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## **MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED**

### **美麗華酒店企業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 71)**

**2015 ANNUAL  
RESULTS  
ANNOUNCEMENT**

## **CHAIRMAN AND CEO'S STATEMENT**

Dear Shareholders

On behalf of the Board of the Miramar Group, I am pleased to present my report on the operations of the Group, together with the financial statements for the financial year ended 31 December 2015.

## **REVENUE, PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND BASIC UNDERLYING EARNINGS PER SHARE**

The Group's revenue posted steady growth, rising 4% to approximately HK\$3,251,000,000 for the financial year ended 31 December 2015 (the "Reporting Period") compared to the financial year ended 31 December 2014 (the "Last Corresponding Period") (2014: HK\$3,127,000,000). Profit attributable to shareholders increased by 4% year-on-year to approximately HK\$1,355,000,000 (2014: HK\$1,301,000,000). Excluding the net increase in the fair value of the Group's investment properties, underlying profit attributable to shareholders grew by 29% year-on-year to approximately HK\$729,000,000 (2014: HK\$567,000,000). Basic underlying earnings per share rose by 29% year-on-year to HK\$1.26 (2014: HK\$0.98).

## **FINAL DIVIDEND**

The Directors are pleased to recommend a final dividend of 34 Hong Kong cents per share payable to shareholders whose names are on the Register of Members as at 21 June 2016. Including the interim dividend of 20 Hong Kong cents per share paid on 20 October 2015, the total dividend payout for the whole year shall be 54 Hong Kong cents per share.

## **BONUS WARRANTS ISSUE**

The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder to subscribe in cash for one Share at the initial subscription price of HK\$13.50 per Share (subject to adjustments). The Warrants are exercisable at any time during a period of thirty months commencing from 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015.

## **BUSINESS OVERVIEW**

During 2015, global economic conditions continued to be challenging and mixed and the Group was not immune to these pressures. In the United States, the Federal Reserve Board raised the US dollar interest rate for the first time in a decade. Here in Hong Kong, total visitor arrivals declined 2.5% with Mainland arrivals falling 3%. The impact on Hong Kong of slower economic growth in Mainland China became more tangible during the second half of the year.

However, we have long thrived by closely observing and anticipating changing market conditions. The Group responded by seizing market opportunities, reacting quickly to changing customer needs and business conditions, and strengthening cost and risk management. These initiatives enabled the Group to deliver growth in its core businesses. The financial results for 2015 marked the fifth consecutive year of growth in our underlying profit attributable to shareholders.

## **HOTELS AND SERVICED APARTMENTS BUSINESS**

2015 was the most challenging year for the Hong Kong hotel industry in recent years, bearing the brunt of a strong Hong Kong dollar that is pegged to the United States dollar, and experienced a 3.9% drop in overnight visitor arrivals. In this context, EBITDA (earnings before interest, tax, depreciation and amortization) amounted to approximately HK\$239 million, representing a decline of 2% year-on-year.

The Mira Hong Kong and its boutique sister Mira Moon executed a number of strategies aimed at defending and stimulating their revenue base and containing costs whilst delivering quality services and value-added offerings. Key initiatives included continuing to adopt flexible marketing and sales strategies; working closer with our overseas partner networks to broaden and deepen customer reach; improving sales channel efficiency; continuing to improve our service quality to satisfy the needs of our MICE customers and offering tailor-made packages for banqueting and company events.

The Mira Hotel Collection won numerous awards during the year, including The Mira Hong Kong's recognition as the Best Luxury Hotel Spa in the 2015 World Luxury Spa Awards. Mira Moon was honored with several accolades – Best Boutique Hotel Asia Pacific, TTG Awards 2015 and Asia's Best City Boutique Hotel – World Boutique Hotel Awards 2015.

## **PROPERTY RENTAL BUSINESS**

The Group's Property Rental business experienced healthy stable growth in 2015. Rental income grew 5% to HK\$834 million, and EBITDA climbed 7% year-on-year to HK\$724 million.

The Group's portfolio consists of some 1,000,000 square feet of shopping malls and an office tower strategically located in the heart of Tsim Sha Tsui. Our investments in these properties enhanced their appeal to tenants and shoppers.

Our strategy to appeal to targeted market segments was supported by carefully managing tenant mix and promotion events throughout the year. This was well received with an increase in footfall into our malls and in total tenant sales despite an overall decline in retail spending in Hong Kong.

