	–	(836)	18,584	17,748
Dividends approved in respect of the previous year (note (b))	–	–	–	(40,824)	(40,824)
Dividends approved in respect of the current year (note (b))	–	–	–	(10,206)	(10,206)
At 31 December 2015 and 1 January 2016	498,305	736	3,128	438,879	941,048
Changes in equity for 2016:					
Profit for the year	–	–	–	28,595	28,595
Other comprehensive income	–	–	13	–	13
Total comprehensive income for the year	–	–	13	28,595	28,608
Dividends approved in respect of the previous year (note (b))	–	–	–	(40,824)	(40,824)
Dividends approved in respect of the current year (note (b))	–	–	–	(10,206)	(10,206)
At 31 December 2016	498,305	736	3,141	416,444	918,626

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2016 HK$'000	2015 HK$'000
Interim dividend declared and paid of HK$0.03 (2015: HK$0.03) per ordinary share	10,206	10,206
Final dividend proposed after the end of the reporting period of HK$0.12 (2015: HK$0.12) per ordinary share	40,824	40,824
	51,030	51,030

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.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2016 HK$'000	2015 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.12 (2015: HK$0.12) per ordinary share	40,824	40,824

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(c) Share capital

	2016 No. of shares '000	2016 Amount HK$'000	2015 No. of shares '000	2015 Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	340,200	498,305	340,200	498,305

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Legal reserve

The legal reserve is non-distributable and represents transfer from annual profits up to a maximum of 20 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

(ii) Exchange reserve

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(u).

(iii) Fair value reserve

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

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(e) Distributability of reserves

At 31 December 2016, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$416,444,000 (2015: HK$438,879,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can 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 economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, the Group defines net debt as total bank borrowings less deposits and cash (including pledged deposits). Adjusted capital comprises all components of equity less unaccrued proposed dividends.

The adjusted net debt-to-equity ratio of the Group at the end of the reporting period is as follows:

	Note	2016 HK$'000	2015 HK$'000
Bank borrowings	19	1,732,036	1,830,498
Less: Deposits and cash (including pledged deposits)	18	(1,942,549)	(1,828,825)
Adjusted net (cash)/debt		(210,513)	1,673
Shareholders' equity		4,270,154	4,105,440
Less: Proposed dividends		(40,824)	(40,824)
Adjusted capital		4,229,330	4,064,616
Adjusted net debt-to-equity ratio		N/A	0.04%

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

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, currency and interest rate 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 and movements in its own equity share price. 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

Substantially all the Group's cash and cash equivalents are deposited with financial institutions in Hong Kong, Macau, the PRC, Singapore, the United States, Japan, Canada and Vietnam that are of high-credit quality to minimise credit risk exposure.

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 to 30 days. Trade customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks (including loan to an associate) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,732,036	1,782,676	1,757,195	25,481	–
Trade and other payables	336,591	336,591	331,478	388	4,725
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	111,632	133,609	30,774	–	102,835
At 31 December 2016	2,180,723	2,253,340	2,119,911	25,869	107,560

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,830,498	1,880,661	110,965	1,745,064	24,632
Trade and other payables	317,226	317,226	311,786	388	5,052
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	111,663	135,167	30,760	–	104,407
At 31 December 2015	2,259,851	2,333,518	453,975	1,745,452	134,091

(c) Currency risk

The Group is exposed to currency risk primarily through deposits and cash and cross-currency swap contracts that are denominated in a currency other than the functional currency of the operations to which they relate. As the Hong Kong dollar ("HKD") is pegged to United States dollar ("USD"), the Group does not expect any significant movements in the USD/HKD exchange rate. The currencies giving rise to currency risk are primarily denominated in Canadian dollars, Australian dollars, Euro and Japanese Yen.

(i) Cross-currency swap contracts

The Group entered into cross-currency swap contracts to manage its currency risk arising from anticipated transactions denominated in currencies other than the entities' functional currencies. These contracts with notional amount of HK$504,010,000 (2015: HK$337,183,000) did not qualify for hedge accounting and their corresponding fair values of HK$28,145,000 (net) (2015: HK$4,509,000) were recognised in the consolidated statement of financial position.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

2016

	Exposure to foreign currencies			
	Canadian dollars HK$'000	Australian dollars HK$'000	Euro HK$'000	Japanese Yen HK$'000
Deposits and cash	73,555	72,649	–	–
Cross-currency swap contracts at fair value through profit or loss	–	–	28,145	–
Net exposure arising from recognised assets and liabilities at 31 December 2016	73,555	72,649	28,145	–

2015

	Exposure to foreign currencies			
	Canadian dollars HK$'000	Australian dollars HK$'000	Euro HK$'000	Japanese Yen HK$'000
Deposits and cash	4	–	–	–
Bank loans	–	–	–	(17,499)
Cross-currency swap contracts at fair value through profit or loss	–	–	4,509	–
Net exposure arising from recognised assets and liabilities at 31 December 2015	4	–	4,509	(17,499)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise from 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 HKD and USD would not be materially affected by any changes in movement in value of USD against other currencies. Other components of equity would not be affected by changes in the foreign exchange rates.

