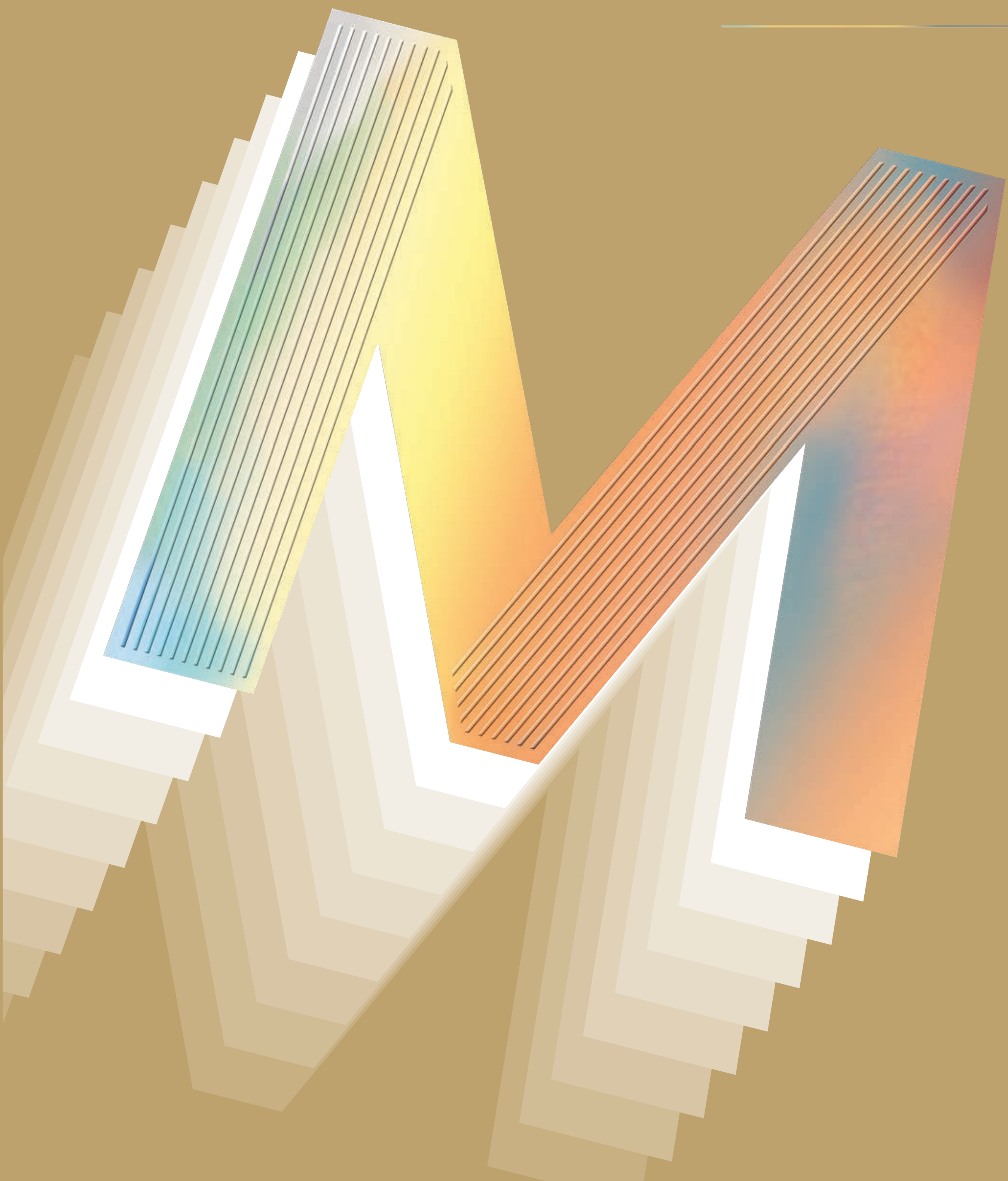
2019 ANNUAL REPORT

MIRAMAR HOTEL AND
INVESTMENT COMPANY, LIMITED

Stock code 71



SHAPE UP YOUR LIFE

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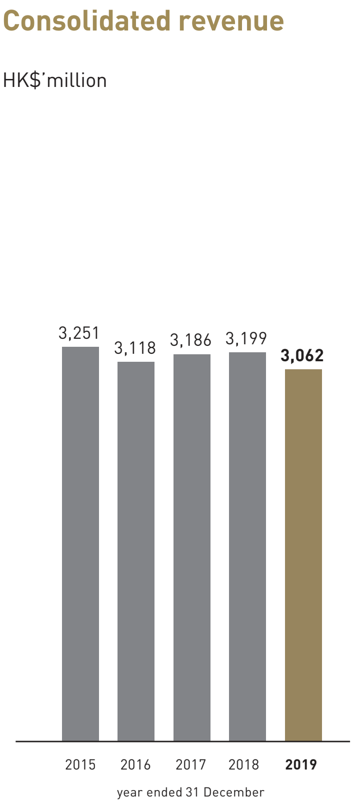
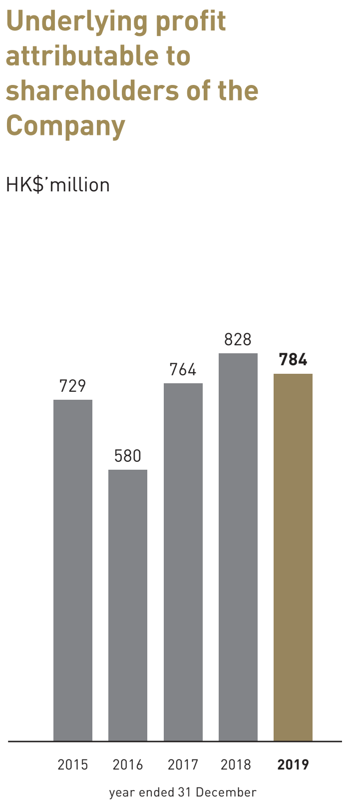
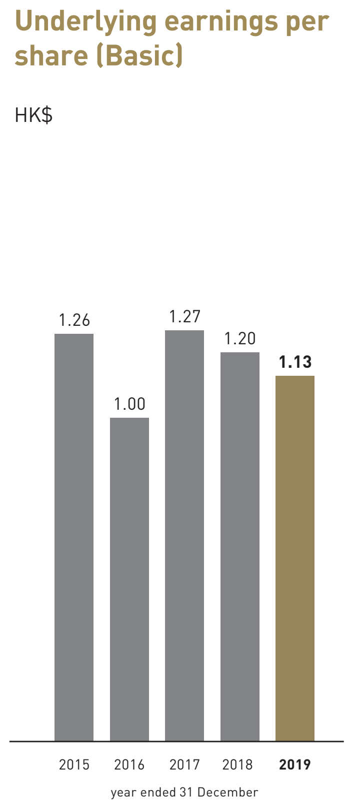






	For the year ended 31 December	
	2019	2018
	HK$'million	HK$'million
Revenue		
Property rental	**913**	914
Hotels and serviced apartments	**560**	710
Food and beverage operation	**244**	319
Travel operation	**1,345**	1,256
Others	**-**	-
Consolidated revenue	**3,062**	3,199
Profit attributable to shareholders of the Company	**1,288**	1,624
Underlying profit attributable to shareholders of the Company *(note)*	**784**	828

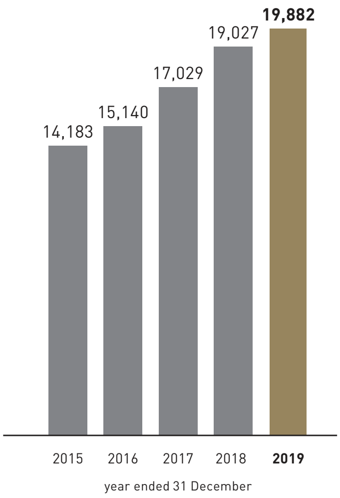
Note: Underlying profit attributable to shareholders and underlying earnings per share (basic) excluded the post-tax effects of the investment properties revaluation movements and other non-operating and non-recurring items such as net gain on disposal/liquidation of a subsidiary

Dividend per share

HK$

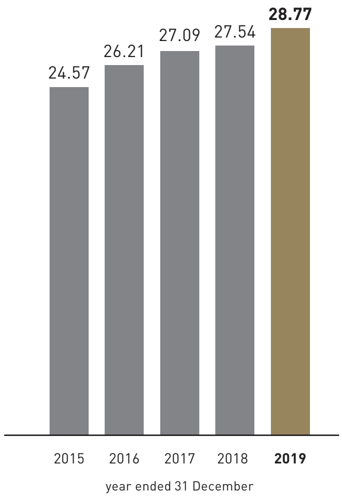
Consolidated net assets attributable to shareholders of the Company

HK$'million



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

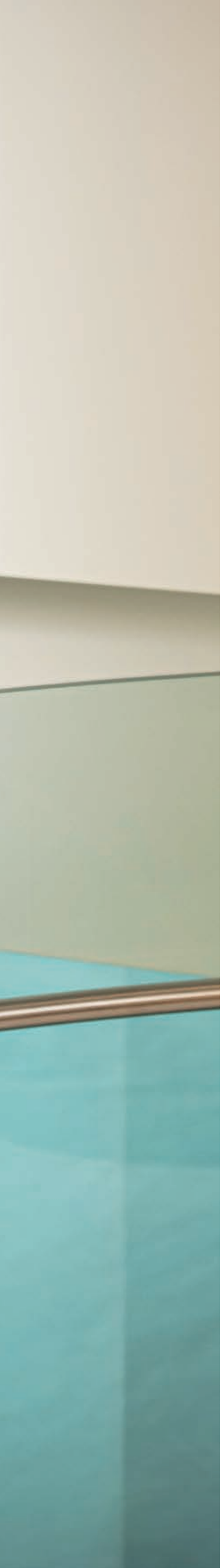
HK$



	For the year ended 31 December	
	2019	2018
	HK$	HK$
Earnings per share (Basic)	**1.86**	2.36
Underlying earnings per share (Basic) *(note)*	**1.13**	1.20
Dividend per share	**0.58**	0.61

	At 31 December	
	2019	2018
	HK$'million	HK$'million
Consolidated net assets attributable to shareholders of the Company	**19,882**	19,027
	HK$	HK$
Consolidated net assets value attributable to shareholders of the Company per share	**28.77**	27.54

Note: Underlying profit attributable to shareholders and underlying earnings per share (basic) excluded the post-tax effects of the investment properties revaluation movements and other non-operating and non-recurring items such as net gain on disposal/liquidation of a subsidiary



THRIVING WITH DETERMINATION

Dear Shareholders

On behalf of the Board of Miramar Hotel and Investment Company, Limited (the "Company"), I am delighted to present my report on the operation and financial performance of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019.

Chairman and CEO's Statement

Consolidated Results

The Group's revenue for the year amounted to HK$3,062 million, representing a decrease of 4.3% (2018: HK$3,199 million). Profit attributable to shareholders for the reporting period decreased by 20.7% to HK$1,288 million (2018: HK$1,624 million). The decline is caused by the weakened operating results of our hotel and restaurant businesses, coupled with a notable reduction in the revaluation gain of our investment properties as compared to the prior year.

Excluding the net increase of HK$504 million (2018: HK$783 million) in the fair value of our investment properties and other net gain from non-core businesses, the underlying profit attributable to shareholders* decreased by 5.3% to approximately HK$784 million (2018: HK$828 million). The underlying earnings per share (basic)* dropped by 5.8% to HK$1.13 (2018: HK$1.20), which is in line with the decrease in underlying profit attributable to shareholders.

Final Dividend

The Board is pleased to recommend a final dividend of HK34 cents per share payable to shareholders whose names are on the Register of Members as at 24 June 2020. Including an interim dividend of HK24 cents per share paid on 11 October 2019, the total dividend payment for the whole year will be HK58 cents per share.

Overview

The year under review started its first half under a tepid business environment following the uncertainties and restrained demands inflicted by the lingering Sino-US trade disputes. The business conditions were aggravated since the second half of the year with the onset of Hong Kong's social activities, which led to a rapid drop in the number of incoming visitors and serial business disruptions that imperiled the Group's planning, operation, customer services as well as business performance. For the whole year, GDP receded by 1.2% compared with a growth of 2.9% in the prior year while unemployment rate edged up from 2.8% in 2018 to 3.3% in 2019. Total visitor arrivals in the year decreased by 14.2% to 55.91 million (2018: 65.15 million) while overnight visitors declined by 18.8% to 23.75 million (2018: 29.26 million), attributable predominantly to those originating from mainland China.

In the wake of these adverse operating conditions, the Group had closely kept track of the shifting but weak market demands and adjusted its business strategies in response to intensified competition for its

* Underlying profit attributable to shareholders and underlying earnings per share (basic) excluded the post-tax effects of the investment properties revaluation movements and other non-operating and non-recurring items such as net gain on disposal/liquidation of a subsidiary

hotel and restaurant businesses. Dynamic pricing and promotion packages were offered to our hotel and restaurant customers while at the same time operating efficiency was being organized towards a more sustainable cost structure in anticipation of a prolonged business depression. For the Group's property rental business, we communicated closely with all our tenants to ensure that necessary premises safety measures are in place and, in regard of our mall tenants, to feature enchanting promotional campaigns aimed at drawing more footfalls. Our travel business, on the other hand, succeeded in fulfilling customers' destination preferences and reported satisfactory results.

Business Outlook

As the hospitality and retail sectors are endeavouring to battle the economic headwinds of trade disputes and social unrests that had crippled the consumer sentiments, the outbreak of Coronavirus Disease 2019 ("COVID-19") pandemic further eclipsed the already brittle business confidence in the new year. The hazards of contagion and hassles of quarantine have dealt heavy blows to the hotel and travel industries as international traffic is nearly paralyzed. Local residents have also distanced themselves from shopping and dining activities in order to avoid cross-contamination and prevent community outbreaks. Consequentially, the economic slowdown will inevitably culminate into subdued rental yield for our property rental business. The Group is wary of the unprecedented challenges and uncertainties it is encountering this year as the bleak economic outlook is further roiled by the volatile global financial markets. Vigilance and providence will be the keys of our business strategies, buttressed upon our steady rental income and solid financial position. I remain confident that Hong Kong is resilient as always and will emerge from all these setbacks even stronger. I will continue to steer the Group prudently, working with my management team and staff to improve our service quality and strengthen operational efficiency while at the same time on the lookout for appropriate investment opportunities with a view to increase profitability and shareholder returns.

Director

Dr. Lee Shau Kee retired as director of the Company during the first half of the fiscal year. The Board of Directors offered him their best wishes and would like to express our tremendous gratitude for his valuable contributions and brilliant leadership in the past decades.

Acknowledgement

I sincerely thank the Board of Directors for their excellent contribution in leading and guiding the Group's development over the past year. On behalf of all shareholders and the Board of Directors, I would also like to express my utmost gratitude to my management team and all my staff for their dedication and devotion to the Group in a very difficult and challenging year.

Lee Ka Shing
Chairman and CEO

Hong Kong, 20 March 2020

CRAFTING UNRIVALLED EXPERIENCE

Hotels and Serviced Apartments Business

Our hotels and serviced apartments business recorded total revenue of HK$560 million, a decrease of 21.2% during the year under review. EBITDA (earnings before interest, taxes, depreciation and amortization) dropped by 34.5% to HK$174 million.

Hotels and Serviced Apartments Business

The Group's hotels and serviced apartments business performed steadily with a solid first half of the year but results began to plummet as the social activities started to wreak havocs to visitor arrivals in the second half. Total visitor arrivals in the first half of 2019 grew by 13.9% but nosedived to a drop of 51% in December 2019 while overnight visitor arrivals similarly from a growth 7.7% to a drop of 57.2% during the comparable periods. For the whole year, total overnight visitor arrivals declined by 5.5 million or 18.8%, with those from Mainland China accounting for 3.7 million or 66.7% of it.

Occupancy rates of the Group's hotels were in line with those Tariff A category in the Tsim Sha Tsui area which hovered at over 90% until the latter months of the year when the figures plummeted to about 50-60%, resulting in a year-on-year decrease of 15.0%. Events and catering businesses were also affected as incessant social unrests had caused plenty cancellation of bookings. Dining business continued to form an integral part of our hotels operation and during the year with Cuisine Cuisine and WHISK at The Mira Hong Kong continue to be awarded as Michelin Guide Hong Kong and Macau 2019's Recommended Restaurants.

FASHIONING WITH BOUNDLESS INNOVATIONS

Property Rental Business

The Group's property rental business recorded a steady performance in 2019 with revenue of HK$913 million and EBITDA of HK$798 million, representing a slight drop of 0.1% and 1.1% respectively compared to the prior year.


智易泊
全港首個智能泊車服務
DINE TOGETHER
CONCIERGE禮賓部
SHOP TOGETHER
miraplace

Property Rental Business

Mira Place (Mira Place Tower A, Mira Place 1 and Mira Place 2)

The Mira Place as the iconic multi-purposes property in central Tsim Sha Tsui area has been enjoying a steadily rising demand from commercial customers with our lettable floor areas close to being fully occupied. Despite this, the relentless crowd protests and social unrests had not reprieved our rental business as the renewal pace slowed down and rental negotiation became more lengthy towards the end of the year under review. In the second half of the year, the Group was preoccupied with the tasks of ensuring our mall and office properties a safe, secured and hygienic commercial hub for all of our tenants. In light of the adverse socio-economic conditions, we had also stayed in close communication with our tenants and regularly gauged their business, with timely and appropriate measures implemented to help alleviate their temporary operating burdens.

During the year, the Group continued its on-going exercise in promoting its property branding, refining its tenant mix and improving its property management services. The destination choice of Mira Place as the debut flagship stores in Hong Kong by a number of highly-coveted brands from Japan, including Don Don Donki and Tokyo Lifestyle have infused fresh shopping experience and invigorated shopper appeals. Collaborative promotions and campaigns were also launched with the Group's hotels and restaurants to offer more and better shop-dine-wellness experience to our customers encompassing various business segments.

During the year, the Group launched a series of popular promotional activities to keep the mall illustrious for its unique and modernistic dynamism. The popular annual musical fiesta "Gimme LiVe Music Festival" and "MIRAcle Voice" are widely acclaimed by shoppers and participants alike. Other applauded events held in the year included "OINK for Happiness" in collaboration with renowned Japanese illustrator Ogawa Kohei; "Secret PetGarden" Pop-up Store; "All About Coffee" Coffee Mart; "Get FIT Together" and "DRESDEN X'mas Market", which all further embellished Mira Place with vogue and frantic joy. Our landmark "e-PARKING" mobile application, being a novel, artificial-intelligence-enhanced parking service dexterously embodied in a leisure mall digital service platform to impart more intimate customer visit experience, was also featured in our mall promotion "Win a Car" to amass popularity, while the mobile solution itself has garnered multiple accolades in 2019, including the Silver Award of the Hong Kong ICT Awards 2019 – Smart Mobility Award (Smart Transportation).

Net increase in fair value of investment properties

The Group adopts the accounting policy of recording its investment properties at their fair value. Cushman & Wakefield, an independent professional surveying firm, was appointed to conduct a valuation for the Group's investment properties as at 31 December 2019. On account principally of the steady stream of rental revenue generated by the Mira Place, our major property, the Group's investment property portfolio continued to record a net increase in fair value of HK$504 million (2018: HK$783 million), bringing the book value of our total portfolio of investment properties to stand at HK$15.4 billion.

INDULGING IN THE ESSENCE OF GASTRONOMY

Food and Beverage Business

In respect of the Group's food and beverage business, continuous efforts were made in 2019 to rationalize operating efficiency and outlet locations. Our premium restaurant business was hampered by slower business patronage caused by trade disputes and in general affected by the social protests and unrests. Revenue in 2019 dropped by 23.6% to HK$244 million yet EBITDA managed to rise 85.6% to HK$24 million as a result of the closure of inefficient outlets and containment of operating costs.

Food and Beverage Business

The Group operates reputable brands including Chinese restaurants (Cuisine Cuisine at ifc and Tsui Hang Village) and Western restaurants (The French Window and Assaggio Trattoria Italiana). During the year, Cuisine Cuisine at ifc was awarded "My Favourite Cantonese Restaurant" by U Magazine, and Tsui Hang Village at the Mira Place in Tsim Sha Tsui won the honour of Michelin Guide Hong Kong and Macau 2019's Recommended Restaurants for seven years in a row. Quality of foods remains commendable as average check per customer has stayed unaffected despite fewer visits. Our present emphasis will continue to concentrate resources towards improving operational efficiency at our restaurants, raising culinary quality and service level as well as developing appetizing dishes and flavourable menu themes in response to the increasingly challenging market. Going forward, the Group will continue to evaluate suitable opportunities to diversify its brand portfolio and positioning.


PASSPORT

IMMERSING IN THE VOYAGE OF DISCOVERY

Travel Business

Revenue from travel segment amounted to HK$1,345 million, representing an increase of HK$89 million or 7.1% as customers' destination preferences had been appositely fulfilled with punctilious services. Long-haul travels, especially to Europe and Russia, had seen strong demand during the year while tours to Japan remain the most favourite choice among the short-haul destinations.

With the addition of consciousness in efficiency improvement which reduced operating costs, EBITDA rose substantially to HK$94 million, registering an increase of 57.6%, as compared to last year.

FOCUSING ON INTEGRITY AND STABILITY

Operating and other expenses and other revenue

The Group has continued striving for improved operational efficiency with overall operating costs well maintained at HK$211 million (2018: HK$237 million), a drop by 11% in 2019 as compared to the prior year. Due to the depreciation of RMB during the year, an exchange translation loss of HK$4 million (2018: HK$13 million) was recorded. Other revenue comprising mainly bank deposit interests increased by HK$24 million as a result of a moderate uptick in the interest rate levels.

Corporate Finance

The Group runs its business operations primarily in Hong Kong with related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure results from its operations in mainland China and bank deposits denominated in RMB and USD, as well as equity investments denominated in USD and EUR. The Group's loan arrangement is denominated in EUR. Interests on bank borrowings are chargeable at fixed rates. As of 31 December 2019, total credit facilities granted to the Group amounted to HK$1.3 billion (31 December 2018: HK$1.3 billion), and 0.2% of this amount (31 December 2018: 0.2%) have been utilized.

The Group's gearing ratio (calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity) as of 31 December 2019 was at only 0.04% (31 December 2018: 0.1%). Consolidated net cash was at approximately HK$5.2 billion (31 December 2018: HK$4.7 billion), of which HK$2.73 million were from secured borrowings (31 December 2018: HK$2.85 million). The Group maintains its conservative and sound financial policy with ample cash and banking facilities, enabling the Group to comfortably deal with the uncertain economic environment in the foreseeable future and to fund opportune business development projects that promise good investment returns.