The year saw the completion of a number of aspects of the multi-year asset enhancement program. Most notably, the main atrium area at the Miramar Shopping Centre was completed during the first quarter of the year. This was followed by a newly created street corner shop at the intersection of Nathan and Kimberley Roads, together with a totally new Kimberley Road facade. International brand Furla established its presence by occupying the new corner location. The internal footfall circulation within Mira Mall was also improved, enhancing the overall sophistication and ambience of the mall.

We launched FoodLoft in the Miramar Shopping Centre in January 2015. Wakayama Japanese Restaurant, King Ludwig Beerhall and The Chop House have established a presence in our Miramar Shopping Centre, which is now home to more than 30 stylish restaurants. Our malls currently host seven Michelin starred and recommended restaurants, including one two-star, one one-star and three recommended restaurants in FoodLoft and two recommended restaurants in Mira Mall.

## **FOOD AND BEVERAGE BUSINESS**

Our Food and Beverage businesses posted healthy growth. Revenue grew 20% to HK\$467 million compared to 2014 and EBITDA soared 183% year-on-year to HK\$45 million.

During the year, we saw a shift in dining trends and responded quickly to these changing needs. We listened to customer preferences, and responded by introducing new menu items and seasonal offerings that excited the palates of our diners. We offered tailor-made and diversified banqueting menus to meet varying customer needs. As a result, our banqueting segment saw an increase in revenue in 2015.

A new Tsui Hang Plus loyalty program was launched in August 2015, designed to build and strengthen customer loyalty and engagement with diners patronizing our Tsui Hang Village Cantonese and Yun Yan Sichuan restaurants. Meanwhile, the School Food chain continued to expand with the addition of four new outlets in Mongkok, Whampoa, Tai Koo and Tuen Mun. During the Reporting Period, we partnered with banks and credit card companies to offer promotional programs to reach a wider spectrum of customers.

Yun Yan was again honored by Michelin Guide, as a Michelin Recommended Bib Gourmand Restaurant for the third time in 2015.

## **TRAVEL BUSINESS**

During the Reporting Period, outbound traffic continued to increase, particularly in the long haul sector. Overall revenue increased 4% to HK\$1,275,000,000, while EBITDA enjoyed a 39% growth to HK\$74 million.

Miramar Travel sponsored the popular “Empress of China” television drama series in April 2015 that increased the brand awareness of Miramar Travel, and subsequently the number of people signing up for tours. The Group’s travel business will continue to invest and develop its online booking capabilities to expand and deepen customer reach.

## **BUSINESS OUTLOOK**

Looking forward, the business environment is likely to be more difficult. The year started with increased uncertainty in the direction of US dollar interest rates, soft commodity prices, and volatility in global financial markets. Here in Hong Kong, retail spending and visitor arrivals are expected to continue to be soft whilst property and rental prices will be under pressure.

These impact on our businesses to varying degrees. I am confident of the Group’s ability to navigate through this challenging environment. We have an experienced and adaptable management team with proven ability to anticipate and respond to market forces. Our core businesses enjoy stable income streams, complementing which is a strong balance sheet with low gearing and ample liquidity.

During 2016, we will execute strategies that protect and facilitate business growth, deploy our resources efficiently and mitigate risks; and continue to improve on our core properties to further enhance their attractiveness as a destination. In addition, we will seek and seize investment opportunities that arise.

## **ACKNOWLEDGEMENT**

I would like to express my gratitude to fellow directors for their insight and guidance and to our management team and staff for the commitment and dedication they have shown, as the Group continues to navigate forward.