	2016		2015	
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits HK$'000	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits HK$'000
Canadian dollars	10	7,356	10	–
	(10)	(7,356)	(10)	–
Australian dollars	10	7,265	10	–
	(10)	(7,265)	(10)	–
Euro	10	(2,815)	10	(451)
	(10)	2,815	(10)	451
Japanese Yen	10	–	10	(1,750)
	(10)	–	(10)	1,750

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into HKD 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 currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2015.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk

(i) The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings and income-earning financial assets. The following table indicates their effective interest rates at the end of the reporting period and the periods in which they reprice or the maturity dates, if earlier.

	Fixed/ floating	2016 Effective interest rate	2016 Amount HK$'000	2015 Effective interest rate	2015 Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	1.65% - 2.15%	1,732,036	0.48% - 1.85%	1,830,498
Income-earning financial assets					
Deposits and cash	Floating	0.09% - 6.20%	263,627	0.08% - 6.00%	34,466
Deposits and cash	Fixed	0.01% - 2.20%	1,678,922	0.01% - 3.30%	1,794,359
			1,942,549		1,828,825

(ii) Sensitivity analysis

At 31 December 2016, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK$11,889,000 (2015: HK$14,871,000). Other components of equity would not be affected by changes in the interest rates.

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 those financial instruments 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.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale securities (note 14) and trading securities (note 15). They have been selected taking reference to their longer term growth potential and are monitored regularly for performance.

Given that the volatility of the stock markets may not have a direct connection 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 other investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Equity price risk *(continued)*

At 31 December 2016, it is estimated that an increase/decrease of 5% in the market value of the Group's equity investments, with all other variables held constant, would increase/decrease the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2016			2015		
	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000
Change in the relevant equity price risk variable:						
Increase	5	480	187	5	403	186
Decrease	(5)	(480)	(187)	(5)	(403)	(186)

The analysis is performed on the same basis for 2015.

(f) Fair value measurement

(i) Financial assets and liabilities carried at fair value

The Group's available-for-sale securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13. All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

The Group's derivative financial instruments of (i) Cross currency swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate and (ii) Interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties. These derivative financial instruments fall within the Level 2 fair value hierarchy as defined in HKFRS13.

During the year ended 31 December 2015 and 2016, 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.

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

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders with a repayment date at 30 April 2020, the carrying amount of which at 31 December 2016, was HK$80,858,000 (2015: HK$80,903,000), approximating its fair value. The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

26 COMMITMENTS

(a) At 31 December 2016, capital commitments outstanding not provided for in the financial statements were as follows:

	2016 HK$'000	2015 HK$'000
Contracted for	87,015	14,160
Authorised but not contracted for	135,108	1,345
	222,123	15,505

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

	2016 HK$'000	2015 HK$'000
Leases on premises expiring:		
– within one year	307	458
– after one year and within five years	134	270
	441	728

(c) At 31 December 2016, the Group's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	76,671	82,716
After one year but within five years	77,614	102,478
	154,285	185,194

27 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, which were on commercial terms, with Mr Ho Kian Cheong ("KC Ho"), and Goodland Limited ("Goodland").

KC Ho is a non-executive director and a substantial shareholder of the Company at 31 December 2016 and 2015. Goodland holds 28% of the equity interest in the Company at 31 December 2016 and 2015. Mr Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

		Note	For the year ended 31 December 2016 HK$'000	2015 HK$'000
(a)	**Transactions with Goodland**			
	Rental income receivable	(i)	**1,199**	1,199
	Management fee payable	(ii)	**3,204**	3,204
	Interest expense payable	(iv)	**16**	35

		Note	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
(b)	**Balances with Goodland**			
	Loan from Goodland	(iii)	**41,829**	41,872
	Amount due to Goodland	(iv)	**20,833**	18,201
(c)	**Balances with KC Ho**			
	Loan from KC Ho	(iii)	**10,983**	10,143
	Amount due to KC Ho	(v)	**4,053**	4,048

Notes:

(i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.

(ii) Certain subsidiaries of the Company paid management fees to Goodland.