COMMITTING TO OUR BEST

Miramar Group

- Gold Winner – Online version, Diversified Business, Overall, Diversified Business, The International Annual Report Design Awards (IADA) 2019
  Winning project: FY2018 Annual Report
- Honorable Mention, IDA 2019, International Design Awards
  Winning project: 2018 Group Calendar
- 10 Years Plus Caring Company Logo, The Hong Kong Council of Social Service
- Manpower Developer Award Scheme, Employees Retraining Board

Hotels and Serviced Apartments

Mira Moon

- 2019 Certificate of Excellence Hall of Fame, TripAdvisor

The Mira Hong Kong

- Business Hotel of the Year, Golden Pearl Awards 2019, GHM (Guangdong, Hong Kong, Macao) Hotel General Managers Society
- My Favourite Wedding Banquet, Wedding Award 2019, Wedding Magazine
- Most Popular Venue Decorations – Best Concept, Wedding Award 2019, Wedding Magazine

Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2019
- Best of Award of Excellence, Restaurant Awards 2019, Wine Spectator

WHISK

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2019
- Award of Excellence, Restaurant Awards 2019, Wine Spectator

Property Rental

Mira Place 1, Mira Place 2 & Mira Place Tower A

- Smart Mobility (Smart Transportation) Silver Award, Hong Kong ICT Awards 2019
  Winning project: Mira Place App — e-PARKING Mira Place
- Best Retail Innovation (Application) Award – Market Potential & Performance, Retail Innovation Award 2019, Hong Kong Retail Technology Industry Association
  Winning project: Mira Place App — e-PARKING Mira Place
- CIO Choice & Corporate Choice, IT Pro Corporate Choice 2019, IT Pro Magazine
  Winning project: Mira Place App — e-PARKING Mira Place
- Smart Parking Service Award, PC3 Platinum Brand 2019, PC3 Magazine
  Winning project: Mira Place App — e-PARKING Mira Place

Food and Beverage

Cuisine Cuisine (ifc)

- Cantonese Restaurant, U Favorite Food Awards 2019, U Magazine

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2019

Travel

Miramar Travel

- 10 Years Plus Caring Company Logo, The Hong Kong Council of Social Service
- Partner Employer Award 2018-2019, The Hong Kong General Chamber of Small and Medium Business
- 2019 Best of the Best Travel Agency Award, Capital Magazine

FOSTERING
A BETTER WORLD

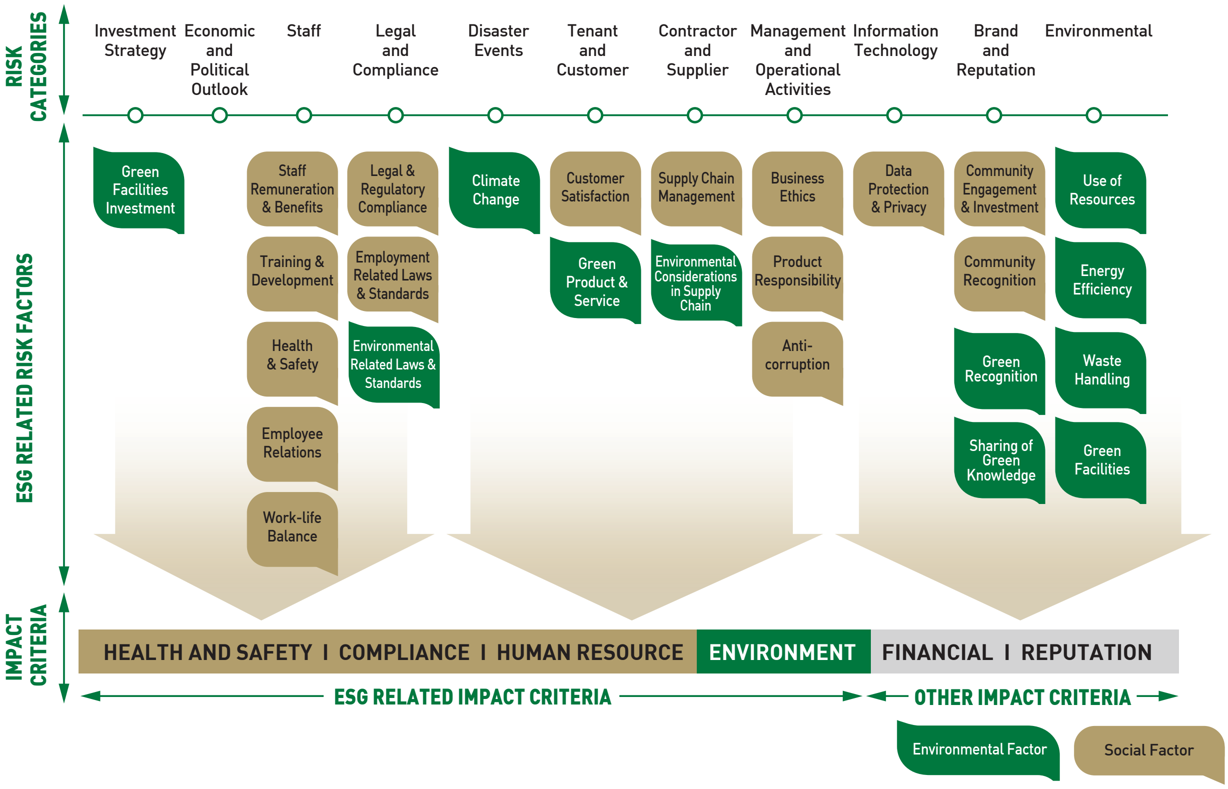
Environmental, Social and Governance Report

Miramar Group believes that a sustainable business provides not only financial returns to investors, but also sustainable growth to stakeholders and community we serve. The Group has continued its commitment as a responsible corporate citizen by active engagement in environmental, social and livelihood issues.

Our Governance

The Board of Directors (the "Board") has overall responsibility for the Group's Environmental, Social and Governance ("ESG") strategy and reporting, including determining and evaluating ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

As described below, assessment of ESG-related risks, such as compliance, health and safety, human resource and environment, have been embedded into our risk management processes which include risk identification, risk assessment, risk treatment, monitoring and review processes. The result of the overall ESG performance and ESG-related risk assessment would be at least annually reported to the Board for review to ensure that the Group's ESG strategy and goals are achieved. For details of the risk management system, please refer to the Section of "Risk Management and Internal Control" in pages 58 to 67.



Reporting Scope & Principles

The scope of this Environmental, Social and Governance Report covers every material areas of our business operations, which we have reviewed and assessed with due consideration of our stakeholders including tenants, customers, guests, staff, contractors and suppliers, and the media, through materiality and self-assessment exercises. This Report mainly focuses on our Group's Hong Kong business operations which represent 98%[1] of the Group's business portfolio, and provides an overview of our Group's efforts made on the environment, our employees, supply chain, products, health and safety, community, anti-corruption and corporate governance during the year ended 31 December 2019. This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The reporting principles of Materiality[2], Quantitative[3], Balance and Consistency[4] set a guide to underpin the development of this report, which aims to provide a balanced and meaningful presentation on our ESG performance to the stakeholders.

Stakeholder Engagement

The Group regularly communicates with its stakeholders through different channels and collects their views and comments both formally and informally. This year, we continued to conduct the ESG survey to engage our key stakeholders and extend such engagement to include our NGO partners. A total of 249 responses were collected from the ESG survey this year. The survey gives us to have a better understanding of stakeholders' concerns and expectations and provides a guiding light for our endeavors to pursue common goals of ESG with our stakeholders.

[1] Based on the Group's annual revenue in 2019

[2] Materiality of ESG topics were identified based on the materiality assessment which engaged key stakeholders and was determined by the Board. Details refer to page 29

[3] A range of quantitative measurements were designed as indicators for evaluation and comparison on performance. Relevant information on the standards, methodologies, assumptions and source of conversion factors used for reporting of emissions/energy consumption has been disclosed

[4] Methodologies adopted for preparation of this report are consistent with last year, unless otherwise clearly stated

The channels to communicate with our stakeholders are summarized below.

Staff
- ○ Intranet
- ○ CEO Channel
- ◷ Monthly Gathering
- ○ Interviews and Training
- ● Performance Review
- ○ Team Building Activities
- ◔ Employee Newsletters - MiChat
- ● Risk Management Workshop
- ○ Direct Engagements in Daily Operations
- ○ Community Activities
- ● Survey

Shareholder/ Investor
- ◐ Annual/Interim Report
- ○ Circular to Shareholder
- ○ Announcement
- ○ Investor Relations in Corporate Website
- ● Annual General Meeting ("AGM")

Contractor/ Supplier
- ○ Quotation and Tendering Process
- ○ Vendor Management Process
- ○ Ongoing Direct Engagements
- ○ Project Meetings
- ● Survey

Tenant/Customer
- ○ Hotline
- ○ Comment Cards
- ○ Mira Place Mobile App
- ○ Miramar Travel Mobile App
- ○ Customer Satisfaction Survey
- ○ Ongoing Direct Engagements
- ○ Website and Social Media
- ○ Loyalty Programme
- ● Survey

Government/ Regulator
- ○ Seminars/Trainings held by Government Bodies
- ○ News released by Regulators
- ○ Publications of Government

Public/Media
- ○ Press Conferences
- ○ Press Interviews
- ○ Website and Social Media
- ○ Press Centre in Corporate Website
- ● Survey

Industrial Partner
- ○ Website & Social Media
- ○ Association Involvement
- ○ Seminars
- ○ Industrial Sharing
- ○ Industrial Publication

NGO
- ○ Community Activities co-organized
- ○ Regular Communication
- ● Survey

● Yearly ◐ Half-Yearly ◔ Quarterly ◷ Monthly ○ On-going

Materiality Assessment

To identify the key ESG topics relevant to the Group, we have conducted a quantitative materiality assessment by inviting a wide range of stakeholders to participate in a "Stakeholder Engagement Survey". This survey focused on a number of ESG-related topics drawn from due consideration of the Listing Rules requirements, ESG's relevance to the Group and industry benchmarks. After having the Group's management to assess the relevance of each ESG topic with regard to our businesses, we invited stakeholders to rate the importance of each of the ESG topics.

The below matrix summarized the results of 249 survey returns from stakeholders. A total of 17 ESG topics have been identified to be of importance to the Group. The results provided insight to the Group in the process of planning business development and formulating operating strategy. The Group's activities related to each material topic are illustrated in the corresponding sections.

Materiality Matrix

Ⓜ Material Topics

OUR ENVIRONMENT

Ⓜ 1. Minimizing and Recycling of Waste in Daily Operations
Ⓜ 2. Minimizing and Recycling of Food Waste
3. Minimizing Usage of Packaging Material for Finished Goods
Ⓜ 4. Energy Efficiency
Ⓜ 5. Efficient Use of Water
6. Minimizing Green-House Gas Emissions
7. Minimizing Emissions of Other Air Pollutants
8. Proper Handling of Hazardous Waste
9. Green Buildings and Facilities Investment

OUR PEOPLE

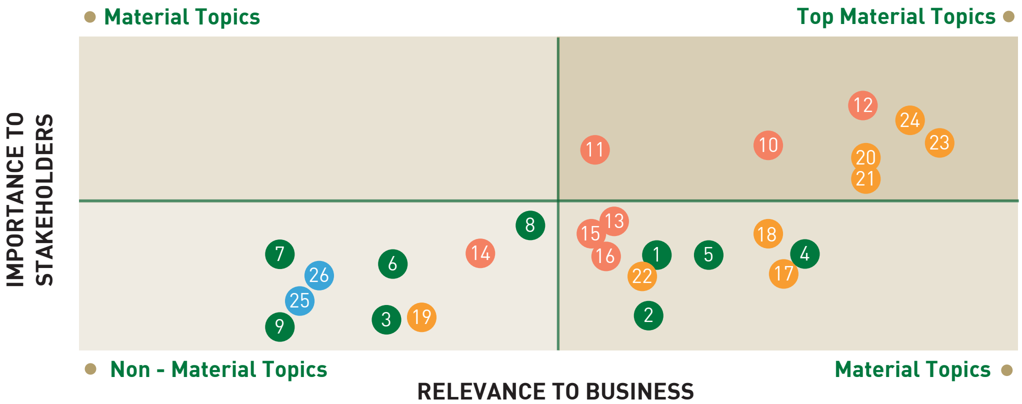
Ⓜ 10. Staff Remuneration and Benefits
Ⓜ 11. Work-life Balance
Ⓜ 12. Occupational Health and Safety
Ⓜ 13. Training and Development
Ⓜ 14. Employee Relations
Ⓜ 15. Anti-discrimination, Equal Opportunity and Diversity in Employment
Ⓜ 16. Child and Forced Labour

OUR SUPPLY CHAIN

Ⓜ 17. Ethical and Responsible Procurement Practice
Ⓜ 18. Respect and Protect Intellectual Property Rights
19. Promote Environmental Friendly Practices/Social Responsibilities to Business Partners
Ⓜ 20. Product Safety and Service Quality
Ⓜ 21. Customer Satisfaction
Ⓜ 22. Responsible Marketing
Ⓜ 23. Anti-corruption
Ⓜ 24. Data Protection and Privacy

OUR COMMUNITY

25. Community Engagement and Investment
26. Knowledge Sharing



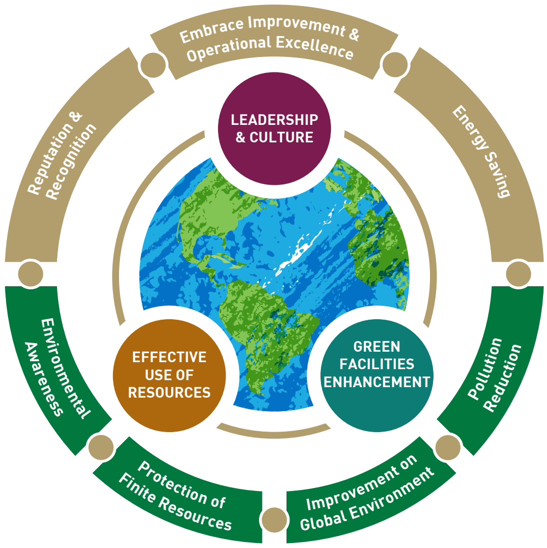
OUR ENVIRONMENT

Material Topics	**1. Minimizing and Recycling of Waste in Daily Operation** **2. Minimizing and Recycling of Food Waste** **4. Energy Efficiency** **5. Efficient Use of Water**

The Group values the importance of environmental protection and has conducted self-assessment on all business operations which may have an impact on the environment. The self-assessment includes materiality and quantity of our greenhouse gas emissions, discharge of water, generation of hazardous and non-hazardous wastes, usage of packaging material and issues identified related to climate change, etc. The self-assessment showed that the Group's business operations have no direct relationship with the production of hazardous waste but are susceptible mainly to indirect emissions of greenhouse gases and air pollutants. Our self-assessment results are consistent with those from the materiality assessment that the effective use of resources such as electricity, water and careful management of non-hazardous waste are important aspects in the Group's drive towards environmental protection. Besides, materials used and recycling of waste in daily operations such as cooking oil, paper and plastic bottles are under scrutiny. Climate change related issues have been considered in our risk management process and no major climate-related issues have a significant impact on our operations. Accordingly, the Group continues to focus on green activities to reduce energy consumption and minimize wastage, while maintaining awareness on climate-related issues.

Our Green Approach

Our green approach includes development of "Leadership and Culture", "Green Facilities Enhancement" and embeds them into our daily business operations to ensure "Effective Use of Resources". With this approach, we enhanced individual health, corporate performance and helped foster a green community. The diagram illustrates the objectives of our green approach which serve as direction for exploring, designing, implementing and participating in every green activity.



(I) Leadership & Culture

Environmental Policy

Our Group's Environmental Policy was established and approved by the Board of Directors in 2016, which applies to every stage of business operations and pertains to our people and across our supply chain. We have given due consideration to the environmental issues in our corporate decision-making process and have been recognized as a market pioneer in actively implementing effective environmental protection programmes in business operations. We continued to improve our performance in environmental protection and outperform the compliance requirements of the applicable environmental laws and standards. For the year ended 31 December 2019, there was no non-compliance case noted in relation to environmental laws and regulations that had a significant impact on the Group.

Green Committees

Two committees namely "Green Management Committee" and "Energy Management Committee" have been set up in the Asset Management Division of the Group. The committees are staffed by industry experts, who meet periodically to explore enhancement of green performance, strengthen our green practice and minimize adverse impacts to the environment from our business operations.

Employee Involvement

Besides the green tone from the top, the Group also enhances employee's awareness and commitment to environmental protection. Environmental protection training is included in our staff orientation programme. We encourage employees to pay due attention to energy saving measures and explore new ideas on energy saving while performing their duties. In addition, we post notices to remind employees to turn off air-conditioning, lighting, personal computers and electrical appliances upon leaving their office or workplace. We also share our green experience and achievements with staff via the Employee Newsletters – MiChat.

(II) Green Facilities Enhancement & Efficient Use of Resources

Energy Efficiency

Our self-assessment indicated that the major source of the Group's indirect greenhouse gas emissions was from electricity consumption in the course of providing air-conditioning and lighting to our rental properties and hotel premises. Small amounts of greenhouse gases were released through burning of towngas in kitchen operations of the hotel and food and beverage businesses and consumption of fuels from provision of car services in our travel business. In the past few years, the Group has made a wide range of investments towards reduction of greenhouse gas emissions, mainly through installation of green facilities to improve energy efficiency, and also took initiatives to implement green practices and promote green activities. The main investments and initiatives are as follows:

Electricity

Chiller Plants

Our chiller plants conversion project at our shopping mall and office building, Mira Place 1 and Mira Place Tower A, was initiated in 2012. The project converted the old chiller plants to a more energy efficient and effective central water-cooled chillers and air-cooled oil-free chillers with variable frequency inverters for air conditioning supply. A significant reduction in electricity consumption, by 38.6%, has been achieved in 2019 as compared with 2012. In addition, since 2015, we started to install more environmental-friendly R410A split-type air conditioners in our core properties to meet the Electrical & Mechanical Services Department ("EMSD") building energy efficiency requirements.

An optimization programme was implemented on the chiller plant at our hotel premises, The Mira Hong Kong, in 2016, which achieved reduction in energy consumption without compromising air-conditioning service standard. The programme included optimization with multiple chillers, variable speed pumps, condenser water temperature and chilled water supply temperature reset. We target to realize energy saving to the order of 1,040,000 kWh per annum, which represents 16.6% of the pre-optimization energy consumption.

Lighting

Another major source of electricity consumption is provision of lighting in our properties and restaurants. The Group has started retrofitting the lighting system by LED-type lighting fixtures in common areas of Mira Place 1 and Mira Place Tower A since 2012, carried out phase by phase and integrated into the Asset Enhancement Packages. Retrofit of lighting system in the carpark area and sport zone on the ground floor was completed in 2017. The whole project brought approximately 4.7% reduction in electricity consumption this year, as compared with 2012.

Other Green Facilities Enhancement in Electricity Consumption

Variable Voltage Variable Frequency ("VVVF") On-demand Controls for certain escalators in Mira Place 1 were installed in 2015 to optimize operation in different demand periods and reduce energy consumption. In addition, 2 transparent designed LED TV walls were installed at the Facade of Mira Place for advertising activities which allow natural sunlight to penetrate into the mall which greatly reduces electricity consumption for lighting. This year, the Primary Air Handling Units of HVAC system in Mira Place 1 and Mira Place Tower A were upgraded to the on-demand control models, which operate and adjust the ventilation based on carbon dioxide level detected in the areas for energy saving, while optimizing indoor air quality.

Smart Use of Facilities

Besides hardware enhancement of green facilities in our major business operations, the Group recognizes smart use of facilities is important for effective energy-saving. We have signed up the "Energy Saving Charter on Indoor Temperature" and maintained the temperature in open areas within our properties at 24°C to 26°C. We will temporarily suspend part of the lift services during non-peak hours. In Mira Moon, the chiller plant will be manually stopped when outside temperature drops below 13°C. We installed motion sensors in hotel corridors and back-of-house areas, and set timer to control outdoor signage light.

Energy Saving Measures on Facilities Enhancement

As electricity consumption is the major cause for indirect greenhouse gas emissions, we have set Key Performance Indicators ("KPIs") in our energy monitoring system to keep track of energy-saving performance. Results of the major facilities improvement after completion of installation are summarized below.

	Installations and Measures	Year of Implementation	Target Achievement (kWh) (No. of Years)	Saving Achieved in 2019 (kWh)	% of Achievement VS Target since Implementation
	Chiller Improvement Programme				
a	Central water-cooled chillers in Mira Place 1 and Mira Place Tower A	2015	23.95M (5 yrs)	8.29M	167.62%
b	Central air-cooled oil-free chillers in Mira Place 1	2015	5.15M (5 yrs)	1.03M	97.13%
c	Chiller Plant Optimization Programme in The Mira Hong Kong	2016	1.04M (per annum)	1.03M	99%
	Lighting Improvement Programme				
d	Replace the 50W halogen lamps by 7W LED lamps in Mira Place Tower A	2016	867,600 (5 yrs)	173,520	71.67%
e	Remove 50W halogen lamps, 1200mm and 600mm T5 decorative florescent tubes and 1200mm T8 florescent tubes in ceiling recessed light fittings in Mira Place Tower A	2016	592,200 (5 yrs)	118,440	71.67%
f	LED lighting systems for Asset Enhancement Package A & B Projects in Mira Place 1	2014/2015	992,000 (5 yrs)	198,400	94.80%
g	LED lighting systems for Asset Enhancement Package C Project in Mira Place 1	2017	127,300 (5 yrs)	25,460	48.33%
h	LED lighting systems for Mira Place Carpark	2017	243,400 (5 yrs)	48,680	60.00%
i	LED lighting systems for Sport Zone in Mira Place 1	2017	865,800 (5 yrs)	173,160	51.67%
	Other Energy Saving Programme				
j	LED TV screens installed in Mira Place 1	2015/2016	111,600 (5 yrs)	22,320	81.67%
k	VVVF On-demand control for escalators in Mira Place 1	2012	96,000 (5 yrs)	19,200	141.67%

Towngas

In order to make more efficient use of towngas, our restaurants installed energy-efficient kitchen equipment, such as high-efficiency food steamers, which would save both towngas and water consumption. In addition, we also maintained regular cleaning programs on our major towngas consuming installations, such as boiler plants, to help maintain their efficiency.

Vehicle Use

The Group's travel business operates 5 vehicles[5] for passenger transportation. To avoid unnecessary vehicle use and thus increased fuel consumption, control mechanisms are in place to ensure that the vehicles are for commercial purposes only. The Group encourages employees to use public transport for travelling between offices and outlets. In addition, our hotels also provide electric limousine services to guests for eco-friendly travelling experience. In support of initiatives on roadside air quality improvement and greenhouse gas emissions reduction, several electric vehicle chargers have been installed in our carparks.

Energy Consumption

With the implementation of various energy-saving programmes and promotion of smart use of the green facilities, our Greenhouse Gas ("GHG") emissions due to electricity consumption in 2019 was 20,609 tonnes, while other small amount emissions, such as gas, diesel, unleaded petrol consumption was 3,867 tonnes. Data on our energy consumption and GHG emission are shown in the below table:

A. Energy Consumption in Hong Kong Operations

	Overall	Property Rental	Hotel & Service Apartment	Food & Beverage	Travel
Energy Consumption [6] ***(MWh)***					
Gas (incl. towngas, LPG)	14,983	N/A	9,444	5,539	N/A
Intensity	**5,006 kWh per $1M Rev**	**N/A**	**38.94 kWh per guest night**	**7.05 kWh per cover**	**N/A**
Diesel	153	1.17	N/A	N/A	152
Unleaded Petrol	104	N/A	N/A	N/A	104
Intensity	**85.92 kWh per $1M Rev**	**0.001 kWh per sq ft**	**N/A**	**N/A**	**51,194 kWh per vehicle**
Electricity	37,224	17,247	15,172	4,357	448
Intensity	**12,437 kWh per $1M Rev**	**14.64 kWh per sq ft**	**62.55 kWh per guest night**	**5.54 kWh per cover**	**15.18 kWh per sq ft**

B. GHG Emission[7] in Hong Kong Operations

	Overall	Property Rental	Hotel & Service Apartment	Food & Beverage	Travel
Direct Emission [8]					
Emission (tonnes)	3,238	193.8	1,912	1,064	67.97
Energy Indirect Emission [9]					
Emission (tonnes)	21,238	8,796	8,823	3,306	312.7
Total Emission					
Emission (tonnes)	24,476	8,990	10,735	4,370	380.7
Intensity	8,178 kg per $1M Rev	7.63 kg per sq ft	44.26 kg per guest night	5.56 kg per cover	12.9 kg per sq ft

[5] Excluded rent-out vehicle which is not managed by our operations

[6] Energy consumption of various fuel types are computed with reference to the conversion factors available from the Towngas, Electrical and Mechanical Services Department and the energy conversion calculators provided by U.S. Energy Information Administration

[7] Quantification methodology and emission factors adopted in calculating the GHG emission are referenced to Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition), 2018 Sustainability Reports of CLP, HK Electric and Towngas

[8] Direct GHG emission includes emission from backup generators, refrigerants, boilers, cookers, vehicles and offsetting from newly planted trees within our operations

[9] Indirect emission includes emission generated due to the consumption of electricity and towngas within our operations

Efficient Use of Water

Another focus towards environmental protection is efficient use of water. To minimize water consumption in our business operations, most of the public toilets in our shopping centers have been equipped with automatic sensors at the washing basins and the urinals, and dual flush system devices at the water closets. Water aerators have been installed to the shower facilities to reduce the water flow in all guest rooms in our hotels. We also installed a 1,000-litre storage tank in the basement of Mira Place Carpark to collect discarded water from the fire-fighting system for future cleaning purposes. Due to our business nature, there is no issue on sourcing water.

Water Consumption in Hong Kong Operations

	Overall	Property Rental	Hotel & Service Apartment	Food & Beverage	Travel
Consumption (m^3)	386,039	76,947	207,102	112,318	N/A[10]
Intensity	128.9 m^3 per $1M Rev	0.065 m^3 per sq ft	0.854 m^3 per guest night	0.143 m^3 per cover	N/A

Minimizing and Recycling of Waste in Daily Operations

Green Practice to Minimize Waste

We established green purchasing and practices across our business and back office operations to ease the burden to the environment. For example, we used environmental-friendly soybean ink, PEFC certified paper and eco-friendly cleaning chemicals, and set 2-sided black-&-white printing by default. We also maximized use of internet technology to promote paperless operations which also applied to our daily purchasing and tendering procedures. We adopted recyclable and renewable materials and other green alternatives in our operations, such as sourcing sustainable seafood products provided by suppliers operating green fish farming, and paper straws and paper takeaway bags without lamination for our restaurants.