**Lee Ka Shing**  
*Chairman and CEO*

Hong Kong, 17 March 2016

# MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

## 美麗華酒店企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

### 2015 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 together with the comparative figures for the corresponding year in 2014 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>	2	<b>3,250,775</b>	3,127,089
Cost of inventories		<b>(207,183)</b>	(219,587)
Staff costs		<b>(540,540)</b>	(544,121)
Utilities, repairs and maintenance and rent		<b>(203,208)</b>	(198,224)
Tour and ticketing costs		<b>(1,105,200)</b>	(1,084,795)
<b>Gross profit</b>		<b>1,194,644</b>	1,080,362
Other revenue		<b>100,390</b>	101,763
Operating and other expenses		<b>(313,527)</b>	(282,991)
Depreciation		<b>(157,172)</b>	(143,940)
Finance costs	3(a)	<b>824,335</b> <b>(33,823)</b>	755,194 (38,005)
Share of profits less losses of associates		<b>57</b>	6,865
Share of loss of a joint venture		<b>(902)</b>	(1,647)
Other non-operating net income	3(b)	<b>789,667</b> <b>127,717</b>	722,407 14,887
Net increase in fair value of investment properties		<b>626,090</b>	733,351
<b>Profit before taxation</b>	3	<b>1,543,474</b>	1,470,645
<b>Taxation</b>	4		
– Current		<b>(136,621)</b>	(130,089)
– Deferred		<b>(11,233)</b>	(10,929)
<b>Profit for the year carried forward</b>		<b>1,395,620</b>	1,329,627

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Profit for the year brought forward</b>		<b><u>1,395,620</u></b>	<b><u>1,329,627</u></b>
<b>Attributable to:</b>			
Shareholders of the Company		<b><u>1,355,385</u></b>	<b><u>1,300,775</u></b>
Non-controlling interests		<b><u>40,235</u></b>	<b><u>28,852</u></b>
		<b><u>1,395,620</u></b>	<b><u>1,329,627</u></b>
<b>Dividends attributable to the year:</b>			
Interim dividend	5	<b><u>115,447</u></b>	<b><u>98,129</u></b>
Final dividend		<b><u>196,259</u></b>	<b><u>184,714</u></b>
		<b><u>311,706</u></b>	<b><u>282,843</u></b>
<b>Earnings per share – basic and diluted</b>	6	<b><u>HK\$2.35</u></b>	<b><u>HK\$2.25</u></b>

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ANNOUNCEMENT****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>1,395,620</b>	1,329,627
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	(29,289)	(12,986)
Available-for-sale securities		
– changes in fair value	(5,311)	(6,181)
– transfer to profit or loss upon disposal	(11,816)	(14,344)
– transfer to profit or loss upon impairment	11,719	2,676
	<b>(34,697)</b>	(30,835)
<b>Total comprehensive income for the year</b>	<b>1,360,923</b>	1,298,792
<b>Attributable to:</b>		
Shareholders of the Company	1,328,161	1,273,236
Non-controlling interests	32,762	25,556
<b>Total comprehensive income for the year</b>	<b>1,360,923</b>	1,298,792

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		<b>12,658,338</b>	11,905,710
Other property, plant and equipment		<b>545,620</b>	702,787
		<b>13,203,958</b>	12,608,497
Interest in associates		<b>1,729</b>	1,640
Interest in a joint venture		–	5,854
Available-for-sale securities		<b>252,142</b>	277,355
Deferred tax assets		<b>3,846</b>	3,428
		<b>13,461,675</b>	12,896,774
<b>Current assets</b>			
Inventories		<b>124,052</b>	132,769
Trade and other receivables	7	<b>250,685</b>	270,664
Available-for-sale securities		<b>33,421</b>	34,337
Trading securities		<b>14,042</b>	11,396
Cash and bank balances		<b>3,077,497</b>	3,534,476
Tax recoverable		<b>1,023</b>	15,851
		<b>3,500,720</b>	3,999,493
Non-current assets classified as held for sale		–	350,929
		<b>3,500,720</b>	4,350,422
<b>Current liabilities</b>			
Trade and other payables	8	<b>(573,241)</b>	(535,111)
Bank loans and overdrafts		<b>(455,187)</b>	(1,544,784)
Sales and rental deposits received		<b>(203,403)</b>	(218,138)
Tax payable		<b>(46,699)</b>	(39,224)
		<b>(1,278,530)</b>	(2,337,257)
<b>Net current assets</b>		<b>2,222,190</b>	2,013,165
<b>Total assets less current liabilities carried forward</b>		<b>15,683,865</b>	14,909,939



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

At 31 December 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Total assets less current liabilities brought forward</b>		<b>15,683,865</b>	14,909,939
<b>Non-current liabilities</b>			
Bank loans		(967,797)	(1,161,585)
Deferred liabilities		(137,078)	(175,083)
Amount due to holders of non-controlling interests of a subsidiary	9	–	(38,687)
Deferred tax liabilities		(249,126)	(242,113)
		<b>(1,354,001)</b>	(1,617,468)
<b>NET ASSETS</b>		<b>14,329,864</b>	13,292,471
<b>CAPITAL AND RESERVES</b>			
Share capital	10	691,721	691,690
Reserves		13,491,318	12,463,318
<b>Total equity attributable to shareholders of the Company</b>		<b>14,183,039</b>	13,155,008
<b>Non-controlling interests</b>		<b>146,825</b>	137,463
<b>TOTAL EQUITY</b>		<b>14,329,864</b>	13,292,471

**Notes:**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap.622).

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.

