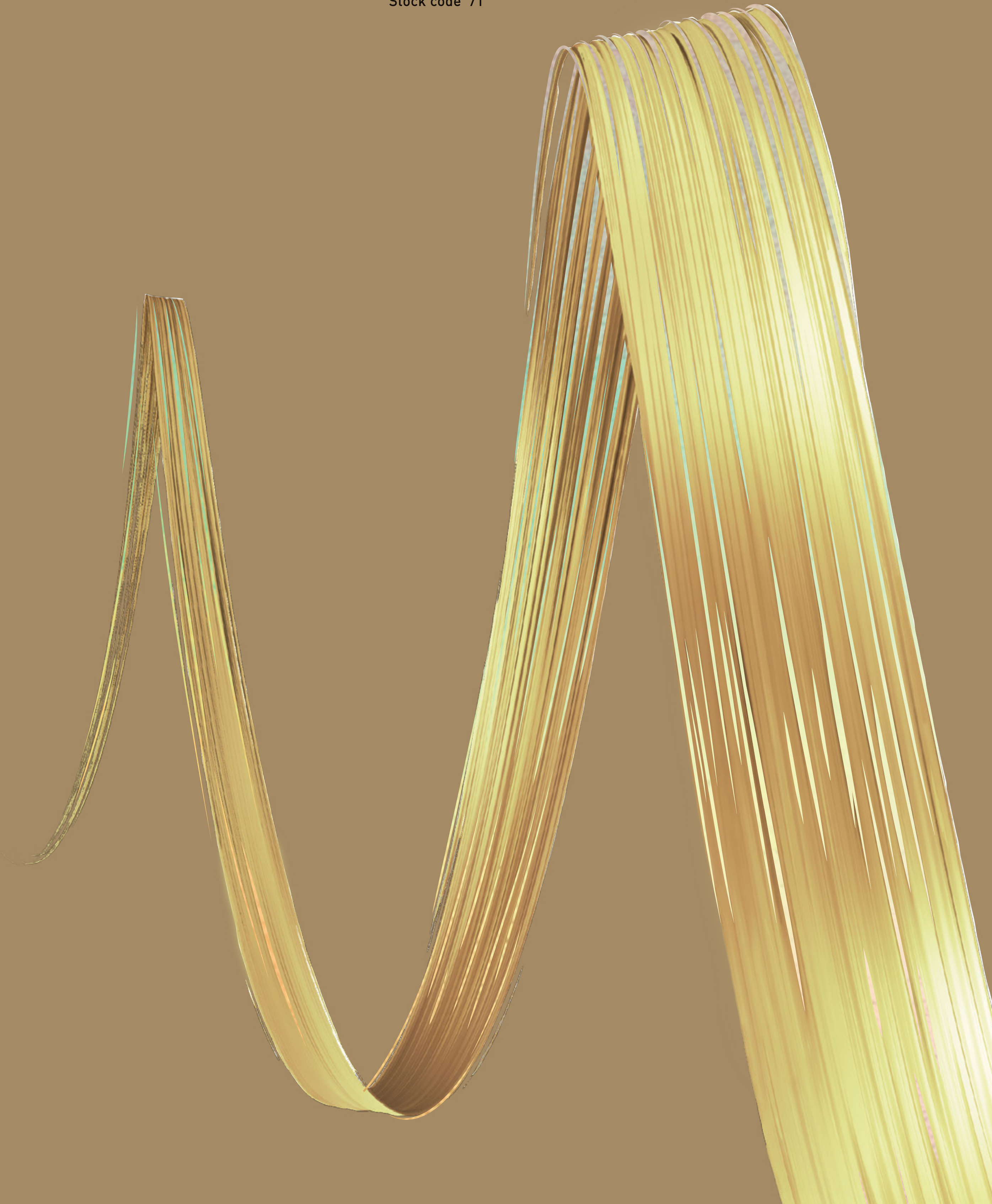
2020

ANNUAL REPORT

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

Stock code 71

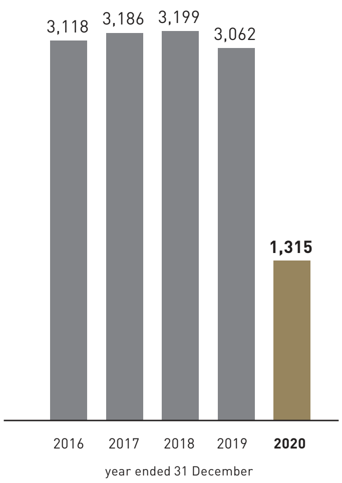


CONTENTS


MAKE IT COLORFUL.
MAKE IT YOURS.

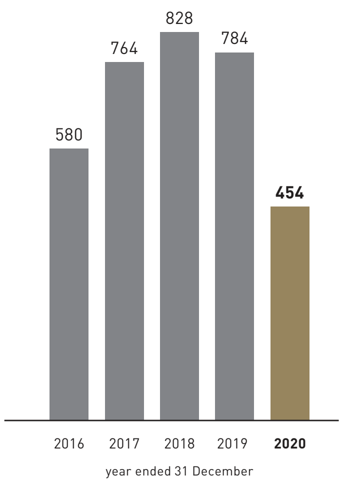
Consolidated revenue

HK$'million



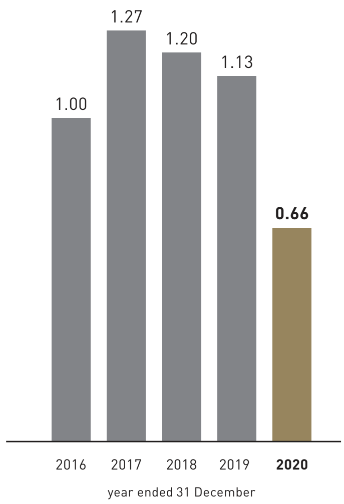
Underlying profit attributable to shareholders of the Company

HK$'million



Underlying earnings per share

HK$

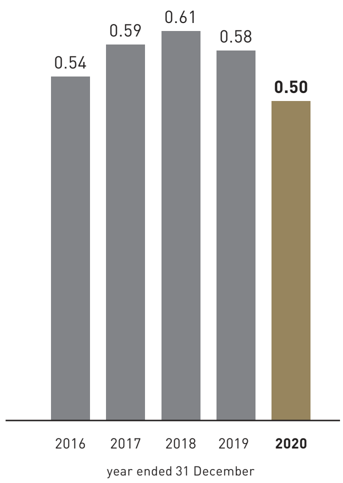


	For the year ended 31 December	
	2020	2019
	HK$'million	HK$'million
Revenue		
Property rental	**819**	913
Hotels and serviced apartments	**202**	560
Food and beverage operation	**120**	244
Travel operation	**174**	1,345
Others	**-**	-
Consolidated revenue	**1,315**	3,062
Profit attributable to shareholders of the Company	**302**	1,288
Underlying profit attributable to shareholders of the Company *(note)*	**454**	784

Note: Underlying profit attributable to shareholders and underlying earnings per share excluded the post-tax effects of the investment properties revaluation movements

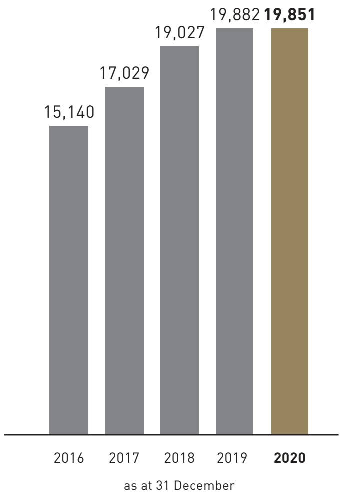
Dividend per share

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	
	2020	2019
	HK$	HK$
Earnings per share	**0.44**	1.86
Underlying earnings per share *(note)*	**0.66**	1.13
Dividend per share	**0.50**	0.58

	At 31 December	
	2020	2019
	HK$'million	HK$'million
Consolidated net assets attributable to shareholders of the Company	**19,851**	19,882
	HK$	HK$
Consolidated net assets value attributable to shareholders of the Company per share	**28.73**	28.77

Note: Underlying profit attributable to shareholders and underlying earnings per share excluded the post-tax effects of the investment properties revaluation movements

PROGRESSING WITH PERSEVERANCE

Dear shareholders

On behalf of the Board of Directors of Miramar Hotel and Investment Company, Ltd. (the "Company"), I would like to present the report on the financial and operational performances of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 (the "year").

Chairman and CEO's Statement

Consolidated Results

The Group's revenue for the year amounted to HK$1,315 million (2019: HK$3,062 million), a decrease of 57.1% against last year. Profit attributable to shareholders for the year was HK$302 million (2019: HK$1,288 million) with a year-on-year decrease of 76.6%. The decrease is mainly caused by the revaluation loss on fair value of our investment properties (there was revaluation gain in last year) and the weakened business performances of our hotel & serviced apartments business, food & beverage business and travel business which, in turn, was due to the impact from Coronavirus disease ("COVID-19") pandemic.

The underlying profit attributable to shareholders* (excluding the net decrease in the fair value of investment properties by HK$152 million (2019: net increase of HK$504 million)) reduced by 42.1% to HK$454 million (2019: HK$784 million). The underlying earnings per share* decreased by 41.6% to HK$0.66 (2019: HK$1.13), which is in line with the decrease in underlying profit attributable to shareholders.

Final Dividend

The Board recommends a final dividend of HK28 cents per share to the shareholders listed on the Register of Members at the close of business on 17 June 2021 (Thursday). The proposed final dividend is expected to be distributed to shareholders on 8 July 2021 (Thursday). Including an interim dividend of HK22 cents per share paid on 13 October 2020, the total dividend payment for the whole year will be HK50 cents per share.

Overview

In 2020, the relapsing COVID-19 pandemic has caused lasting damages to the global economy, cross countries trade activities and all walks of life. There is no doubt that Hong Kong as an international hub could not manage alone. The prolonged cross-border travel restrictions and stringent anti-epidemic measures have triggered to significant deterioration in domestic economic activities across diverse industries. The number of visitors to Hong Kong plummeted by 93.6% to 3.57 million (2019: 55.91 million) while overnight visitors fell by 94.3% to 1.36 million (2019: 23.75 million). The drop in GDP further worsened from a decrease of 1.2% in 2019 to a decline of 6.1% in 2020. The local unemployment rate has also risen from 3.3% in 2019 to 6.6% in 2020.

* Underlying profit attributable to shareholders and underlying earnings per share excluded the post-tax effects of investment properties valuation movements.

Under the worldwide economic adversity, the Group's various businesses have faced implacable challenges. Hotel, food and beverage and travel businesses were severely affected by the plunge in the number of visitors to Hong Kong and the imposition of social distancing measures. In view of the economic downturn, the lease restructuring and rent concessions granted to tenants have also slightly affected the Group's property rental business performances and that in turn induced a downward valuation on the relevant investment properties. In responding to such a critical and unfavorable business surrounding, swift and flexible reactions to the market are crucial. On top of continuing to implement strict cost controls and postponed dispensable capital expenditures, the Group has strategically created new experiences and products that catered to the rehabilitated consumer behaviors, and at the same time adjusted operational tactics to respond to the intensive anti-epidemic regulations. The themed staycation packages targeting local market and the exquisite dining and festive takeaway offers have proven to be well accepted and commended.

Outlook

There is no deny that Hong Kong as well as the global economic has continued to be seized with drawbacks caused by the aggravation of COVID-19 throughout the world. Coupled with the influence of geopolitics and Sino-US frictions, Hong Kong is further facing the gravest situation from deteriorated business environment to shortcoming local sentiments. Yet, the Group with its entrenched substances and affluent know-how would expeditiously gratify the new normal under the epidemic. Concomitantly, my team and I would strive to prepare and commit for the upcoming challenges and destabilizing factors with prudence, determination and optimism. I trust Hong Kong will recuperate gradually with the epidemic being under control and I will continue to lead the Group pragmatically to uplift service quality and operational efficiency in preparing to seize on any potential opportunities and mark a new beginning under the new normal.

Acknowledgement

I would like to take this opportunity to thank the Board of Directors for their support and guidance to the Group. On behalf of all the shareholders and the Board of Directors, I would like to express my sincere gratitude to the management team and employees for their persevering contributions to the Group.

Lee Ka Shing

Chairman and CEO

Hong Kong, 18 March 2021

EXPERIENCE, EXPLORE, ENGAGE

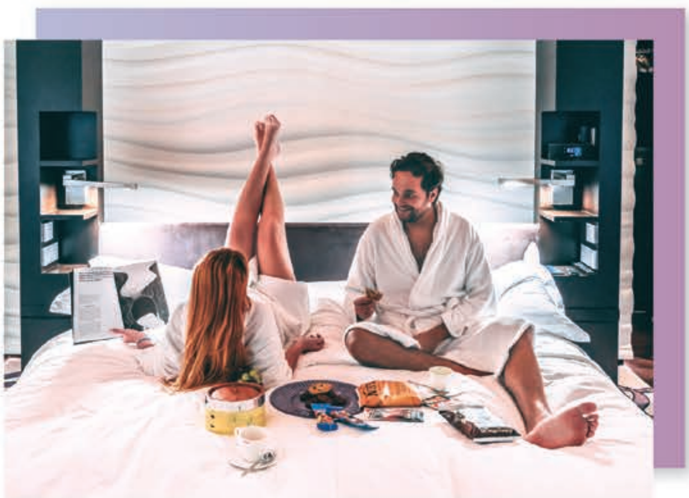
Hotels and Serviced Apartments Business

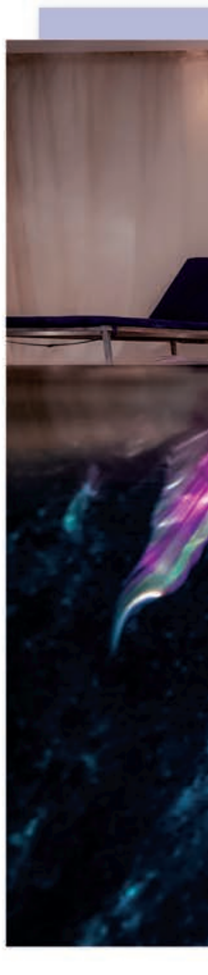
The hotel and serviced apartments business recorded revenue of HK$202 million, down by 63.9% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was a loss of HK$5.3 million.

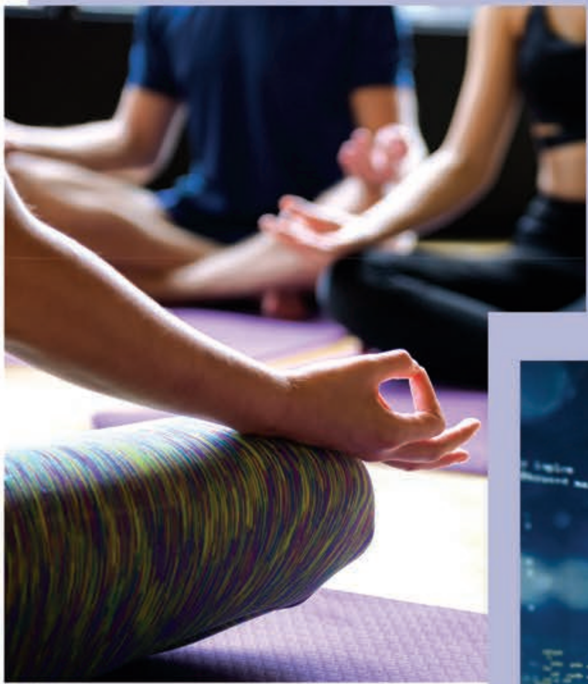
Hotels and Serviced Apartments Business

The global tourism and hospitality industries have been almost completely shutdown with no signs of full relaxation of worldwide travel control measures. With the sharp drop of number of visitors to Hong Kong, local tourism and hotel industries were among the hardest hit and related industries were facing tremendous pressures. In 2020, overall visitors and overnight visitors to Hong Kong fell by 93.6% and 94.3% to 3.57 million and 1.36 million respectively; amongst them, mainland tourists were 2.71 million and 0.88 million respectively. The hotel and serviced apartments business recorded revenue of HK$202 million, down by 63.9% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was a loss of HK$5.3 million.