Waste Recycling

Recycling bins are provided at Mira Place Tower A, Mira Place 1 & 2 and The Mira Hong Kong for collecting paper, plastics, aluminum cans, glass containers, used soap and amenity bottles from guest rooms for recycling. We also joined the Christmas and Peach Blossom Trees Recycling Programmes organized by Environment Protection Department. Licensed recycler is engaged to manage the electronic waste generated in the operations. The service has been further extended to our tenants of Mira Place Tower A, Mira Place 1 & 2 in early 2020 to promote proper treatment of electronic waste and turning waste to resource.

Cooking Oil

We have appointed a contractor with international sustainability and carbon certification to handle used cooking-oil in our hotels and restaurants. As a socially-responsible landlord, we encouraged the Food and Beverage (''F&B'') tenants in our shopping mall to participate in such recycling programme. The appointed contractor can recycle the used cooking-oil into biodiesel vehicle/industrial fuel at its plant. During 2019, 24,795L of used cooking-oil has been collected.

Food Wastage

Two food decomposer machines were installed in Mira Place 1 for handling food waste collected from F&B tenants and staff canteen. The decomposers use water and heat to biodegrade leftover food and turn the solidified leftovers into nutrient-rich water that can be disposed or diluted for use on lawns and flowerbeds. During 2019, 821,902kg of food waste has been handled.

[10] Our travel business operates in leased office premises in Hong Kong of which the water usage was very minimal and its supply was controlled by the respective building management, thus the water consumption data is not available

Recycling Statistics on our Hong Kong Operations in 2019 are summarized below.

Green Recognition

Our efforts at environmental protection have been highly recognized by various professional bodies, institutions and government bodies. ISO14001 certification has been accredited to Mira Place Tower A, Mira Place 1 & 2 and The Mira Hong Kong for successful implementation of environmental management system, which demand environmental-friendly considerations on products and services. In the past few years, Miramar Group has been honored with several green-related awards and certificates, which include various green awards from Environmental Protection Department, Green Council, Hong Kong Quality Assurance Agency, CLP Power Hong Kong Limited, HK Q-Mark Council Federation, Federation of HK Industries, HK Institute of Facility Management, Chartered Association of Building Engineers and Friends of the Earth etc. In 2017, the Group has been awarded the honor as among the "Top Green Companies in Asia" at the Asia Corporate Excellence & Sustainability Awards organized by MORS Group, which champions revolutionary leadership and sustainability in companies operating in the Asian region. This year, the Group has been awarded with the "3 years+ EcoPioneer" in "BOCHK Corporate Environmental Leadership Award 2018" to further recognize our effort at environmental protection.

OUR PEOPLE

Top Material Topics	**10. Staff Remuneration and Benefits** **11. Work-life Balance** **12. Occupational Health and Safety**
Material Topics	**13. Training and Development** **15. Anti-discrimination, Equal Opportunity and Diversity in Employment** **16. Child and Forced Labour**

The Group values employees as our most precious asset and is committed to providing all employees with a safe, healthy, equal-opportunity and non-discriminatory working environment. We are an "Equal Opportunity Employer". We value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism in all our employees in a coordinated effort to achieve our Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner and provide continuous-learning environment and opportunities to our employees at all levels to help them grow and excel in productivity. There is no non-compliance case noted in relation to laws and regulations regarding employment, employee's compensation, occupational safety and health, minimum wage and anti-discrimination that had a significant impact on the Group for the year ended 31 December 2019.

(I) Employment, Remuneration and Benefits

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

We have established strict compliance controls over the requirements under the labour law including prevention of use of child and forced labour and extended such expectations to our supply chain. As such, we check the identity of every applicant in the recruitment process, perform job reference checking, and staff remuneration and benefits are clearly delineated to the applicant before signing the employment contract. A set of policies and procedures of human resource matters has been well developed without ambiguity. Internal audit regularly reviews the established controls for further improvement, and rectification action will be taken immediately if any deficiency is identified.

The Group is honored to be the recipient of the "10 Years Plus Caring Company" award from The Hong Kong Council of Social Service and "Certificate of the Good Employer Charter" from Labour Department.

(II) Anti-discrimination, Equal Opportunity and Diversity

The Group is staffed by a diverse group of employees, who provide us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but are not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Group ensures equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices. In protecting our employees from unfair or discriminative treatment, sexual harassment or any other sort of abuse, we have established policies and procedures and whistleblowing channels for employees to direct any grievances, which will be appropriately handled in a timely manner.

Hong Kong Employee Statistics as of 31 December 2019

A. Number of Employees by Gender, Age Group, Employment Type and Employee Category

	Overall	Corporate	Property Rental	Hotel & Service Apartment	Food & Beverage	Travel
Staff Number	1,507	149	113	585	293	367
By Gender						
Male	820	62	85	313	180	180
Female	687	87	28	272	113	187
By Age Group						
Below 30	300	30	13	124	39	94
30 to 50	764	82	63	284	122	213
Over 50	443	37	37	177	132	60
By Employment Type						
Full Time	1,502	149	113	585	288	367
Part Time	5	0	0	0	5	0
By Employee Category						
Senior Managerial/Executives	55	19	4	5	2	25
Middle Management	180	40	16	65	26	33
Supervisory & General	1,272	90	93	515	265	309

B. Number of Employees & Turnover Rate by Gender and Age Group per Employee Category

	Overall	By Gender		By Age Group		
		Male	Female	Below 30	30-50	Over 50
Senior Managerial/Executives	55	28	27	0	23	32
Middle Management	180	105	75	6	126	48
Supervisory & General	1,272	687	585	294	615	363
Total Number of Employees	1,507	820	687	300	764	443
Turnover Rate	21.3%	18.9%	24.0%	32.6%	20.0%	15.5%

(III) Occupational Health and Safety

We place the health and safety of our employees at the topmost priority of concern. A Hygiene & Health Safety Team has been formed to promote training to staff on hygiene and occupational safety awareness. All relevant staff is encouraged to take Occupational Health and Safety and First Aid courses. As of December 2019, there are 32 staff members with valid First Aid Certificate working in different outlets. First aid arrangement at different workplaces is well established in accordance to legal requirements and is regularly inspected by our Hygiene & Safety Team. Standard Operating Procedures for prevention and handling of work injury have been established and communicated to staff as well. In response to the outbreaks of novel infectious disease in Hong Kong, a series of preventive measures were established at different business operations to protect our employees and stakeholders. These measures include summarizing government health recommendations for staff to increase their hygiene awareness, providing adequate personal protection equipment for frontline staff, increasing the frequency of workplace cleaning services, arranging team A/B alternative home office and developing procedures for suspicious case reporting and emergency responses. During the reporting year, 47 work injury cases accounting for 1,445 lost work-days were reported. There are no serious or fatal work injuries in the past 3 years.

We strive to provide a safe and secure workplace for our employees so as to maintain low incident rate at work through improving our work process, facilities, equipment and systems. For example in our F&B outlets and Hotel premises, we have provided or sponsored our staff with appropriate personal protective equipment such as cut-resistant gloves and slip-resistant shoes, and also paved kitchen floors with anti-slip strips, so as to prevent one of the most common accidents in F&B industry. Internal communication channel was also established for reporting safety non-conformity and sharing safety-related news. In addition, investigation and rectification would be conducted immediately for any incident of injury at workplace in an effort to avoid recurrence. This year, The Mira Hong Kong has been honored with the "Group Safety Performance Category - Silver Award" in the Catering Industry Safety Award Scheme for recognition of our effort at building a safe and healthy working environment.

(IV) Staff Training and Development

The Group offers comprehensive learning and development roadmaps for employees to advance their career achievements within the Group. These include provision of in-house and external training programmes in various aspects, such as professional and technical skills, industry knowledge, customer services, green practices, new laws and regulations, etc. We also offer sponsorship to encourage staff to pursue continuing education. This year, due to the frequent occurrence of social activities in Hong Kong, a series of risk and crisis management training has been provided to staff for emergency responses, which reinforced the Group's crisis management mechanism.

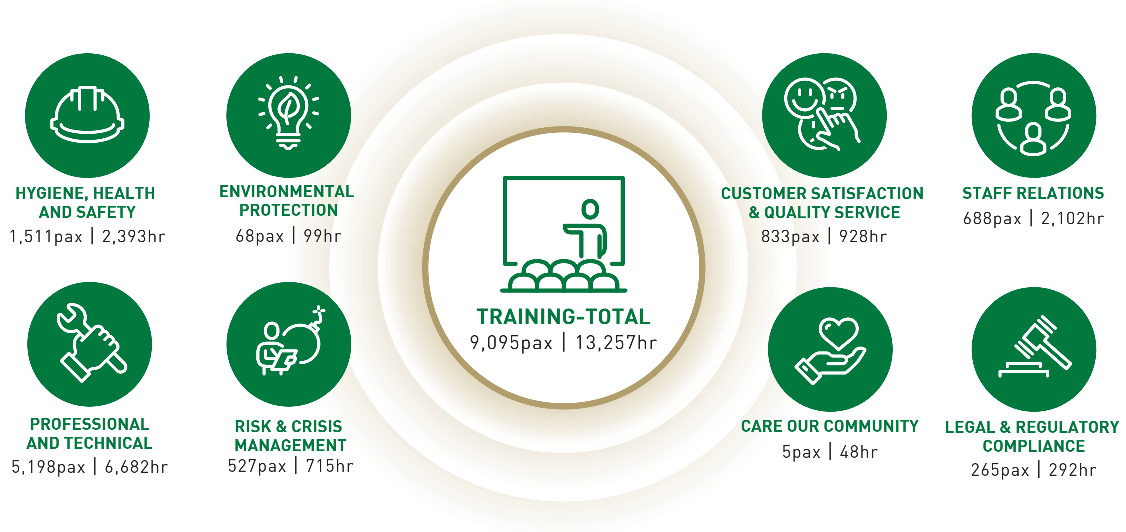
We support our staff to gain industrial recognition and share skills through various activities. During the year, the Group supported the security manager and one of our pastry chefs of The Mira Hong Kong to participate in industrial competitions and won the "Supervisor Award" in the Catering Industry Safety Award Scheme and the "Silver Award" in the "Young Pastry Chefs Chocolate Cake (Working Section)" of the Hong Kong International Culinary Classic 2019 Competition respectively.

Hong Kong Staff Training Statistics in 2019

A. Ratio of Staff Trained,Total Attendance and Average Training Hours by Gender and Employee Category

	Overall	By Gender		By Employee Category		
		Male	Female	Supervisory & General	Middle Management	Senior Managerial/ Executives
Ratio of Staff Trained (As of 31/12/19)	58%	57%	59%	56%	73%	42%
Total Attendance (pax)	9,095	4,644	4,451	8,161	853	81
Average Training Hours (hr)	8.8	8.05	9.69	9.15	8.01	3.31

B. Total Attendance and Total Training Hours per Training Topics



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

(V) Work-life Balance

We encourage and support our staff to develop personal hobbies and interests outside of work to achieve work-life balance. The Group provides staff with free sports and recreational facilities such as snooker and cycling machine in leisure rooms and pantry, and also free booking of sport venues for maintaining healthy lifestyle in office and outside office. During the year, the Group organized several interactive DIY workshops to provide opportunities for our staff to put aside their work and have fun with their colleagues to create their own products such as natural lip balm, plant in a jar and CNY ornaments. In addition, The Mira Hong Kong organized a talent quest "Mira's Got Talent", during which 9 participating units put on their best performance in an entertaining afternoon.

We understand that work-life balance is important to every employee, especially for employee with family responsibilities. In addition to the statutory requirements for maternity leave and paternity leave, the Group also provides employees with marriage and compassionate holiday. In addition, a nursing room is available in the workplace to support breastfeeding for working mothers. The Group has been honored as "Family-Friendly Employers 2017/18" and granted "Awards for Breastfeeding Support 2017/18" from the Family Council for the recognition of our effort at building a family-friendly working environment.

(VI) Employee Relations

We care about employees and aim to build a positive and caring atmosphere in the workplace. The Group has continued to offer a wide range of employee activities to build morale and team spirit, such as monthly team gathering for birthday celebrations, team building activities, and annual snake feast. We value the voices from our staff and have established various communication channels to encourage open communication at all levels. For instance, we have established a CEO channel for staff to directly express their opinions to the Chairman and CEO. In addition, management has regularly reached out to the frontline staff to have better understanding of their working environment so as to provide appropriate support.

OUR SUPPLY CHAIN

Top Material Topics	**20. Product Safety and Service Quality** **21. Customer Satisfaction** **23. Anti-corruption** **24. Data Protection and Privacy**
Material Topics	**17. Ethical and Responsible Procurement Practice** **18. Respect and Protect Intellectual Property Rights** **22. Responsible Marketing**

The Group places importance on green purchases and emphasizes local procurement wherever possible to support local businesses and reduce carbon emissions associated with transport and shipping. In 2019, local purchase accounted for over 98% of our total purchasing amount and the geographical distribution of the active suppliers is described below.

Region	Hong Kong	United States	Mainland & Macau	Singapore	Others	**Total**
No. of Active Suppliers (%)	1,372 (96.6%)	21 (1.5%)	8 (0.6%)	5 (0.3%)	15 (1%)	**1,421 (100%)**[11]

Our supply chain management is effective at helping maintain high-standard compliance with legal and regulatory requirements. Supported by our risk management system, environmental and social risks along the supply chain, such as risks related to indirect emission associated with shipping, food safety, data privacy and corruption, are comprehensively identified, regularly assessed, properly managed and monitored throughout the process. Our social, environmental and occupational health and safety standards are clearly stipulated in our vendor registration and tendering processes in which only qualified vendors are invited in every procurement exercise. These processes are independently reviewed and monitored to ensure that procurement activities are conducted in accordance with the Group's requirements. Besides, terms in every contract are stipulated with compliance requirements with relevant local legislation, such as minimum wage ordinance, environmental-related ordinances, competition law and labour law. Should any contractor or supplier be found in any serious non-compliance, they will be removed from the registered vendor list.

Product Safety and Service Quality

(I) Food Safety in F&B Business

The Group has hired professional hygiene teams to ensure food safety in our F&B operations. Our food hygiene control system is applied throughout the processes from food purchases to production, from preservation to catering. All food vendors are prequalified with assessment of high level of hygiene standard. Standard hygiene inspection procedures are also applicable to food receiving procedures, regular on-site hygiene inspection and regular supplier audits. Immediate rectification is requested when irregularity is identified. Recall procedures have been established to deal with food products with hygiene related matters identified through customer complaints or our independent hygiene investigation. Our hygiene team is responsible for daily monitoring of food safety alerts raised by the Centre for Food Safety. If any ingredients of our food products are proved contaminated by the Centre for Food Safety, we will

[11] All vendors must have gone through our procurement process which centrally handled by Group Procurement Department

immediately stop using it and would recall the food products and destroyed it. During the reporting period, the Group did not have any major incident of food recall due to food safety issue nor did it find any non-compliance case in relation to food safety laws and regulations that had a significant impact on the Group.

In addition, the Group has taken further steps to provide customers with a healthy diet. Since early 2019, we have responded to the "Less Salt Less Sugar Campaign" organized by the Food and Health Bureau and designed a series of delicious and healthy dishes with more than 70% reduction in salt or sugar in our selected restaurants.

(II) Quality Services in Property Management

The Group follows the ISO9001 and ISO14001 standards to ensure quality property management services in our office building and shopping malls. Key service providers in such services as cleansing, water supply and sewerage maintenance are required to adhere to our standards as stipulated in contract. We strive to provide excellent environment to our tenants and customers. Since 2013, we have been identified with "Good Class" for the shopping mall and "Excellent Class" for office tower in "Indoor Air Quality Certification Scheme" by Environmental Protection Department.

Customer Satisfaction and Quality Controls

The Group strives to offer premium quality services and goods to customers and we believe that customer satisfaction and comments are of paramount importance to business success and sustainability. This entails our maintaining stringent product safety standards and a focus on health and safety issues in operations. A wide range of feedback channels, such as mobile app, social media and comment cards, are established to invite comments from our stakeholders. Any complaint received will be handled by corresponding teams for following up, and all comments are analyzed for ways to further improvement.

To enhance customer satisfaction, the Group uses advanced technology to uplift our service quality. Such technological facilitations include a Mira Place mobile app to provide visitors up-to-date information about events and promotions in our malls, a virtual tour in the hotel website offering guests a 360° view of the hotel rooms and facilities, and a mobile app in our travel business offering customers an integrated platform experience for search, application and e-payment. This year, we are honored to receive the "Smart Mobility (Smart Transportation) Silver Award" in the Hong Kong ICT Award organized by the Innovation and Technology Bureau of the Hong Kong Government. In addition, "Best Retail Innovation (Application) Award – Market Potential & Performance" has been presented by the Hong Kong Retail Technology Industry Association for the launch of Hong Kong's first innovative e-parking service at Mira Place. With Internet of Things ("IoT") technology, the e-PARKING in Mira Place App simplifies parking process with a few clicks to perform parking reservation, parking navigation, search for parked car location and online payment.

Anti-corruption and Responsible Business Practice

(I) Ethical Procurement & Marketing Practice

As a responsible corporation, the Group is committed to achieving the highest level of business ethics with due consideration for the impact of our business activities on our customers, business partners, society and the environment.

In our procurement process, we have established a fair vendor selection system through the vendor prequalification, competitive quotation and tendering processes, which covered assessment on company background, financial capability, skill set, necessary license, past performance, industrial experience and price comparison. Monitoring controls are in place to oversee the quality of their services and products, through performance review, complaint log, warning system, license validity checking and deregistration mechanism.

In our sales and marketing process, we stand up for the highest integrity in promoting and advertising our products and services in ways that do not mislead our consumers. As such we have developed policies to ensure that menus in our restaurants should accurately reflect the actual products used. Nutrition labels for prepackaged food products will also be tested by accredited laboratory registered under Hong Kong Laboratory Accreditation Scheme ("HKOLAS") so as to ensure the food products correspond with the declared values on the nutrition labels. During the reporting period, there was no confirmed case of non-compliance with any laws and regulations in relation to advertising and labelling, such as trade description ordinance.

(II) Intellectual Property Rights

We respect intellectual property and work hard to protect ours, while taking a variety of control measures to avoid unintentionally infringing the intellectual property rights of others. We review registration of trademarks and domains during the business development stage and register our own trademarks and domains to protect our business interest. All our registered trademarks and domains are maintained in a log for regular review and renewal. Protection terms of our intellectual property are included in our contract with our business partners. Also, use of all copyrighted assets, such as songs, artworks, photos, software, would be supported by valid agreement or license subscriptions. System restriction is also set up to prevent unauthorized installation of pirated software in company's computers. During the reporting period, there was no confirmed case of non-compliance with any laws and regulations in relation to intellectual property rights, such as trade mark ordinance, copyright ordinance, patents ordinance.

(III) Anti-corruption

We strive to uphold the highest standard of business ethics and integrity. We do not tolerate any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. Expected professional conduct at the workplace is outlined in the Group's Code of Conduct, which requires all employees to abide by anticorruption regulations in Hong Kong. The Code of Conduct also lays down rules against soliciting or accepting any unfair advantages. Risk assessment on and controls against corruption and malpractice are always included in the risk management processes while we always ensure sufficient segregation of duties in the design of sales and procurement approval processes. In addition, we provide regular trainings to business directors and staff regarding anti-corruption practice, which we work with the Independent Commission Against Corruption ("ICAC") to hold anti-corruption courses for key staff to further enhance their understanding of various issues of anti-corruption drives, and integrate relevant practices into our daily operations.

Whistleblowing Policy and Procedures have been established since 2013. It encourages employees to directly bring to the attention of senior management and/or Director of Audit, Risk Management & Corporate Services for any malpractice, non-compliance, criminal offence and other material matters in operations. The escalated matters to management are assured of confidentiality and the employee will be protected from being disciplined if nothing improper is found after investigation. During the reporting period, there was no confirmed case of corruption and non-compliance with any rules and regulations as regards anti-corruption such as the Prevention of Bribery Ordinance.

(IV) Data Protection and Privacy

The Group is committed to protecting private data of employees and customers and ensuring their legal right to privacy. Control procedures were established to ensure compliance with the requirements of relevant laws and regulations, such as of Personal Data (Privacy) Ordinance and General Data Protection Regulations. Information collected from job applicants will be kept for only 6 months with their consent. Information collected from our sales and promotional activities is used only for business development and customer relationship management purposes, with customers being provided the choice of opting out of any direct marketing messages. All collected personal data are treated as confidential and kept securely, accessible by designated staff only. During the reporting period, there was no substantiated complaint received concerning breaches of customer privacy and losses of customer data.

(V) Legal and Regulatory Compliance

The Group is committed to achieving high standard of professional ethics, good corporate governance and compliance with all applicable rules and regulations in conducting businesses. We have established effective risk management and internal control processes to identify and manage new legal and regulatory requirements. Major risks and internal controls in regard to business, financial, legal and regulatory compliance are periodically reviewed and assessed. We integrate our control and risk mitigation measures into our daily operations through policies and procedures.

OUR COMMUNITY

Material Topics	**No Material Topics identified in this Aspect**

The Group has been actively assuming corporate social responsibility. We bring together knowledge, resources, experience and effort of our employees, business partners and community organizations to nurture the next generation, promote a harmonious community and care for our environment.

(I) Nurturing the Next Generation

The development of the next generation is important to our future. We continue to invest our time, knowledge, and resources to partner with different educational and creative institutions to provide opportunities for our next generation to develop their interests and potential.

Career Development

Our Hotels have continued to organize career fairs, career seminars and hotel visits so as to share work experiences with students and interested parties. We have also arranged internship programs for local and overseas students to provide them with the opportunities to acquire knowledge and learn practical skills in the hospitality industry. In 2019, we offered 37 internships and arranged hotel visits for 63 visitors. Moreover, Mira Dining has partnered with the Salvation Army Education and Development Centre to deliver a mentoring program providing a series of pre-service orientation courses and 3-month full-time employment supported by assigned experienced mentors from our restaurants, which helped to develop the industrial knowledge and skillsets of the mentees and enhance their confidence and competitiveness. Furthermore, Mira Place sponsored the venue for the Flag Presentation Ceremony for the Hong Kong Delegation to The WorldSkills Competition 2019, which is hailed as the "Skill Olympics", to support promoting the essence and benefit of vocational and professional education and training.

Platform for Creativity

Mira Place has continued to support local creativity by providing performance platform in our shopping malls. Same as previous years, we organized "Gimme LiVe Music Festival" and "MIRAcle Voice" which provided a good arena for young singers to show their talents. This year, as one of the landmarks in Tsim Sha Tsui district, Mira Place sponsored venue for winning work exhibition of "Create Your District Competition – TST" to encourage students demonstrating their creativity of designing an ideal community. We also sponsored the prize presentation ceremony and winning work exhibition for "Through the Eyes of Van Gogh Drawing Competition", which was organized by Asian Pacific Arts and Creativity Education Exchange Association, to assist the creative students to showcase their talents to the public.

(II) Promoting Harmonious Community

The Group cares for vulnerable and minority groups and recognizes that understanding their needs is important to providing better help for them. We maintain long-term relationship with various charity bodies and support their efforts by donation, sponsorship, providing venue for free or at discounted rates and partnering with various community groups to organize activities to help people in need.

Expressing our Care

This year, our volunteer team continued working with Hong Chi Association to visit Hong Chi District Support Centre for the Mid-Autumn Festival celebration. Our team had spent a memorable afternoon with around 20 students with intellectual disabilities and their families. In addition, we have continued to arrange hotel visit for students from low-income families through Sheng Kung Hui Holy Carpenter Church, aiming to provide them with precious exposure outside of the classroom.

Connecting People through Music

We believe music is a universal language connecting people across cultural and linguistic boundaries. This year, The Mira Hong Kong sponsored hotel rooms for overseas performers of the True Colors Symphony coming to Hong Kong for their first concert performance. True Colors Symphony is organized under the project of PMA Music Foundation, which draws world-wide talented musicians with different ages, with or without physical and intellectual disabilities, to practice and perform classic music together. It aims to promote senses of acceptance and social harmony. Moreover, Mira Place joined hands with the selected pop-up stores to donate part of the proceeds in supporting the work of WATOTO, a charitable organization set up to help orphans and vulnerable women in Africa. The WATOTO Children's Choir also shared their stories through their performance of dance and songs in Mira Place during the Christmas time.

Supporting & Participation in Charity and Community Activities

In 2019, our staff continued to participate in Red Cross Blood Donation Day, ORBIS World Sight Day and Community Chest Dress Casual Day. Moreover, Mira Place partnered with Citistore to host the "Secret PetGarden" pop-up store to raise public awareness to animal rights, and supported the dog adoption programme organized by "House of Joy and Mercy".

(III) Care of Environment

We value the importance of environmental protection and strives to minimize undesirable impact of the environment on the community's well-being. We are constantly involved in various activities organized by different environmental organizations.