The accounting policies used in the preparation of the financial statements are consistent with those used in the 2014 annual financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments have impact on the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

## **2. REVENUE AND SEGMENT REPORTING**

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

Property rental	:	The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
Hotels and serviced apartments	:	The operation 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, hotel and serviced apartment, food and beverage operation and travel operation. Revenue represents rental income, income from hotels and serviced apartments, food and beverage, travel and other operations.

### **(a) Segment results**

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

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**2. REVENUE AND SEGMENT REPORTING (CONTINUED)**
**(a) Segment results (continued)**

Information regarding the Group's reportable segments as provided to the Group's board and senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

	2015					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	
Revenue from external customers	833,589	675,262	466,581	1,275,343	-	3,250,775
Inter-segment revenue	-	2,142	6,174	-	-	8,316
<b>Reportable segment revenue</b>	<b>833,589</b>	<b>677,404</b>	<b>472,755</b>	<b>1,275,343</b>	<b>-</b>	<b>3,259,091</b>
Elimination of inter-segment revenue						<u>(8,316)</u>
<b>Consolidated revenue</b>						<u><b>3,250,775</b></u>
<b>Reportable segment results (adjusted EBITDA)</b>	<b>723,843</b>	<b>238,913</b>	<b>45,139</b>	<b>73,914</b>	<b>(2,430)</b>	<b>1,079,379</b>
Unallocated corporate expenses						<u>(255,044)</u>
Finance costs						824,335 (33,823)
Share of profits less losses of associates						57
Share of loss of a joint venture						(902)
Other non-operating net income						127,717
Net increase in fair value of investment properties	626,090	-	-	-	-	<u>626,090</u>
<b>Consolidated profit before taxation</b>						<u><b>1,543,474</b></u>

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**2. REVENUE AND SEGMENT REPORTING (CONTINUED)**
**(a) Segment results (continued)**

	2014					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	
Revenue from external customers	791,657	693,793	389,003	1,231,863	20,773	3,127,089
Inter-segment revenue	–	2,531	6,039	–	–	8,570
Reportable segment revenue	791,657	696,324	395,042	1,231,863	20,773	3,135,659
Elimination of inter-segment revenue						(8,570)
Consolidated revenue						<u>3,127,089</u>
Reportable segment results (adjusted EBITDA)	676,779	244,249	15,955	53,302	(14,722)	975,563
Unallocated corporate expenses						(220,369)
Finance costs						755,194
Share of profits less losses of associates						(38,005)
Share of loss of a joint venture						6,865
Other non-operating net income						(1,647)
Net increase in fair value of investment properties	733,351	–	–	–	–	14,887
Consolidated profit before taxation						<u>733,351</u>
						<u>1,470,645</u>

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### 2. REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Geographical information

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

	Revenue from external customers		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
The Hong Kong Special Administrative Region	3,174,515	3,020,153	12,574,828	11,938,780
The People's Republic of China	76,260	106,936	630,859	677,211
	<u>3,250,775</u>	<u>3,127,089</u>	<u>13,205,687</u>	<u>12,615,991</u>

### 3. PROFIT BEFORE TAXATION

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

#### (a) Finance costs

	2015 HK\$'000	2014 HK\$'000
Interest on bank advances and other borrowings	27,949	32,243
Other borrowing costs	5,874	5,762
	<u>33,823</u>	<u>38,005</u>

#### (b) Other non-operating net income

	2015 HK\$'000	2014 HK\$'000
Net gain on disposal of properties	(123,451)	–
Impairment loss on available-for-sale securities	11,719	2,676
Net gain on disposal of available-for-sale securities	(11,816)	(14,344)
Net realised and unrealised gains on trading securities	(4,169)	(3,219)
	<u>(127,717)</u>	<u>(14,887)</u>

## 4. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	2015 HK\$'000	2014 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	133,176	124,275
Over-provision in respect of prior years	(1,094)	(264)
	<u>132,082</u>	<u>124,011</u>
<b>Current tax – Overseas taxation</b>		
Provision for the year	4,539	6,019
Under-provision in respect of prior years	–	59
	<u>4,539</u>	<u>6,078</u>
<b>Deferred tax</b>		
Change in fair value of investment properties	1,862	790
Origination and reversal of temporary differences	9,371	10,139
	<u>11,233</u>	<u>10,929</u>
	<u><u>147,854</u></u>	<u><u>141,018</u></u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

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

Share of associates' taxation for the year ended 31 December 2015 of HK\$8,000 (2014: HK\$8,000) is included in the share of profits less losses of associates.