To cope with stringent cross-border travel restrictions, the Group flexibly adjusted our business strategies and created unprecedented experiences with new services. Various popular themed staycation packages have been launched in response to the shifted local consumption patterns, including "Escape Room" and "The Mira-cle of Mermaid Dance Staycation", along with innovative technological elements, such as virtual reality gaming experience, in order to enhance and diversify customer experiences, and thereby incurring occupancy rates and revenue. In addition, Mira Moon Hotel was arranged as a quarantine hotel to act in concert with the government's anti-epidemic and quarantine measures, and respond to the different needs of travelers. The Group has also strengthened cost control and temporarily suspended recruitment to get well prepared for the journey ahead.







A BLOOMING DYNAMISM

Property Rental Business

The revenue of our property rental business contracted slightly to HK$819 million with EBITDA at HK$713 million, which were down 10.3% and 10.7% respectively compared with last year.

Property Rental Business

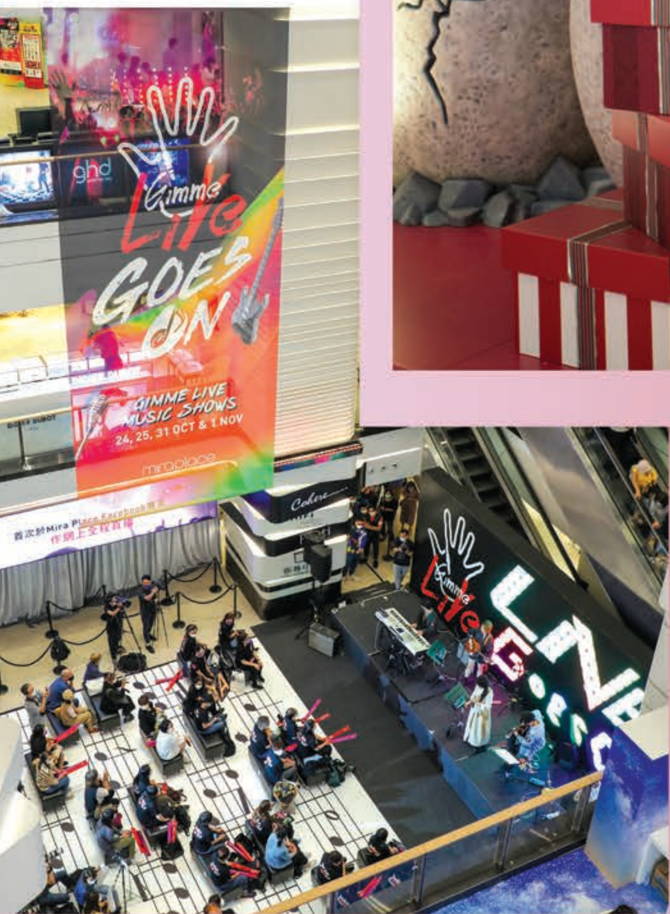
Hong Kong's retail industry has suffered successive shocks by the epidemic, and the rents of shops and commercial buildings in core shopping districts have continued to drop with ascending vacancy rate, further to the exits of international brands in Hong Kong, the reduction of business scale and branches by local chain retailers, and the closure of small and medium enterprises. Overall leasing activities have slowed down as a result. Relief measures including lease restructuring and rent concessions were offered to individual tenants to withstand the vicissitude. The revenue of our property rental business thus contracted slightly to HK$819 million with EBITDA at HK$713 million, which were down 10.3% and 10.7% respectively compared with last year.

The Group proactively launched various marketing activities and promotions to drive footfall to the mall and boost tenants' sales revenue, such as coupon rebates campaign "DINE & EARN — Reward Your Way!" and "MIRA Grab & Go" takeaway offers. Besides, the Group has continued to instill dynamism and a sense of freshness into the mall through optimizing tenant mix and introducing new brands including Gyu-Kaku Buffet, Donguri Republic, etc. We also made an all-out effort to improve various facilities including the repartitioning of retail space, refinement of arcade layout, and upgrade of facilities including lavatories and concierge, which were completed in the third quarter. This served to release and maximize the mall's potential, and further enhances traffic flow, property asset quality and service level.

Change in Fair Value of Investment Properties

The Group's investment properties (mainly Mira Place) are stated at fair value, being reassessed semi-annually. The fair value of investment properties was determined on the basis of opinions provided by an independent firm of professional surveyors (Cushman & Wakefield Limited). The enduring COVID-19, depressed consumer sentiments and the overall lackluster economic performance all converged to weigh upon the rental levels of both retail shops and office premises in Hong Kong. The fair value of the Group's portfolio of investment properties has thus decreased by HK$152 million during the year (2019: an increase of HK$504 million) with book value at HK$15.3 billion as at 31 December 2020.

The investment properties of the Group are held for long-term to earn recurring income. The revaluation loss is non-cash in nature and has no substantive impact on the cash flow of the Group.


Gimme
Life
GOES ON
GIMME LIVE MUSIC SHOWS
24, 25, 31 OCT & 1 NOV
miraplace


mirasteps
IS ALWAYS ON

BOUNDLESS DELICACIES

Food and Beverage Business

The Group's food and beverage business recorded revenue of HK$120 million, while EBITDA was a loss of HK$11.5 million for the year. In 2019, the revenue and EBITDA were HK$244 million and HK$24 million respectively.

Food and Beverage Business

Different levels of restrictions on social distancing imposed by the government in response to the epidemic condition have caused a sharp decline in patronage and revenue in the catering industry throughout the year, especially limits on the number of customers per table and the banning of dinner dine-in services. The Group's food and beverage business recorded revenue of HK$120 million, while EBITDA was a loss of HK$11.5 million for the year. In 2019, the revenue and EBITDA were HK$244 million and HK$24 million respectively.

Customers avoid dining out and unnecessary social activities with the imposition of social distancing measures. In view of the rapid demand growth for takeaway meals, the Group instantly adjusted our restaurant operations to accommodate the new normal of catering consumption by strengthening takeaway promotions and cost control. Apart from the partnership with food delivery platforms, the Group launched its first online platform MIRA eSHOP with exclusive takeaway and dine-in offers, and promoted takeaway packages for families and small group gatherings, to accommodate the customers' demands. At the same time, the Group facilitated customers' demand on flexible dining with dine-in discounts and afternoon tea sessions at our Chinese restaurants, in order to maximize revenues.

READY FOR NEXT ADVENTURES

Travel Business

The global tourism industry has entered into a quivering winter with no sign of recovery in the near term when airlines cancelling flights in large scale and countries imposing different cross-border travel and immigration control measures. The Hong Kong-Singapore Air Travel Bubble has put a halt lately due to the upsurge of local cases. All of the above have dealt a heavy blow to Hong Kong's tourism industry. The Group's travel business recorded revenue of HK$174 million, a decrease of 87.1% from last year while EBITDA recorded a loss of HK$23.1 million. The revenue and the EBITDA of last year were HK$1,345 million and HK$94 million respectively. On top of strict cost control measures, the management will continue to closely monitor the market situation and anti-epidemic measures on international border restriction, in order to adjust operating mode in a timely manner.

STAY PRUDENT AND VIGILANT

Operating and Other Expenses

During the economic downturn, the Group continued to strictly control costs and improve operating efficiency. During the year, general recurring operating costs were reduced by approximately HK$83.3 million compared with last year. In addition, according to relevant accounting standards, the Group is required to conduct regular assessments of their leased right-of-use assets and other property, plant and equipment. Due to the epidemic, the operating income generated from these assets is expected to decline, an impairment loss of HK$34.2 million in the leased right-of-use assets and other property, plant and equipment was recorded during the year. As a result, overall operating costs dropped by HK$49.1 million to HK$165.8 million compared to last year (2019: HK$214.9 million).

Treasury Management and Financial Condition

As to the exchange-rate, interest-rate, liquidity and financing risks generated in the course of our daily operations, the Group has managed them in accordance with pre-established policies and closely monitored our financial condition and financing needs to ensure solvency and fulfillment of commitments.

In terms of foreign-exchange risk, the majority of it came from assets and business operations in mainland China, and RMB and USD bank deposits, and equity denominated in USD and EUR as the Group mainly operates business in Hong Kong with related cash flow, assets and liabilities denominated in Hong Kong dollars. In terms of interest-rate risk, the Group's funding arrangements are mainly in EUR, and bank borrowing interests are mainly priced at a fixed interest rate.

The Group has a strong liquidity position and hence liquidity risk is minimal. As of 31 December 2020, the consolidated net cash was approximately HK$5 billion (31 December 2019: HK$5.2 billion), and bank loans were HK$2.99 million (31 December 2019: HK$2.73 million). As for financing risk, as of 31 December 2020, the total banking facilities granted to the Group was approximately HK$1 billion (31 December 2019: HK$1.3 billion), of which 0.30% (31 December 2019: 0.21%) has been used. Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was only 0.02% (31 December 2019: 0.04%).

The Group pursues a conservative and steady financial policy with sufficient funds and credit lines, which are adequate for us to cope with the uncertain economic environment in the foreseeable future, and to carry out business development plans that offer good investment yield.

STRIVING FOR PERFECTION

Miramar Group

- Gold Winner – Online version, Diversified Business, Overall, The International Annual Report Design Awards (IADA)
  Winning project: FY2019 Annual Report
- Silver, Diversified Business, Cover Photo/ Design, ARC Awards 2020
  Winning project: FY2019 Annual Report
- 10 Years Plus Caring Company Logo, The Hong Kong Council of Social Service
- Grand Prize Award 2018-2020, Manpower Developer Award Scheme, Employees Retraining Board
- Family-friendly Good Employer, Labour Department

Hotels and Serviced Apartments

Mira Moon

- Travelers' Choice, 2020 Travelers' Choice Awards, TripAdvisor
- Hong Kong's Leading Boutique Hotel 2020, World Travel Awards
- Boutique Hotel of the Year, Corporate Travel Awards 2020, CEO Today Magazine

The Mira Hong Kong

- Travelers' Choice, 2020 Travelers' Choice Awards, TripAdvisor
- Agoda's 2020 Customer Review Award, Agoda
- Hong Kong's Leading Lifestyle Hotel 2020, World Travel Awards
- Hong Kong's Best Hotel Spa 2020, World Spa Awards
- My Favourite Wedding Banquet, Wedding Award 2020, Wedding Magazine

Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2020
- Recommendation Restaurant, The Best of the Best Master Chef 2020
- Favourite Hotel Cantonese Restaurants, U Favourite Food Awards 2020, U Magazine

WHISK (The Mira Hong Kong)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2020
- Recommendation Restaurant, The Best of the Best Master Chef 2020
- Favourite Western Restaurants, U Favourite Food Awards 2020, U Magazine
- Award of Excellence, Restaurant Awards 2020, Wine Spectator

Property Rental

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

- Top Ten Malls, Digital EX Awards, Metro Finance
- Best CRM Campaign, Digital EX Awards, Metro Finance
  Winning project: Thankful Fest

Food and Beverage

Cuisine Cuisine (ifc)

- Favourite Cantonese Restaurant, U Favorite Food Awards 2020, U Magazine

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2020
- Travelers' Choice, 2020 Travelers' Choice Awards, TripAdvisor

Travel

Miramar Travel

- Partner Employer Award 2020, The Hong Kong General Chamber of Small and Medium Business

SUSTAIN AND NURTURE

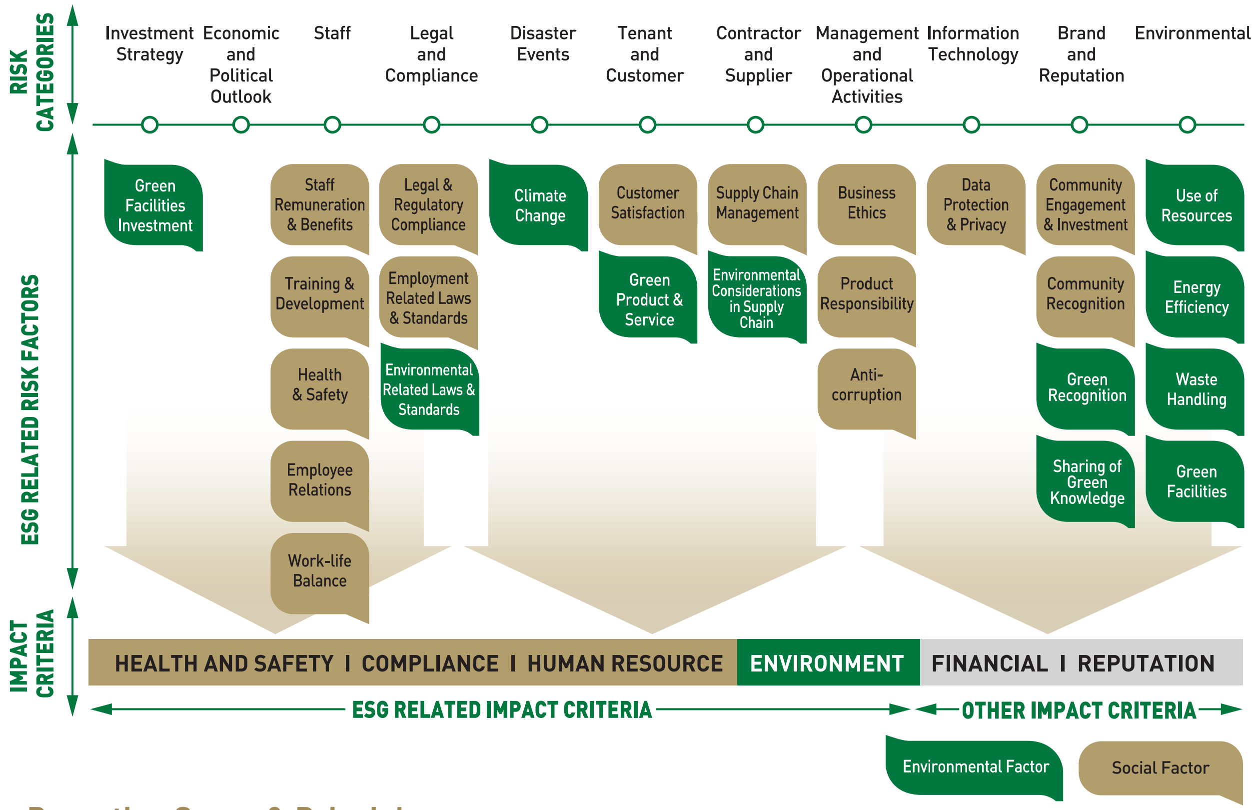
Environmental, Social and Governance Report

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 resources 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 62 to 71.



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 96%[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 2020. 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.

[1] Based on the Group's annual revenue in 2020

[2] Materiality of ESG topics were identified based on the materiality assessment which engaged key stakeholders and was determined by the Board. For details, refer to page 31

[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

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 as to engage different groups of key stakeholders and finally collected a total of 257 responses. The survey gave us a better understanding of stakeholders' concerns and expectations and provided a guiding light for our endeavors to pursue common goals of ESG with our stakeholders.