Take Actions

Since 2013, our hotels have been collaborating with Food Angel and Foodlink Foundation to donate leftover food to people in need. In 2019, we have donated over 2,532kg of leftover food to Food Angel and Foodlink Foundation. Same as last year, our staff has participated in Meal Boxes Preparation Volunteering Activity at Central Kitchen of Food Angel by Bo Charity Foundation, promoting the virtue of treasuring food and reducing food waste. Mira Dining has supported the mooncake collection campaign hosted by FOOD-CO since 2017 and further joined the New Year Pudding donation campaign this year to echo the culture of "Save & Share", a total of 150 coconut cream puddings and 350 pieces of mooncakes was donated to 3 charity organizations lined up by FOOD-CO.

Take the Leadership

We have continuously engaged in various campaigns organized by different environmental protection organizations such as Earth Hour of WWF, Hong Kong No Air-Con Night of Green Sense, and Green Power Hike of Green Power to promote environmental conservation.

In 2019, Mira Place promoted the "Used Book Recycling Campaign" organized by World Vision and collected 309 books for donation to its charity book sale. By recycling the used books, we also shared joy and knowledge to the others. In addition, the Group has organized workshops to share practical tips on living out green concepts in daily life, such as DIY workshops for making CNY ornaments with the used red pockets, to inspire and develop green living style of the staff.

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Biographical Details of Directors

Mr LEE Ka Shing, JP

Aged 48. Mr Lee was appointed director of the Company in 2004 and has been actively involved in formulating the Group's corporate development strategies and directions. On 1 August 2006, he was appointed as Managing Director of the Company, with the title changed to Chief Executive Officer on 7 June 2012. On 12 June 2014, Mr Lee was re-designated as the Chairman and Chief Executive Officer and was also appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. He has been in charge of corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. He was educated in Canada. He is the Chairman and Managing Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited ("Henderson Investment"), the Chairman of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is also a Vice Chairman of Henderson Development Limited ("Henderson Development") and a director of Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer"). Mr Lee is a Committee Member of the 13th Beijing Committee of the Chinese People's Political Consultative Conference. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2017. He is a member of The Court of The Hong Kong Polytechnic University. Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2019. He is also a director of certain subsidiaries of the Company. Mr Lee is the son of Dr Lee Shau Kee, a substantial shareholder of the Company.

Dr David SIN Wai Kin, DSSc (Hon)

Aged 90. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Dr Sin has a plenitude of experience in the businesses of jewelry, property development, property rental, hotel operation, and banking and finance. He is the Chairman of Myer Jewelry Manufacturer Limited. He is also a director of certain subsidiaries of the Company.

Dr Patrick FUNG Yuk Bun

Aged 72. Dr Fung was appointed director of the Company in 1985. He is currently a member of the Audit Committee of the Company. He obtained his MBA degree from the University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) in 1976 and was appointed a director of the Bank in 1980, Chief Executive in 1992, and then Chairman and Chief Executive in April 1996. Dr Fung is currently the Chairman of OCBC Wing Hang Bank Limited. Dr Fung was appointed as a non-executive director of King Fook Holdings Limited on 4 May 2016 and was re-designated as an executive director on 25 November 2016.

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

Mr Dominic CHENG Ka On

Aged 70. Mr Cheng was appointed director of the Company in 1985. He is currently also a member of the Audit Committee of the Company and serves as director of certain subsidiaries of the Company. Mr Cheng has extensive practical experience in corporate management and is also the Managing Director of the Onflo International Group of Companies. He previously served as an executive director of King Fook Holdings Limited, a listed company, until his resignation on 30 March 2017.

Mr Richard TANG Yat Sun, SBS, JP, MBA

Aged 67. Mr Tang was appointed director of the Company in 1986. He is an MBA graduate from the University of Santa Clara, California, U.S.A., and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, U.S.A. He was an independent non-executive director of Hang Seng Bank Limited until his retirement on 10 May 2018. Mr Tang is currently the Chairman and Managing Director of Richcom Company Limited, the Chairman of King Fook Holdings Limited, an independent non-executive director of Wheelock and Company Limited and a director of various private business enterprises. He is an advisor of Tang Shiu Kin and Ho Tim Charitable Fund and a Steward of The Hong Kong Jockey Club. He is also a director of certain subsidiaries of the Company.

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

Aged 68. Dr Lam was appointed director of the Company in 1993. He holds a Bachelor of Science (Honours) degree from The University of Hong Kong and has over 46 years' experience in banking and property development. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research and a director of Fudan University Education Development Foundation. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015. Dr Lam was also appointed as an honorary Court member of Hong Kong Baptist University in 2020. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr Lam is the Chairman of Hong Kong Ferry (Holdings) Company Limited, the Vice Chairman of Henderson Land and Henderson Investment as well as a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Dr Lam was awarded the Silver Bauhinia Star (SBS) by the Government of the Hong Kong Special Administrative Region in 2017. Dr Lam is a director of Henderson Development, Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2019. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 73. Mr Lau was appointed director of the Company in 1996. He has over 50 years' experience in banking, finance and investment. He is also an executive director of Henderson Land as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, both of which are listed companies. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2019. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, BA, ACA, FCPA

Aged 64. Mr Ho was appointed director of the Company in 1998. He is a member of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Hong Kong Institute of Certified Public Accountants. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 37 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 63. Mr Yeung was appointed director of the Company in 2000 and was re-designated as independent non-executive director of the Company in December 2012. He has extensive experience in the businesses of property development, hotel operation and jewelry. He is also an independent non-executive director of New World Development Company Limited.

Mr Thomas LIANG Cheung Biu, BA, MBA

Aged 73. Mr Liang was appointed director of the Company in 2004 and was re-designated as independent non-executive director of the Company in December 2012. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from Columbia University. Mr Liang has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Mr Liang is a member of the Council of The Chinese University of Hong Kong with effect from 15 April 2015 and is a member of the Board of Governors, The Hang Seng University of Hong Kong with effect from 16 November 2015. He is also a Director and Group Chief Executive of Wideland Investors Limited, a member of the Board of Trustees of Wei Lun Foundation Limited and an independent non-executive director of New World Development Company Limited.

Mr WU King Cheong, BBS, JP

Aged 69. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an independent non-executive director of Henderson Land, Henderson Investment, Hong Kong Ferry (Holdings) Company Limited and Yau Lee Holdings Limited, all of which are listed companies. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2019.

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

Aged 73. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Mr Au was an executive director and the Chief Financial Officer of Henderson Land, a listed company, from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a non-executive director of Henderson Land on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an independent non-executive director of Henderson Land until his retirement on 2 June 2015. Since 13 December 2018, Mr Au has been appointed as an independent non-executive director of Henderson Land and a member of the Audit Committee and the Corporate Governance Committee of Henderson Land. He has also been appointed as a member of the Nomination Committee and the Remuneration Committee of Henderson Land since 28 May 2019. He was an independent non-executive director of The Wharf (Holdings) Limited until his resignation on 23 November 2017. Currently, Mr Au is an independent non-executive director of Henderson Investment and Wharf Real Estate Investment Company Limited. He is also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, a listed company. He is the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of Henderson Land, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2019.

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

Aged 68. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th, 12th and 13th Chinese People's Political Consultative Conference. He is a Pro-Chancellor of the City University of Hong Kong. Currently, Dr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Glorious Sun Enterprises Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited and Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd., all of which are listed on The Stock Exchange of Hong Kong Limited. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited and China State Construction Engineering Corporation Limited (both listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of Henderson Land and China Construction Bank Corporation, both are listed companies, until 2 June 2016 and 21 June 2019 respectively.

Biographical Details of Senior Management

Mr Alexis WONG Lit Chor

Aged 61. Mr Wong joined the Group in May 2016 as Deputy Chief Executive Officer. He holds a Bachelor of Arts Degree in Economics and Commerce from the University of Toronto, Canada and a Master of Business Administration from The Chinese University of Hong Kong. With over 30 years of corporate management experience, he is proficient in securities dealing, corporate finance, banking, investment management as well as merger and acquisition. Prior to joining the Group, he was the Managing Director and Responsible Officer of China Tonghai Securities Company Limited. He had also worked as a senior executive for a number of listed Hong Kong and PRC companies. Mr Wong is an independent non-executive director of Inspur International Limited which is listed on the Main Board of The Stock Exchange of Hong Kong.

Mr Dickson LAI Ho Man

Aged 46. Mr Lai joined the Group in September 2016 as Director of Group Finance and was appointed as joint company secretary in June 2018. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He holds a Bachelor of Arts Degree in Accountancy from the Hong Kong Polytechnic University and a Master of Business Administration from University of Birmingham. Mr Lai has over 20 years of experience in auditing, finance, accounting as well as financial management. He began his career with auditing in KPMG Hong Kong. Prior to joining the Group, he was the Chief Financial Officer and Company Secretary of Bi Feng Tang (Group) Holdings Limited. He also worked as a senior executive for a number of listed and private Hong Kong and PRC companies, including the Hosa International Limited, CITIC Pacific Group, Kerry Beverage Group and AsiaAlum Group, etc.

Mr Clement WU Kim Man

Aged 51. Mr Wu joined the Group in November 2012 as Business Unit Head of Asset Management. He is a Registered Professional Surveyor and Authorized Person in Hong Kong, and holds a Master of Business Administration (Financial Services) from The Hong Kong Polytechnic University. He is also a Member of the Chartered Institute of Arbitrators in U.K., a Panel Member of Appeal Tribunal (Buildings) in Hong Kong and a Registered BEAM Professional of Hong Kong Green Building Council. Mr Wu has over 20 years of experience in the property and construction industry with expertise in asset enhancement and management. Prior to joining the Group, Mr Wu was the General Manager (Project and Planning Department) of The Link Management Limited.

Mr Alexander Otto WASSERMANN

Aged 47. Mr Wassermann joined the Group in October 2019 as Business Unit Head of Hotels and Serviced Apartments. Mr Wassermann is a seasoned hotelier with over 20 years of international experience in the hospitality industry spanning Germany, Middle East, United States, China and Hong Kong. He has held senior management roles for luxury hotel groups worldwide including Hilton Hotels & Resorts, Mövenpick Hotels & Resorts and InterContinental Hotels Group. Prior to joining the Group, he was the General Manager in InterContinental Grand Stanford Hong Kong.

Mr Eric CHAN Kin Wai

Aged 47. Mr Chan joined the Group in December 2019 as Director of Food & Beverage of Group Food & Beverage Business Unit. Mr Chan has more than 30 years of experience in food & beverage industry with expertise in leading and managing food & beverage operations, including Crystal Jade Culinary Concepts and Lan Kwai Fong Group. Prior to joining the Group, he was Deputy General Manager (Operations) in Kabushikigaisha Group.

Ms Liza LEUNG Ka May

Aged 57. Ms Leung joined the Group in May 2006 as Director of Human Resources of Administration, Miramar Travel. She is the Acting Director, Group Human Resources & Administration. Ms Leung is a member of the Hong Kong Institute of Human Resource Management ("IHRM"), she has nearly 30 years of experience in human resources and administration in the Greater China Region. Her past duties included a full spectrum of functions covering human resources management, training and development, and general administration. Prior to joining the Group, she held senior management positions in recognized companies focusing on travel, hotels, securities and retail, etc.

Mr Anthony HO Wai Cheong

Aged 50. Mr Ho joined the Group in December 2012 as Director of Group Information Technology. He holds a Bachelor's Degree in Computer Engineering and a Master of Business Administration from The University of Hong Kong. Mr Ho has more than 20 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Ms Jess CHAN Wing Yan

Aged 48. Ms Chan joined the Group in September 2017 as Director of Group Marketing & Corporate Communications. She was educated in the York University, Canada and holds a Master Degree of Business Administration from the University of Adelaide, Australia. Ms Chan has over 20 years of experience in Branding and Marketing Communications of hospitality, food and beverage and entertainment production fields in Hong Kong and Macau. She had held various marketing and communications positions in reputable companies including Galaxy Entertainment Group, Epicurean Management Limited, Sir Hudson International Limited and Hard Rock Café Hong Kong. Prior to joining the Group, she was the Executive Director of Marketing Communications in Melco Crown Entertainment.

Mr Kalvin LEE Kang Hung

Aged 54. Mr Lee joined the Group in November 2016 as Assistant Director of Group Procurement. Mr Lee holds a Master Degree of Logistics and Supply Chain from University of Lancaster; he has nearly 30 years of extensive experience in procurement, logistics and supply chain in Greater China Region. Prior to joining the Group, he held management positions in recognized companies focusing on packaging industry, food manufacturing, quick service restaurant and retail, etc.

Mr Patrick CHEANG Kwok Kei

Aged 51. Mr Cheang was appointed as Director of Risk Management & Corporate Services in March 2016 and was re-designated as Director of Audit, Risk & Corporate Services since 1 January 2020. He holds a Bachelor's Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen. Mr Cheang has nearly 20 years of experience in auditing and risk management with expertise in property related areas. Prior to joining the Group, Mr Cheang worked at Link Asset Management Limited as Head of Risk Management & Compliance and Head of Internal Audit and before that, he was the Supervising Consultant (Group Audit) for Jardine Matheson Limited.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2019, with the exception of one deviation that roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. Mr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Mr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

Board of Directors

The Board of Directors (the "Board") currently comprises thirteen members, of whom five are executive directors, three non-executive directors and five independent non-executive directors, as detailed below:

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

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

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu, Dr Timpson Chung Shui Ming and Mr Howard Yeung Ping Leung are up to 31 December 2020; Dr Patrick Fung Yuk Bun up to 31 December 2021; Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee up to 31 December 2022; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

In accordance with Articles 77, 78 and 79 of the Articles of Association, Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Mr Thomas Liang Cheung Biu, Mr Wu King Cheong and Mr Alexander Au Siu Kee shall retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has considered each of them based on merit and having regard to their experience, skills and expertise (as shown in Biographical Details of Directors) as well as the company's board diversity policy and nomination policy, recommended to the Board that each of them are eligible for re-election.

The Board has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive directors are independent. Notwithstanding Mr Howard Yeung Ping Leung and Mr Thomas Liang Cheung Biu have been non-executive directors of the Company prior to their re-designation as independent non-executive directors on 6 December 2012, the Board is of the view that they are independent since they did not take part in the day-to-day management or perform any management role or executive function in the Company or any of its subsidiaries before the re-designation.

Mr Wu King Cheong has served as independent non-executive director for more than nine years. As an independent non-executive director with extensive experience and knowledge, Mr Wu has been providing objective and independent views to the Company over the years, and he remains committed to his independent role. The Nomination Committee believed that the long service of Mr Wu would not affect his exercise of independent judgement.

The Board concurs with the view and recommendation of the Nomination Committee that Mr Thomas Liang Cheung Biu and Mr Wu King Cheong are considered as independent and is satisfied that both of them have the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and thus recommends Mr Liang and Mr Wu for re-election at the Annual General Meeting.

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

1. Major acquisitions and disposals, and joint ventures;

2. Major project investments, and major capital expenditure programmes;

3. Annual budgets, and business and financial plans;

4. Financial statements, dividend distributions, capital structure, treasury policy, and accounting policy;

5. Remuneration policy and terms of employment of the senior executive team; and

6. Public announcements as required under the Listing Rules.

During the year ended 31 December 2019, four board meetings were held to review and approve financial results, evaluate operating performance and direct business development. The Board has a total of four board committees to assist it in carrying out its responsibilities; and they are the General Purpose Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, all of which have defined terms of reference setting out their respective duties, powers and functions.

Corporate Governance Function

The Board has undertaken the following corporate governance functions:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

General Purpose Committee

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

Remuneration Committee

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

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

Audit Committee

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

The Audit Committee met six times during the year ended 31 December 2019. The major work performed by the Audit Committee included reviewing the Group's internal controls, risk management, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions, approving the remunerations and terms of engagement of the external auditors and making recommendation to the Board on the re-appointment of auditors.

Nomination Committee

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

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

The Nomination Committee met once during the year ended 31 December 2019. It has discussed and reviewed the composition of the Board; assessed the independence of all independent non-executive directors; recommended to the Board for approval the re-election of all the retiring Directors at the Annual General Meeting

Nomination Policy

Our Board has adopted a Nomination Policy, which stated that Nomination Committee will consider the candidates based on merit having regard to the experience, skills and the diversity perspectives set out in the Board Diversity Policy of the Company. The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director ("INED") and will be holding his/her seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board. The candidate must satisfy the Board and The Stock Exchange of Hong Kong Limited that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company. For candidate to be nominated as an independent non-executive director, it must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board.

On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting.

Board Diversity Policy

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

Dividend Policy

The dividend policy of the Company is to allow its shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. Pursuant to the Dividend Policy, the Board may propose/declare the payment of dividend after taking into account the following factors:

(1) the actual and expected financial performance of the Company and its subsidiaries;

(2) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(3) the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

(4) the current and future operations, liquidity position and capital requirements of the Group; and

(5) any other factors that the Board deems appropriate.

Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2019 and the attendance of directors are set out in the table below:

	Meetings attended/held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2019 Annual General Meeting**
Executive Directors					
Mr LEE Ka Shing	4/4	N/A	1/1	1/1	1/1
Mr Richard TANG Yat Sun	4/4	N/A	1/1	N/A	1/1
Dr Colin LAM Ko Yin	4/4	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	4/4	N/A	N/A	N/A	1/1
Non-Executive Directors					
Dr Patrick FUNG Yuk Bun	4/4	6/6	N/A	N/A	1/1
Mr Dominic CHENG Ka On	4/4	6/6	N/A	N/A	1/1
Mr Alexander AU Siu Kee	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Dr David SIN Wai Kin	4/4	6/6	1/1	1/1	1/1
Mr WU King Cheong	4/4	6/6	1/1	1/1	1/1
Dr Timpson CHUNG Shui Ming	4/4	6/6	1/1	1/1	0/1
Mr Howard YEUNG Ping Leung	4/4	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Biu	4/4	N/A	N/A	N/A	1/1

Accountability and Audit

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

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 96 to 100 of this Annual Report.

Directors' Training

During the year ended 31 December 2019, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

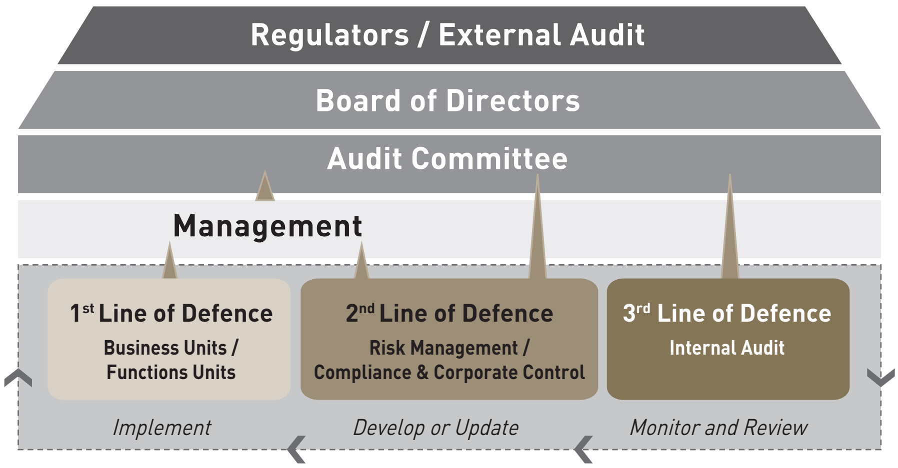
Directors	Type of trainings
Executive Directors	
Mr LEE Ka Shing	A, B
Mr Richard TANG Yat Sun	A, B
Dr Colin LAM Ko Yin	A, B
Mr Eddie LAU Yum Chuen	A, B
Mr Norman HO Hau Chong	A, B
Non-Executive Directors	
Dr Patrick FUNG Yuk Bun	A, B
Mr Dominic CHENG Ka On	B
Mr Alexander AU Siu Kee	A, B
Independent Non-Executive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

A: attending seminars and/or conferences and/or forums
B: reading materials relevant to the directors' duties and responsibilities and/or the Group's financial status

Risk Management and Internal Control

Effective risk management is an essential and integral part of the Group's effort at achieving strategic objectives and sustainable development. Our risk management takes a holistic approach, blending seamlessly into business strategy, and operational and financial management. The management continuously implements, reviews and updates risk management directives to cope with the fast-changing environment, and regularly reports implementation activities to the board who oversees the risk management team to ensure robust risk management framework and effective systems are in place to identify, evaluate and manage key risks faced by the Group. Throughout 2019, key risks and its momentum have been reported to the Board and there were no matters of concern identified in the financial, operational and compliance controls which might have significant impact to the Group. The existing risk management and internal control systems remain appropriate and effective.

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



Our risk management and internal control framework is integrated into daily operations and continuously applied under cycles of review, implementation, monitoring, and updating. During the year, there were no changes in the adopted framework but improvements have been made to ensure effectiveness of risk management activities. Details can be found in below sections.

1st Line of Defence — Operational Management and Internal Controls

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

Key Group Policies and Procedures that apply to all employees:

- **Whistleblowing Policy** provides a proper reporting channel for employees to raise genuine concerns about malpractice or suspected wrongdoing.

- **Inside Information Policy** ensures inside information of the Group is to be kept in strict confidence or otherwise disseminated to the public in a timely manner in accordance with the applicable laws and regulations.

- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transaction in order to comply with the Listing Rules requirements.

- **Code of Conduct** stipulates the Group policy on matters of personal conduct and relationships.
- **Approval Authority** sets clear authority limits on business decision and daily operations.
- **Operational Policies and Procedures** are set in each business and functional units to provide guidelines on daily operations within the corporate governance framework.

2nd Line of Defence — Risk Management and Corporate Services

Risk Management and Corporate Services Department ("RM&CS") has direct access to the management and Audit Committee.

The key functions include:

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

With reference to the globally recognized risk management framework, COSO ERM and ISO 31000, the Group's risk management process included risk identification, risk assessment, risk treatment and risk monitoring, which is continuously and consistently applied across the Group involving communication and consultation with different stakeholders. An integrated top-down and bottom-up approach is adopted in the whole risk management process, to provide a more comprehensive view from both management and operation levels. The risk management process is designed to manage and monitor the risks, but not eliminate all risks.

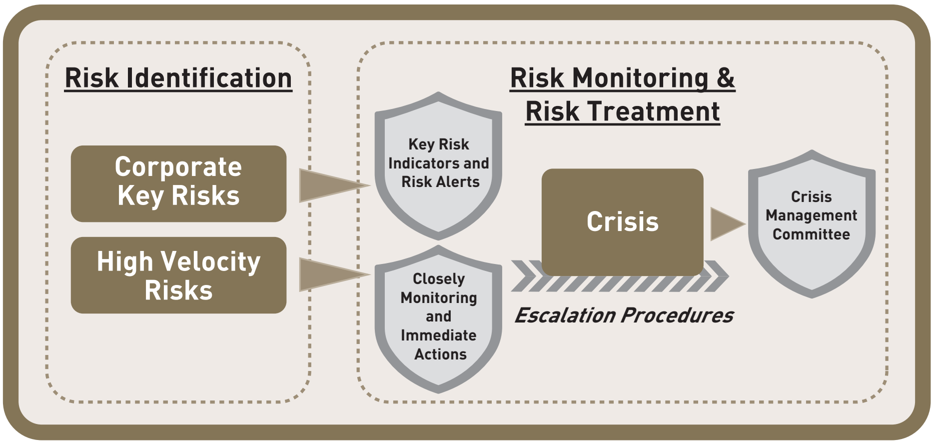
Highlights of key Risk Management Activities

Risk Management Culture

The Group believes that an ingrained risk culture is core to effective risk management. Key risk management activities such as business continuity management ("BCM") and crisis management are introduced in the orientation program for new joiners, to promote awareness of possible risks and its mitigation measures in their daily operations. In addition, annual risk management workshops have been regularly conducted to facilitate management and key team members to discuss, identify and assess risks in their operations. We integrate the risk management activities into the daily operations and regularly review and test the effectiveness of the implemented mitigation measures. Results of a series of drills pursuant to the annual BCM plan were discussed, evaluated and adjusted to ensure the plan can eventually be executed in an efficient and effective manner.

Monitoring on Key Risks and High Velocity Risk Events

To identify key risks to the Group, each possible risk event is assessed and prioritized based on its likelihood and impact. Besides, we have also adopted and implemented assessment of "Risk Velocity" to identify risk events that would rapidly affect the Group. Accordingly, the Group could establish more effective monitoring and control measures based on the nature of different risk events. The Group has established key risk indicators to monitor key risks to the Group. Risk alerts based on periodic analysis on the risk indicators would be provided to business management so that they could administer corresponding responses in a timely manner. In addition, risk events identified with high velocity, such as events involving health and safety, media, system failure and natural disasters, would be controlled and monitored by embedding risk mitigation measures into day-to-day operations. The Group monitors such risk events on a daily basis and takes immediate actions to minimize impact to the Group.