(iii) At 31 December 2016, loans from non-controlling shareholders (note 22) included (i) loan from Goodland with carrying amount of HK$41,829,000 (2015: HK$41,872,000) and (ii) loan from KC Ho with carrying amount of HK$10,983,000 (2015: HK$10,143,000). The balance, which were renewed on 30 April 2015, were unsecured, interest-free and repayable on 30 April 2020.

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Notes: *(continued)*

(iv) At 31 December 2016, trade and other payables included amount due to Goodland of HK$20,833,000 (2015: HK$18,201,000) comprising:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$3,523,000 (2015: HK$1,077,000). Interest payable by the subsidiaries amounted to HK$16,000 for the year ended 31 December 2016 (2015: HK$35,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$17,310,000 (2015: HK$17,124,000). The balances are unsecured and repayable on demand.

The balances are unsecured and repayable on demand.

(v) As at 31 December 2016, loans from non-controlling shareholders included amount due to KC Ho which were non-interest bearing, unsecured and repayable on demand.

The related party transactions above constitute connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Connected Transaction" of the directors' report.

28 ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 25 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary income potential. The assumptions adopted in the property valuation are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

(ii) Estimated useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease non-current assets.

28 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iii) Impairment of assets

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell 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 assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

(iv) Impairment loss of available-for-sale equity securities

The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

(v) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

(vi) Fair value of derivative financial statements

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For financial instruments that are not traded in active markets, the fair values were based on the discounted cash flows method which discounts the future contractual cash flows at the current market foreign exchange rates for similar financial instruments that were available to the Group at the time.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group has temporarily leased out certain properties held for sale but does not consider these properties to be investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified as properties held for sale.

29 CONTINGENT LIABILITIES

At 31 December 2016, the directors do not consider it probable that a claim would be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		2,960	3,037
Interest in subsidiaries		988,861	1,246,383
Interest in associates		20,548	20,548
Available-for-sale securities		3,732	3,719
		1,016,101	1,273,687
Current assets			
Trading securities		9,609	8,053
Properties held for sale		10,727	10,727
Trade and other receivables		5,207	4,902
Pledged deposits		–	38,119
Deposits and cash		917,707	459,198
		943,250	520,999
Current liabilities			
Bank loans, secured		–	17,500
Trade and other payables		6,567	6,546
Taxation payable		14	56
		6,581	24,102
Net current assets		936,669	496,897
Total assets less current liabilities		1,952,770	1,770,584
Non-current liabilities			
Amounts due to subsidiaries		1,034,144	829,536
NET ASSETS		918,626	941,048
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		420,321	442,743
TOTAL EQUITY		918,626	941,048

Approved and authorised for issue by the board of directors on 24 March 2017.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

31 ULTIMATE CONTROLLING PARTY

As 31 December 2016, Kansas Holdings Limited and Goodland hold 30% and 28% respectively of the equity interest in the Company. The directors consider the ultimate controlling party of the Group to be Ocean Inc., which is incorporated in Republic of Liberia. This entity does not produce financial statements available for the public use.

32 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, *Statement of cash flows: Disclosure initiative*	1 January 2017
Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to HKFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The adoption of HKFRS 15, HKFRS 16 and amendments to HKAS 7 is unlikely to have a significant impact on the consolidated financial statements.

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 FVTPL or irrevocably elect to designate as 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 earning 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.

FIVE YEAR FINANCIAL SUMMARY

	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Consolidated statement of profit or loss					
Revenue	1,955,211	1,939,567	1,519,090	1,357,329	1,467,173
Profit before share of profits less losses of associates	393,830	411,526	482,630	533,961	564,424
Share of results of associates	18,912	10,647	6,817	4,481	11,955
Profit before taxation	412,742	422,173	489,447	538,442	576,379
Income tax	(102,665)	(96,417)	(108,500)	(107,557)	(101,845)
Profit for the year	310,077	325,756	380,947	430,885	474,534
Attributable to:					
Equity shareholders of the Company	225,345	228,972	268,143	326,231	355,585
Non-controlling interests	84,732	96,784	112,804	104,654	118,949
	310,077	325,756	380,947	430,885	474,534
Consolidated statement of financial position					
Investment properties, property, plant and equipment and land	4,136,771	4,162,746	4,241,583	2,084,408	1,985,808
Interest in associates	145,817	148,588	157,332	164,364	163,032
Other non-current assets	16,352	15,208	4,555	5,294	65,317
Current assets	2,360,404	2,223,382	2,095,784	2,310,909	2,223,741
	6,659,344	6,549,924	6,499,254	4,564,975	4,437,898
Share capital	498,305	498,305	498,305	340,200	340,200
Share premium	–	–	–	158,105	158,105
Other reserves	3,112,686	2,947,474	2,796,949	2,622,173	2,412,209
Non-controlling interests	659,163	659,661	634,312	602,368	569,850
Non-current liabilities	295,024	1,978,404	1,940,463	457,312	229,772
Current liabilities	2,094,166	466,080	629,225	384,817	727,762
	6,659,344	6,549,924	6,499,254	4,564,975	4,437,898