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

Industrial Partner

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

NGO

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

Public/Media

- ○ Press Conferences
- ○ Press Interviews
- ○ Website and Social Media
- ○ Press Centre in Corporate Website
- ● 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 257 survey returns from stakeholders. A total of 18 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

M Material Topics

Our Environment

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

Our People

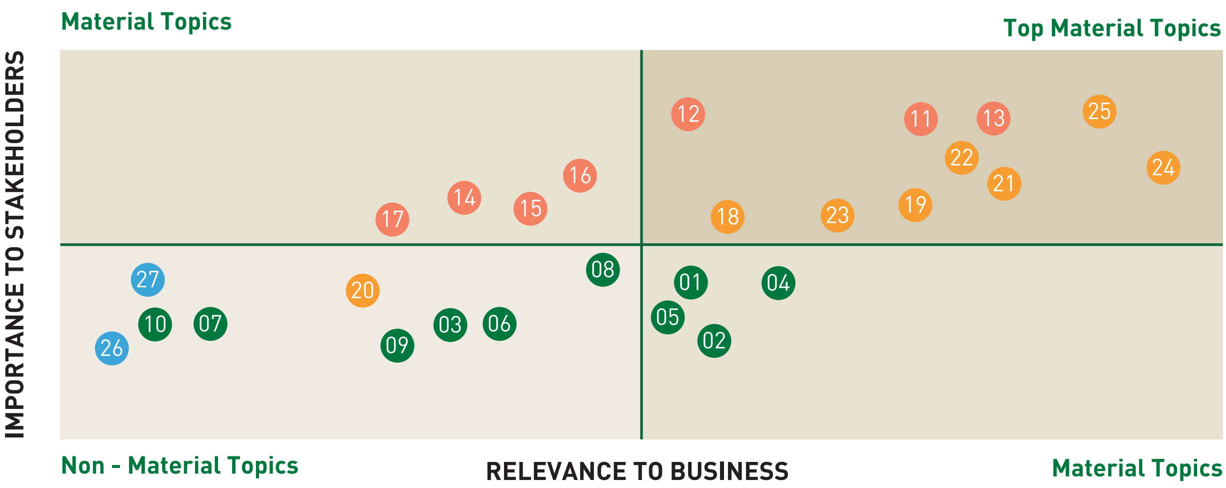
- M 11. Staff Remuneration and Benefits
- M 12. Work-life Balance
- M 13. Occupational Health and Safety
- M 14. Training and Development
- M 15. Employee Relations
- M 16. Anti-discrimination, Equal Opportunity and Diversity in Employment
- M 17. Child and Forced Labour

Our Supply Chain

- M 18. Ethical and Responsible Procurement Practice
- M 19. Respect and Protect Intellectual Property Rights
- 20. Promote Environmental Friendly Practices/Social Responsibilities to Business Partners
- M 21. Product Safety and Service Quality
- M 22. Customer Satisfaction
- M 23. Responsible Marketing
- M 24. Anti-corruption
- M 25. Data Protection and Privacy

Our Community

- 26. Community Engagement and Investment
- 27. Knowledge Sharing



[5] It is a new topic included in 2020 survey to directly address the "Climate Change" aspect under the ESG Reporting Guide

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 as 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, which is consistent with our materiality assessment as well. 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 2020, there was no non-compliance case noted in relation to environmental laws and regulations that had a significant impact on the Group, such as Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Hazardous Chemicals Control Ordinance, etc.

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, tips and achievements with staff via various channels such as our Employee Newsletter – MiChat, green workshops and events as to inspire and promote green living style to our staff.

(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

The 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 38.9%, has been achieved in 2020 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. The programme has saved about 1,040,000 kWh per annum since the implementation and the contract came to an end during the year. We will continue to explore new energy saving opportunities to sustain our green culture.

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 4.8% 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. In 2019, most Primary Air Handling Units of HVAC system at Mira Place 1 were upgraded to on-demand control models, which operate and adjust 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 for the "Energy Saving Charter" 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 2020 (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)	8.37M	202.57%
b	Central air-cooled oil-free chillers in Mira Place 1	2015	5.15M (5 yrs)	1.05M	117.52%
	Lighting Improvement Programme				
c	Replace the 50W halogen lamps by 7W LED lamps in Mira Place Tower A	2016	867,600 (5 yrs)	173,520	91.67%
d	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	91.67%
e	LED lighting systems for Asset Enhancement Package A & B Projects in Mira Place 1	2014/2015	992,000 (5 yrs)	198,400	114.80%
f	LED lighting systems for Asset Enhancement Package C Project in Mira Place 1	2017	127,300 (5 yrs)	25,460	68.33%
g	LED lighting systems for Mira Place Carpark	2017	243,400 (5 yrs)	48,680	80.00%
h	LED lighting systems for Sport Zone in Mira Place 1	2017	865,800 (5 yrs)	173,160	71.67%
	Other Energy Saving Programme				
i	LED TV screens installed in Mira Place 1	2015/2016	111,600 (5 yrs)	22,320	101.67%
j	VVVF On-demand control for escalators in Mira Place 1	2012	96,000 (5 yrs)	19,200	161.67%

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 4 vehicles[6] 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 commuting 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 2020 was 17,298 tonnes, while other small amount emissions, such as gas, diesel, unleaded petrol consumption was 5,226 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	Hotels & Serviced Apartments	Food & Beverage	Travel
Energy Consumption[7] (MWh)					
Gas (incl. towngas, LPG)	11,042	N/A	7,209	3,833	N/A
Intensity	**8,792 kWh per $1M Rev**	**N/A**	**73.87 kWh per guest night**	**12.26 kWh per cover**	**N/A**
Diesel	19.87	3.72	N/A	N/A	16.15
Unleaded Petrol	26.51	N/A	N/A	N/A	26.51
Intensity	**36.93 kWh per $1M Rev**	**0.003 kWh per sq ft**	**N/A**	**N/A**	**10,666 kWh per vehicle**
Electricity	31,875	15,629	12,976	3,013	257
Intensity	**25,380 kWh per $1M Rev**	**13.27 kWh per sq ft**	**132.96 kWh per guest night**	**9.64 kWh per cover**	**9.09 kWh per sq ft**

B. GHG Emission[8] in Hong Kong Operations

	Overall	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
Direct Emission[9]					
Emission (tonnes)	4,732	2,369	1,617	734	11.71
Energy Indirect Emission[10]					
Emission (tonnes)	17,792	7,814	7,447	2,342	188.8
Total Emission					
Emission (tonnes)	22,524	10,183	9,064	3,076	200.5
Intensity	**17,934 kg per $1M Rev**	**8.64 kg per sq ft**	**92.86 kg per guest night**	**9.84 kg per cover**	**7.09 kg per sq ft**

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

[7] 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

[8] Quantification methodology and emission factors adopted in calculating the GHG emissions 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), 2019 Sustainability Reports of CLP, HK Electric and Towngas

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

[10] 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 washing basins and urinals, and dual flush system devices at water closets. Water aerators have been installed to shower facilities to reduce 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	Hotels & Serviced Apartments	Food & Beverage	Travel
Consumption (m^3)	296,583	89,757	139,693	67,133	N/A[11]
Intensity	**236.2 m^3 per $1M Rev**	**0.076 m^3 per sq ft**	**1.431 m^3 per guest night**	**0.215 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 is also applied to our daily purchasing and tendering procedures. We embraced recyclable and renewable materials and adopted other green alternatives in our operations, such as sourcing sustainable seafood products provided by suppliers operating green fish farming and paper straws being provided in our restaurants. This year, due to the COVID-19 pandemic, a series of takeaway campaign have been launched with full awareness of the unavoidable generation of wastes. Therefore, paper takeaway bags are without lamination, the containers and utensils we used for takeaway are environmentally friendly, which are made of biodegradable materials such as bamboo pulp, sugarcane, etc., so as to reduce the impact on our environment caused by disposal of single-use plastic products. In addition, we encourage guests to bring their containers for takeaway foods by offering extra discount on their orders.

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. A licensed recycler was engaged to manage the electronic wastes 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 so as to promote proper treatment of electronic wastes and turn wastes to resources.

Cooking Oil

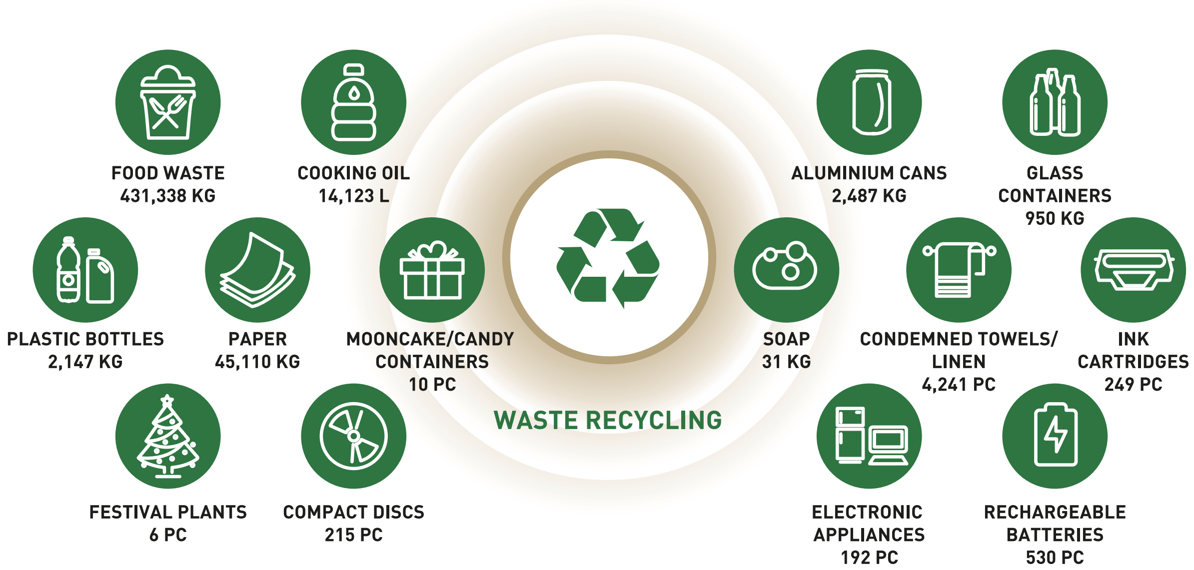
We have appointed a contractor with international sustainability and carbon certification to handle used cooking-oil in our hotels and restaurants. As a socially-responsible landlord, we encouraged the Food and Beverage (''F&B'') tenants in our shopping mall to participate in such recycling programme. The appointed contractor can recycle the used cooking-oil into biodiesel fuel for vehicle/industrial use at its plant. During 2020, 14,123L 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 2020, 431,338kg of food waste has been handled.

[11] 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 2020 are summarized below.



Green Recognition

Our efforts at environmental protection have been highly regarded by various professional bodies, institutions and government bodies. ISO14001 certification has been accredited to Mira Place Tower A, Mira Place 1 and The Mira Hong Kong for successful implementation of the environmental management system, which demands 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, our 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 advocates revolutionary leadership and sustainability in companies operating in the Asian region. This year, our Group has received the "5 years+ EcoPioneer Award" from "BOCHK Corporate Environmental Leadership Award 2019" and the "Merit Award" from "Hong Kong Awards for Environmental Excellence 2019" as a further recognition of our continual efforts at building a green future.

Our People

Top Material Topics	**11. Staff Remuneration and Benefits** **12. Work-life Balance** **13. Occupational Health and Safety**
Material Topics	**14. Training and Development** **15. Employee Relationship** **16. Anti-discrimination, Equal Opportunity and Diversity in Employment** **17. 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 was 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 2020.

(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 in keeping 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 checked the identity of every applicant in the recruitment process, performed job reference checking, and clearly delineated staff remuneration and benefits to the applicant before entering into employment contract. A set of policies and procedures on human resources matters has been well developed and without ambiguity. Our 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 2020

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

	Overall	Corporate	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
Staff Number	1,218	146	104	472	233	263
By Gender						
Male	690	61	78	266	141	144
Female	528	85	26	206	92	119
By Age Group						
Below 30	177	22	7	80	21	47
30 to 50	634	85	61	230	94	164
Over 50	407	39	36	162	118	52
By Employment Type						
Full Time	1,213	146	104	472	229	262
Part Time	5	0	0	0	4	1
By Employee Category						
Senior Managerial/Executives	52	19	4	6	2	21
Middle Management	161	42	14	55	24	26
Supervisory & General	1,005	85	86	411	207	216

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	52	27	25	0	19	33
Middle Management	161	92	69	1	111	49
Supervisory & General	1,005	571	434	176	504	325
Total Number of Employees	1,218	690	528	177	634	407
Turnover Rate	15.4%	12.5%	18.9%	31.9%	12.6%	10.6%

(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 2020, there are 27 staff members with valid First Aid Certificate working in different outlets. First-aid arrangements at different workplaces are well established in accordance to legal requirements and are 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 COVID-19 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, and arranging A/B alternate team home office, staff who lives in buildings with confirmed cases would be arranged to work from home for a certain period, encouraging and coordinating staff to participate in applicable voluntary COVID-19 testing schemes for designated industries and developing procedures for suspicious case reporting and emergency responses. During the reporting year, 38 work injury cases accounting for 1,836 lost work-days were reported. There were 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 a 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 after any incident of injury at workplace in an effort to avoid recurrence. This year, The Mira Hong Kong has been honored with the "Hotels with Kitchen Category – Safety Awareness Award" from the Catering Industry Safety Scheme Award after receiving "Group Safety Performance Category - Silver Award" from the same scheme last year for recognition of our continual effort at building a safe and healthy working environment.

(IV) Staff Training and Development

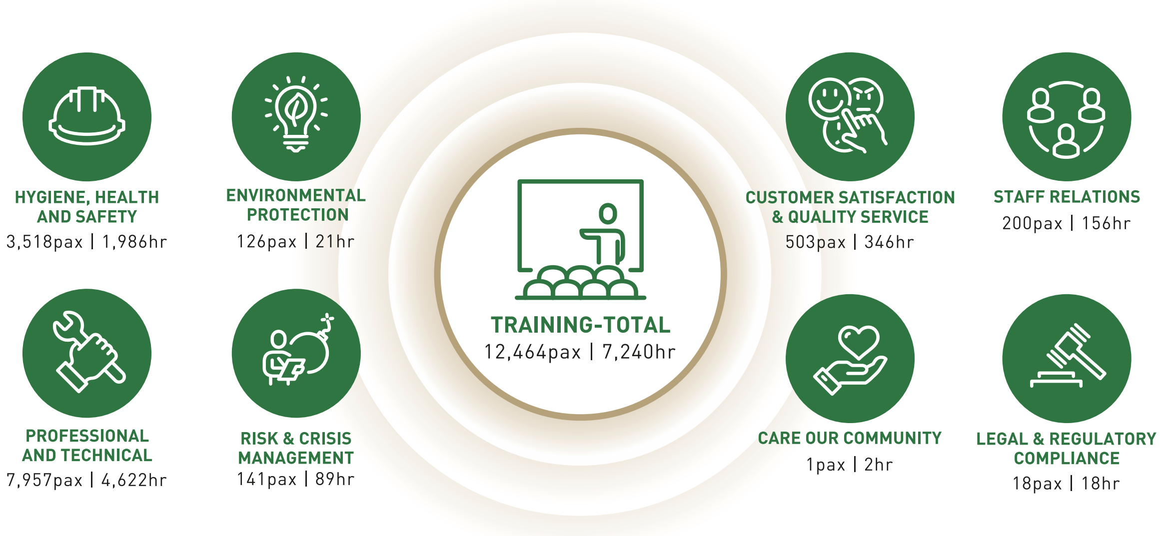
The Group offers comprehensive learning and development roadmaps for employees to advance their career achievements within the Group. These include provision of in-house and external training programmes in various aspects, such as professional and technical skills, industry knowledge, customer services, green practices, new laws and regulations, etc. We also offer sponsorship to encourage staff to pursue continuing education. This year, in consideration of the COVID-19 epidemic, a series of hygiene trainings has been provided to our staff based on their job nature, aimed at raising their awareness on personal hygiene and reinforcing the enhanced hygiene measures in business operations. To reduce transmission risks, instead of face-to-face trainings, alternative training approaches have been adopted whenever practicable, such as provision of self-learning packs, training videos, online tests, etc.