Crisis Management

No system can perfectly manage all risks. Crisis events may occur in the next minute and damage could be catastrophic. The Group has established a crisis management team composed of senior management and key employees in various business and functional departments, which proved to be highly effective. Work scopes of the crisis management team have been further enhanced to include development of mitigation measures at different stages of prevention, incident handling and post-event to minimize the impact on the Group. As central commander, the team responds expeditiously to crisis events, in particular amidst the recent social unrest in Hong Kong where the team played an important role. Emergency plans have been designed at an early stage catering to different conceived scenarios and were correspondingly modified on the spot in view of changing situations. Training has been provided to the relevant frontline staff to ensure that the responses to the crisis events are effective and efficient.

3rd Line of Defence — Internal Audit

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

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

Audit Committee and the Management

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

The Audit Committee receives regular reports from Internal Audit Department and Risk Management & Corporate Services Department. The reports include key activities conducted and issues that arose during the period covered. The Audit Committee and the management regularly discuss the nature and impact of the issues and risks to see whether appropriate mitigating actions are in place and whether further action is needed. The management is tasked with ensuring adequate resources to support implementation of the decisions. Annually, the management would confirm to the Board on the status of risk management and internal control systems in respect of their effectiveness, design, implementation and monitoring. Like any others, our systems could only provide reasonable but not absolute assurance against material misstatement, misstep or loss.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2019 and discussed with the Director of Audit, Risk & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial reporting of the Group.

External Auditors

The external auditors further supplement the 3rd Line of Defence process by obtaining an understanding of internal controls in the course of their audit work. The external auditors would independently communicate with the Audit Committee on any significant deficiencies in internal controls.

Mitigation Measures and Evaluation Findings

During the year, the risk management process assessed 11 different categories of risk in respect of their occurrence likelihood and impact on our financial performance, reputation, health and safety, legal and rules compliance, staffing and environmental effects. They are summarized as follows:

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Investment Strategy	Return on acquisitions/ investments/business developments could turn out to fall short of expectations due to uncontrollable external factors and may result in financial loss	– Investment decisions are supported by detailed integration plan and business strategies with management approval – Potential projects/ investments are subject to extensive due diligence review by in-house specialists and external advisors – Continuing monitoring and review of all aspects of development, planning and progress by experienced managers – Controls over projects/ investment are independently reviewed by internal audit	Medium (Slow)	←→ Under the current investment plan and control procedures, the risk is considerably stable
Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong; adverse changes in economic and political environments could have a direct or indirect impact to the Group's earnings	– Establishment of risk indicators to constantly evaluate the economic environment it operates in and enable prompt response to any changes – Continuing monitoring of changes in the political agenda in Hong Kong and mainland China – Periodically review the marketing strategy to cater to changes in economic and political outlook – Closely monitor on business performance and communicate with frontline staff	Medium to High (Slow)	↑ The Hong Kong economy has entered into a technical recession. Uncertainties arising from the China-US Trade War and Hong Kong's unstable political atmosphere still exist. The risk is expected to increase

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Staff	Our core businesses are in people intensive industries. Risk related to employee issues, such as health and safety and loss of key staff, would affect the Group's ability to deliver on its strategies	– Maintain succession plans for key positions – Regular review on the competitiveness of our compensation and benefit arrangement – Provide development platform and comprehensive trainings to staff – Hygiene & Health Safety Teams have been formed to regularly review and assess the work environment and to ensure compliance with the relevant legal requirements – Standard Operating Procedures for prevention and handling of work injury have been established	Low to Medium (Rapid to Very Rapid)	←→ Staff turnover rate has been stable in general. No significant health and safety issue in workplace has been brought to management attention
Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss	– Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements – The requirements are closely monitored by RM&CS and relevant departments – Risk alert of new regulatory and legal requirements to the relevant business management to assess impact and ensure compliance – Encourage staff to attend seminar to update relevant knowledge – Establish related policies and procedures to provide clear guidelines to staff – Regular independent review by Internal Audit Department to ensure compliance	Low to Medium (Slow)	←→ Although there are new legal and regulatory requirements which may increase compliance costs, the impact would not be significant

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Disaster Events	Major disaster events, including extreme weather events, terrorist attack and outbreak of contagious diseases such as Avian Flu, SARS, Ebola, Coronavirus infection would impact on our business operations, inflict damage to assets and company reputation, and reduce our earnings	– Emergency Procedures, Business Continuity Management and Crisis Management are in place to minimize impact to business operations during disaster events – Risk indicators are monitored on contagious diseases and preventive measures are carried out to minimize impact from disaster events – Drills on business continuity are conducted on an annual basis to ensure effectiveness – Comprehensive insurance coverages are in place for property assets, business interruption and third-party liabilities	Medium to High (Rapid to Very Rapid)	↑ New infectious diseases have emerged which post a threat to public health and significantly affecting operations and business performance
Tenant and Customer	Loss of income due to loss of major tenants, customer dissatisfaction on our provision of goods/services, etc. Changes in customer/guest spending and dining propensity, competition from online shopping, and decline in spending on luxury goods and out-dining	– Continuously monitor guest feedbacks for further improvement – Enhance marketing and promotion to attract customers – Active engagement with current tenants/guests as part of marketing strategies – Keep continuously updated on market trends and make corresponding revisions to strategy	Medium to High (Rapid)	↑ The challenge of changes in spending and dining habits of customer/guest which directly affect our retail tenants and indirectly affect our rental business performance, especially during the social unrest and epidemic crisis of coronavirus infection. The risk is expected to increase

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Contractor and Supplier	Engagement with problematic supply chain of key products, substandard contractors/suppliers and food hygiene incidents may cause financial and reputational loss	– All vendors are required to go through the well-established pre-qualification mechanism – Closely monitoring of the performance of contractors/suppliers – Mechanism on picking out and deregistering problematic vendors from the list is in place – Close monitoring by internal hygiene teams for food safety	Low (Rapid to Very Rapid)	←→ Under continuous monitoring procedures supplemented with crisis management mechanism, the risk level remains unchanged
Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. credit risks, contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss/degradation of physical assets, etc.	– Approval authority has been set up and well communicated among all staff – Policies and procedures on key controls have been established and published on intranet – Monitoring procedures, e.g. preparation of aging report/stocktaking/cash count by Group Finance, are in place – Regular repair and maintenance performed by internal team/contractors – Whistleblowing channel has been set up – Internal Audit conducts independent review on a regular basis	Low (Slow)	←→ Under the existing control and monitoring procedures, the risk level remains unchanged

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Information Technology ("IT")	Business operations may be adversely affected and sensitive information may be leaked out under Cyberattack by Internal/external hackers or security breach due to information technology infrastructure/system failure	– Enforce security measures such as periodic change of password, updating antivirus and firewall protection – Establish information technology security policy on use of information technology equipment and installation of application software – Business continuity plan and disaster recovery plan on major information technology systems have been formulated and can be quickly applied to ensure business continuity – Recovery drills are conducted periodically to ensure its effectiveness	Low (Rapid to Very Rapid)	←→ The Group IT team stays alert with the IT security issues and the risk level remains at a low level
Brand and Reputation	The Group's brand and reputation may be affected by negative public attention which could result in significant decline in our tenant and customer base, and subsequent financial loss	– Guidelines on handling media enquiries to all level of staff have been established – Continuous monitoring of media coverages, with actions taken where necessary – Crisis management mechanism is in place with the formation of Crisis Management Committee – Spokesperson hierarchy and principles of corporate communications are in place	Low to Medium (Very Rapid)	←→ Marketing team closely monitors various media channels, social platforms and incidents, and escalates to crisis management committee promptly. The risk level broadly remains unchanged

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Environmental	Threats of adverse effects on environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations; Negative impact on the operations resulting from climate change, e.g. supply chain disruption, food source, etc.	– Environmental Policy have been established – Environmental Committees have been set up to enhance environmental protection – Environmental trainings are provided to staff – Green purchasing practices are followed and sufficient vendor pool is maintained – Closely monitoring on energy usage – A series of Energy Saving Plan, e.g. upgrade of chiller plant, use of LED light bulbs, have been implemented – Promote awareness of the environment among guests, e.g. no provision of plastic straw	Low (Slow)	←→ The nature of Group businesses and operations has very minimal impact to the environment. The risk level remains at a low level

Risk Momentum: (↑) Risk level increased; (↓) Risk level decreased; or (←→) Risk level unchanged

Auditors' Remuneration

During the year ended 31 December 2019, the fees (before out-of-pocket expenses) paid/payable to the Company's auditors, KPMG, for the provision of audit services and non-audit services are as follows:

	Remuneration HK$'000
Audit services	2,625
Non-audit services:	
Interim review	450
Other services	208
	3,283

Model Code for Securities Transaction by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

Communication with Shareholders

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

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

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.miramar-group.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website and the Articles of Association of the Company is made available on the respective websites of the Stock Exchange and the Company;

(iv) Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Company's Share Registrar serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

Shareholders' Rights

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

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

The request:

(i) must state the general nature of the business to be dealt with at the EGM;

(ii) may include the text of a resolution that may properly be moved and is intended to be moved at the EGM;

(iii) may consist of several documents in like form;

(iv) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Joint Company Secretaries) or in electronic form (via email at IR@miramar-group.com); and

(v) must be authenticated by the person or persons making it.

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

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

(b) Procedures for putting forward enquires to the Board

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

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

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

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

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

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

(ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

(i) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F, Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Joint Company Secretaries) or in electronic form (via email at IR@miramar-group.com);

(ii) must identify the resolution of which notice is to be given;

(iii) must be authenticated by the person or persons making it; and

(iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

Constitutional Documents

During the year ended 31 December 2019, there are no changes in the Company's constitutional documents.

Principal Risks

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

1. Economic Downturn, Social Instability and Investment Uncertainty

The Group's core businesses and investments are mainly in Hong Kong and susceptible to, amongst others, elements that impact consumer and investor confidence, retail spending, property prices, interest rates and visitor arrivals. With the continuous trade tensions between the US and China, the slowdown of China's economic growth and the uncertainty associated with Brexit, the global economy is expected to grow at a conservative pace. Hong Kong being an international financial centre is expected to be affected to some extent. Coupled with the social unrest in the latter part of the year, the Hong Kong economy recorded its first annual contraction in 2019. As those negative factors still linger around, the Group businesses are expected to face severe challenges in the coming year. The Group would closely monitor the economic environment it operates in, and constantly evaluate and take appropriate actions to mitigate these risks and adjust our strategies and operations where appropriate.

2. Disaster Event

Emerging infectious disease, together with Hong Kong being an international city, increases the risk of epidemic outbreaks in the community. Global warming and climate change increase the frequency of natural disaster events, such as super typhoon, earthquake or flooding. Depending on the severity, duration and locality, they could severely disrupt the Group's business operations and cause damages to our properties. The Group has established a Crisis Management Team and devised comprehensive Business Continuity Management blueprints in an effort to minimize disruption to business operations, damage to assets and harm to personnel, on top of taking every preventive measures within our scope. Crisis management procedures have been regularly reviewed and annual drills on Business Continuity Plan are conducted to identify areas for improvement. The Group regularly conducts risk assessment, and has taken out comprehensive insurance, covering its properties, business operations and third-party liabilities.

3. Human Resources

Most of the Group's core businesses are in people-intensive service industry, in which retention of key and skillful staff is always a challenge in our effort to maintain high quality standard. During the year, a few revisions to labour legislation came into force, including the increase in statutory minimum wages and the increase in statutory paternity leave. And a bill on extension to the statutory maternity leave has been tabled in the Legislative Council for discussion. Labour costs are thus expected to increase. The Group monitors labour market conditions on a regular basis to ensure our employment terms are reasonable and competitive, conducive to maintaining high quality services. In addition, staff vocational skills development is supported through our education allowance scheme and training programme. Our human resources policies are regularly reviewed and adjusted to align with our business strategies.

4. Legal and Compliance

The Group is committed to complying with the relevant legal and regulatory requirements. Compliance costs are expected to go up due to the imposition of new standards and requirements by government and regulatory bodies. These arise from engagement of external consultants for advice and staff training, and for establishment/update of policies and procedures in response to the new requirements. The Group routinely seeks advice from regulatory bodies and external advisors on any upcoming new requirements to ensure compliance.

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 2019.

Principal Activities

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

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2019 are set out in note 9 to the financial statements.

Group Profit

The profit of the Group for the year ended 31 December 2019 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 101 to 176.

Dividends

An interim dividend of HK24 cents per share (2018: HK24 cents per share) was paid on 11 October 2019. The directors now recommend the payment of a final dividend of HK34 cents per share (2018: HK37 cents per share) in respect of the year ended 31 December 2019 to shareholders whose names are on the Register of Members as at 24 June 2020. Subject to the approval to be obtained at the 2020 Annual General Meeting, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 8 July 2020.

Business Review and Performance

The business review of the Group for the year ended 31 December 2019 and the discussion on the Group's future business development are set out in the sections headed "Chairman and CEO's Statement" and "Management Discussion and Analysis". Description of the principal risks and uncertainties facing the Group are set out in the section headed "Principal Risks". Particulars of important events affecting the Group since the end of the financial year end (if any) are provided in "Chairman and CEO's Statement" and "Management Discussion and Analysis". An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 2 and 3 of this Annual Report. Discussion on the Company's environmental policies and performance, relationships with employees, customers, suppliers and other stakeholders as well as compliance with relevant laws and regulations are in the sections headed "Environmental, Social and Governance Report". The Chairman and CEO's Statement, the Management Discussion and Analysis, the Financial Highlights, the Environmental, Social and Governance Report, the Principal Risks and the Corporate Governance Report form part of this report.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2019 are set out on pages 151 to 152.

Major Customers and Suppliers

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

At 31 December 2019, none of the directors, their close associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's number of issued shares, had an interest in any of the five largest customers and suppliers. The Directors do not consider any one employee, customer, supplier and others to be influential to the Group.

Directors

The directors who held office during the year ended 31 December 2019 and up to the date of this report were:

Executive Directors

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

Non-Executive Directors

Dr LEE Shau Kee (retired on 4 June 2019)
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
Mr Alexander AU Siu Kee

Independent Non-Executive Directors

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

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Mr Thomas Liang Cheung Biu, Mr Wu King Cheong and Mr Alexander Au Siu Kee shall retire by rotation at the forthcoming 2020 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Directors of Subsidiaries

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year ended 31 December 2019 and up to the date of this report is available on the Company's website at www.miramar-group.com.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2020 Annual General Meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

Management Contracts

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

Disclosure of Interests

Directors' Interests in Shares

At 31 December 2019, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares

Long Positions

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Mr LEE Ka Shing	–	–	–	338,647,980 *(note 2)*	49.01%
	Dr David SIN Wai Kin	4,989,600	–	–	–	0.72%
	Dr Patrick FUNG Yuk Bun	–	–	–	10,356,412 *(note 3)*	1.50%
	Mr Dominic CHENG Ka On	9,329,568	4,800	–	–	1.35%
	Mr Richard TANG Yat Sun	150,000	–	13,490,280 *(note 4)*	–	1.97%
	Mr Thomas LIANG Cheung Biu	–	2,218,000 *(note 5)*	–	–	0.32%

Save as disclosed above, as at 31 December 2019, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

Apart from the foregoing, at no time during the year ended 31 December 2019 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' and Others' Interest

The Company has been notified of the following interests in the Company's issued shares at 31 December 2019, amounting to 5% or more of the shares in issue:

Ordinary Shares

Long Positions

Substantial shareholders	No. of shares held	Percentage of total issued shares
Dr LEE Shau Kee	338,647,980 *(note 1)*	49.01%
Mr LEE Ka Shing	338,647,980 *(note 2)*	49.01%
Rimmer (Cayman) Limited ("Rimmer")	338,647,980 *(note 6)*	49.01%
Riddick (Cayman) Limited ("Riddick")	338,647,980 *(note 6)*	49.01%
Hopkins (Cayman) Limited ("Hopkins")	338,647,980 *(note 6)*	49.01%
Henderson Development Limited ("Henderson Development")	338,647,980 *(note 7)*	49.01%
Henderson Land Development Company Limited ("Henderson Land")	338,647,980 *(note 7)*	49.01%
Aynbury Investments Limited ("Aynbury")	338,647,980 *(note 7)*	49.01%
Higgins Holdings Limited ("Higgins")	120,735,300 *(note 7)*	17.47%
Multiglade Holdings Limited ("Multiglade")	121,306,680 *(note 7)*	17.56%
Threadwell Limited ("Threadwell")	96,606,000 *(note 7)*	13.98%
Persons other than substantial shareholders		
Mr CHONG Wing Cheong	68,910,652	9.97%

Save as disclosed above, as at 31 December 2019, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

(1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 338,647,980 shares, which are duplicated in the interests described in Notes 2, 6 and 7.

(2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 6, Mr Lee Ka Shing is taken to be interested in 338,647,980 shares, which are duplicated in the interests described in Notes 1, 6 and 7, by virtue of the SFO.

(3) All these shares were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.

(4) All these shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.

(5) These 2,218,000 shares, of which 1,080,000 shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary and the remaining of 1,138,000 shares were held by his spouse.

(6) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 338,647,980 shares are duplicated in the interests described in Notes 1, 2 and 7.

(7) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 338,647,980 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 338,647,980 shares are duplicated in the interests described in Notes 1, 2 and 6.

Connected Transaction and Continuing Connected Transactions

The Group has the following connected and continuing connected transactions during the year ended 31 December 2019:

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

Premises	:	Units 1801–18 on the 18th Floor, Mira Place Tower A (previously known as Miramar Tower), 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years, commencing from 1 February 2016 to 31 January 2019 (both days inclusive).
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK$1,841,307.00; The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK$265,306.60; and Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.
Usage	:	To be used as a clinic only.

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

Such continuing connected transaction has expired on 31 January 2019, and was renewed under a tenancy agreement as listed under the following paragraph 1(b).

(1)(b) On 14 November 2018, a tenancy agreement (the "New Tenancy Agreement") was entered into between Shahdan as landlord and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises	:	Units 1801–18 on the 18th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years, commencing from 1 February 2019 to 31 January 2022 (both days inclusive).
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK$2,051,176.00; The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK$304,904.60; and Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.
Usage	:	To be used as a clinic only.

Units 1808–11 was surrendered by signing an Agreement for Partial Surrender on 30 August 2019. Union Medical is a connected person of the Company thereby rendering the New Tenancy Agreement a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

Premises	:	Units 1706–1707 on the 17th Floor, Mira Place Tower A (previously known as Miramar Tower), 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years, commencing from 1 September 2016 to 31 August 2019 (both days inclusive).
Rent-Free period	:	No rent is to be payable by the tenant for the initial 61 days starting from and inclusive of the Lease Commencement Date provided that the management fee and air-conditioning charges, government rates and utility charges for the Premises shall still be paid by the tenant during the rent-free period.
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK$215,262.50; The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK$35,961.50; and Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.
Usage	:	To be used as a clinic only.

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

(1)(d) On 25 July 2019, a lease (the "Renewed Lease") was entered into between Shahdan as landlord and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises	:	Units 1706–1707 on the 17th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Two years and five months, commencing from 1 September 2019 to 31 January 2022 (both days inclusive).
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK$268,445.00; The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK$41,026.50; and Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours.
Usage	:	To be used as a clinic only to be staffed by the specialist in consultation services for reproductive medicine.

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

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

Premises	:	Shop Nos. 3101–3107 on Level Three of ifc mall (the "ifc Premises") and certain floor space at ifc mall.
Term	:	Initial term of three years commencing from 7 July 2013 to 6 July 2016 (the "Initial Term") and, for the Licence, on an annual basis (and/or such shorter period as may be agreed between the landlord and the tenant) subject to termination upon termination of the Sub-Lease.
Rent and other charges	:	The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term shall be as follows: (a) From 7 July 2013 to 6 July 2016, basis rent in the sum of HK$836,594.00 per month together with turnover rent representing the amount by which 11% of the Gross Receipts exceeds the basic rent per month (the "Turnover Rent"); and (b) From 7 July 2016 to 6 July 2019, provided an option (as defined below) is exercised by the tenant, at open market rent provided that the basic rent shall not be less than HK$836,594.00 per month or more than HK$1,003,912.80 per month, together with the Turnover Rent. The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Sub-Lease shall be approximately HK$435,736.00 per month (subject to review from time to time). The aggregate licence fee, air-conditioning and management charges and promotional levy payable on a monthly basis in respect of the Licence shall be approximately HK$9,890.40 per month (subject to review from time to time).
Option	:	An option exercisable by the tenant at the expiry of the Initial Term on 6 July 2016 to renew the sub-lease of the ifc Premises for three years. The parties will enter into new agreement(s) upon the tenant exercising the renewal option.
Usage	:	The ifc Premises shall be used for operating up-market restaurants and the certain floor space are used in connection with the restaurant business.

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

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

(2)(b) On 4 July 2019, Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant entered into a sub-lease with IFC Development Limited as landlord for a short term of two months (from 7 July 2019 to 6 September 2019) (the "Short Term Sub-Lease") as the parties were unable to reach consensus on the rent for a further term of three years following the expiry of the three-year sub-lease in respect of the ifc Premises (as defined below) on 6 July 2019. On 4 December 2019, the parties have reached consensus on the rent for a longer sub-lease and the parties together with MTR Corporation Limited ("MTRC") (being the lessor of the head lease dated 16 September 2003 entered into between MTRC as lessor and IFC Development Limited as lessee in respect of the ifc Premises) entered into a sub-lease (the "New Sub-Lease") for a further term of two years and ten months (from 7 September 2019 to 6 July 2022). The Short Term Sub-Lease was a de minimis transaction for the Company under Chapter 14A of the Listing Rules. Details of the terms and conditions are set out as follows:

Premises	:	Shop Nos. 3101–3107 on Level Three of ifc Mall (the "ifc Premises").
Term	:	Two months from 7 July 2019 to 6 September 2019 (both days inclusive) in respect of the Short Term Sub-Lease and two years and ten months from 7 September 2019 to 6 July 2022 (both days inclusive) in respect of the New Sub-Lease.

Rent	:	A basic rent (the “Basic Rent”) payable on a monthly basis during the Short Term Sub-Lease is HK$1,117,970.00 per calendar month and during the New Sub-Lease is HK$1,038,115.00 per calendar month for the first six months and HK$1,117,970.00 per calendar month for the seventh to thirty-fourth months (all exclusive of rates, air-conditioning and management charges, promotional levy, utility and other charges and all other outgoings (if any)), plus the additional rent calculated as the excess of 11% of the gross amount of all sums billed or received in the course of the tenant’s business conducted at the ifc Premises and all other income deriving from or in respect of the ifc Premises excluding 10% service charges (the “Gross Receipts”) against the Basic Rent under the Short Term Sub-Lease or the New Sub-Lease (as the case may be) (the “Turnover Rent”) per calendar month.
Payment term	:	The Basic Rent shall be payable in advance by the tenant to the landlord on the first day of each calendar month. The Turnover Rent (if applicable) shall be payable by the tenant to the landlord on the fifteenth day of the following month.
Rental deposit	:	A rental deposit in the sum of HK$4,967,630.40 (equivalent to the aggregate of the highest pre-determined Basic Rent, air-conditioning and management charges, government rates (or, if applicable, provisional rates) and promotional levy currently payable in respect of the ifc Premises for three months) is payable by the tenant to the landlord and subject to the terms of the New Sub-Lease, and is refundable to the tenant without interest within forty-five days after the expiry or sooner determination of the New Sub-Lease and delivery of vacant possession of the ifc Premises.
Other charges	:	The aggregate of air-conditioning and management charges and promotional levy payable by the tenant in advance on the first day of each calendar month in respect of the New Sub-Lease shall be HK$491,906.80 per month (subject to revision from time to time).

Option to renew sub-lease	:	Subject to the New Sub-Lease, the tenant has an option to renew the New Sub-Lease for a further term of three years from the expiry of the New Sub-Lease on 6 July 2022 (the "Initial Term") by giving the landlord prior written notice not earlier than seven months but not later than six months before the expiry of the Initial Term and provided that the monthly basic rent for the renewed term shall be further agreed between the parties which shall not be less than HK$1,117,970.00 per calendar month. The parties to the New Sub-Lease will enter into a renewal sub-lease upon the tenant exercising the renewal option.
Break clause	:	If the average of the Gross Receipts of the tenant for any 12 consecutive calendar months is less than HK$500.00 per square foot per calendar month (i.e. approximately HK$7,985,500.00 per calendar month based on approximately 15,971 square feet lettable area), the landlord shall have the right to terminate the New Sub-Lease by giving not less than 90 days' written notice to the tenant.

As the landlord is an associate of Henderson Land Development Company Limited ("Henderson Land"), which in turn is a substantial shareholder of the Company, the landlord is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Sub-Lease and the Renewed Sub-Lease constituted continuing connected transactions and the entering into of the Short Term Sub-Lease and the New Sub-Lease constituted a one-off connected transaction and a continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

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

Rent	:	A base rent of HK$1,320,000.00 per month (the "Base Rent") plus the Additional Rent, which is calculated in the following manner:

<u>Additional Rent</u>

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

(i) where the Gross Annual Room Revenue is less than or equal to HK$80,000,000.00, the amount of the Additional Rent payable shall be 22.5% of the Gross Annual Room Revenue exceeding HK$15,840,000.00 for the Relevant Year; or

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

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

(iv) where the Gross Annual Room Revenue is more than HK$130,000,000.00, the amount of the Additional Rent payable shall be 30% of the Gross Annual Room Revenue exceeding HK$15,840,000.00 for the Relevant Year.