Share of a joint venture's taxation for the year ended 31 December 2015 of HK\$Nil (2014: HK\$Nil) is included in the share of loss of a joint venture.

**5. DIVIDENDS**

Dividends attributable to the year

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.20 per share (2014: HK\$0.17 per share)	<b>115,447</b>	98,129
Final dividend proposed after the end of the reporting period of HK\$0.34 per share (2014: HK\$0.32 per share)	<b>196,259</b>	184,714
	<b>311,706</b>	282,843

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.

**6. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$1,355,385,000 (2014: HK\$1,300,775,000) and the weighted average number of 577,232,115 shares (2014: 577,231,252 shares) in issue during the year, calculated as follows:

	<b>2015</b>	2014
Number of issued ordinary shares at 1 January	<b>577,231,252</b>	577,231,252
Effect of exercised bonus warrants	<b>863</b>	–
Weighted average number of ordinary shares at 31 December	<b>577,232,115</b>	577,231,252

The Company's bonus warrants at 31 December 2015 do not give rise to any dilution effect to the earnings per share and there are no other potential dilutive ordinary shares in existence during the years ended 31 December 2015 and 2014, and hence diluted earnings per share is the same as the basic earnings per share.



**7. TRADE AND OTHER RECEIVABLES**

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

	2015 HK\$'000	2014 HK\$'000
0 to 1 month	56,183	59,263
1 month to 2 months	5,548	13,682
Over 2 months	19,205	15,459
	<hr/>	<hr/>
Trade receivables (net of allowance for doubtful debts)	80,936	88,404
Other receivables, deposits and prepayments	169,749	182,260
	<hr/>	<hr/>
	<b>250,685</b>	<b>270,664</b>
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2015 and 2014, all of the trade and other receivables are expected to be recovered within one year except for the amount of HK\$21,382,000 (2014: HK\$23,818,000) which is expected to be recovered after one year.

The Group has a defined credit policy. The general credit terms allowed range from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balance before any further credit is granted.

**8. TRADE AND OTHER PAYABLES**

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:

	2015 HK\$'000	2014 HK\$'000
Due within 3 months or on demand	67,127	96,283
Due after 3 months but within 6 months	33,080	17,768
	<hr/>	<hr/>
Trade payables	100,207	114,051
Other payables	365,252	344,210
Amounts due to holders of non-controlling interests of subsidiaries (see note 9)	103,435	72,488
Amounts due to associates (note)	4,347	4,362
	<hr/>	<hr/>
	<b>573,241</b>	<b>535,111</b>
	<hr/> <hr/>	<hr/> <hr/>

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

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

**9. AMOUNTS DUE TO HOLDERS OF NON-CONTROLLING INTERESTS OF SUBSIDIARIES**

Except the amount due to holders of non-controlling interests of a subsidiary amounting to HK\$30,965,000 (2014: HK\$38,687,000), which is interest bearing at 6% per annum and repayable within one year (2014: 6% per annum and not expected to be settled within one year), all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

**10. SHARE CAPITAL**

	2015		2014	
	<i>No. of shares</i>	<i>Amount HK\$'000</i>	<i>No. of shares</i>	<i>Amount HK\$'000</i>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	577,231,252	691,690	577,231,252	404,062
Transition to no-par value regime on 3 March 2014 ( <i>note 1</i> )	–	–	–	287,628
Shares issued on exercise of warrants ( <i>note 2</i> )	2,272	31	–	–
At 31 December	<u>577,233,524</u>	<u>691,721</u>	<u>577,231,252</u>	<u>691,690</u>

*Notes:*

- (1) The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap.622) occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.
- (2) On 10 June 2015, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five shares held on the record date (i.e. 30 June 2015). 115,446,250 units of warrants are issued on 20 July 2015. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HK\$13.50 per share (subject to adjustments). The warrants would be exercisable at any time during a period of thirty months commencing from the date of issue of the warrants (i.e. 20 July 2015).