Hong Kong Staff Training Statistics in 2020

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

		By Gender		By Employee Category		
	Overall	Male	Female	Supervisory & General	Middle Management	Senior Managerial/ Executives
Ratio of Staff Trained (As of 31/12/2020)	77%	78%	77%	78%	83%	56%
Total Attendance (pax)	12,464	3,439	9,025	11,540	861	63
Average Training Hours (hr)	5.94	4.18	8.25	6.47	4.35	0.77

B. Total Attendance and Total Training Hours per Training Topics



In recognition of our Group's outstanding achievements in fostering an organizational culture conducive to manpower training, development and life-long learning, the Employees Retraining Board has awarded us the honour of "Manpower Developer" since 2011 and "Grand Prize Award 2018-20" in the "Manpower Developer Award Scheme".

(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 and outside office. In recent years, 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 eco-enzyme cleaners, natural lip balm, plant in a jar and CNY ornaments.

We understand that work-life balance is important to every employee, especially for employees with family responsibilities. In addition to the statutory requirements for maternity leave and paternity leave, the Group also provides employees with marriage and compassionate day-offs. 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" by the Family Council in 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. This year, due to the COVID-19 pandemic, we have to reduce our regular employee activities, such as monthly team gathering for birthday celebrations, team building activities and annual Christmas party, etc. To share joy with our staff in the festive seasons, we have organized a Christmas surprise lucky draw and distributed out mooncakes for the Mid-Autumn Festival. As an expression of heartfelt gratitude to all staff for their contribution in this challenging year, a year-end special allowance has been handed out to every staff.

We value opinions 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, the management has regularly reached out to frontline staff to have a better understanding of their working environment so as to provide appropriate support.

Our Supply Chain

Top Material Topics	**18. Ethical and Responsible Procurement Practice** **19. Respect and Protect Intellectual Property Rights** **21. Product Safety and Service Quality** **22. Customer Satisfaction** **23. Responsible Marketing** **24. Anti-corruption** **25. Data Protection and Privacy**

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 2020, local purchase accounted for over 98% of our total purchasing amount; geographical distribution of the active suppliers is described below.

Region	Hong Kong	United States	Mainland & Macau	Singapore	Others	Total
No. of Active Suppliers (%)	1,296 (97.4%)	15 (1.1%)	5 (0.4%)	3 (0.2%)	12 (0.9%)	1,331 (100%)[12]

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 emissions associated with shipping, food safety, data privacy and corruption, were 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.

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

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 the food receiving procedures. On-site hygiene inspections and supplier audits are regularly conducted. Immediate rectification is requested when irregularity is identified. Recall procedures have been established to deal with food products with hygiene-related shortfall identified through customer complaints or our independent hygiene investigation. Our hygiene team is also responsible for daily monitoring of food safety as per alerts raised by the Centre for Food Safety. If any ingredients of our food products are proved as contaminated by the Centre for Food Safety, we will immediately stop using it and, where necessary, recall the food products for destruction.

This year, as the Government imposed a series of hygienic and operational controls on the catering business with a view to arresting the transmission of COVID-19, the Group has established a monitoring mechanism to keep business operations closely updated on the relevant, changing regulatory requirements together with news on on-going developments. We have also increased our frequency of on-site inspections to ensure compliance. Furthermore, echoing to the Government's social distancing measures, Mira Dining has also tailor-made a series of discounted takeaway menu, which includes Chinese, French and Italian cuisines, and offered a special discount on a-la-carte menu for takeaway orders, so as to encourage our guests to enjoy our delicious gourmet at home with their family in time of epidemic. 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.

(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 mall. 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" to "Excellent Class" for our shopping malls and 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 their 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 with up-to-date information about events and promotions in our malls, a virtual tour in our 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, Mira Place received "Top Ten Malls of Digital EX Awards" and "Best CRM Campaign" from Metro Finance, in recognition of our effective use of digital platforms to improve customer shopping experience. We have also introduced 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. This innovative service is well recognized with awards in various industrial competitions, including "PC3 Platinum Brand 2019 - Smart Parking Service Award" by PC3 Magazine, "IT PRO Corporate Choice 2019 - CIO Choice Award" by ITO Magazine, "Hong Kong ICT Award 2019 - Smart Mobility (Smart Transportation) Silver Award" by the Innovation and Technology Bureau and "Retail Innovation Award 2019 - Best Retail Innovation (Application) Award - Market Potential & Performance" by the Hong Kong Retail Technology Industry Association.

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 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 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, and 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 sufficient segregation of duties is always ensured in the design of sales and procurement approval processes. In addition, we provide regular trainings to business directors and staff regarding anti-corruption practice, and 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 Assistant Director of Audit, Risk Management & Corporate Services for any malpractice, non-compliance, criminal offence and other material matters in operations. The matters escalated to the 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 the private data of employees and customers, respecting 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 securely kept, accessible only by designated staff. 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 have integrated our control and risk mitigation measures into our daily operations through policies and procedures. During the COVID-19 pandemic, we have been closely monitoring for updates on social distancing and other anti-epidemic measures enforced by the Government. The mode of operations of our various businesses were adjusted accordingly to ensure full compliance, and more importantly, to safeguard the health and safety of our employees and guests. During the reporting period, there was no non-compliance case in relation to the Prevention and Control of Disease Ordinance.

Our Community

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

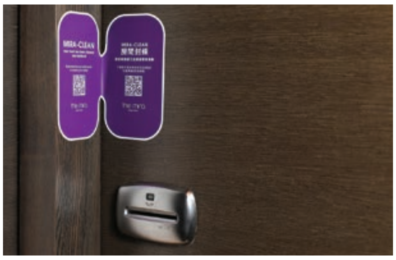
The Group has been actively assuming corporate social responsibility. We bring together knowledge, resources, experience and effort of our employees, business partners and community organizations to nurture the next generation, promote a harmonious community and care for our environment. Meanwhile, in the midst of the pandemic, the Group has further collaborated with various parties in unity to bring good to the community.

(I) Fighting the Virus Together

Since the outbreak of the novel coronavirus early this year, Hong Kong Government has implemented a series of measures to prevent and control the spreading of the disease and appealed to every member of the public to work together to fight against the virus. Miramar Group has actively tied in with the Government's strategies and taken every step for protecting our community.

Our Hygiene Promise

The safety of our products and services has always been our topmost concern in our operations; we have spared no effort in enhancing our hygiene protocols during the pandemic. Our hotels have launched the "Mira-Clean Promise" programme and provided corresponding training to our room attendants on a set of strict cleaning and disinfection procedures, and all cleaned guestrooms will be sealed after inspection by supervisor to ensure that nobody can access the room before the guest's occupancy. In addition, Mira Place has strengthened hygienic measures by introducing innovative facilities in our properties; we have applied nano protection coating on frequently touched surfaces, deployed a smart cleaning robot and installed 360-degree non-contact disinfection channel facilities to provide our shoppers and tenants with a clean and safe environment. Our hotels and shopping malls have been recognized in the "Anti-Epidemic Hygiene Measures Certification Scheme" by Hong Kong Quality Assurance Agency.



Supporting the Challenged

While the prolonged pandemic has brought a severe economic impact on every sector of the economy in Hong Kong, Miramar Group, as a landlord, has felt a sense of responsibility to tenants to walk through the tough time hand-in-hand with them through providing various supports, including rental assistance, especially for those in retail and food and beverage industries, and small and medium enterprises as well. In view of the limited supply of essential anti-epidemic items during the pandemic, the Group has donated 1,800 pieces of surgical masks to the children in need through S.K.H Holy Carpenter Church Community Centre to ease their burden. In addition, with dedication to high standards of cleanliness and safety, we have arranged one of our hotels, Mira Moon, to participate in the "designated quarantine hotels scheme" launched by the Government so that travelers arriving at Hong Kong can undergo quarantine in the hotel to minimize the chance of cross-infection between travelers and the local community.

(II) 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 various educational and creative institutions to provide opportunities for our next generation to develop their interests and potential.

Career Development

Our Hotels have regularly organized career fairs, career seminars and hotel visits for students and interested parties for them to gain work experiences. We have also offered 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 the past 3 years, we have trained up 79 interns and arranged hotel visits for 153 visitors.

Platform for Creativity

Mira Place has continued to support local creativity by providing performance platform in our shopping malls. Same as in previous years, we organized "Gimme LiVe Music Festival" themed of "LiVe GOES ON" with the aim not only of providing a good arena for young singers to demonstrate their talent but also bringing about positive energy to our community through music in this challenging time. A set of comprehensive hygiene and social distancing controls was implemented to safeguard the health and safety of the participants, such as limiting the number of live audience, adequate distance in between seating, provision of disinfection channel and temperature checking at entrance, etc. We have also shared our show on public livestream broadcast for the first time so that everyone could put aside their stress and enjoy the show at home. Furthermore, we also offered venues at a discount for the popup collection markets organized by Dreamcatcher and LocoLoco in Mira Place in support of local designers to showcase their creations to the public.

(III) Promoting Harmonious Community

The Group cares for vulnerable and minority groups and recognizes that understanding and fulfilling their needs means a great 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

Although the number of volunteer activities has been reduced due to the need for social distancing during the year, we continued to explore new and innovative ways to express our care and promote social harmony. Mira Place joined the "Jockey Club Smart City Walk Project" launched by Hong Kong Blind Union to improve the life quality of people with visual impairment through the use of technology. After installation of the mobile application ("App") designed in the project, people with visual impairment and the elderly could independently shop around in our malls via graphics, audio and text navigation instructions provided by the App.

Supporting & Participation in Charity and Community Activities

This year, our staff continued to participate in ORBIS World Sight Day and Community Chest Dress Casual Day. Moreover, Mira Place sponsored the venue for the runner pack pick-up of "Hong Kong Streetathon 2020" organized by RunOurCity, as to support nurturing a fun and compassionate running culture in Hong Kong, which had also raised fund for over 30 charities.

(IV) Care of Environment

We value the importance of environmental protection and strive to minimize undesirable impact on the environment for the community's well-being. We are constantly involved in various activities organized by different environmental protection 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 2020, we have donated over 617kg of leftover food to Food Angel and Foodlink Foundation. Mira Dining has supported the mooncake collection campaign hosted by FOOD-CO since 2017 to echo the culture of "Save & Share"; a total of 1,274 pieces of mooncakes was donated to Greeners Action and Mutual Caring Association 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, Green Power Hike of Green Power, and Hong Kong Green Shop Alliance of Hong Kong Green Building Council to promote environmental conservation. In addition, the Group has continued to organize events to share practical tips to our staff on sustainable living style. We held an eco-enzyme cleaners workshop to share the concept of upcycling by using fruit skins to make our own green and harmless detergent. Also, we organized "Mira Collection Point" to collect reusable items from our team members and look for new owners to give the items a second life.

ESG REPORTING GUIDE CONTENT INDEX

Aspect	Comply or Explain Provision	Related Section	Page
A1 - Emissions	General Disclosure	Our Environment	33
	KPI A1.1 Types of emissions and respective emissions data	It is not material based on our assessment	N/A
	KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Our Environment – Energy Consumption	36
	KPI A1.3 Total hazardous waste produced and, where appropriate, intensity	It is not material based on our assessment	N/A
	KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Our Environment – Minimizing & Recycling of Waste in Daily Operations	38
	KPI A1.5 Description of measures to mitigate emissions and results achieved	Our Environment – Energy Efficiency	34
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	**Hazardous Waste** It is not material based on our assessment **Non-hazardous Waste** Our Environment – Minimizing & Recycling of Waste in Daily Operations	N/A 37
A2 - Use of Resources	General Disclosure	Our Environment	33
	KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity	Our Environment – Energy Consumption	36
	KPI A2.2 Water consumption in total and intensity	Our Environment – Efficient Use of Water	37
	KPI A2.3 Description of energy use efficiency initiatives and results achieved	Our Environment – Energy Efficiency	34
	KPI A2.4 Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	**Sourcing Water** No issue in sourcing water **Water Efficiency Initiatives** Our Environment – Efficient Use of Water	N/A 37
	KPI A2.5 Total packaging material used for finished products, and if applicable, with reference to per unit produced	It is not material based on our assessment	N/A
A3 - The Environment and Natural Resources	General Disclosure	Our operations do not have significant impact on the environment and natural resources	N/A
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them		
B1 - Employment	General Disclosure	Our People	38
B2 - Health and Safety	General Disclosure		
B3 - Development and Training	General Disclosure		
B4 - Labour Standards	General Disclosure		
B5 - Supply Chain Management	General Disclosure	Our Supply Chain	42
B6 - Product Responsibility	General Disclosure		
B7 - Anti-corruption	General Disclosure		
B8 - Community Investment	General Disclosure	Our Community	45

Biographical Details of Directors

Mr LEE Ka Shing, JP

Aged 49. 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 Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), 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 and a member of the Council of City University of Hong Kong. Henderson Land, Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, 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 2020. 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 91. 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 73. 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, a listed company, 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 Board of Governors of The Hang Seng University of Hong Kong. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On

Aged 71. 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 68. 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. Mr Tang is currently the Chairman and Managing Director of Richcom Company Limited. He is also the Chairman of King Fook Holdings Limited and an independent non-executive director of The Wharf (Holdings) Limited, both of them are listed companies. He is a director of various private business enterprises, an advisor of Tang Shiu Kin and Ho Tim Charitable Fund and a Steward of The Hong Kong Jockey Club. He was formerly an independent non-executive director of Wheelock and Company Limited from October 2012 until its delisting in July 2020. He was also formerly an independent non-executive director of Hang Seng Bank Limited, a listed company, until his retirement on 10 May 2018. He is also a director of certain subsidiaries of the Company.

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

Aged 69. 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 47 years' experience in banking and property development. Dr Lam was awarded the Silver Bauhinia Star (SBS) by the Government of the Hong Kong Special Administrative Region in 2017. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. 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. 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 is a director of Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2020. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 74. Mr Lau was appointed director of the Company in 1996. He has over 50 years' experience in banking, finance and investment. He is a non-executive director of Hong Kong Ferry (Holdings) Company Limited, which is a listed company. He previously served as an executive director of Henderson Land, a listed company, until his retirement on 8 June 2020. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, BA, ACA, FCPA

Aged 65. 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 38 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, all of which are listed companies. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 64. 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, which is a listed company.

Mr Thomas LIANG Cheung Biu, BA, MBA

Aged 74. 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, which is a listed company.

Mr WU King Cheong, BBS, JP

Aged 70. 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 2020.

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

Aged 74. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director on 7 November 2005, and re-designated again as an independent non-executive director of the Company on 1 December 2020. 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 again as an independent non-executive director of Henderson Land. Currently, Mr Au is an independent non-executive director of Henderson Investment and Wharf Real Estate Investment Company Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. 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 2020.

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

Aged 69. 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, 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, China Construction Bank Corporation and Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, all are listed companies, until 2 June 2016, 21 June 2019 and 9 June 2020 respectively.

Biographical Details of Senior Management

Mr Patrick CHEANG Kwok Kei

Aged 52. 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 in January 2020. As from 1 October 2020, Mr Cheang was promoted as Chief Business and Planning Officer. He holds a Bachelor's Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen, and has nearly 21 years of experience in auditing and risk management with expertise in property related areas. Prior to joining the Group, Mr Cheang worked at Link Asset Management Limited as Head of Risk Management & Compliance and Head of Internal Audit and before that, he was the Supervising Consultant (Group Audit) for Jardine Matheson Limited.