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

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

Food and Beverage charges	:	The Tenant shall pay to the Landlord 15% of the monthly Food and Beverage Revenue of the Tenant's business at the Food and Beverage Outlets without any deduction (the "Food and Beverage Charges"). Provisional Food and Beverage Charges in respect of any calendar month shall be paid in arrears by the Tenant in respect of the monthly Food and Beverage Revenue of the Tenant's business during the relevant calendar month by the 15th day of the immediately following calendar month. Within 90 days after the expiration of each calendar year, the Tenant shall supply a statement certified by its auditors or external accountants (the "Certified Statement") as to the actual amount of the Food and Beverage Revenue for the relevant calendar year. If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is less than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, the shortfall shall be paid by the Tenant to the Landlord within 30 days of the Landlord's notice to the Tenant on such shortfall. If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is more than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, such excess sum shall be refunded by the Landlord to the Tenant within 30 days of the Landlord's receipt of the Certified Statement.
Rates, outgoings and other charges	:	The Tenant shall pay and discharge all rates, taxes, assessments, duties, impositions, charges and outgoings levied on the Premises by the Government of Hong Kong or other lawful authority, save that the Government rent and property tax in respect of the Premises shall be paid by the Landlord. The Tenant shall also pay to the suppliers and indemnify the Landlord against all deposits and charges in respect of electricity, gas, water and telephone and other services consumed or used at or in relation to the Premises.
Deposit	:	A sum of HK$1,320,000.00 payable by the Tenant to the Landlord on the signing of the Mira Moon Lease Agreement.

Rent-free period	:	Three respective rent free periods for a total of 6 months during the Term as follows: (i) the 3rd and 4th months of the Term (i.e. commencing from 21 January 2014 to 20 March 2014 (both days inclusive)); (ii) the 15th and 16th months of the Term (i.e. commencing from 21 January 2015 to 20 March 2015 (both days inclusive)); and (iii) the 27th and 28th months of the Term (i.e. commencing from 21 January 2016 to 20 March 2016 (both days exclusive)); during which the Tenant shall not be obliged to pay the Base Rent but shall pay the rates, all outgoings and utility charges in respect of the Premises. The Gross Annual Room Revenue received by the Tenant during each of the rent-free periods will be counted for the purpose of calculation of the Additional Rent for that relevant year of the Term and the Tenant shall also pay to the Landlord the Food and Beverage Charges during the rent-free periods.
Usage	:	To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.
Commencement of business at the Premises		The Tenant shall commence business as a hotel at the Premises on or before 21 November 2013.
Opening contribution	:	The Landlord shall contribute a sum in a total amount of HK$9.7 million towards the actual cost incurred by the Tenant in setting up a first class design hotel at the Premises and such Opening Contribution shall be paid by the Landlord to the Tenant within 60 days after signing of the Mira Moon Lease Agreement by the Tenant.
Transfer of restaurant licence	:	At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure to assign or transfer the general restaurant licence and the liquor licence or related licences (collectively the "Licences") for operating the then existing Food and Beverage Outlets at the Premises to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. The Tenant shall not transfer or assign the Licences to any person or corporation for consideration or otherwise during the Term without the consent of the Landlord. All charges relating to the aforesaid assignment or transfer of the Licences shall be borne by the Landlord.

Transfer of hotel licence	:	At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure and ensure the assignment or transfer of the hotel licence used in the operation of the Premises as a hotel (the "Hotel Licence") to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. Without the consent of the Landlord, the Tenant or the holder of the Hotel Licence shall not transfer or assign the Hotel Licence to any person or corporation for consideration or otherwise. All charges relating to the aforesaid assignment or transfer of the Hotel Licence shall be borne by the Landlord.

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

(4) On 3 August 2017, the Group entered into the following agreements with Henderson Property Agency Limited ("HPAL") which constituted continuing connected transactions for the Company:

(i) A tenancy agreement (the "Tenancy Agreement") entered into between Shahdan as landlord and HPAL as tenant; and

(ii) A licence agreement (the "Pillar Signage Licence Agreement") entered into between Shahdan as licensor and HPAL as licensee.

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

Details of the Tenancy Agreement

Premises	:	Shops 501, 502, 503, 505 and 506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 5 August 2017 to 4 August 2020, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2019.

Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$2,200,000.00; (b) Government rates (subject to Government's review) is HK$219,000.00 per quarter; (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK$393,566.70; and (d) monthly promotion contribution, being 1.75% of the monthly rent of Premises, that is HK$38,500.00 subject to periodic review by Shahdan.

Details of the Pillar Signage Licence Agreement

Pillar Signage Licence Area	:	Pillar Signage near Shop No. G02 on the Ground Floor of Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 5 August 2017 to 4 August 2020, both days inclusive, subject to the right of early termination. The licensor shall have the right to early terminate the license by giving one month's prior notice to the licensee and repossess the Pillar Signage Licence Area without any compensation to the licensee.
Licence fee and other charges	:	(1) The licence fee (exclusive of electricity charges but inclusive of management fee, air-conditioning charge and rates) payable for the whole term is HK$1,100.00; and (2) Electricity charges, and ongoing maintenance cost (if any) shall be borne by the licensee during the Licence Period.
User	:	To be used for advertising the trade name of the licensee only.

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

(5) On 6 November 2019, Whirlwind Security Limited, a wholly-owned subsidiary of the Company as consultant entered into a car park consultancy agreement with E. M. Parking Limited as service user (the "Agreement"). Details of the terms and conditions are set out as follows:

Services	:	The consultant shall provide professional consultancy advice and manage and operate all parking spaces from B3 Floor to 6th Mezzanine Floor of H Zentre, 15 Middle Road, Tsimshatsui, Kowloon, Hong Kong (the "Property") (including all the ramps, drive ways and roadways providing access thereto and egress therefrom) and the Parking Service Centre on 1st Floor (the "Parking Facility") which are owned by Henderson Land Development Company Limited ("Henderson Land") and its subsidiaries.
Term	:	Two years commencing from 1 August 2019 to 31 July 2021 (both days inclusive).
Consideration and payment of Costs-on-Account	:	The service user shall pay a monthly fee at the rate of 10% of the Direct Operating Expenses (as defined below) (the "Consultancy Fee") to the consultant as consideration for the provision of services under the Agreement. All costs and expenses relating to the management and operation of the Parking Facility and any other costs and expenses as may be agreed between the parties from time to time (the "Direct Operating Expenses") shall also be borne by the service user. The costs-on-account deposited by the service user with the consultant quarterly to the consultant's designated bank account in such amount as may be mutually agreed between the parties for the payment of the Direct Operating Expenses (the "Costs-on-Account") will be used by the consultant to pay for the Direct Operating Expenses as and when needed. Any remaining Costs-on-Account shall be refunded to the service user by the consultant within fourteen business days after the expiration or sooner determination of the Agreement.
Payment mechanism	:	The consultant will collect, on behalf of the service user, the revenue from all services or sources derived from or upon the Parking Facility (whether by cash or credit) (the "Gross Revenue) (including all charges and fees prescribed by the service user for the parking of motor vehicles in the Parking Facility). Thereafter, the consultant will deposit the Gross Revenue actually received by the consultant to the service user's designated bank account within fourteen business days after its submission of a monthly financial report to the service user. The service user will then deposit the amount of the monthly Consultancy Fee to the consultant's designated bank account within fourteen business days after submission of the monthly financial report by the consultant.

Termination : The Agreement may be terminated:

(i) if the service user or the consultant is in material breach of any of its obligations under the Agreement;

(ii) forthwith without notice if either party is unable to pay its debts, make a composition with or general assignment for the benefit of its creditors, has an order made or an effective resolution passed for its winding-up, has possession taken by an encumbrance of, or a receiver appointed over, the whole or any substantial part of its assets or cease to carry on the whole or substantially the whole of its business; or

(iii) by either party by serving the other party a three months' advance written notice.

As the service user is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, the service user is an associate of Henderson Land and thus a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

Annual review of Continuing Connected Transactions

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

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the above relevant agreements governing them which terms are fair and reasonable and in the interests of the Company's shareholders as a whole.

The independent non-executive directors confirmed the above based mainly on the confirmation offered by the Company's Director of Audit, Risk & Corporate Services.

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

(i) have received the approval of the board of directors of the Company;

(ii) are in accordance with the pricing policies of the Group;

(iii) have been entered into in accordance with the terms of the above relevant agreements governing the transactions; and

(iv) have not exceeded the relevant cap amounts of such transactions as disclosed in the relevant announcements for the year ended 31 December 2019.

Directors' Interests in Transactions, Arrangements or Contracts

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

Directors' and Management Emoluments

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

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2019 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Business

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

1. Mr Lee Ka Shing and Dr Colin Lam Ko Yin are also directors of Henderson Development and Henderson Land which, through their subsidiaries, are also engaged in the businesses of property investment and other related services.

2. Mr Eddie Lau Yum Chuen and Mr Alexander Au Siu Kee are also directors of Henderson Land which, through its subsidiaries, is also engaged in the businesses of property investment and other related services.

3. Dr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen, Mr Norman Ho Hau Chong and Mr Alexander Au Siu Kee are also directors of Hong Kong Ferry (Holdings) Company Limited ("HK Ferry"), the principal activities of this group include property development and property investment.

4. Mr Alexander Au Siu Kee is also a director of Wharf Real Estate Investment Company Limited which is also engaged in the businesses of property investment, hotel management and operation and other related services.

5. Mr Lee Ka Shing is also treated to have deemed interest in Henderson Development, Henderson Land and HK Ferry by virtue of the Securities and Futures Ordinance, Chapter 571.

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

Permitted Indemnity Provision

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

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 December 2019 amounted to HK$3,987,634,000 (2018: HK$1,835,331,000).

Charitable Donations

Donations made by the Group during the year ended 31 December 2019 amounted to HK$12,000 (2018: HK$211,600).

Investment Properties, Other Property, Plant and Equipment

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

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

During the year ended 31 December 2019, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Shares Issued and Share Capital

Details of the share capital during the year ended 31 December 2019 are set out in note 23(b) to the financial statements.

Equity-linked Agreements

For the year ended 31 December 2019, the Company has not entered into any equity-linked agreement, which will or may result in the Company issuing shares.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2019 are set out in note 19 to the financial statements.

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

The Company and its subsidiaries have not issued, during the year ended 31 December 2019, any debt securities, convertible securities or options.

Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2019 (2018: HK$Nil).

Public Float

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

Group's Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 177.

Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 178 to 179.

Employees

As at 31 December 2019, the Group had a total of about 1,535 full-time employees, including 1,507 employed in Hong Kong and 28 employed in The People's Republic of China. The Group is the "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner. The Group develops a performance-driven culture and adopts Total Rewards Management for talent attraction, employee recognition and retention. The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the programme is in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration.

Training and Development

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

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

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

Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2019 and discussed with the Director of Audit, Risk & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial report of the Group.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2020 Annual General Meeting.

Forward-Looking Statements

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

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 20 March 2020

KPMG

Independent auditor's report to the members of Miramar Hotel and Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 101 to 176, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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.

Key audit matters (Continued)

Valuation of investment properties

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

The Key Audit Matter

The fair value of the Group's investment properties as at 31 December 2019 totalled HK$15,371 million which represented 72% of the Group's total assets as at that date.

The fair value of the Group's investment properties as at 31 December 2019 was assessed by the board of directors based on independent valuations prepared by an independent firm of surveyors. The changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 34% of the Group's profit before taxation for the year ended 31 December 2019.

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

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

How the matter was addressed in our audit

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

- obtaining and inspecting the valuation reports prepared by the independent firm of surveyors engaged by the Group on which the directors' assessment of valuation of investment properties was based;

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

- discussing with the external surveyors their valuation methodology in a separate private session and challenging the key estimates and assumptions adopted in the valuations, including the capitalisation rates and market rents, by comparing assumptions made in prior years with the current year's assumptions and current publicly available data, with the assistance of our internal property valuation specialists; and

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

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

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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.

– 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.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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 Felix Kwo Hang Lee.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
20 March 2020

Consolidated statement of profit or loss

for the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	9	**3,061,704**	3,199,078
Cost of inventories		**(134,043)**	(160,729)
Staff costs	3(a)	**(473,269)**	(511,698)
Utilities, repairs and maintenance and rent		**(133,716)**	(202,857)
Tour and ticketing costs		**(1,156,752)**	(1,093,342)
Gross profit		**1,163,924**	1,230,452
Other revenue		**161,928**	136,533
Operating and other expenses		**(214,927)**	(249,755)
Depreciation	10(a)	**(132,601)**	(99,142)
		978,324	1,018,088
Finance costs	3(b)	**(3,944)**	(1,108)
Share of profits less losses of associates	12	**129**	4,197
		974,509	1,021,177
Other non-operating net gain	3(c)	**2,423**	13,481
Net increase in fair value of investment properties	10(a)	**503,945**	783,475
Profit before taxation	3	**1,480,877**	1,818,133
Taxation			
Current	4(a)	**(138,097)**	(150,919)
Deferred	4(a)	**(5,948)**	(7,703)
Profit for the year		**1,336,832**	1,659,511
Attributable to:			
Shareholders of the Company		**1,288,227**	1,624,151
Non-controlling interests		**48,605**	35,360
		1,336,832	1,659,511
Earnings per share			
Basic	8(a)	**HK$1.86**	HK$2.36
Diluted	8(b)	**HK$1.86**	HK$2.36

The notes on pages 110 to 176 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 7(a).

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**1,336,832**	1,659,511
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Equity securities designated at fair value through other comprehensive income ("FVOCI"):		
– changes in fair value	**2,745**	(15,095)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of overseas subsidiaries	**(17,756)**	(29,326)
Reclassification adjustments for amounts transferred to profit or loss on liquidation of a subsidiary	**–**	(16,589)
	(15,011)	(61,010)
Total comprehensive income for the year	**1,321,821**	1,598,501
Attributable to:		
Shareholders of the Company	**1,276,227**	1,570,224
Non-controlling interests	**45,594**	28,277
Total comprehensive income for the year	**1,321,821**	1,598,501

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

The notes on pages 110 to 176 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties	10(a)	**15,371,179**	14,867,081
Other property, plant and equipment	10(a)	**359,739**	266,792
		15,730,918	15,133,873
Interests in associates	12	**583**	4,200
Equity securities designated at FVOCI	13	**94,936**	92,191
Financial assets measured at fair value through profit or loss ("FVPL")	13	**1,699**	1,547
Deferred tax assets	22(b)(ii)	**8,779**	6,540
		15,836,915	15,238,351
Current assets			
Inventories	14	**116,674**	119,060
Trade and other receivables	15	**227,168**	282,363
Financial assets measured at FVPL	13	**55,532**	70,128
Cash and bank balances	16(a)	**5,252,640**	4,713,351
Tax recoverable	22(a)	**2,976**	5,535
		5,654,990	5,190,437
Current liabilities			
Trade and other payables	17	**(415,141)**	(477,025)
Bank loan	19	**(2,727)**	(2,848)
Rental deposits received	17	**(89,654)**	(97,459)
Contract liabilities	17	**(181,898)**	(164,469)
Lease liabilities	18	**(61,537)**	–
Tax payable	22(a)	**(141,286)**	(48,481)
		(892,243)	(790,282)
Net current assets		**4,762,747**	4,400,155
Total assets less current liabilities carried forward		**20,599,662**	19,638,506

Consolidated statement of financial position (Continued)

at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Total assets less current liabilities brought forward		**20,599,662**	19,638,506
Non-current liabilities			
Deferred liabilities	*20*	**(181,906)**	(176,907)
Amounts due to holders of non-controlling interests of a subsidiary	*21*	**–**	(12,100)
Lease liabilities	*18*	**(88,172)**	–
Deferred tax liabilities	*22(b)(ii)*	**(284,078)**	(278,188)
		(554,156)	(467,195)
NET ASSETS		**20,045,506**	19,171,311
CAPITAL AND RESERVES			
Share capital	*23(b)(i)*	**2,227,024**	2,227,024
Reserves		**17,654,506**	16,799,764
Total equity attributable to shareholders of the Company		**19,881,530**	19,026,788
Non-controlling interests		**163,976**	144,523
TOTAL EQUITY		**20,045,506**	19,171,311

Approved and authorised for issue by the board of directors on 20 March 2020.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 110 to 176 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Note	Share capital HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to shareholders of the Company								
Balance at 1 January 2018		1,384,869	(92,639)	135,688	304,827	10,217	15,286,022	17,028,984	130,586	17,159,570
Changes in equity for 2018:										
Profit for the year		–	–	–	–	–	1,624,151	1,624,151	35,360	1,659,511
Other comprehensive income		–	–	(38,832)	–	(15,095)	–	(53,927)	(7,083)	(61,010)
Total comprehensive income		–	–	(38,832)	–	(15,095)	1,624,151	1,570,224	28,277	1,598,501
Transfer upon disposal of equity securities designated at FVOCI	*13*	–	–	–	–	(207)	207	–	–	–
Final dividends approved in respect of the previous year	*7(b)*	–	–	–	–	–	(248,745)	(248,745)	–	(248,745)
Interim dividends declared in respect of the current year	*7(a)*	–	–	–	–	–	(165,830)	(165,830)	–	(165,830)
Shares issued on exercise of warrants	*23(b)(i)*	842,155	–	–	–	–	–	842,155	–	842,155
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(14,340)	(14,340)
Balance at 31 December 2018		2,227,024	(92,639)	96,856	304,827	(5,085)	16,495,805	19,026,788	144,523	19,171,311

Consolidated statement of changes in equity (Continued)

for the year ended 31 December 2019

		Attributable to shareholders of the Company								
	Note	Share capital HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2019		2,227,024	(92,639)	96,856	304,827	(5,085)	16,495,805	19,026,788	144,523	19,171,311
Changes in equity for 2019:										
Profit for the year		–	–	–	–	–	1,288,227	1,288,227	48,605	1,336,832
Other comprehensive income		–	–	(14,745)	–	2,745	–	(12,000)	(3,011)	(15,011)
Total comprehensive income		–	–	(14,745)	–	2,745	1,288,227	1,276,227	45,594	1,321,821
Final dividends approved in respect of the previous year	*7(b)*	–	–	–	–	–	(255,655)	(255,655)	–	(255,655)
Interim dividends declared in respect of the current year	*7(a)*	–	–	–	–	–	(165,830)	(165,830)	–	(165,830)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(26,141)	(26,141)
Balance at 31 December 2019		2,227,024	(92,639)	82,111	304,827	(2,340)	17,362,547	19,881,530	163,976	20,045,506

The notes on pages 110 to 176 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2019

	Note	**2019** HK$'000	2018 HK$'000
Operating activities			
Profit before taxation		**1,480,877**	1,818,133
Adjustments for:			
Interest income from financial assets carried at amortised cost	*3(d)*	**–**	(46)
Dividend income from listed securities	*3(d)*	**(3,523)**	(3,351)
Bank interest income	*3(d)*	**(119,125)**	(94,913)
Net loss on disposal of other property, plant and equipment	*3(d)*	**315**	4,512
Net gain on liquidation of a subsidiary	*3(c)*	**–**	(16,589)
Loss allowance for trade receivables	*3(d)*	**1,227**	5,382
Reversal of provision for properties held for resale	*3(d)*	**(309)**	(85)
Depreciation	*10(a)*	**132,601**	99,142
Finance costs	*3(b)*	**3,944**	1,108
Share of profits less losses of associates	*12*	**(129)**	(4,197)
Net realised and unrealised (gains)/losses on financial assets measured at FVPL	*3(c)*	**(2,423)**	3,108
Net increase in fair value of investment properties	*10(a)*	**(503,945)**	(783,475)
Net gain on liquidation of an associate		**(3,812)**	–
Exchange differences		**(3,271)**	11,290
Operating profit before changes in working capital		**982,427**	1,040,019
Decrease in inventories		**638**	1,760
Decrease in trade and other receivables		**49,238**	12,867
(Increase)/decrease in amounts due from associates		**(51)**	798
Decrease in amounts due to associates		**(11)**	(13)
Decrease in trade and other payables		**(67,922)**	(5,970)
(Decrease)/increase in rental deposits received		**(7,805)**	36,112
Increase in contract liabilities		**17,429**	16,836
Increase/(decrease) in deferred liabilities		**4,999**	(20,551)
Net proceeds/(payment) for purchase and disposal of other financial assets held for trading purposes		**15,012**	(14,021)
Cash generated from operations carried forward		**993,954**	1,067,837

Consolidated cash flow statement (Continued)

for the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Cash generated from operations brought forward		**993,954**	1,067,837
Interest received		**123,842**	89,776
Interest and other borrowing costs paid		**(761)**	(1,083)
Dividends paid		**(421,485)**	(414,575)
Dividends paid to non-controlling interests		**(26,141)**	(14,340)
Tax paid			
– Hong Kong Profits Tax		**(35,792)**	(140,698)
– Overseas tax		**(6,941)**	(6,626)
Net cash generated from operating activities		**626,676**	580,291
Investing activities			
Payment for purchase of investment properties		**(8,515)**	(18,811)
Payment for purchase of other property, plant and equipment		**(24,970)**	(83,638)
Net proceeds/(payment) for purchase and disposal of other financial assets not held for trading purposes		**2,042**	(38,419)
Proceeds from disposal of other property, plant and equipment		**472**	179
Return of capital upon the liquidation of an associate		**7,609**	–
Dividend income received from listed securities		**3,523**	3,351
Decrease in time deposits with maturity more than three months		**1,081,224**	379,737
Net cash generated from investing activities		**1,061,385**	242,399
Financing activities			
Proceeds from new bank loans	*16(b)*	**13,922**	47,331
Repayment of bank loans	*16(b)*	**(13,971)**	(47,429)
Repayment of advances from holders of non-controlling interests of subsidiaries	*16(b)*	**(6,080)**	(6,708)
Proceeds from issue of new shares		**–**	842,155
Capital element of lease rentals paid	*16(b)*	**(55,842)**	–
Interest element of lease rentals paid	*16(b)*	**(3,170)**	–
Net cash (used in)/generated from financing activities		**(65,141)**	835,349

Consolidated cash flow statement (Continued)

for the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Net increase in cash and cash equivalents		**1,622,920**	1,658,039
Cash and cash equivalents at 1 January		**3,296,952**	1,641,488
Effect of foreign exchange rate changes		**(2,407)**	(2,575)
Cash and cash equivalents at 31 December		**4,917,465**	3,296,952
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	*16(a)*	**5,252,640**	4,713,351
Less: Time deposits with maturity more than three months		**(335,175)**	(1,416,399)
		4,917,465	3,296,952

The notes on pages 110 to 176 form part of these financial statements.

Notes to the financial statements

1 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) 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 2019 comprise Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

– investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(h)); and

– financial assets measured at FVPL or designated as FVOCI (see note 1(g)).

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

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

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

1 Significant accounting policies (Continued)

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the 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.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 and remain substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 from 1 January 2019. The Group has elected to use the modified retrospective approach and there was no impact on the opening balance of equity at 1 January 2019 upon the initial application of HKFRS 16. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16.

1 Significant accounting policies (Continued)

(c) Changes in accounting policies (continued)

HKFRS 16, Leases (continued)

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempted. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property as disclosed in note 26(b). For an explanation of how the Group applies lessee accounting, see note 1(j)(i).

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.5%.

To ease the transition to HKFRS 16, at the date of initial application of HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HK$'000
Operating lease commitments at 31 December 2018 *(note 26(b))*	170,063
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(11,002)
	159,061
Less: total future interest expenses	(8,626)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	150,435

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

1 Significant accounting policies (Continued)

(c) Changes in accounting policies (continued)

HKFRS 16, Leases (continued)

b. Lessee accounting and transitional impact (continued)

As at 31 December 2018, the Group had no leases previously classified as finance leases.

The Group presents right-of-use assets in 'other property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease contracts**	**Carrying amount at 1 January 2019**
	HK$'000	HK$'000	HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Other property, plant and equipment	266,792	150,435	417,227
Lease liabilities (current)	–	(45,908)	(45,908)
Lease liabilities (non-current)	–	(104,527)	(104,527)

c. Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

(d) Subsidiaries and non-controlling interests

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

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

1 Significant accounting policies (Continued)

(d) Subsidiaries and non-controlling interests (continued)

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

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

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

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

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

1 Significant accounting policies (Continued)

(e) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (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 (after applying the expected credit loss model to such other long-term interests where applicable (see note 1(k)(i))).