Details of the bonus warrants are disclosed in the Company's announcements dated 10 June 2015 and 16 July 2015 and the Company's circular dated 20 July 2015.

During the year, 2,272 units of warrants were exercised to subscribe for 2,272 ordinary shares in the Company. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company. At 31 December 2015, 115,443,978 units of warrants remained outstanding.

**ANNUAL GENERAL MEETING**

The 2016 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 Wednesday, 8 June 2016 at 12:00 noon. The Notice of 2016 Annual General Meeting will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company, and despatched to Shareholders and Warrantholders of the Company on or about 26 April 2016.

**CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS**

- (1) For the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2016 Annual General Meeting, the Register of Members and the Register of Warrantholders will be closed from Monday, 6 June 2016 to Wednesday, 8 June 2016, both days inclusive, during such period no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights attached to the warrants of the Company) will be registered. In order to be eligible to attend and vote at the 2016 Annual General Meeting,
  - (i) Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("Computershare"), not later than 4:30 p.m. on Friday, 3 June 2016; and
  - (ii) Warrantholders must lodge all subscription forms accompanied by the relevant warrant certificates and subscription moneys (together the "Warrant Exercise Documents") for registration with Computershare, which also acts as the registrar maintaining the Register of Warrantholders, not later than 4:30 p.m. on Friday, 3 June 2016.
- (2) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the Register of Members and the Register of Warrantholders will be closed from Wednesday, 15 June 2016 to Tuesday, 21 June 2016, both days inclusive, during such period no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights attached to the warrants of the Company) will be registered. In order to establish entitlements to the proposed final dividend,
  - (i) Shareholders must lodge the Share Transfer Documents for registration with Computershare not later than 4:30 p.m. on Tuesday, 14 June 2016; and
  - (ii) Warrantholders must lodge the Warrant Exercise Documents for registration with Computershare not later than 4:30 p.m. on Tuesday, 14 June 2016.

**DESPATCH OF DIVIDEND WARRANTS**

Subject to the approval to be obtained at the 2016 Annual General Meeting, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 4 July 2016.

## **CORPORATE FINANCE**

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 10% as at 31 December 2015 (at 31 December 2014: 21%).

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure arises from its operation in mainland China as well as certain bank deposits which are denominated in RMB and equity and bond investments which are denominated in USD, EUR, SGD, JPY and GBP.

Majority of the Group's financing facilities obtained are denominated in Hong Kong dollars and interests on bank loans and borrowings are chargeable mainly based on certain interest margin over the Hong Kong Interbank Offer Rate which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 31 December 2015, total available facilities amounted to approximately HK\$3.4 billion (at 31 December 2014: approximately HK\$3.8 billion), and 42% of that (at 31 December 2014: 72%) were utilised. At 31 December 2015, consolidated net cash were approximately HK\$1.62 billion (at 31 December 2014: HK\$0.79 billion), of which HK\$0.03 billion was secured borrowings (at 31 December 2014: HK\$0.01 billion).

## **EMPLOYEES**

As at 31 December 2015, the Group had a total of about 1,997 full-time employees, including 1,890 employed in Hong Kong and 107 employed in The People's Republic of China.

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

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

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

## **TRAINING AND DEVELOPMENT**

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

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

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

## **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 2015, 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2015 and discussed with internal audit executives and independent auditors matters on auditing, internal control and financial reports of the Group.

## **SCOPE OF WORK OF KPMG**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditors on this announcement.

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS 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 2015.

## **FORWARD-LOOKING STATEMENTS**

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

By Order of the Board  
**LEE KA SHING**  
Chairman and CEO

Hong Kong, 17 March 2016

*As at the date of this announcement, (i) the executive directors of the Company are: Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Dr. Colin Lam Ko Yin, Mr. Norman Ho Hau Chong and Mr. Eddie Lau Yum Chuen; (ii) the non-executive directors of the Company are: Dr. Lee Shau Kee, Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On and Mr. Alexander Au Siu Kee; (iii) the independent non-executive directors of the Company are: Dr. David Sin Wai Kin, Mr. Wu King Cheong, Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung and Mr. Thomas Liang Cheung Bui.*