Mr Dickson LAI Ho Man

Aged 47. 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 24 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.

Mr Clement WU Kim Man

Aged 52. 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 21 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 48. 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 21 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 48. Mr Chan joined the Group in December 2019 as Director of Food & Beverage of Group Food & Beverage Business Unit. Mr Chan has more than 31 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 58. 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 31 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 51. 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 21 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Mr Kalvin LEE Kang Hung

Aged 55. 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 31 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.

Ms Sara SUEN Yuet Ling

Aged 36. Ms Suen joined the Group in February 2011, and has been promoted as Assistant Director of Audit, Risk & Corporate Services in October 2020. She holds a Bachelor's Degree of Business Administration in Accounting and Economics from the Hong Kong University of Science and Technology, International Certificate in Enterprises Risk Management and she is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms Suen has many years' experience in auditing and risk management. Prior to joining the Group, Ms Suen worked at Moore Stephens Associates 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 2020, 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, two non-executive directors and six 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

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
Mr Alexander AU Siu Kee (re-designated on 1 December 2020)

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 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; 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 2023; 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 Dominic Cheng Ka On, Dr Timpson Chung Shui Ming, Dr Patrick Fung Yuk Bun, Mr Norman Ho Hau Chong and Dr Colin Lam Ko Yin shall retire by rotation at the forthcoming 2021 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, and Mr Alexander Au Siu Kee has been non-executive directors of the Company prior to his re-designation as independent non-executive directors on 1 December 2020, 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 of the Company or any of its subsidiaries. Though Mr Alexander Au Siu Kee has the following non-executive directorships with the following core connected persons of the Company which may be regarded as falling within the factors affecting independence as specified in Rule 3.13(7) of the Listing Rules:

(a) Mr Au is a non-executive director of Hong Kong Ferry (Holdings) Company Limited ("HK Ferry") which involves no executive or management functions and he does not have any involvement in the management or executive function of HK Ferry. The Board considers that such non-executive directorship would not have any bearings on his independence.

(b) Mr Au is currently the chairman and non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"). Mr Au has not taken part in the day-to-day management of HSAM and has had no executive role. The Board considers that as Mr Au only plays a non-executive role in HSAM, such non-executive role has no bearings on his independence.

Even though Dr Timpson Chung Shui Ming has been serving as director of the Company for more than 9 years, he has been able to provide objective and independent views to the Company during his tenure of office. The Nomination Committee were of the view that the long service of Dr Chung would not affect his exercise of independent judgement and, with his long-tenured directorship, he is able to provide invaluable experience, continuity, and stability to the Board, as well as a historical perspective that is indispensable in determining the Company's strategy. The Board, through the assessment and recommendation by the Nomination Committee, is satisfied that Dr Chung possesses the required character, integrity and experience to fulfill the role of an independent non-executive director and considers Dr Chung as independent for the purpose of acting as an independent non-executive director of the Company.

The Board has noted that Dr Timpson Chung Shui Ming an independent non-executive Director subject to re-election at the Annual General Meeting, is currently an independent non-executive director of 8 listed companies (including the Company). Dr Chung has disclosed to the Company the nature and time commitment of offices held by himself in public companies or organizations and other significant commitments for the year 2020. The Board considers Dr Chung devotes sufficient time to the Board through his regular attendance and active participation at Board and Board committee meetings. Dr Chung is a fellow member of Hong Kong Institute of Certified Public Accountants with many years of experience in professional accounting and corporate finance. Dr Chung continues demonstrating a firm commitment to his role in the Board by giving objective views and impartial advice as well as exercising independent judgment.

The Board concurs with the view and recommendation of the Nomination Committee that Dr Timpson Chung Shui Ming is considered as independent and is satisfied that he has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and thus recommends Dr Chung for re-election at the 2021 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 2020, 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 five times during the year ended 31 December 2020. 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 twice during the year ended 31 December 2020. It has assessed the independence of Mr Alexander Au Siu Kee regarding his re-designation as independent non-executive director of the Company; 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 2020 and the attendance of directors are set out in the table below:

	Meetings attended/held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2020 Annual General Meeting**
Executive Directors					
Mr LEE Ka Shing	4/4	N/A	1/1	2/2	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	5/5	N/A	N/A	1/1
Mr Dominic CHENG Ka On	4/4	5/5	N/A	N/A	1/1
Independent Non-Executive Directors					
Dr David SIN Wai Kin	4/4	5/5	1/1	2/2	1/1
Mr WU King Cheong	4/4	5/5	1/1	2/2	1/1
Dr Timpson CHUNG Shui Ming	4/4	5/5	1/1	2/2	1/1
Mr Howard YEUNG Ping Leung	3/4	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Biu	4/4	N/A	N/A	N/A	1/1
Mr Alexander AU Siu Kee (re-designated on 1 December 2020)	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 99 to 103 of this Annual Report.

Directors' Training

During the year ended 31 December 2020, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

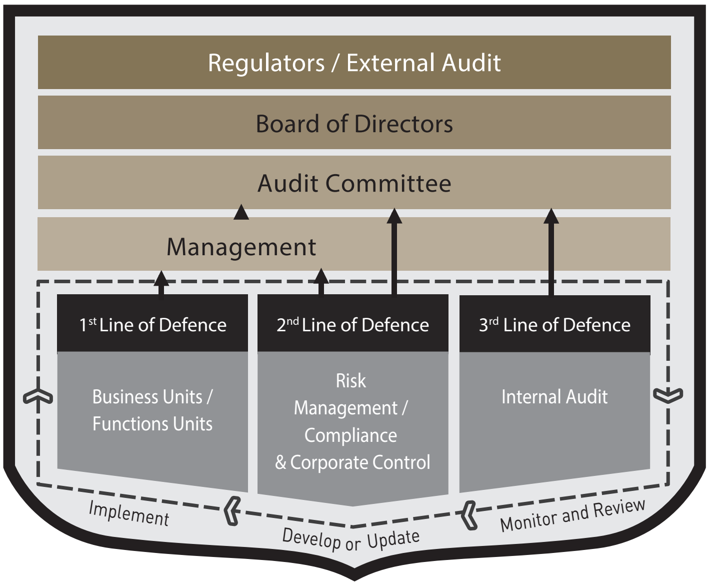
Directors	Type of trainings
Executive Directors	
Mr LEE Ka Shing	A, B
Mr Richard TANG Yat Sun	A, B
Dr Colin LAM Ko Yin	A, B
Mr Eddie LAU Yum Chuen	A, B
Mr Norman HO Hau Chong	A, B
Non-Executive Directors	
Dr Patrick FUNG Yuk Bun	A, B
Mr Dominic CHENG Ka On	B
Independent Non-Executive Directors	
Dr David SIN Wai Kin	B
Mr WU King Cheong	A, B
Dr Timpson CHUNG Shui Ming	B
Mr Howard YEUNG Ping Leung	B
Mr Thomas LIANG Cheung Biu	A, B
Mr Alexander AU Siu Kee (re-designated on 1 December 2020)	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 on 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 2020, 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 to 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 transactions 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 respect of each business and functional units to provide guidelines on daily operations within the corporate governance framework. During the year, the group has strengthened some of the key controls to cope with the change of regulatory requirements and operational environment.

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 help achieve business objectives;

- Support management in assessing and responding to emerging risks;

- Lead in modifying control procedures to deal 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 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 includes 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

Emerging Risk and Crisis Management

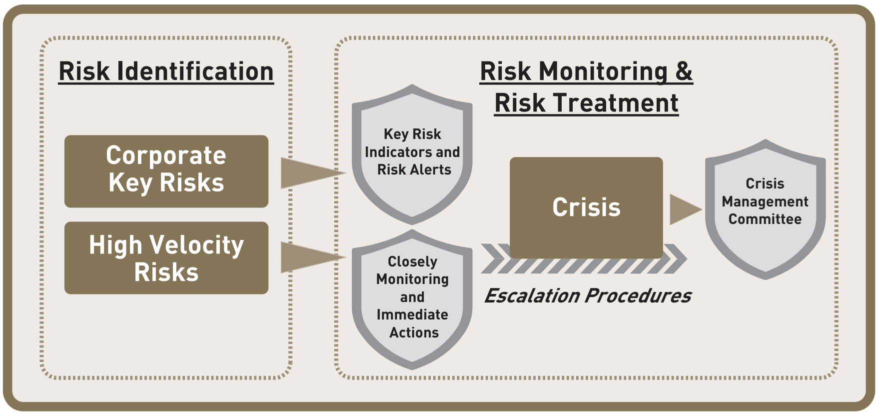
The outbreak of COVID-19 pandemic in early 2020 was a global stress event and it brought significant impact upon the Group. During the year, the Group has demonstrated resilience. In the early stage, we have established a 4-level risk alert system at the corporate level with all preventive measures and necessary resources clearly defined under each risk level. Preparatory efforts and trainings to staff to stave off the pandemic under different scenarios were arranged well in advance. All latest information on the development of the pandemic has been closely monitored by the risk management department and decisions have been centrally made by the crisis management committee, which is composed of senior management and key employees across all business units and functional departments. Once the information and decisions are cascaded down, front line staff would promptly adjust their operational procedures in order to comply with the related regulatory requirements and, at the Group's direction, all units would take coordinated actions in line with the Group's strategy. Please refer to pages 29 to 48 "Environmental, Social and Governance" section for more details on our responses to the pandemic.

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 into 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 workshop has been regularly conducted to enhance risk awareness among executives and key team members. This year, due to the COVID-19 pandemic, risk management workshop has been organized in e-format to minimize transmission risk. In workshops, we not only recap the risk management system adopted by the Group, but also share experiences on how our crisis management mechanism functioned amid the pandemic. A quiz also has been arranged after the workshop to ensure that all attendees got the key message and the response rate was 100%. Besides, we have integrated risk management activities into daily operations and regularly reviewed and tested 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, social unrest, 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.



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 systems 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 systems 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 their 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 mitigation measures 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 2020 and discussed with the Assistant 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/investments are independently reviewed by Internal Audit	Medium (Slow)	←→ Under the current investment plan and control procedures, the risk is well under control
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 on 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 – Periodical review of marketing strategies to steer to changes in the economic and political outlook – Closely monitoring of business performance with a view to optimizing business strategies	Medium to High (Slow)	↑ The local and global economy in general experienced a contraction in 2020 due to the COVID-19 pandemic. Although there is a general expectation of recovery in 2021, assuming widespread vaccine deployment, there remain many uncertainties regarding efficacy, degree of acceptance, etc. 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	– Heighten staff's vigilance and take preventive measures during the pandemic – 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. Comprehensive preventive measures are in place to ensure staff's health and safety
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 on 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 COVID-19, Avian Flu, SARS, Ebola 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 on business operations during disaster events – A series of preventive measures have been adopted during the pandemic – Risk indicators on contagious diseases are closely monitored 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)	↑ The COVID-19 pandemic brought a devastating impact on the public health and affected the Group's operations and business performance
Tenant and Customer	Loss of income due to loss of major tenants, customer dissatisfaction over our products/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 – Increase regular cleaning and disinfection frequencies in our shopping malls and office tower since the outbreak of pandemic – Deploy new disinfection facilities to provide our shoppers and tenants with a clean and safe environment	Medium to High (Rapid)	↑ Unfavorable changes in spending and dining habits of customer/guest have directly affected our retail tenants, especially during the pandemic. Also, working from home may become a new normal which may affect our rental business performance. 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 of picking out and deregistering problematic vendors from the list is in place – Closely 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 in collaboration 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 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 when necessary escalates to the 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 the 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 of 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 environmental protection among guests, e.g. no provision of plastic straw, use of biodegradable materials, etc.	Low (Slow)	←→ The nature of Group businesses and operations has very minimal impact on 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 2020, 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	2,525
Non-audit services:	
Interim review	450
Other services	208
	3,183

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 2020.

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 2020, 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 they occur. Risk is a function of the interplay of many dynamic forces and factors in the environment in which the Group operates. As such, there are risks that are not significant now but can turn significant, risks we are not aware of, and/or new risks 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 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. In the past years, Hong Kong has been hit hard by consecutive crises, from the tensions between US and China, to the year-long social unrest and now the coronavirus pandemic. The Hong Kong economy has suffered a severe downturn and the Group's businesses have been affected significantly as well. Although the majority of forecasts point to a rebound in the global economy in 2021 due to the rollout of vaccines, a high degree of uncertainty still lingers. Therefore, the Group's businesses are expected to face a challenging year ahead. We 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

Emergent infectious diseases, together with Hong Kong being an international city, increase the risk of epidemic outbreaks in the community, like COVID-19 during the year. 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 the people-intensive service industry, in which retention of key and skillful staff is always a challenge to our effort to maintain high quality standard. The Group keeps pace with the labour market trends to ensure our employment terms are reasonable and competitive. In addition, staff vocational skills development is continuously supported through our education allowance scheme and training programme. Besides, providing and maintaining a safe and healthy working environment to our staff is our top priority, especially during times of pandemic. A series of preventive measures have been implemented, such as working from home arrangement, daily temperature checking for staff, provision of personal protective equipment for frontline staff and enhancing hygiene training. The Group closely monitors the latest development of the pandemic, and communicates openly and oftentimes with our staff regarding the latest information and their concerns, to ensure everyone is on the same page.

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 2020.

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 2020 are set out in note 9 to the financial statements.

Group Profit

The profit of the Group for the year ended 31 December 2020 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 104 to 175.

Dividends

An interim dividend of HK22 cents per share (2019: HK24 cents per share) was paid on 13 October 2020. The directors now recommend the payment of a final dividend of HK28 cents per share (2019: HK34 cents per share) in respect of the year ended 31 December 2020 to shareholders whose names are on the Register of Members as at 17 June 2021. Subject to the approval to be obtained at the 2021 Annual General Meeting, the proposed final dividend is expected to be distributed to shareholders on 8 July 2021.

Business Review and Performance

The business review of the Group for the year ended 31 December 2020 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 4 and 5 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 2020 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 2020, 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 2020 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 Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On

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
Mr Alexander AU Siu Kee (re-designated on 1 December 2020)

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Mr Dominic Cheng Ka On, Dr Timpson Chung Shui Ming, Dr Patrick Fung Yuk Bun, Mr Norman Ho Hau Chong and Dr Colin Lam Ko Yin shall retire by rotation at the forthcoming 2021 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.

A list of directors of the subsidiaries of the Company during the year ended 31 December 2020 and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2021 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 2020, 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 Interest (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Mr LEE Ka Shing	–	–	–	344,888,980 *(note 2)*	49.91%
	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 2020, 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 2020 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 2020, 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	344,888,980 *(note 1)*	49.91%
Mr LEE Ka Shing	344,888,980 *(note 2)*	49.91%
Rimmer (Cayman) Limited ("Rimmer")	344,888,980 *(note 6)*	49.91%
Riddick (Cayman) Limited ("Riddick")	344,888,980 *(note 6)*	49.91%
Hopkins (Cayman) Limited ("Hopkins")	344,888,980 *(note 6)*	49.91%
Henderson Development Limited ("Henderson Development")	344,888,980 *(note 7)*	49.91%
Henderson Land Development Company Limited ("Henderson Land")	344,888,980 *(note 7)*	49.91%
Aynbury Investments Limited ("Aynbury")	344,888,980 *(note 7)*	49.91%
Higgins Holdings Limited ("Higgins")	120,735,300 *(note 7)*	17.47%
Multiglade Holdings Limited ("Multiglade")	127,547,680 *(note 7)*	18.46%
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 2020, 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 344,888,980 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 344,888,980 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 344,888,980 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 344,888,980 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 344,888,980 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 2020:

(1) (a) On 14 November 2018, a tenancy agreement (the "Tenancy Agreement") 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, 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.