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

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

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

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

1 Significant accounting policies (Continued)

(f) 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.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

1 Significant accounting policies (Continued)

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

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(u)(v)).

– FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrecoverable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(u)(iv).

1 Significant accounting policies (Continued)

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see 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 measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(u)(i).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(j)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(j).

(i) Other property, plant and equipment

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

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- hotel property; and
- machinery, furniture, fixtures and equipment including right-of-use assets arising from leases of underlying plant and equipment (see note 1(j)).

Freehold land is stated at cost less impairment losses (see note 1(k)).

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) Other property, plant and equipment (continued)

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

– leasehold land and right-of-use assets are depreciated over the remaining term of the lease;

– freehold land is not depreciated;

– buildings including hotel property situated on leasehold land are depreciated over the unexpired term of the lease; and

– machinery, furniture, fixtures and equipment 4–14 years

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

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

1 Significant accounting policies (Continued)

(j) Leased assets (continued)

(i) As a lessee (continued)

(A) Policy applicable from 1 January 2019 (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(k)(ii)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(h).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

(B) Policy applicable prior to 1 January 2019

In the comparative period, leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with exception for property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (see note 1(h)).

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

1 Significant accounting policies (Continued)

(j) Leased assets (continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

The rental income from operating leases is recognised in accordance with note 1(u)(i).

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, amounts due from associates and loans to associates, which are held for the collection of contractual cashflow which represent solely payments of principle and interest) and lease receivables.

Other financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and unlisted investment fund, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 Significant accounting policies (Continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 Significant accounting policies (Continued)

(k) Credit losses and impairment of assets (continued)

(i) *Credit losses from financial instruments and lease receivables* (continued)

Significant increases in credit risk (continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 Significant accounting policies (Continued)

(k) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets

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

– property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);

– goodwill; and

– investments in subsidiaries and associates in the Company's statement of financial position.

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

1 Significant accounting policies (Continued)

(k) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

(i) Consumable stores

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

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

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

(ii) Property development

Properties held for resale are carried at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of properties held for resale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

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

1 Significant accounting policies (Continued)

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(k)(i)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(w)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(m)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are within three months of maturity at acquisition and are readily convertible into known amounts of cash with insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(k)(i).

(r) Employee benefits

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.

(s) Income tax

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

1 Significant accounting policies (Continued)

(s) Income tax (continued)

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

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

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

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

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 end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

1 Significant accounting policies (Continued)

(s) Income tax (continued)

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.

(t) Provisions and contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group 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.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

1 Significant accounting policies (Continued)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Building management fee and air-conditioning charges are recognised when relevant services are provided.

(ii) Revenue arising from the sale of properties held for resale is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(p)).

(iii) Income from hotel, food and beverage, travel operations and management services is recognised when the relevant services are provided.

(iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(k)(i)).

1 Significant accounting policies (Continued)

(v) 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. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. 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.

(w) Borrowing costs

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

(x) Related parties

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

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

1 Significant accounting policies (Continued)

(x) Related parties (continued)

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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

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

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

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

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(y) Segment reporting

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

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

(a) Valuation of investment properties

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

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

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

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

(c) Assessment of provision for properties held for resale

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

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

3 Profit before taxation

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

	2019 HK$'000	2018 HK$'000
(a) Staff costs		
Contributions to defined contribution retirement plan	**21,939**	21,937
Salaries, wages and other benefits	**451,330**	489,761
	473,269	511,698

The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

Employees of subsidiaries in the People's Republic of China (the "PRC") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. Those subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

	2019 HK$'000	2018 HK$'000
(b) Finance costs		
Interest on bank loans	**28**	27
Interest on amounts due to holders of non-controlling interests of a subsidiary	**733**	1,056
Interest on lease liabilities	**3,170**	–
Other borrowing costs	**13**	25
	3,944	1,108
(c) Other non-operating net gain		
Net gain on liquidation of a subsidiary	**–**	(16,589)
Net realised and unrealised (gains)/losses on financial assets measured at FVPL	**(2,423)**	3,108
	(2,423)	(13,481)

3 Profit before taxation (Continued)

	2019 HK$'000	2018 HK$'000
(d) Others		
Auditors' remuneration	**3,283**	3,455
Net foreign exchange loss	**3,648**	12,602
Net loss on disposal of other property, plant and equipment	**315**	4,512
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	94,514
Rentals receivable from investment properties less direct outgoings of HK$41,358,000 (2018: HK$39,058,000)	**(770,544)**	(759,657)
Other rental income less direct outgoings of HK$7,515,000 (2018: HK$6,922,000)	**(93,901)**	(108,828)
Dividend income from listed securities	**(3,523)**	(3,351)
Bank interest income	**(119,125)**	(94,913)
Interest income from financial assets carried at amortised cost	**–**	(46)
Loss allowance for trade receivables	**1,227**	5,382
Reversal of provision for properties held for resale	**(309)**	(85)
Depreciation charge of other properties leased for own use carried at cost *(note 10(a))*	**57,988**	–

4 Taxation in the consolidated statement of profit or loss

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

	2019 HK$'000	2018 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**132,046**	143,710
Over-provision in respect of prior years	**(359)**	(309)
	131,687	143,401
Current tax – Overseas Taxation		
Provision for the year	**6,410**	7,518
	138,097	150,919
Deferred tax		
Change in fair value of investment properties	**(55)**	1,594
Origination and reversal of temporary differences	**6,003**	6,109
	5,948	7,703
	144,045	158,622

Provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year.

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

Share of associates' taxation for the year ended 31 December 2019 of HK$24,000 (2018: HK$853,000) is included in the share of profits less losses of associates.

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

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

	2019	2018
	HK$'000	HK$'000
Profit before taxation	**1,480,877**	1,818,133
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**248,014**	310,954
Tax effect of non-deductible expenses	**3,150**	24,377
Tax effect of non-taxable income	**(118,178)**	(184,137)
Tax effect of unused tax losses not recognised in the year	**15,138**	18,963
Tax effect of tax losses not recognised in prior years utilised this year	**(3,720)**	(11,226)
Over-provision in prior years	**(359)**	(309)
Actual tax expense	**144,045**	158,622

5 Directors' emoluments

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

	2019				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr Lee Ka Shing	**100**	**–**	**–**	**–**	**100**
Mr Richard Tang Yat Sun	**100**	**–**	**–**	**–**	**100**
Dr Colin Lam Ko Yin	**50**	**–**	**–**	**–**	**50**
Mr Eddie Lau Yum Chuen	**50**	**–**	**–**	**–**	**50**
Mr Norman Ho Hau Chong	**50**	**–**	**–**	**–**	**50**
Non-executive directors					
Dr Lee Shau Kee	**50**	**–**	**–**	**–**	**50**
Dr Patrick Fung Yuk Bun	**300**	**–**	**–**	**–**	**300**
Mr Dominic Cheng Ka On	**300**	**–**	**–**	**–**	**300**
Mr Alexander Au Siu Kee	**50**	**–**	**–**	**–**	**50**
Independent non-executive directors					
Dr David Sin Wai Kin	**350**	**–**	**–**	**–**	**350**
Mr Wu King Cheong	**350**	**–**	**–**	**–**	**350**
Dr Timpson Chung Shui Ming	**350**	**–**	**–**	**–**	**350**
Mr Howard Yeung Ping Leung	**50**	**–**	**–**	**–**	**50**
Mr Thomas Liang Cheung Biu	**50**	**–**	**–**	**–**	**50**
	2,200	**–**	**–**	**–**	**2,200**

5 Directors' emoluments (Continued)

	2018				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr Lee Ka Shing	100	–	–	–	100
Mr Richard Tang Yat Sun	100	–	–	–	100
Dr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
Non-executive directors					
Dr Lee Shau Kee	50	–	–	–	50
Dr Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
Mr Alexander Au Siu Kee	50	–	–	–	50
Independent non-executive directors					
Dr David Sin Wai Kin	350	–	–	–	350
Mr Wu King Cheong	350	–	–	–	350
Dr Timpson Chung Shui Ming	350	–	–	–	350
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
	2,200	–	–	–	2,200

6 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

No directors of the Company were included in the five individuals with the highest emoluments (2018: Nil). The aggregate of the emoluments in respect of the five (2018: five) individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**13,455**	13,663
Discretionary bonuses	**4,201**	3,384
Retirement scheme contributions	**614**	592
	18,270	17,639

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

(a) Emoluments of five highest paid individuals (continued)

The emoluments of the five (2018: five) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2019	2018
Emolument band*		
HK$0 – HK$1,000,000	**–**	–
HK$1,000,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$3,000,000	**–**	2
HK$3,000,001 – HK$4,000,000	**4**	1
HK$4,000,001 – HK$5,000,000	**1**	2
	5	5

(b) Emoluments of senior management

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

	Number of individuals	
	2019	2018
Emolument band*		
HK$0 – HK$1,000,000	**2**	2
HK$1,000,001 – HK$2,000,000	**4**	2
HK$2,000,001 – HK$3,000,000	**2**	2
HK$3,000,001 – HK$4,000,000	**1**	–
	9	6

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

7 Dividends

(a) Dividends attributable to the year

	2019	2018
	HK$'000	HK$'000
Interim dividend declared and paid of HK24 cents per share (2018: HK24 cents per share)	**165,830**	165,830
Final dividend proposed after the end of the reporting period of HK34 cents per share (2018: HK37 cents per share)	**234,926**	255,655
	400,756	421,485

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

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

	2019	2018
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK37 cents per share (2018: HK36 cents per share)	**255,655**	248,745

8 Earnings per share

(a) Basic earnings per share

For the year ended 31 December 2019, the calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK$1,288,227,000 (2018: HK$1,624,151,000) and the weighted average of 690,959,695 shares (2018: 687,811,189 shares) in issue during the year, calculated as follows:

Weighted average number of shares (basic)

	2019	2018
Issued ordinary shares at 1 January	**690,959,695**	628,577,818
Effect of exercised bonus warrants *(note 23(b)(ii))*	**–**	59,233,371
Weighted average number of shares (basic) at 31 December	**690,959,695**	687,811,189

8 Earnings per share (Continued)

(b) Diluted earnings per share

For the year ended 31 December 2019, the calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK$1,288,227,000 (2018: HK$1,624,151,000) and the weighted average of 690,959,695 shares (2018: 688,086,841 shares), calculated as follows:

Weighted average number of shares (diluted)

	2019	2018
Weighted average number of shares (basic) at 31 December	**690,959,695**	687,811,189
Effect of exercisable bonus warrants *(note 23(b)(ii))*	**–**	275,652
Weighted average number of shares (diluted) at 31 December	**690,959,695**	688,086,841

(c) Underlying earnings per share (basic)

For the purpose of assessing the underlying performance of the Group, underlying earnings per share (basic) is additionally calculated based on the profit attributable to shareholders of the Company after excluding the effects of changes in fair value of investment properties and net gain from non-core business. A reconciliation of profit is as follows:

	2019 **HK$'000**	2018 HK$'000
Profit attributable to shareholders of the Company	**1,288,227**	1,624,151
Changes in fair value of investment properties during the year	**(503,945)**	(783,475)
Effect of deferred tax on changes in fair value of investment properties	**(55)**	1,594
Effect of share of non-controlling interests	**–**	2,469
Net gain on liquidation of a subsidiary	**–**	(16,589)
Underlying profit attributable to shareholders of the Company	**784,227**	828,150
Underlying earnings per share (basic)	**HK$1.13**	HK$1.20

9 Revenue and segment reporting

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

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

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

(a) Segment results

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

9 Revenue and segment reporting (Continued)

(a) Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's board and senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

	2019					
	Property rental HK$'000	Hotels and serviced apartments HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Others HK$'000	Total HK$'000
Reportable segment revenue (revenue from external customers) *(Note)*	913,318	559,748	243,573	1,345,065	–	3,061,704
Reportable segment results (adjusted EBITDA)	798,221	173,680	23,756	94,257	170	1,090,084
Unallocated corporate expenses						(111,760)
						978,324
Finance costs						(3,944)
Share of profits less losses of associates						129
Other non-operating net gain						2,423
Net increase in fair value of investment properties	503,945	–	–	–	–	503,945
Consolidated profit before taxation						1,480,877

9 Revenue and segment reporting (Continued)

(a) Segment results (continued)

	2018					
	Property rental HK$'000	Hotels and serviced apartments HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Others HK$'000	Total HK$'000
Reportable segment revenue (revenue from external customers) *(Note)*	914,465	710,034	318,607	1,255,972	–	3,199,078
Reportable segment results (adjusted EBITDA)	807,072	265,123	12,798	59,810	(3,154)	1,141,649
Unallocated corporate expenses						(123,561)
						1,018,088
Finance costs						(1,108)
Share of profits less losses of associates						4,197
Other non-operating net gain						13,481
Net increase in fair value of investment properties	783,475	–	–	–	–	783,475
Consolidated profit before taxation						1,818,133

Note: Except for property rental income of HK$913,318,000 (2018: HK$914,465,000) which falls within the scope of HKFRS 16 (2018: HKAS 17), *Leases*, all of the remaining revenue from contracts with customers falls within the scope of HKFRS 15, *Revenue from contracts with customers*.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that it does not disclose the i) aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, and ii) information about when the Group expects to recognise as revenue, as the Group's contracts with customers generally have an original expected duration of one year or less.

9 Revenue and segment reporting (Continued)

(b) Geographical information

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

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
The Hong Kong Special Administrative Region	**2,996,324**	3,132,727	**14,998,202**	14,394,451
The PRC	**65,380**	66,351	**679,412**	691,245
The United Kingdom	**–**	–	**53,887**	52,377
	3,061,704	3,199,078	**15,731,501**	15,138,073

10 Investment properties, other property, plant and equipment

(a) Reconciliation of carrying amount

		Other property, plant and equipment					
	Investment properties HK$'000	Hotel HK$'000	Land and buildings^ HK$'000	Other properties leased for own use carried at cost HK$'000	Others* HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:							
At 31 December 2018	14,867,081	140,221	59,194	–	1,498,158	1,697,573	16,564,654
Impact on initial adoption of HKFRS 16 *(note 1(c))*	–	–	–	150,435	–	150,435	150,435
At 1 January 2019	14,867,081	140,221	59,194	150,435	1,498,158	1,848,008	16,715,089
Additions	9,782	–	158	56,750	23,763	80,671	90,453
Disposals	–	–	–	(1,911)	(10,309)	(12,220)	(12,220)
Exchange adjustments	(14,081)	–	1,380	–	(499)	881	(13,200)
Surplus on revaluation	503,945	–	–	–	–	–	503,945
Reclassification	4,452	–	–	–	(4,452)	(4,452)	–
At 31 December 2019	15,371,179	140,221	60,732	205,274	1,506,661	1,912,888	17,284,067
Representing:							
Cost	–	140,221	60,732	205,274	1,506,661	1,912,888	1,912,888
Valuation – 2019	15,371,179	–	–	–	–	–	15,371,179
	15,371,179	140,221	60,732	205,274	1,506,661	1,912,888	17,284,067
Accumulated depreciation:							
At 1 January 2019	–	101,315	5,322	–	1,324,144	1,430,781	1,430,781
Charge for the year	–	1,918	85	57,988	72,610	132,601	132,601
Written back on disposals	–	–	–	(281)	(9,522)	(9,803)	(9,803)
Exchange adjustments	–	–	–	–	(430)	(430)	(430)
At 31 December 2019	–	103,233	5,407	57,707	1,386,802	1,553,149	1,553,149
Carrying amount:							
At 31 December 2019	15,371,179	36,988	55,325	147,567	119,859	359,739	15,730,918

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

^ Land and buildings comprise leasehold land, freehold land and buildings held for own use.

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

(a) Reconciliation of carrying amount (continued)

	Investment properties HK$'000	Other property, plant and equipment: Hotel HK$'000	Land and buildings^ HK$'000	Other properties leased for own use carried at cost HK$'000	Others* HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:							
At 1 January 2018	14,102,734	140,221	6,817	–	1,515,954	1,662,992	15,765,726
Additions	6,566	–	54,172	–	21,857	76,029	82,595
Disposals	–	–	–	–	(26,868)	(26,868)	(26,868)
Exchange adjustments	(35,027)	–	(1,795)	–	(3,452)	(5,247)	(40,274)
Surplus on revaluation	783,475	–	–	–	–	–	783,475
Reclassification	9,333	–	–	–	(9,333)	(9,333)	–
At 31 December 2018	14,867,081	140,221	59,194	–	1,498,158	1,697,573	16,564,654
Representing:							
Cost	–	140,221	59,194	–	1,498,158	1,697,573	1,697,573
Valuation – 2018	14,867,081	–	–	–	–	–	14,867,081
	14,867,081	140,221	59,194	–	1,498,158	1,697,573	16,564,654
Accumulated depreciation:							
At 1 January 2018	–	99,397	5,256	–	1,252,384	1,357,037	1,357,037
Charge for the year	–	1,918	66	–	97,158	99,142	99,142
Written back on disposals	–	–	–	–	(22,177)	(22,177)	(22,177)
Exchange adjustments	–	–	–	–	(3,221)	(3,221)	(3,221)
At 31 December 2018	–	101,315	5,322	–	1,324,144	1,430,781	1,430,781
Carrying amount:							
At 31 December 2018	14,867,081	38,906	53,872	–	174,014	266,792	15,133,873

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

^ Land and buildings comprise leasehold land, freehold land and buildings held for own use.

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

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

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

– Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

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

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2019 and 2018. The valuations were carried out by an independent firm of surveyors, Cushman & Wakefield Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

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

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

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

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs Range of capitalisation rates
Investment properties	Income capitalisation approach	
In Hong Kong		
– Retail		3.0% to 6.0% (2018: 3.0% to 6.0%)
– Office		4.1% (2018: 4.1%)
In the PRC		
– Retail		8.5% (2018: 8.5%)
– Serviced apartment		8.5% (2018: 8.5%)

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

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

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

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

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

(c) The analysis of cost or valuation of properties is as follows:

	2019 **HK$'000**	2018 HK$'000
Land and buildings in Hong Kong:		
– long leases	**145**	145
– medium term leases	**14,836,917**	14,320,813
Land and buildings outside Hong Kong:		
– medium term leases	**681,183**	693,161
– freehold	**53,887**	52,377
	15,572,132	15,066,496

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

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

The total variable lease income recognised in the consolidated statement of profit or loss for the year are HK$12,067,000 (2018: HK$15,662,000).

(e) Right-of-use assets

The Group has obtained the right to use other properties as its operating outlets through tenancy agreements. The leases typically run for an initial period of 1 to 11 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals.

During the year ended 31 December 2019, the Group leased a number of operating outlets which contain variable lease payment terms that are based on sales generated from the operating outlets and minimum annual lease payment terms that are fixed. These payment terms are common in operating outlets in Hong Kong where the Group operates. The amount of fixed and variable lease payments recognised in profit or loss for the year is summarised below:

	Fixed payments HK$'000	**Variable payments** HK$'000	**Total payments** HK$'000
Operating outlets	14,755	118	14,873

11 Investments in subsidiaries

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

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

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

11 Investments in subsidiaries (Continued)

				Proportion of ownership interest			
Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Hotel management
Miramar Travel Limited	Hong Kong	Hong Kong	HK$13,000,000	53.8%	53.8%	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	HK$1,000	100%	100%	–	Property rental
Randall Resources Limited	Hong Kong	The PRC	HK$100	100%	–	100%	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK$200,000	100%	100%	–	Property rental
Smart Faith Investments Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Restaurant operation
Strong Profit Resources Limited	Hong Kong	The PRC	HK$10,000	70%	–	100%	Property rental and sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK$500,000	100%	100%	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Property rental
World Eagle Resources Limited	Hong Kong	Hong Kong	HK$2	100%	–	100%	Restaurant operation
美利物業管理(上海)有限公司 ~ *	The PRC	The PRC	US$5,000,000	100%	–	100%	Property rental and management
上海恒美酒店管理有限公司 ^ *	The PRC	The PRC	US$200,000	100%	–	100%	Hotel management
上海上美置業有限公司^ *	The PRC	The PRC	US$13,000,000	51.4%	–	68.6%	Property rental

* Companies not audited by KPMG.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

12 Interests in associates

	2019 HK$'000	2018 HK$'000
Share of net assets	**17,957**	24,273
Amounts due from associates	**708**	656
Loans to associates	**25,940**	25,940
	44,605	50,869
Less: Impairment loss	**(44,022)**	(46,669)
	583	4,200

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

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

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

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

* Not audited by KPMG.

Aggregate information of associates that are not individually material:

	2019 HK$'000	2018 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**583**	4,200
Aggregate amounts of the Group's share of those associates'		
– Profit from continuing operations	**129**	4,197
– Total comprehensive income	**129**	4,197

13 Other financial assets

	2019 HK$'000	2018 HK$'000
Non-current		
Equity securities designated at FVOCI (Note)		
Listed equity securities in Hong Kong	**75,343**	79,350
Listed equity securities outside Hong Kong	**19,593**	12,841
	94,936	92,191
Financial assets measured at FVPL		
Listed securities outside Hong Kong	**1,699**	1,547
Sub-total	**96,635**	93,738
Current		
Financial assets measured at FVPL		
Listed equity securities in Hong Kong	**4,659**	17,464
Unlisted investment fund	**50,873**	52,664
Sub-total	**55,532**	70,128
Total	**152,167**	163,866
Market value of listed equity securities	**101,294**	111,202

Note: The Group designated the following equity securities at FVOCI at 1 January 2018 or acquisition date as they are held for strategic purposes and the fair value of each investment at 31 December 2019 is as follows:

	HK$'000
Equity securities classified as financial assets designated at FVOCI	
China Construction Bank Corporation	20,190
China Resources Power Holdings Company Limited	10,940
HKT Trust And HKT Limited	13,176
China Everbright International Limited	11,562
Others	39,068
At 31 December 2019	94,936

Dividends received from these investments during the year of HK$3,269,000 (2018: HK$3,070,000) were recognised in profit or loss.

During the year, the Group have no disposal of its equity investments (2018: disposed of 1 equity investment in Sinopharm Holding Company Limited at a consideration of HK$5,225,000 and accumulated gain previously recognised in other comprehensive income of HK$207,000 was transferred to retained profits).

14 Inventories

	2019 HK$'000	2018 HK$'000
Consumable stores	**10,362**	10,772
Properties held for resale	**106,312**	108,288
	116,674	119,060

Properties held for resale are stated at cost and net of a provision of HK$93,708,000 (2018: HK$94,017,000).

15 Trade and other receivables

	2019 HK$'000	2018 HK$'000
Trade receivables	**77,389**	95,935
Less: loss allowance *(note 24(a))*	**(9,076)**	(9,598)
	68,313	86,337
Other receivables, deposits and prepayments	**158,855**	196,026
	227,168	282,363

At 31 December 2019 and 2018, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK$17,434,000 (2018: HK$14,034,000) which is expected to be recovered after one year.

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

	2019 HK$'000	2018 HK$'000
Within 1 month	**39,078**	58,139
1 month to 2 months	**11,538**	13,005
Over 2 months	**17,697**	15,193
	68,313	86,337

The Group's credit policy and credit risk arising from trade receivables are set out in note 24(a).

16 Cash and bank balances and other cash flow information

(a) Cash and bank balances

	2019	2018
	HK$'000	HK$'000
Deposits with banks and other financial institutions	**5,082,212**	4,355,485
Cash at bank and in hand	**170,428**	357,866
	5,252,640	4,713,351

Cash and bank balances at 31 December 2019 include HK$55,993,000 equivalent (2018: HK$54,634,000 equivalent) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities HK$'000 *(note 18)*	**Bank loan HK$'000** *(note 19)*	**Amounts due to holders of non-controlling interests of subsidiaries HK$'000** *(note 21)*	**Total HK$'000**
At 1 January 2018	–	3,009	91,524	94,533
Changes from financing cash flows:				
Proceeds from new bank loans	–	47,331	–	47,331
Repayment of bank loans	–	(47,429)	–	(47,429)
Repayment of advances from holders of non-controlling interests of subsidiaries	–	–	(6,708)	(6,708)
Total changes from financing cash flows	–	(98)	(6,708)	(6,806)
Exchange adjustments	–	(63)	–	(63)
At 31 December 2018	–	2,848	84,816	87,664

16 Cash and bank balances and other cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Lease liabilities HK$'000 *(note 18)*	Bank loan HK$'000 *(note 19)*	Amounts due to holders of non-controlling interests of subsidiaries HK$'000 *(note 21)*	Total HK$'000
At 31 December 2018	–	2,848	84,816	87,664
Impact on initial application of HKFRS 16 *(Note 1(c))*	150,435	–	–	150,435
At 1 January 2019	150,435	2,848	84,816	238,099
Changes from financing cash flows:				
Repayment of advances from holders of non-controlling interests of subsidiaries	**–**	**–**	**(6,080)**	**(6,080)**
Capital element of lease rentals paid	**(55,842)**	**–**	**–**	**(55,842)**
Interest element of lease rentals paid	**(3,170)**	**–**	**–**	**(3,170)**
Proceeds from new bank loans	**–**	**13,922**	**–**	**13,922**
Repayment of bank loans	**–**	**(13,971)**	**–**	**(13,971)**
Total changes from financing cash flows	**(59,012)**	**(49)**	**(6,080)**	**(65,141)**
Exchange adjustments	**–**	**(72)**	**(189)**	**(261)**
Other changes				
Interest on lease liabilities	**3,170**	**–**	**–**	**3,170**
Increase in lease liabilities from entering into new leases during the year	**56,750**	**–**	**–**	**56,750**
Decrease in lease liabilities from early termination of lease during the year	**(565)**	**–**	**–**	**(565)**
Decrease in lease liabilities from lease modification during the year	**(1,069)**	**–**	**–**	**(1,069)**
At 31 December 2019	**149,709**	**2,727**	**78,547**	**230,983**

16 Cash and bank balances and other cash flow information (Continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases related to lease rental paid comprise the following:

	2019	2018
	HK$'000	HK$'000
Within operating cash flows	**(14,873)**	(94,541)
Within financing cash flows	**(59,012)**	–
	(73,885)	(94,541)

17 Trade and other payables, rental deposits received and contract liabilities

	2019	2018
	HK$'000	HK$'000
Trade and other payables		
Trade payables	**107,246**	123,160
Other payables and accrued charges	**225,052**	276,842
Amounts due to holders of non-controlling interests of subsidiaries *(see note 21)*	**78,547**	72,716
Amounts due to associates *(note (i))*	**4,296**	4,307
	415,141	477,025
Rental deposits received	**89,654**	97,459
Contract liabilities *(note (ii))*	**181,898**	164,469

Notes:

(i) Amounts due to associates are unsecured, interest-free and repayable on demand.