	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Other data					
Basic earnings per share (cents)	66.2	67.3	78.8	95.9	104.5
Dividends per share (cents)	15.0	15.0	15.0	18.0	20.0
Dividend cover (times)	4.4	4.5	5.3	5.3	5.2

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2016

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Properties classified as hotel properties					
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
International Plaza Hotel Toronto Airport, Canada	25%	Hotel	433	450,000	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	25%	Hotel	335	247,500	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	404	289,418	Freehold
Sofitel New York New York, United States	100%	Hotel	398	294,000	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	96.46%	Hotel	179	41,709	Freehold
Properties classified as properties held for sale					
Ocean Industrial Centre Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	23	85,261	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease

SUSTAINABILITY EFFORTS AND AWARDS IN 2016
二零一六年可持續發展工作及獎項

Sofitel New York, USA
美國紐約索菲特酒店

Earth Day – 4th floor Sofitel Terrace Garden
地球日－索菲特四樓露台花園

Partnership with “The Bowery Mission”
at Woman’s Protective Centre
與慈善機構「The Bowery Mission」
在婦女保護中心舉辦晚宴

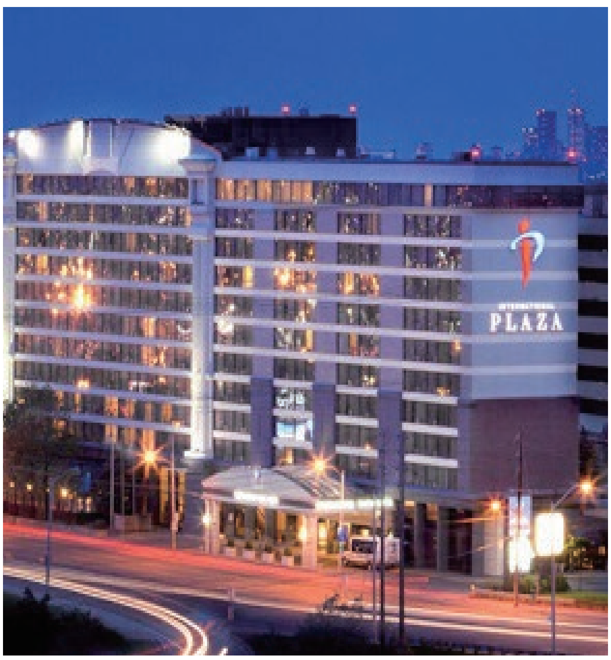
SUSTAINABILITY EFFORTS AND AWARDS IN 2016 (continued)
二零一六年可持續發展工作及獎項(續)

W San Francisco, USA
美國三藩市 W 酒店

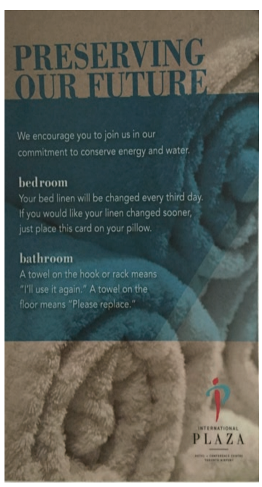
Only recipient of the AH&LA "2016 Property of the Year, Large Property" Award; for its LEED Platinum certification and community service achievements.
為 AH&LA「2016年度物業－大物業」獎之唯一獲獎者；表明其為LEED白金級認證和社區服務成就。

SUSTAINABILITY EFFORTS AND AWARDS IN 2016 (continued)
二零一六年可持續發展工作及獎項(續)

Sheraton Ottawa Hotels, Canada – Waste Audit 2016
加拿大渥太華喜來登酒店－2016年度廢物管理審計



International Plaza Hotel, Toronto, Canada
加拿大多倫多International Plaza Hotel



Up: Earth Day on 4th April 2016
圖上：2016年4月22號地球日

Left: Housekeeping efforts to preserve water and energy
圖左：酒店家政部積極保護水和能源

SUSTAINABILITY EFFORTS AND AWARDS IN 2016 (continued)
二零一六年可持續發展工作及獎項(續)

Holiday Inn Wuhan Riverside, China
中國武漢晴川假日酒店

Charity Show for Ecuador Earthquake
厄瓜多爾地震的慈善演出和籌款

Hotel Charity Bazaar during IHG Foundation Week
洲際酒店集團基金會－慈善義賣會

Ocean Gardens, Macau
澳門海洋花園

Macao Conservation Week 2016
澳門節能週 2016