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 Tenancy Agreement 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").

Units 1808–11 was surrendered by signing an Agreement for Partial Surrender on 30 August 2019.

(1) (b) On 25 July 2019, 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, 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 1706–1707 Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(2) 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 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:

Additional Rent

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

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

(ii) where the Gross Annual Room Revenue is more than HK$80,000,000.00 but less than or equal to HK$100,000,000.00, the amount of the Additional Rent payable shall be 25% of the Gross Annual Room Revenue exceeding HK$15,840,000.00 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) (a) On 3 August 2017, Shahdan 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 (also known as Shops 501–506), 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.

Such continuing connected transactions has expired on 4 August 2020, and was renewed under the agreements as listed under the following paragraph 4(b).

(4) (b) On 31 July 2020, Shahdan entered into the following agreements with HPAL which constituted continuing connected transactions for the Company:

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

(ii) A licence agreement (the "Renewed 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 Renewed Tenancy Agreement

Premises	:	Shops 501–506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 5 August 2020 to 4 August 2023, both days inclusive. Both the landlord and the tenant shall have the right to early terminate this tenancy agreement by giving a notice of not less than three months to the other party after 4 August 2022.
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$2,260,000.00;
		(b) Government rates (subject to Government's review) is HK$100,000.00 per month;
		(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$435,885.70; and
		(d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK$45,200.00 subject to periodic review by Shahdan.

Details of the Renewed 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 2020 to 4 August 2023, both days inclusive, subject to the right of early termination. The licensor shall have the right to early terminate this license agreement by giving one month's prior notice to the licensee and repossess the Pillar Signage Licence Area without any compensation to the licensee.
Licence fee and other charges:	:	(a) The licence fee (exclusive of electricity charges but inclusive of management fee, air-conditioning charge and rates) payable for the whole term is HK$1,100.00; (b) 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 Renewed Tenancy Agreement and Renewed Pillar Signage Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(4) (c) On 29 June 2020, a lease (the "312 Lease") was entered into between Shahdan as landlord and HPAL as tenant, whereby Shahdan agreed to let to HPAL the premises upon the terms as detailed below:

Premises	:	Shop 312, 3/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	One year commencing from 2 July 2020 and expiring on 1 July 2021, both days inclusive, or the 7th day(s) from the date of notification by the Landlord or its solicitor that the vacant possession of the Premises is ready for delivery ("Lease Commencement Date").
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of management fee and air-conditioning charges, government rates and promotion contribution) during the term is HK$157,633.00; (b) Government rates (subject to Government's review) is HK$7,550.00 per month; (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$33,135.10; (d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK$3,152.66 subject to periodic review by Shahdan; (e) Extra chilled water supply costs may be charged by Shahdan to HPAL for additional chilled water supply required by HPAL which is beyond the specified normal daily chilled water supply hours; and (f) Licence of certain area at the Premises being obtained by the Tenant from the Landlord at a licence fee of HK$1.00 (exclusive of management fee and air-conditioning charges, government rates and other outgoings) during the term. Such Licence shall commence and co-terminate on the same date as that of the New Tenancy Agreement.
User	:	To be used for property agency.

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 312 Lease constituted continuing connected transaction 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 Assistant 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 2020.

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 2020 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. 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.

3. 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.

4. 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 2020 amounted to HK$4,653,216,000 (2019: HK$3,987,634,000).

Charitable Donations

Donations made by the Group during the year ended 31 December 2020 amounted to HK$46,000 (2019: HK$12,000).

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 2020, 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 2020 are set out in note 22(b) to the financial statements.

Equity-linked Agreements

For the year ended 31 December 2020, 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 2020 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 2020, 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 2020 (2019: 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 176.

Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 177 to 178.

Employees

As at 31 December 2020, the Group had a total of about 1,241 full-time employees, including 1,218 employed in Hong Kong and 23 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 2020 and discussed with the Assistant Director of Audit, Risk & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial report of the Group.

Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2021 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, 18 March 2021

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 104 to 175, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020 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	How the matter was addressed in our audit
The fair value of the Group's investment properties as at 31 December 2020 totalled HK$15,294 million which represented 73% of the Group's total assets as at that date. The fair value of the Group's investment properties as at 31 December 2020 was assessed by the board of directors based on independent valuations prepared by an independent firm of surveyors. The net decrease in fair value of investment properties recorded in the consolidated statement of profit or loss for the year ended 31 December 2020 amounted to HK$152 million. 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.	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, actions taken of eliminate threats or safeguards applied.

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 Chan Tak Kei.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
18 March 2021

Consolidated statement of profit or loss

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	*9*	**1,314,605**	3,061,704
Cost of inventories		**(68,911)**	(134,043)
Staff costs	*3(a)*	**(382,991)**	(473,269)
Utilities, repairs and maintenance and rent		**(91,742)**	(133,716)
Tour and ticketing costs		**(145,170)**	(1,156,752)
Gross profit		**625,791**	1,163,924
Other revenue		**192,235**	161,928
Operating and other expenses	*3(d)*	**(165,836)**	(214,927)
Depreciation	*10(a)*	**(89,806)**	(132,601)
		562,384	978,324
Finance costs	*3(b)*	**(3,320)**	(3,944)
Share of profits less losses of associates	*12*	**202**	129
		559,266	974,509
Other non-operating net gain	*3(c)*	**1,055**	2,423
Net (decrease)/increase in fair value of investment properties	*10(a)*	**(152,016)**	503,945
Profit before taxation	*3*	**408,305**	1,480,877
Taxation			
Current	*4(a)*	**(91,983)**	(138,097)
Deferred	*4(a)*	**(7,383)**	(5,948)
Profit for the year		**308,939**	1,336,832
Attributable to:			
Shareholders of the Company		**301,899**	1,288,227
Non-controlling interests		**7,040**	48,605
		308,939	1,336,832
Earnings per share			
Basic	*8(a)*	**HK$0.44**	HK$1.86
Diluted	*8(a)*	**HK$0.44**	HK$1.86

The notes on pages 113 to 175 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 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**308,939**	1,336,832
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	**1,454**	2,745
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of overseas subsidiaries	**65,615**	(17,756)
	67,069	(15,011)
Total comprehensive income for the year	**376,008**	1,321,821
Attributable to:		
Shareholders of the Company	**356,050**	1,276,227
Non-controlling interests	**19,958**	45,594
Total comprehensive income for the year	**376,008**	1,321,821

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

The notes on pages 113 to 175 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Investment properties	10(a)	**15,293,694**	15,371,179
Other property, plant and equipment	10(a)	**244,827**	359,739
		15,538,521	15,730,918
Interests in associates	12	**783**	583
Equity securities designated at FVOCI	13	**78,961**	94,936
Financial assets measured at fair value through profit or loss ("FVPL")	13	**1,406**	1,699
Deferred tax assets	21(b)(ii)	**12,267**	8,779
		15,631,938	15,836,915
Current assets			
Inventories	14	**122,618**	116,674
Trade and other receivables	15	**175,584**	227,168
Financial assets measured at FVPL	13	**61,533**	55,532
Cash and bank balances	16(a)	**5,050,300**	5,252,640
Tax recoverable	21(a)	**3,665**	2,976
		5,413,700	5,654,990
Current liabilities			
Trade and other payables	17	**(297,909)**	(415,141)
Bank loan	19	**(2,993)**	(2,727)
Rental deposits received	17	**(76,729)**	(89,654)
Contract liabilities	17	**(75,276)**	(181,898)
Lease liabilities	18	**(42,788)**	(61,537)
Tax payable	21(a)	**(19,437)**	(141,286)
		(515,132)	(892,243)
Net current assets		**4,898,568**	4,762,747
Total assets less current liabilities carried forward		**20,530,506**	20,599,662

Consolidated statement of financial position (Continued)

at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Total assets less current liabilities brought forward		**20,530,506**	20,599,662
Non-current liabilities			
Deferred liabilities	*20*	**(185,402)**	(181,906)
Lease liabilities	*18*	**(44,376)**	(88,172)
Deferred tax liabilities	*21(b)(ii)*	**(302,571)**	(284,078)
		(532,349)	(554,156)
NET ASSETS		**19,998,157**	20,045,506
CAPITAL AND RESERVES			
Share capital	*22(b)*	**2,227,024**	2,227,024
Reserves		**17,623,619**	17,654,506
Total equity attributable to shareholders of the Company		**19,850,643**	19,881,530
Non-controlling interests		**147,514**	163,976
TOTAL EQUITY		**19,998,157**	20,045,506

Approved and authorised for issue by the board of directors on 18 March 2021.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 113 to 175 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2020

	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 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

Consolidated statement of changes in equity (Continued)

for the year ended 31 December 2020

	Note	Attributable to shareholders of the Company								
		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 2020		2,227,024	(92,639)	82,111	304,827	(2,340)	17,362,547	19,881,530	163,976	20,045,506
Changes in equity for 2020:										
Profit for the year		—	—	—	—	—	301,899	301,899	7,040	308,939
Other comprehensive income		—	—	52,697	—	1,454	—	54,151	12,918	67,069
Total comprehensive income		—	—	52,697	—	1,454	301,899	356,050	19,958	376,008
Transfer upon disposal of equity securities designated at FVOCI	*13*	—	—	—	—	(12,954)	12,954	—	—	—
Final dividends approved in respect of the previous year	*7(b)*	—	—	—	—	—	(234,926)	(234,926)	—	(234,926)
Interim dividends declared in respect of the current year	*7(a)*	—	—	—	—	—	(152,011)	(152,011)	—	(152,011)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(36,420)	(36,420)
Balance at 31 December 2020		2,227,024	(92,639)	134,808	304,827	(13,840)	17,290,463	19,850,643	147,514	19,998,157

The notes on pages 113 to 175 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Operating activities			
Profit before taxation		**408,305**	1,480,877
Adjustments for:			
Dividend income from listed securities	*3(e)*	**(3,632)**	(3,523)
Bank interest income	*3(e)*	**(76,192)**	(119,125)
Net loss on disposal of other property, plant and equipment	*3(e)*	**909**	315
Loss allowance for trade receivables	*3(e)*	**785**	1,227
Reversal of provision for properties held for resale	*3(e)*	**(420)**	(309)
Depreciation	*10(a)*	**89,806**	132,601
Finance costs	*3(b)*	**3,320**	3,944
Share of profits less losses of associates	*12*	**(202)**	(129)
Net realised and unrealised gains on financial assets measured at FVPL	*3(c)*	**(1,055)**	(2,423)
Net decrease/(increase) in fair value of investment properties	*10(a)*	**152,016**	(503,945)
Impairment loss on other property, plant and equipment	*3(d)*	**34,237**	—
Net gain on liquidation of an associate		**—**	(3,812)
Exchange differences		**5,887**	(3,271)
Operating profit before changes in working capital		**613,764**	982,427
Decrease in inventories		**1,927**	638
Decrease in trade and other receivables		**48,981**	49,238
Decrease/(increase) in amounts due from associates		**2**	(51)
Decrease in amounts due to associates		**(7)**	(11)
Decrease in trade and other payables		**(99,150)**	(67,922)
Decrease in rental deposits received		**(12,925)**	(7,805)
(Decrease)/increase in contract liabilities		**(106,622)**	17,429
Increase in deferred liabilities		**3,496**	4,999
Net (payments)/proceeds for purchase and disposal of other financial assets held for trading purposes		**(74)**	15,012
Cash generated from operations carried forward		**449,392**	993,954

Consolidated cash flow statement (Continued)

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Cash generated from operations brought forward		**449,392**	993,954
Interest received		**78,010**	123,842
Interest and other borrowing costs paid		**(345)**	(761)
Dividends paid		**(386,937)**	(421,485)
Dividends paid to non-controlling interests		**(36,420)**	(26,141)
Tax paid			
– Hong Kong Profits Tax		**(209,049)**	(35,792)
– Overseas tax		**(5,472)**	(6,941)
Net cash (used in)/generated from operating activities		**(110,821)**	626,676
Investing activities			
Payment for purchase of investment properties		**(9,835)**	(8,515)
Payment for purchase of other property, plant and equipment		**(39,649)**	(24,970)
Net proceeds for disposal of other financial assets not held for trading purposes		**17,365**	2,042
Proceeds from disposal of other property, plant and equipment		**24**	472
Return of capital upon the liquidation of an associate		**—**	7,609
Dividend income received from listed securities		**3,632**	3,523
(Increase)/decrease in time deposits with maturity more than three months		**(439,018)**	1,081,224
Net cash (used in)/generated from investing activities		**(467,481)**	1,061,385
Financing activities			
Proceeds from new bank loans	*16(b)*	**11,138**	13,922
Repayment of bank loans	*16(b)*	**(11,125)**	(13,971)
Repayment of advances from holders of non-controlling interests of subsidiaries	*16(b)*	**(5,953)**	(6,080)
Capital element of lease rentals paid	*16(b)*	**(60,882)**	(55,842)
Interest element of lease rentals paid	*16(b)*	**(2,975)**	(3,170)
Net cash used in financing activities		**(69,797)**	(65,141)

Consolidated cash flow statement (Continued)

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Net (decrease)/increase in cash and cash equivalents		**(648,099)**	1,622,920
Cash and cash equivalents at 1 January		**4,917,465**	3,296,952
Effect of foreign exchange rate changes		**6,741**	(2,407)
Cash and cash equivalents at 31 December		**4,276,107**	4,917,465
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	*16(a)*	**5,050,300**	5,252,640
Less: Time deposits with maturity more than three months		**(774,193)**	(335,175)
		4,276,107	4,917,465

The notes on pages 113 to 175 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 amendments to 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 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 Group has applied the amendments to HKFRS16, *Covid-19 Related Rent Concessions*, issued by the HKICPA to these financial statements for the current accounting period.

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS is discussed below:

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see Note 10(e)). There is no impact on the opening balance of equity at 1 January 2020.

(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.

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.

1 Significant accounting policies (Continued)

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

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).

(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)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. 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.

1 Significant accounting policies (Continued)

(e) Associates (continued)

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 equity securities

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

Investments in 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 23(e). These investments are subsequently accounted for as follows, depending on their classification.

(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)).

1 Significant accounting policies (Continued)

(g) Other investments in equity securities (Continued)

(i) Investments other than equity investments (Continued)

– 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 profits. 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).

(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).

1 Significant accounting policies (Continued)

(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.

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.

1 Significant accounting policies (Continued)

(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

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.

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.

1 Significant accounting policies (Continued)

(j) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration fora lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a tease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(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.

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

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.

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.

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

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.

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.

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)

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.

(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.

1 Significant accounting policies (Continued)

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

(ii) Impairment of other non-current assets (continued)

– 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.

(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.

1 Significant accounting policies (Continued)

(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.

(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)).

1 Significant accounting policies (Continued)

(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.

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.

1 Significant accounting policies (Continued)

(s) Income tax (continued)

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)).

(vi) Government subsidies are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Subsidies that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

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 judgements on 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.

3 Profit before taxation

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

	2020	2019
	HK$'000	HK$'000
(a) Staff costs		
Contributions to defined contribution retirement plan	**17,574**	21,939
Salaries, wages and other benefits	**365,417**	451,330
	382,991	473,269

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.