(ii) The revenue recognised during the year included in the contract liabilities balance at the beginning of the year amounted to HK$164,469,000 (2018: HK$147,633,000).

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

17 Trade and other payables, rental deposits received and contract liabilities (Continued)

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

	2019	2018
	HK$'000	HK$'000
Due within 3 months or on demand	**60,972**	79,642
Due after 3 months but within 6 months	**46,274**	43,518
	107,246	123,160

18 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 December 2019		1 January 2019	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK $'000**	Present value of the minimum lease payments HK $'000	Total minimum lease payments HK $'000
Within 1 year	**61,537**	**64,562**	45,908	50,020
After 1 year but within 2 years	**42,503**	**44,146**	42,491	44,764
After 2 years but within 5 years	**45,669**	**46,884**	55,941	58,145
After 5 years	**–**	**–**	6,095	6,132
	88,172	**91,030**	104,527	109,041
	149,709	**155,592**	150,435	159,061
Less: total future interest expenses		**(5,883)**		(8,626)
Present value of lease liabilities		**149,709**		150,435

19 Bank loan

At 31 December 2019, the bank loan was secured as follows:

	2019	2018
	HK$'000	HK$'000
Secured bank loan	**2,727**	2,848

Bank loan is repayable within one year. Interest on bank loan is charged at prevailing market rates.

The effective interest rate per annum on bank loan is 0.9% for the year ended 31 December 2019 (2018: 0.9%).

At 31 December 2019, banking facilities of HK$389,450,000 (2018: HK$391,575,000) were secured by the Group's investment in listed equity securities with an aggregate carrying value of HK$96,635,000 (2018: HK$93,738,000). The facilities were utilised to the extent of HK$2,727,000 (2018: HK$2,848,000).

20 Deferred liabilities

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

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

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK$5,953,000 (2018: HK$12,100,000), which are unsecured, interest bearing at 6% per annum and repayable within one year (2018: interest bearing at 6% per annum and repayable after one year), all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22 Taxation in the consolidated statement of financial position

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

	2019	2018
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**132,046**	143,710
Provisional Hong Kong Profits Tax paid	**–**	(103,672)
	132,046	40,038
Balance of Hong Kong Profits Tax provision relating to prior years	**3,840**	(47)
Overseas tax payable	**2,424**	2,955
	138,310	42,946
Representing:		
Tax recoverable	**(2,976)**	(5,535)
Tax payable	**141,286**	48,481
	138,310	42,946

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

(b) Deferred tax assets and liabilities recognised:

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

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

	Depreciation allowances in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Future benefit of tax loss HK$'000	Total HK$'000
Deferred tax arising from:				
At 1 January 2018	191,978	78,687	(1,232)	269,433
Charged to profit or loss	5,722	1,594	387	7,703
Exchange adjustments	(1,259)	(4,229)	–	(5,488)
At 31 December 2018	196,441	76,052	(845)	271,648
Deferred tax arising from:				
At 1 January 2019	**196,441**	**76,052**	**(845)**	**271,648**
Charged to profit or loss	**8,026**	**(55)**	**(2,023)**	**5,948**
Exchange adjustments	**(764)**	**(1,533)**	**–**	**(2,297)**
At 31 December 2019	**203,703**	**74,464**	**(2,868)**	**275,299**

(ii) Reconciliation to the consolidated statement of financial position

	2019 HK$'000	2018 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(8,779)**	(6,540)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**284,078**	278,188
	275,299	271,648

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

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets of HK$97,393,000 (2018: HK$102,317,000) in respect of accumulated tax losses of HK$557,365,000 (2018: HK$556,206,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2019.

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

At 31 December 2019, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to HK$61,856,000 (2018: HK$53,922,000). Deferred tax liabilities of HK$3,093,000 (2018: HK$2,696,000) have not been recognised in respect of tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and the directors are of the opinion that the profits will not be distributed in the foreseeable future.

23 Total equity

(a) Movements in components of equity

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

The Company

	Share capital HK$'000	Capital reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2018	1,384,869	1,019,874	300,000	431,370	3,136,113
Changes in equity for 2018:					
Profit and total comprehensive income for the year	–	–	–	1,518,536	1,518,536
Final dividends approved in respect of the previous year *(note 7(b))*	–	–	–	(248,745)	(248,745)
Interim dividends declared in respect of the current year *(note 7(a))*	–	–	–	(165,830)	(165,830)
Shares issued on exercise of warrants *(note 23(b)(i))*	842,155	–	–	–	842,155
Balance at 31 December 2018	2,227,024	1,019,874	300,000	1,535,331	5,082,229

23 Total equity (Continued)

(a) Movements in components of equity (continued)

The Company (continued)

	Share capital HK$'000	Capital reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2019	**2,227,024**	**1,019,874**	**300,000**	**1,535,331**	**5,082,229**
Changes in equity for 2019:					
Profit and total comprehensive income for the year	–	–	–	**2,573,788**	**2,573,788**
Final dividends approved in respect of the previous year *(note 7(b))*	–	–	–	**(255,655)**	**(255,655)**
Interim dividends declared in respect of the current year *(note 7(a))*	–	–	–	**(165,830)**	**(165,830)**
Balance at 31 December 2019	**2,227,024**	**1,019,874**	**300,000**	**3,687,634**	**7,234,532**

(b) Share capital

(i) Issued share capital

	2019		2018	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**690,959,695**	**2,227,024**	628,577,818	1,384,869
Shares issued on exercise of warrants	–	–	62,381,877	842,155
At 31 December	**690,959,695**	**2,227,024**	690,959,695	2,227,024

23 Total equity (Continued)

(b) Share capital (continued)

(ii) Bonus warrants

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

During the year ended 31 December 2018, 62,381,877 units of warrants were exercised to subscribe for an aggregate of 62,381,877 shares in the Company. The new shares ranked pari passu in all respects with the then existing shares of the Company. On 19 January 2018 (the end of the warrants exercisable period), the remaining 1,717,807 units of outstanding warrants expired and the subscription rights attached to these warrants which have not been exercised were lapsed. No new bonus warrants have been issued since 19 January 2018.

(c) Nature and purpose of reserves

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

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

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

The investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)).

23 Total equity (Continued)

(d) Capital management

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

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

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

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. The Group maintains its net cash position as 1 January 2019 after the recognition of corresponding lease liabilities.

The adjusted net debt-to-equity ratios at the end of the reporting period and at the date of transfer of HKFRS 16 are as follows:

	Note	**31 December 2019 HK$'000**	1 January 2019 HK$'000	31 December 2018 HK$'000
Bank loan	*19*	**2,727**	2,848	2,848
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	*21*	**5,953**	12,100	12,100
Lease liabilities	*18*	**149,709**	150,435	–
Less: cash and bank balances	*16(a)*	**(5,252,640)**	(4,713,351)	(4,713,351)
Net cash		**(5,094,251)**	(4,547,968)	(4,698,403)
Total equity attributable to shareholders of the Company		**19,881,530**	19,026,788	19,026,788
Net debt-to-shareholders' equity ratio		**N/A**	N/A	N/A

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

24 Financial risk management and fair values

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

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with sound credit ratings.

There is no significant concentration of credit risk within the Group.

Trade receivables

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due ranging from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days past due are generally requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on the Group's historical credit loss experience and patterns, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions at the reporting date. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2019		2018	
	Gross carrying amount HK$'000	**Loss allowance HK$'000**	Gross carrying amount HK$'000	Loss allowance HK$'000
Neither past due nor impaired	**39,078**	**–**	58,139	–
Less than 1 month past due	**11,538**	**–**	13,005	–
1 to 2 months past due	**6,753**	**–**	5,824	–
Over 2 months past due	**20,020**	**9,076**	18,967	9,598
	77,389	**9,076**	95,935	9,598

24 Financial risk management and fair values (Continued)

(b) Liquidity risk

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

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

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2019					
Trade and other payables	332,298	–	–	332,298	332,298
Amounts due to associates	4,296	–	–	4,296	4,296
Amounts due to holders of non-controlling interests of subsidiaries	78,904	–	–	78,904	78,547
Bank loan	2,732	–	–	2,732	2,727
Lease liabilities	64,562	44,146	46,884	155,592	149,709
Rental deposits received	89,654	–	–	89,654	89,654
Contract liabilities	181,898	–	–	181,898	181,898
Deferred liabilities	–	58,866	123,040	181,906	181,906
	754,344	103,012	169,924	1,027,280	1,021,035

24 Financial risk management and fair values (Continued)

(b) Liquidity risk (continued)

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2018					
Trade and other payables	400,002	–	–	400,002	400,002
Amounts due to associates	4,307	–	–	4,307	4,307
Amounts due to holders of non-controlling interests of subsidiaries	73,709	13,093	–	86,802	84,816
Bank loan	2,853	–	–	2,853	2,848
Rental deposits received	97,459	–	–	97,459	97,459
Contract liabilities	164,469	–	–	164,469	164,469
Deferred liabilities	–	92,452	84,455	176,907	176,907
	742,799	105,545	84,455	932,799	930,808

(c) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for trading and non-trading purposes (see note 13).

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

At 31 December 2019, it is estimated that an increase/decrease of 5% (2018: 5%) in the market value of the Group's listed securities, with all other variables held constant, the Group's profit after tax would have increased/decreased by HK$265,000 (2018: HK$806,000). The Group's total equity would have increased/decreased by HK$4,747,000 (2018: HK$5,416,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in market value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's listed investments would change in accordance with the market values, and that all other variables remain constant. The analysis is performed on the same basis for 2018.

24 Financial risk management and fair values (Continued)

(d) Foreign currency risk

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

The Group has no significant exposure to foreign currency risk as substantially all the transactions are either denominated in the functional currency of the entity or in United States dollars where Hong Kong dollars are pegged to United States dollars, the resulting currency risk is considered insignificant.

(e) Fair value measurement

(i) Financial assets measured at fair value

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

– Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2019 HK$'000	Fair value measurements at 31 December 2019 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI:				
– Listed equity securities in Hong Kong	**75,343**	**75,343**	**–**	**–**
– Listed equity securities outside Hong Kong	**19,593**	**19,593**	**–**	**–**
Financial assets measured at FVPL:				
– Unlisted investment fund	**50,873**	**–**	**50,873**	**–**
– Listed equity securities in Hong Kong	**4,659**	**4,659**	**–**	**–**
– Listed securities outside Hong Kong	**1,699**	**1,699**	**–**	**–**

24 Financial risk management and fair values (Continued)

(e) Fair value measurement (continued)

(i) *Financial assets measured at fair value* (continued)

	Fair value at 31 December 2018 HK$'000	Fair value measurements at 31 December 2018 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI:				
– Listed equity securities in Hong Kong	79,350	79,350	–	–
– Listed equity securities outside Hong Kong	12,841	12,841	–	–
Financial assets measured at FVPL:				
– Unlisted investment fund	52,664	–	52,664	–
– Listed equity securities in Hong Kong	17,464	17,464	–	–
– Listed securities outside Hong Kong	1,547	1,547	–	–

During the years ended 31 December 2019 and 2018, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

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

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2019 and 2018. Amounts due from/(to) subsidiaries, associates and holders of non-controlling interests of subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose fair values.

25 Capital commitments

Capital commitments outstanding at 31 December 2019 not provided for in the financial statements were as follows:

	2019	2018
	HK$'000	HK$'000
Future expenditure relating to properties:		
Contracted for	**25,449**	2,051
Authorised but not contracted for	**2,970**	44,029
	28,419	46,080

26 Operating lease commitments

(a) At 31 December 2019, the total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2019	2018
	HK$'000	HK$'000
Within 1 year	**605,917**	653,603
After 1 year but within 2 years	**389,936**	382,451
After 2 years but within 3 years	**201,227**	179,674
After 3 years but within 4 years	**51,987**	70,581
After 4 years but within 5 years	**16,715**	26,388
After 5 years	**21**	238
	1,265,803	1,312,935

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018
	HK$'000
Within 1 year	61,022
After 1 year but within 5 years	102,909
After 5 years	6,132
	170,063

The Group is the lessee in respect of a number of properties under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognises lease liabilities relating to these leases (see note 1(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 1(j), and the details regarding the Group's future lease payments are disclosed in note 18.

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 under the ordinary course of business and were carried out on normal commercial terms:

	2019 **HK$'000**	2018 HK$'000
Property agency fee payable to a subsidiary of the Group's major shareholder *(note (a))*	**1,546**	3,000
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder *(note (a))*	**(14,814)**	(15,313)
Management fee income from a subsidiary of the Group's major shareholder *(note (b))*	**(804)**	(752)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder *(note (c))*	**(2,296)**	(3,402)
Rental and building management fee income from:		
– an entity controlled by a director for leasing of Office Units 1706–1707 and certain units of 18th Floor (from 1 January to 31 October 2019 and 2018: whole of 18/F, from 1 November 2019 to 31 December 2019: units 1801–07 and 1812–18), Mira Place Tower A	**(30,655)**	(29,106)
– a subsidiary of the Group's major shareholder for leasing of Shops 501–03, 505–06 and Pillar Signage, Mira Place 1	**(32,450)**	(32,109)
Cash rental paid to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101–3107 and certain floor space of ifc Mall *(note (d))*	**17,579**	17,070
– a subsidiary of the Group's major shareholder for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong *(note (e))*	**15,200**	16,754
Professional consultancy and management services income from an associate of the Group's major shareholder *(note (f))*	**(104)**	–

All of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in paragraphs headed "Connected Transaction and Continuing Connected Transactions" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2019.

27 Material related party transactions (Continued)

Notes:

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

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

The net amounts due to these companies as at 31 December 2019 amounted to HK$3,203,000 (2018: HK$20,721,000) are unsecured, interest-free and have no fixed terms of repayment.

(b) The management fee income from a subsidiary of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the year the service provided. The amount due from this company as at 31 December 2019 amounted to HK$101,000 (2018: HK$128,000) is unsecured, interest-free and has no fixed terms of repayment.

(c) The Group's hotel division provides hotel and catering services to certain subsidiaries and associates of the Group's major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amounts due from these companies as at 31 December 2019 amounted to HK$29,000 (2018: HK$1,721,000) are unsecured, interest-free and have no fixed terms of repayment.

(d) The amount represented rental, building management fee, air-conditioning charges and other outgoings paid to an associate of the Group's major shareholder during the year. No amount was due to this company in relation to these fees as at 31 December 2019 (2018: HK$Nil).

(e) The amount represented rental, building management fee and other outgoings paid to a subsidiary of the Group's major shareholder during the year. The amount due to this company as at 31 December 2019 represented unsettled rental fee of HK$82,000 (2018: HK$178,000) and is unsecured, interest free and have no fixed terms of repayment.

(f) The consultancy and management services income from an associate of the Group's major shareholder for the provision of consultancy and management services to parking facilities, was calculated at a certain percentage of direct operating expenses incurred from the operation of that parking facilities for the year service provided. No amount was due from this company in relation to the fee as at 31 December 2019 (2018: HK$Nil).

(g) Remuneration for key management personnel are disclosed in notes 5 and 6.

28 Company-level statement of financial position

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**60,688**	4,912
Interests in subsidiaries	*11*	**2,502,188**	2,824,077
		2,562,876	2,828,989
Current assets			
Inventories		**491**	501
Trade and other receivables		**17,930**	18,826
Cash and bank balances		**4,993,626**	4,502,621
		5,012,047	4,521,948
Current liabilities			
Trade and other payables		**(50,916)**	(50,196)
Deposits received		**(361)**	(360)
Lease liabilities		**(54,373)**	–
		(105,650)	(50,556)
Net current assets		**4,906,397**	4,471,392
Total assets less current liabilities		**7,469,273**	7,300,381
Non-current liability			
Amounts due to subsidiaries		**(234,741)**	(2,218,152)
NET ASSETS		**7,234,532**	5,082,229
CAPITAL AND RESERVES	*23(a)*		
Share capital		**2,227,024**	2,227,024
Reserves		**5,007,508**	2,855,205
TOTAL EQUITY		**7,234,532**	5,082,229

Approved and authorised for issue by the board of directors on 20 March 2020.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

29 Non-adjusting events after the reporting period

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

(b) The outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") has impacted the Group's operations. The international travel restrictions and quarantines have been affecting the Group's hotel and travel operations. In addition, local residents have reduced social activities such as shopping and dining since the start of the COVID-19 outbreak. With the overall economic slowdown, the Group's property rental business may also be affected against the backdrop of declining rental yields.

The Group will continue to pay close attention to the development of the COVID-19 outbreak, and evaluate and proactively respond to its impact on the Group's financial position and operating results.

30 Comparative figures

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 1(c).

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Group's Five-year Financial Summary

	2019 HK$'million	2018 HK$'million	2017 HK$'million	2016 HK$'million	2015 HK$'million
Results (for the years ended 31 December)					
Revenue	**3,062**	3,199	3,186	3,118	3,251
Profit attributable to shareholders of the Company	**1,288**	1,624	1,519	1,277	1,355
Assets and liabilities (as at 31 December)					
Investment properties and other property, plant and equipment	**15,731**	15,134	14,409	13,814	13,204
Interests in associates	**1**	4	1	2	2
Available-for-sale securities – non-current	**–**	–	80	152	252
Equity securities designated at FVOCI	**95**	92	–	–	–
Financial assets measured at FVPL	**2**	2	–	–	–
Deferred tax assets	**8**	6	6	5	4
Net current assets	**4,763**	4,400	3,136	2,114	2,222
Total assets less current liabilities	**20,600**	19,638	17,632	16,087	15,684
Bank loans — non-current	**–**	–	–	(352)	(968)
Deferred liabilities	**(182)**	(177)	(197)	(169)	(137)
Lease liabilities	**(88)**	–	–	–	–
Amounts due to holders of non-controlling interests of a subsidiary	**–**	(12)	–	(24)	–
Deferred tax liabilities	**(284)**	(278)	(275)	(263)	(249)
Net assets	**20,046**	19,171	17,160	15,279	14,330
Capital and reserves					
Share capital	**2,227**	2,227	1,385	696	692
Reserves	**17,655**	16,800	15,644	14,444	13,491
Total equity attributable to shareholders of the Company	**19,882**	19,027	17,029	15,140	14,183
Non-controlling interests	**164**	144	131	139	147
Total equity	**20,046**	19,171	17,160	15,279	14,330
	HK$	HK$	HK$	HK$	HK$
Per share data					
Earnings — basic	**1.86**	2.36	2.52	2.21	2.35
Dividends attributable to the year	**0.58**	0.61	0.59	0.54	0.54
Net assets value attributable to shareholders of the Company	**28.77**	27.54	27.09	26.21	24.57

Group Properties

at 31 December 2019

Major properties held for investment and/or own use

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

Group Properties (Continued)

at 31 December 2019

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

Notice of Annual General Meeting

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 12 JUNE 2020

In view of the ongoing COVID-19 outbreak, mass gatherings would potentially impose a significant risk in terms of the spread of the virus. For the safety of our shareholders, staff and stakeholders, **the Company encourages shareholders, instead of attending the AGM in person, to appoint the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM**, by completing and returning the form of proxy accompanying the Annual Report 2019 in accordance with the instructions printed thereon.

Shareholders and other persons attending the AGM should note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the AGM, including:

(a) body temperature screening;
(b) mandatory health declaration;
(c) mandatory wearing of surgical face masks; and
(d) NO distribution of corporate gifts or refreshments.

For the safety of the attendees at the AGM, the Company reserves the right to deny entry into or require any person to leave the AGM venue if such person:

(i) refuses to comply with any of the above precautionary measures;
(ii) is having a body temperature of over 37.4 degree Celsius;
(iii) is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine; or
(iv) has any flu-like symptoms.

The Company seeks the understanding and cooperation of all shareholders to minimize the risk of spreading COVID-19.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118–130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 12 June 2020 at 12:00 noon (the "AGM") to transact the following business:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 31 December 2019.

2. To declare a Final Dividend.

3. To re-elect Directors.

4. To re-appoint Auditors and authorise the Directors to fix their remuneration.

5. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(A) "**THAT**:

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

(b) for the purposes of this Resolution:

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

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiry of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to be held; and

(iii) the date on which the approval set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

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

(B) "**THAT**:

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the total number of shares of the Company to be bought back pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period) and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

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

(C) "**THAT**:

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

By Order of the Board
CHU KWOK SUN
Corporate Secretary

Hong Kong, 24 April 2020

Registered Office:
15/F, Mira Place Tower A
132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

(1) A Shareholder of the Company (the "Shareholder(s)") entitled to attend and vote is entitled to appoint (i) another person (whether a Shareholder or not) as a proxy to exercise all or any of the Shareholder's rights to attend and to speak and vote at the AGM and (ii) separate proxies to represent respectively the number of the shares held by the Shareholder that is specified in their instruments of appointment of proxies. If a Shareholder appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands. Form of proxy must be lodged at Computershare Hong Kong Investor Services Limited (the "Company's Share Registrar") at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the AGM (accordingly, no later than 12:00 noon on 10 June 2020). In calculating the periods mentioned for depositing the instrument appointing a proxy, no account is to be taken of any part of a day that is a public holiday.

(2) For the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the Register of Members will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020, both days inclusive, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration with the Company's Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 8 June 2020.

(3) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 18 June 2020 to Wednesday, 24 June 2020, both days inclusive, during such period no transfer of shares will be registered. In order to establish entitlements to the proposed final dividend, Shareholders must lodge the Share Transfer Documents for registration with the Company's Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 17 June 2020.

(4) Concerning item no. 3 above, Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Mr. Thomas Liang Cheung Biu, Mr. Wu King Cheong and Mr. Alexander Au Siu Kee (collectively the "Retiring Directors") will retire from office and, being eligible, have offered themselves for re-election at the AGM.

(5) A circular containing details relating to re-election of the Retiring Directors and an explanatory statement containing the information necessary to enable the Shareholders to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to Shareholders together with the Company's 2019 Annual Report.

(6) Please indicate in advance, not less than 1 week before the time appointed for holding the AGM, if Shareholder(s), because of disabilities, need special arrangements to participate at the AGM. Any such request should be in writing and sent to the Company's Share Registrar by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by phone at 2862 8555. The Company will endeavor to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.

(7) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time between 10:00 a.m. and 12:00 noon on the date of the AGM, the AGM will be adjourned. The Company will post an announcement on the Company website (www.miramar-group.com) and the HKEX news website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned meeting.

The AGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the AGM under bad weather conditions bearing in mind their own situations.

Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Chairman and CEO

Mr LEE Ka Shing

Joint Company Secretaries

Mr Dickson LAI Ho Man
Mr Charles CHU Kwok Sun

Auditors

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
MUFG Bank, Ltd.
Mizuho Bank, Ltd.
China Construction Bank (Asia) Corporation Limited
Sumitomo Mitsui Banking Corporation
Bank of Communications Co., Ltd.
Hang Seng Bank Limited

Share Registrar

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

Registered Office

15/F, Mira Place Tower A, 132 Nathan Road,
Tsim Sha Tsui, Kowloon, Hong Kong

Share Listing

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

Website

http://www.miramar-group.com

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
15/F Mira Place Tower A 132 Nathan Road Tsimshatsui Kowloon Hong Kong

www.miramar-group.com