3 Profit before taxation (Continued)

	2020 HK$'000	2019 HK$'000
(b) Finance costs		
Interest on bank loan	**23**	28
Interest on amounts due to holders of non-controlling interests of a subsidiary	**322**	733
Interest on lease liabilities	**2,975**	3,170
Other borrowing costs	**–**	13
	3,320	3,944
(c) Other non-operating net gain		
Net realised and unrealised gains on financial assets measured at FVPL	**(1,055)**	(2,423)
(d) Operating and other expenses		
Advertising and promotion expenses	**22,490**	40,470
Commission and agency fee	**13,679**	37,485
Cleaning expenses	**23,292**	23,948
Credit card commission fee	**5,842**	21,328
Impairment loss on other property, plant and equipment *(note 10(f))*	**34,237**	–
Legal and professional fee	**17,205**	19,871
Others	**49,091**	71,825
	165,836	214,927
(e) Others		
Auditors' remuneration	**3,297**	3,283
Net foreign exchange loss	**2,657**	3,648
Net loss on disposal of other property, plant and equipment	**909**	315
Rentals receivable from investment properties less direct outgoings of HK$39,836,000 (2019: HK$41,358,000)	**(688,257)**	(770,544)
Other rentals receivable less direct outgoings of HK$6,785,000 (2019: HK$7,515,000)	**(84,518)**	(93,901)
Dividend income from listed securities	**(3,632)**	(3,523)
Bank interest income	**(76,192)**	(119,125)
Loss allowance for trade receivables	**785**	1,227
Reversal of provision for properties held for resale	**(420)**	(309)
Government subsidies *(Note)*	**(83,510)**	–
Depreciation charge of other properties leased for own use *(note 10(a))*	**50,257**	57,988

Note: Being the subsidies received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region and which are included in "other revenue" during the year.

4 Taxation in the consolidated statement of profit or loss

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

	2020 HK$'000	2019 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**85,229**	132,046
Under/(over)-provision in respect of prior years	**182**	(359)
	85,411	131,687
Current tax – Overseas Taxation		
Provision for the year	**6,572**	6,410
	91,983	138,097
Deferred tax		
Change in fair value of investment properties	**45**	(55)
Origination and reversal of temporary differences	**7,338**	6,003
	7,383	5,948
	99,366	144,045

Provision for Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

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 2020 of HK$23,000 (2019: HK$24,000) 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:

	2020	2019
	HK$'000	HK$'000
Profit before taxation	**408,305**	1,480,877
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**67,405**	248,014
Tax effect of non-deductible expenses	**38,669**	3,150
Tax effect of non-taxable income	**(34,729)**	(118,178)
Tax effect of unused tax losses not recognised in the year	**29,456**	15,138
Tax effect of tax losses not recognised in prior years utilised this year	**(1,617)**	(3,720)
Under/(over)-provision in prior years	**182**	(359)
Actual tax expense	**99,366**	144,045

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:

	2020				
	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 Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
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
Mr Alexander Au Siu Kee (re-designated from non-executive director to independent non- executive director with effective from 1 December 2020)	50	–	–	–	50
	2,150	–	–	–	2,150

5 Directors' emoluments (Continued)

	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

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 (2019: Nil). The aggregate of the emoluments in respect of the five (2019: five) individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	**13,829**	13,455
Discretionary bonuses	**5,293**	4,201
Retirement scheme contributions	**550**	614
	19,672	18,270

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

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

The emoluments of the five (2019: five) individuals with the highest emoluments are within the following bands:

	Number of individuals 2020	2019
Emolument band *		
HK$0–HK$1,000,000	**–**	–
HK$1,000,001–HK$2,000,000	**–**	–
HK$2,000,001–HK$3,000,000	**–**	–
HK$3,000,001–HK$4,000,000	**3**	4
HK$4,000,001–HK$5,000,000	**2**	1
	5	5

(b) Emoluments of senior management

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

	Number of individuals 2020	2019
Emolument band *		
HK$0–HK$1,000,000	**4**	2
HK$1,000,001–HK$2,000,000	**3**	4
HK$2,000,001–HK$3,000,000	**–**	2
HK$3,000,001–HK$4,000,000	**1**	1
	8	9

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

7 Dividends

(a) Dividends attributable to the year

	2020 HK$'000	2019 HK$'000
Interim dividend declared and paid of HK22 cents per share (2019: HK24 cents per share)	**152,011**	165,830
Final dividend proposed after the end of the reporting period of HK28 cents per share (2019: HK34 cents per share)	**193,469**	234,926
	345,480	400,756

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

	2020 HK$'000	2019 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK34 cents per share (2019: HK37 cents per share)	**234,926**	255,655

8 Earnings per share

(a) For the year ended 31 December 2020, the calculation of earnings per share of HK$0.44 (2019: HK$1.86) is based on the profit attributable to shareholders of the Company of HK$301,899,000 (2019: HK$1,288,277,000) and 690,959,695 shares (2019: 690,959,695 shares) in issue during the year.

There were no potential ordinary shares in existence during the current and prior years, hence diluted earnings per share is the same as the basic earnings per share.

8 Earnings per share (Continued)

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, underlying earnings per share 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. A reconciliation of profit is as follows:

	2020	2019
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**301,899**	1,288,227
Changes in fair value of investment properties during the year	**152,016**	(503,945)
Effect of deferred tax on changes in fair value of investment properties	**45**	(55)
Underlying profit attributable to shareholders of the Company	**453,960**	784,227
Underlying earnings per share	**HK$ 0.66**	HK$1.13

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.

9 Revenue and segment reporting (Continued)

(a) Segment results

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

Information regarding the Group's reportable segments as provided to the Group's board and senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

	2020					
	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)*	**819,396**	**201,845**	**119,695**	**173,669**	**–**	**1,314,605**
Reportable segment results (adjusted EBITDA)	**712,989**	**(5,315)**	**(11,508)**	**(23,084)**	**(1,220)**	**671,862**
Unallocated corporate expenses						**(109,478)**
						562,384
Finance costs						**(3,320)**
Share of profits less losses of associates						**202**
Other non-operating net gain						**1,055**
Net decrease in fair value of investment properties	**(152,016)**	**–**	**–**	**–**	**–**	**(152,016)**
Consolidated profit before taxation						**408,305**

9 Revenue and segment reporting (Continued)

(a) Segment results (continued)

	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

Note: Except for property rental income of HK$819,396,000 (2019: HK$913,318,000) which falls within the scope of HKFRS 16 *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	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
The Hong Kong Special Administrative Region	**1,255,930**	2,996,324	**14,755,967**	14,998,202
The PRC	**58,675**	65,380	**726,286**	679,412
The United Kingdom	**–**	–	**57,051**	53,887
	1,314,605	3,061,704	**15,539,304**	15,731,501

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 1 January 2020	15,371,179	140,221	60,732	205,274	1,506,661	1,912,888	17,284,067
Additions	6,957	–	1,304	2,130	29,220	32,654	39,611
Disposals	–	–	–	(16,114)	(10,170)	(26,284)	(26,284)
Exchange adjustments	46,700	–	1,859	–	1,476	3,335	50,035
Deficit on revaluation	(152,016)	–	–	–	–	–	(152,016)
Reclassification	20,874	–	–	–	(20,874)	(20,874)	–
At 31 December 2020	15,293,694	140,221	63,895	191,290	1,506,313	1,901,719	17,195,413
Representing:							
Cost	–	140,221	63,895	191,290	1,506,313	1,901,719	1,901,719
Valuation–2020	15,293,694	–	–	–	–	–	15,293,694
	15,293,694	140,221	63,895	191,290	1,506,313	1,901,719	17,195,413
Accumulated depreciation:							
At 1 January 2020	–	103,233	5,407	57,707	1,386,802	1,553,149	1,553,149
Charge for the year	–	1,917	53	50,257	37,579	89,806	89,806
Impairment loss	–	–	–	30,984	3,253	34,237	34,237
Written back on disposals	–	–	–	(11,592)	(9,966)	(21,558)	(21,558)
Exchange adjustments	–	–	–	–	1,258	1,258	1,258
At 31 December 2020	–	105,150	5,460	127,356	1,418,926	1,656,892	1,656,892
Carrying amount:							
At 31 December 2020	15,293,694	35,071	58,435	63,934	87,387	244,827	15,538,521

* 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)

		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	–	–	–	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)

(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 2020 and 2019, 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 2020 and 2019. 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% (2019: 3.0% to 6.0%)
– Office		4.1% (2019: 4.1%)
In the PRC		
– Retail		8.5% (2019: 8.5%)
– Serviced apartment		7.0% (2019: 7.0%)

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

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

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

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

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

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

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

	2020	2019
	HK$'000	HK$'000
Land and buildings in Hong Kong:		
– long leases	**145**	145
– medium term leases	**14,707,454**	14,836,917
Land and buildings outside Hong Kong:		
– medium term leases	**733,160**	681,183
– freehold	**57,051**	53,887
	15,497,810	15,572,132

(d) The Group leases out properties under operating leases. The leases typically run for an initial period of 1 to 5 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 25.

The total variable lease income recognised in the consolidated statement of profit or loss for the year are HK$6,392,000 (2019: HK$12,067,000).

(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.

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

(e) Right-of-use assets (continued)

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. During the year, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amounts of fixed and variable lease payments and COVID-19 rent concessions for the year are summarised below:

	Year ended 31 December 2020		
	Fixed payments HK$'000	**Variable payments HK$'000**	**COVID-19 rent concessions HK$'000**
Operating outlets	**4,001**	**132**	**(14,274)**

	Year ended 31 December 2019		
	Fixed payments HK$'000	Variable payments HK$'000	COVID-19 rent concessions HK$'000
Operating outlets	14,755	118	–

As disclosed in note 1(c), the Group has early adopted the Amendment of HKFRS 16, *Covid-19-Related Rent Concessions*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year.

(f) Impairment loss on other property, plant and equipment

Indicators of impairment are identified in certain hotel, food and beverage outlets and travel branches for which each hotel/outlet/travel segment is identified as a single cash-generating unit ("CGU").

During the year, in view of the loss sustained by certain hotel, food and beverage outlets and travel segment due to COVID-19, management considered indicators of impairment of other property, plant and equipment associated with these CGUs existed at 31 December 2020 and performed an impairment assessment thereon. Based on the impairment assessment conducted by management, impairment losses of HK$34,237,000 were recognised in profit or loss during the year ended 31 December 2020. The aggregate recoverable amounts of certain food and beverage outlets and a hotel amounted to HK$18,500,000 and $43,400,000 respectively. Apart from the above, the recoverable amounts of the remaining impaired other property, plant and equipment of the remaining food and beverage outlet and the travel segment were minimal.

The recoverable amount is determined based on the higher of value-in-use and the fair value less costs of disposal. The estimate of recoverable amounts were based on value-in-use calculations by adopting discounted cash flow forecast of each CGU with pre-tax discounted rate of 5.5% per annum.

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.

				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
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 Hotel and Property Management Company Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Property management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK$10,000,000	100%	100%	–	Travel agency
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Hotel management

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 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 Shanghai Shangmei Property Co. Limited. ^ *	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

	2020 HK$'000	2019 HK$'000
Share of net assets	**18,159**	17,957
Amounts due from associates	**706**	708
Loans to associates	**25,940**	25,940
	44,805	44,605
Less: Impairment loss	**(44,022)**	(44,022)
	783	583

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:

	2020 HK$'000	2019 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**783**	583
Aggregate amounts of the Group's share of those associates'		
– Profit from continuing operations	**202**	129
– Total comprehensive income	**202**	129

13 Other financial assets

	2020	2019
	HK$'000	HK$'000
Non-current		
Equity securities designated at FVOCI (note)		
Listed equity securities in Hong Kong	**70,064**	75,343
Listed equity securities outside Hong Kong	**8,897**	19,593
	78,961	94,936
Financial assets measured at FVPL		
Listed securities outside Hong Kong	**1,406**	1,699
Sub-total	**80,367**	96,635
Current		
Financial assets measured at FVPL		
Listed equity securities in Hong Kong	**6,104**	4,659
Unlisted investment fund	**55,429**	50,873
Sub-total	**61,533**	55,532
Total	**141,900**	152,167
Market value of listed equity securities	**86,471**	101,294

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 2020 is as follows:

	2020	2019
	HK$'000	HK$'000
Equity securities classified as financial assets designated at FVOCI		
China Construction Bank Corporation	**17,670**	20,190
China Resources Power Holdings Company Limited	**8,350**	10,940
HKT Trust And HKT Limited	**12,072**	13,176
China Everbright International Limited	**8,103**	11,562
Alibaba Group Holding Ltd	**–**	12,556
Others	**32,766**	26,512
At 31 December	**78,961**	94,936

Dividends received from these investments during the year of HK$3,324,000 (2019: HK$3,269,000) were recognised in profit or loss. During the year, the Group disposed the equity investment in Alibaba Group Holding Ltd at a consideration of HK$17,365,000 for strategic purpose (2019: Nil) and the gain previously accumulated in the investment revaluation reserve (non-recycling) in other comprehensive income of HK$12,954,000 is transferred to retained profits.

14 Inventories

	2020	2019
	HK$'000	HK$'000
Consumable stores	**8,378**	10,362
Properties held for resale	**114,240**	106,312
	122,618	116,674

Properties held for resale are stated at cost less the provision of HK$100,575,000 (2019: HK$93,708,000).

15 Trade and other receivables

	2020	2019
	HK$'000	HK$'000
Trade receivables	**56,097**	77,389
Less: loss allowance *(note 23(a))*	**(9,856)**	(9,076)
	46,241	68,313
Other receivables, deposits and prepayments	**129,343**	158,855
	175,584	227,168

At 31 December 2020 and 2019, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK$9,365,000 (2019: HK$17,434,000) 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:

	2020	2019
	HK$'000	HK$'000
Within 1 month	**14,635**	39,078
1 month to 2 months	**4,503**	11,538
Over 2 months	**27,103**	17,697
	46,241	68,313

The Group's credit policy and credit risk arising from trade receivables are set out in note 23(a).

16 Cash and bank balances and other cash flow information

(a) Cash and bank balances

	2020	2019
	HK$'000	HK$'000
Deposits with banks and other financial institutions	**4,854,066**	5,082,212
Cash at bank and in hand	**196,234**	170,428
	5,050,300	5,252,640

Cash and bank balances at 31 December 2020 include HK$69,738,000 equivalent (2019: HK$55,993,000 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.

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

(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$'000 *(note 17)*	Total HK$'000
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)

(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$'000 *(note 17)*	Total HK$'000
At 1 January 2020	149,709	2,727	78,547	230,983
Changes from financing cash flows:				
Repayment of advances from holders of non-controlling interests of subsidiaries	–	–	(5,953)	(5,953)
Capital element of lease rentals paid	(60,882)	–	–	(60,882)
Interest element of lease rentals paid	(2,975)	–	–	(2,975)
Proceeds from new bank loans	–	11,138	–	11,138
Repayment of bank loans	–	(11,125)	–	(11,125)
Total changes from financing cash flows	(63,857)	13	(5,953)	(69,797)
Exchange adjustments	–	253	(119)	134
Other changes				
Interest on lease liabilities	2,975	–	–	2,975
Increase in liabilities from entering into new leases during the year	2,130	–	–	2,130
Decrease in lease liabilities from early termination of lease during the year	(200)	–	–	(200)
Decrease in lease liabilities from lease modification during the year	(3,593)	–	–	(3,593)
At 31 December 2020	87,164	2,993	72,475	162,632

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:

	2020 HK$'000	2019 HK$'000
Within operating cash flows	**(4,133)**	(14,873)
Within financing cash flows	**(63,857)**	(59,012)
	(67,990)	(73,885)

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

	2020 HK$'000	2019 HK$'000
Trade and other payables		
Trade payables	**33,274**	107,246
Other payables and accrued charges	**187,871**	225,052
Amounts due to holders of non-controlling interests of subsidiaries *(note (i))*	**72,475**	78,547
Amounts due to associates *(note (ii))*	**4,289**	4,296
	297,909	415,141
Rental deposits received	**76,729**	89,654
Contract liabilities *(note (iii))*	**75,276**	181,898

Notes:

(i) All of the amounts due to the holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment (2019: The amount of HK$5,953,000 was interest bearing at 6% per annum and repayable within one year).

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

(iii) The revenue recognised during the year included in the contract liabilities balance at the beginning of the year amounted to HK$181,898,000 (2019: HK$164,469,000).

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:

	2020	2019
	HK$'000	HK$'000
Due within 3 months or on demand	**2,356**	60,972
Due after 3 months but within 6 months	**30,918**	46,274
	33,274	107,246

18 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2020		2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	**HK $'000**	HK $'000	HK $'000
Within 1 year	**42,788**	**44,402**	61,537	64,562
After 1 year but within 2 years	**23,835**	**24,619**	42,503	44,146
After 2 years but within 5 years	**20,541**	**20,923**	45,669	46,884
	44,376	**45,542**	88,172	91,030
	87,164	**89,944**	149,709	155,592
Less: total future interest expenses		**(2,780)**		(5,883)
Present value of lease liabilities		**87,164**		149,709

19 Bank loan

At 31 December 2020, the bank loan was secured as follows:

	2020 HK$'000	2019 HK$'000
Secured bank loan	**2,993**	2,727

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

The effective interest rate per annum on bank loan is 0.8% for the year ended 31 December 2020 (2019: 0.9%).

At 31 December 2020, banking facilities of HK$387,640,000 (2019: HK$389,450,000) were secured by the Group's investment in listed equity securities with an aggregate carrying value of HK$80,367,000 (2019: HK$96,635,000). The facilities were utilised to the extent of HK$2,993,000 (2019: HK$2,727,000).

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 Taxation in the consolidated statement of financial position

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

	2020 HK$'000	2019 HK$'000
Provision for Hong Kong Profits Tax for the year	**85,229**	132,046
Provisional Hong Kong Profits Tax paid	**(73,208)**	–
	12,021	132,046
Balance of Hong Kong Profits Tax provision relating to prior years	**227**	3,840
Overseas tax payable	**3,524**	2,424
	15,772	138,310
Representing:		
Tax recoverable	**(3,665)**	(2,976)
Tax payable	**19,437**	141,286
	15,772	138,310

21 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 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 and 1 January 2020	203,703	74,464	(2,868)	275,299
Charged to profit or loss	13,831	45	(6,493)	7,383
Exchange adjustments	2,578	5,044	–	7,622
At 31 December 2020	220,112	79,553	(9,361)	290,304

(ii) Reconciliation to the consolidated statement of financial position

	2020 HK$'000	2019 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(12,267)**	(8,779)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**302,571**	284,078
	290,304	275,299

21 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$106,647,000 (2019: HK$97,393,000) in respect of accumulated tax losses of HK$628,614,000 (2019: HK$557,365,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2020.

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 2020, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to HK$76,059,000 (2019: HK$61,856,000). Deferred tax liabilities of HK$3,803,000 (2019: HK$3,093,000) 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.

22 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 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

22 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 2020	**2,227,024**	**1,019,874**	**300,000**	**3,687,634**	**7,234,532**
Changes in equity for 2020:					
Profit and total comprehensive income for the year	**–**	**–**	**–**	**1,052,519**	**1,052,519**
Final dividends approved in respect of the previous year *(note 7(b))*	**–**	**–**	**–**	**(234,926)**	**(234,926)**
Interim dividends declared in respect of the current year *(note 7(a))*	**–**	**–**	**–**	**(152,011)**	**(152,011)**
Balance at 31 December 2020	**2,227,024**	**1,019,874**	**300,000**	**4,353,216**	**7,900,114**

(b) Share capital

Issued share capital

	2020		2019	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**690,959,695**	**2,227,024**	690,959,695	2,227,024

(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.

22 Total equity (Continued)

(c) Nature and purpose of reserves (continued)

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)).

(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 adjusted net debt-to-equity ratios at 31 December 2020 and 2019 are as follows:

	Note	**31 December 2020 HK$'000**	31 December 2019 HK$'000
Bank loan	*19*	**2,993**	2,727
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	*17*	**–**	5,953
Lease liabilities	*18*	**87,164**	149,709
Less: Cash and bank balances	*16(a)*	**(5,050,300)**	(5,252,640)
Net cash		**(4,960,143)**	(5,094,251)
Total equity attributable to shareholders of the Company		**19,850,643**	19,881,530
Net debt-to-shareholders' equity ratio		**N/A**	N/A

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

23 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 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. As at 31 December 2020 and 2019, the Group considered its exposure to credit risk and ECLs for trade receivables is not significant and did not provide any loss allowance in respect of trade receivables except for specific loss allowances of HK$9,856,000 (2019: HK$9,076,000). The following table provides information about the Group's exposure to credit risk and specific loss allowances for trade receivables:

	2020		2019	
	Gross carrying amount HK$'000	**Specific loss allowance HK$'000**	Gross carrying amount HK$'000	Specific loss allowance HK$'000
Current	**14,635**	**–**	39,078	–
Less than 1 month past due	**4,503**	**–**	11,538	–
1 to 2 months past due	**3,087**	**–**	6,753	–
Over 2 months past due	**33,872**	**9,856**	20,020	9,076
	56,097	**9,856**	77,389	9,076

23 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 2020					
Trade and other payables	**221,145**	**–**	**–**	**221,145**	**221,145**
Amounts due to associates	**4,289**	**–**	**–**	**4,289**	**4,289**
Amounts due to holders of non-controlling interests of subsidiaries	**72,475**	**–**	**–**	**72,475**	**72,475**
Bank loan	**2,998**	**–**	**–**	**2,998**	**2,993**
Lease liabilities	**44,402**	**24,619**	**20,923**	**89,944**	**87,164**
Rental deposits received	**76,729**	**–**	**–**	**76,729**	**76,729**
Deferred liabilities	**–**	**86,046**	**99,356**	**185,402**	**185,402**
	422,038	**110,665**	**120,279**	**652,982**	**650,197**

23 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 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
Deferred liabilities	–	58,866	123,040	181,906	181,906
	572,446	103,012	169,924	845,382	839,137

(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 2020, it is estimated that an increase/decrease of 5% (2019: 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$314,000 (2019: HK$265,000). The Group's total equity would have increased/decreased by HK$4,262,000 (2019: HK$4,747,000).

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 2019.

23 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 is 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	Fair value measurements at 31 December 2020		
	2020 HK$'000	Level 1 HK$'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	**70,064**	**70,064**	**–**	**–**
– Listed equity securities outside Hong Kong	**8,897**	**8,897**	**–**	**–**
Financial assets measured at FVPL:				
– Unlisted investment fund	**55,429**	**–**	**55,429**	**–**
– Listed equity securities in Hong Kong	**6,104**	**6,104**	**–**	**–**
– Listed securities outside Hong Kong	**1,406**	**1,406**	**–**	**–**

23 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 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	–	–

During the years ended 31 December 2020 and 2019, 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 2020 and 2019. 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.

24 Capital commitments

Capital commitments outstanding at 31 December 2020 not provided for in the financial statements were as follows:

	2020 HK$'000	2019 HK$'000
Future expenditure relating to properties:		
Contracted for	**12,924**	25,449
Authorised but not contracted for	**98**	2,970
	13,022	28,419

25 Operating lease commitments

At 31 December 2020, the total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year	**608,084**	605,917
After 1 year but within 2 years	**419,900**	389,936
After 2 years but within 3 years	**168,015**	201,227
After 3 years but within 4 years	**37,908**	51,987
After 4 years but within 5 years	**6,092**	16,715
After 5 years	**–**	21
	1,239,999	1,265,803

26 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:

	2020 **HK$'000**	2019 HK$'000
Property agency fee payable to a subsidiary of the Group's major shareholder *(note (a))*	**3,000**	1,546
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder *(note (a))*	**(463)**	(14,814)
Management fee income from a subsidiary of the Group's major shareholder *(note (b))*	**(747)**	(804)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder *(note (c))*	**(1,804)**	(2,296)
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: whole of 18/F, and from 1 November 2019 to 31 December 2020: units 1801–07 and 1812–18), Mira Place Tower A	**(25,252)**	(30,655)
– a subsidiary of the Group's major shareholder for leasing of Shops 312, 501–03, 505–06 and Pillar Signage and for short term leasing for periods in between 24 July 2020 to 14 December 2020 of unit 2108 and Roadshow unit TM547, Mira Place 1	**(34,789)**	(32,450)
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))*	**17,632**	17,579
– 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))*	**7,034**	15,200
Professional consultancy and management services income from an associate of the Group's major shareholder *(note (f))*	**(246)**	(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 "Continuing Connected Transactions" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2020.

26 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 2020 amounted to HK$3,048,000 (2019: HK$3,203,000) 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 2020 amounted to HK$44,000 (2019: HK$101,000) is unsecured, interest-free and has no fixed terms of repayment.

(c) The Group 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 2020 amounted to HK$17,000 (2019: HK$29,000) 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. The amount due from the Company as at 31 December 2020 represented prepaid rental fee of HK$1,610,000 (2019: HK$Nil) and is unsecured, interest free and have no fixed term of repayment.

(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 from this company as at 31 December 2020 represented prepaid rental fee of HK$2,000 (2019: amount due to this company represented unsettled rental fee of HK$82,000) 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. The amount due from this company as at 31 December 2020 represented advance consultancy and management fee of HK$42,000 (2019: HK$Nil) and is unsecured, interest free and have no fixed terms of repayment.

(g) Remuneration for key management personnel are disclosed in notes 5 and 6.

27 Company-level statement of financial position

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**38,200**	60,688
Interests in subsidiaries	11	**3,334,993**	2,502,188
		3,373,193	2,562,876
Current assets			
Inventories		**417**	491
Trade and other receivables		**12,085**	17,930
Cash and bank balances		**4,826,656**	4,993,626
		4,839,158	5,012,047
Current liabilities			
Trade and other payables		**(52,352)**	(50,916)
Deposits received		**(789)**	(361)
Lease liabilities		**(33,084)**	(54,373)
		(86,225)	(105,650)
Net current assets		**4,752,933**	4,906,397
Total assets less current liabilities		**8,126,126**	7,469,273
Non-current liability			
Amounts due to subsidiaries		**(226,012)**	(234,741)
NET ASSETS		**7,900,114**	7,234,532
CAPITAL AND RESERVES	22(a)		
Share capital		**2,227,024**	2,227,024
Reserves		**5,673,090**	5,007,508
TOTAL EQUITY		**7,900,114**	7,234,532

Approved and authorised for issue by the board of directors on 18 March 2021.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

28 Non-adjusting events after the reporting period

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

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 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, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before intended Use*	1 January 2022
Amendment to HKAS 37, *Onerous Contracts – Cost of Fulfilling Contract*	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

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

	2020 HK$'million	2019 HK$'million	2018 HK$'million	2017 HK$'million	2016 HK$'million
Results (for the years ended 31 December)					
Revenue	**1,315**	3,062	3,199	3,186	3,118
Profit attributable to shareholders of the Company	**302**	1,288	1,624	1,519	1,277
Assets and liabilities (as at 31 December)					
Investment properties and other property, plant and equipment	**15,539**	15,731	15,134	14,409	13,814
Interests in associates	**1**	1	4	1	2
Available-for-sale securities – non-current	**–**	–	–	80	152
Equity securities designated at FVOCI	**79**	95	92	–	–
Financial assets measured at FVPL	**1**	2	2	–	–
Deferred tax assets	**12**	8	6	6	5
Net current assets	**4,898**	4,763	4,400	3,136	2,114
Total assets less current liabilities	**20,530**	20,600	19,638	17,632	16,087
Bank loans — non-current	**–**	–	–	–	(352)
Deferred liabilities	**(185)**	(182)	(177)	(197)	(169)
Lease liabilities	**(44)**	(88)	–	–	–
Amounts due to holders of non-controlling interests of a subsidiary	**–**	–	(12)	–	(24)
Deferred tax liabilities	**(303)**	(284)	(278)	(275)	(263)
Net assets	**19,998**	20,046	19,171	17,160	15,279
Capital and reserves					
Share capital	**2,227**	2,227	2,227	1,385	696
Reserves	**17,624**	17,655	16,800	15,644	14,444
Total equity attributable to shareholders of the Company	**19,851**	19,882	19,027	17,029	15,140
Non-controlling interests	**147**	164	144	131	139
Total equity	**19,998**	20,046	19,171	17,160	15,279
	HK$	HK$	HK$	HK$	HK$
Per share data					
Earnings — basic	**0.44**	1.86	2.36	2.52	2.21
Dividends attributable to the year	**0.50**	0.58	0.61	0.59	0.54
Net assets value attributable to shareholders of the Company	**28.73**	28.77	27.54	27.09	26.21

Group Properties

at 31 December 2020

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 2020

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 7 JUNE 2021

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 2020 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 Monday, 7 June 2021 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 Auditor for the year ended 31 December 2020.

2. To declare a Final Dividend.

3. To re-elect retiring Directors.

4. To re-appoint Auditors and authorise the Directors to fix the Auditor's 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)."

6. To consider as special business and, if thought fit, pass the following resolution as a Special Resolution:

Special Resolution

"**THAT:**

the new articles of association of the Company (the "New Articles"), a copy of which has been produced to the Meeting marked "A" and for identification purpose signed by the Chairman of the Meeting, be and is hereby approved and adopted in substitution for and to the exclusion of the existing articles of association of the Company with immediate effect after the announcement by the Company of the poll result that this resolution was duly passed as a Special Resolution and that the Directors of the Company be and are hereby authorised to do all things necessary to implement the adoption of the New Articles."

By Order of the Board
CHU KWOK SUN
Corporate Secretary

Hong Kong, 27 April 2021

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 4 June 2021). 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 Wednesday, 2 June 2021 to Monday, 7 June 2021, 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 Tuesday, 1 June 2021.

(3) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Friday, 11 June 2021 to Thursday, 17 June 2021, 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 Thursday, 10 June 2021. The proposed final dividend will be paid to Shareholders whose names appear on the Register of Members of the Company on Thursday, 17 June 2021.

(4) Concerning item no. 3 above, Mr Dominic Cheng Ka On, Dr Timpson Chung Shui Ming, Dr Patrick Fung Yuk Bun, Mr Norman Ho Hau Chong and Dr Colin Lam Ko Yin will retire from office and, being eligible, have offered themselves for re-election at the AGM.

(5) Details relating to re-election of the above retiring directors, the Ordinary Resolution (B) (including the relevant explanatory statement) of item no. 5 above and the amendments brought about by the adoption of the New Articles are set out in the circular of the Company dated 27 April 2021.

(6) Concerning Ordinary Resolutions (A) and (C) of item no. 5 above, approvals are being sought from Shareholders, as a general mandate in compliance with Sections 140 and 141 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on the Stock Exchange, that in the event it becomes desirable for the Company to issue any new shares of the Company, the directors are given flexibility and discretion to allot and issue new shares up to 20 per cent. of the total number of the issued shares as at the date of passing of Ordinary Resolution (A) of item no. 5 above plus the aggregate number of shares bought back by the Company pursuant to the general mandate approved in Ordinary Resolution (B) of item no. 5 above. Save as disclosed (if any), the directors, however, have no immediate plans to issue any new shares of the Company under the said mandate being sought.

(7) If item no. 2 above is approved, the final dividend will be paid to Shareholders of the Company on Thursday, 8 July 2021.

(8) If a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons, or a black rainstorm warning signal is in force at any time between 8:30 a.m. and 12:00 noon on the day of the AGM, the AGM will be adjourned. The Company will post an announcement on the Company's website (www.miramar-group.com) and the HKEXnews 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.

(9) 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.

(10) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

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

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
Mr Alexander AU Siu Kee (re-designated on 1 December 2020)

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