annual report

2014

Miramar Hotel and Investment Company, Limited

Stock code: 71

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About Miramar

A dynamic and design-oriented group providing lifestyle products

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

1948
Miramar Hotel opened its doors and became the first postwar hotel in Hong Kong.

1957
Businessman Young Chi Wan took over the 192-room hotel property from a Spanish mission. Together with Dr Ho Sien Heng, they founded Miramar Hotel and Investment Company, Limited.

1966
Miramar Hotel was the first hotel in Hong Kong to join an international hotel network, taking advantage of the worldwide marketing exposure.

1970
Miramar Hotel and Investment Company, Limited went public.

1973
The renowned Tsui Hang Village Restaurant began building a loyal following with authentic Cantonese cuisine. It continues to serve up the same great regional classics and tasty dim sum to this day.

1978
With eight years of listing on the local stock exchange, Miramar Hotel grew to over 1,300 rooms, making it the largest hotel in Southeast Asia at the time.

1986
Miramar Express was launched.

1988
The Group ventured into the property market with the opening of Miramar Shopping Centre and Miramar Tower which offer retail shopping and prime office space that remain a key revenue driver.

1993
Acquired by Henderson Land Group.

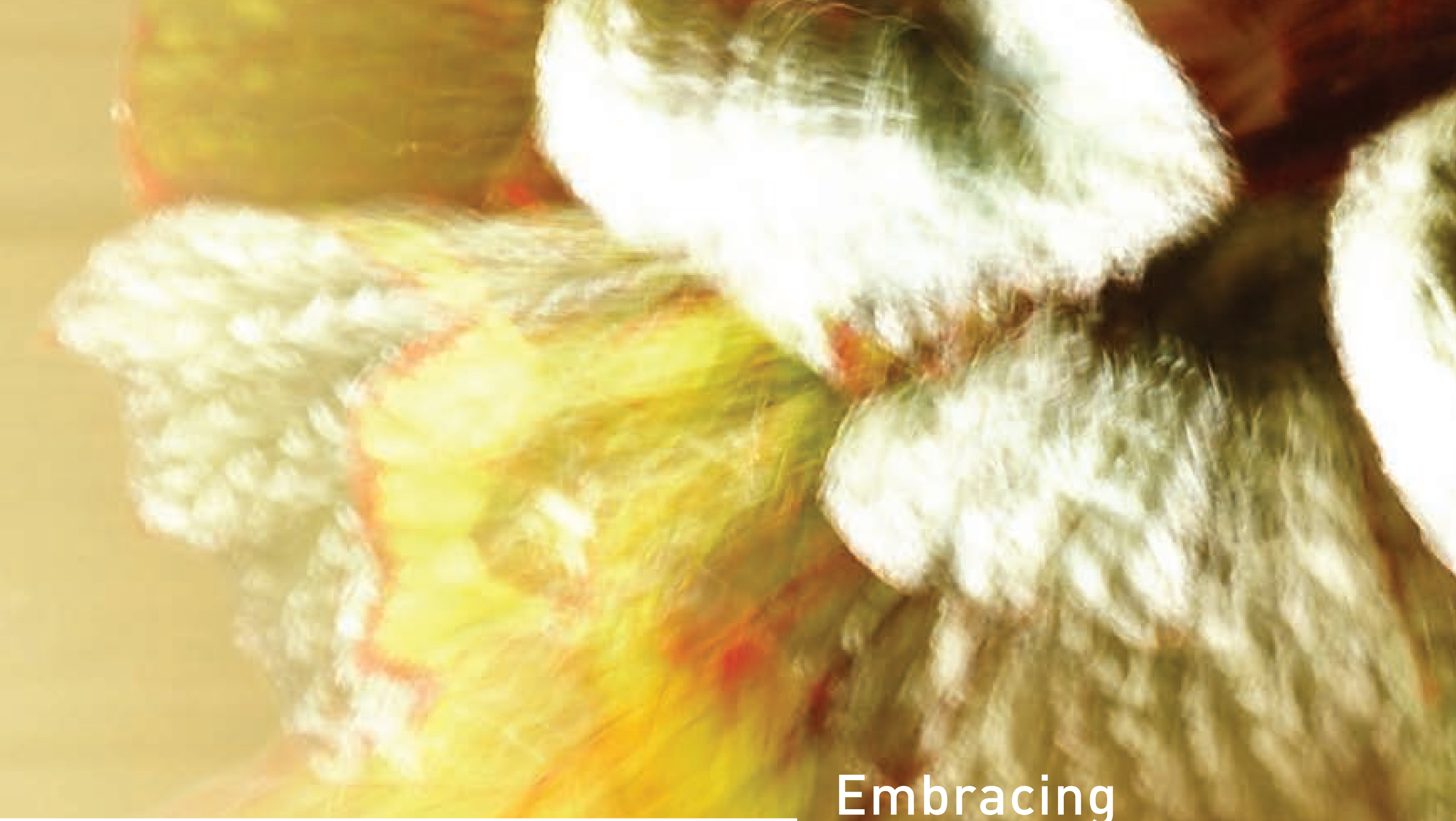
2002
The Group grew its property portfolio with the development of Knutsford Steps, adjacent to Miramar Shopping Centre.

2006
Miramar Travel was launched.

2008
Miramar Hotel was re-branded as The Mira Hong Kong.

2010
The Mira Hong Kong became the first Hong Kong hotel to join the Berlin-based cutting edge collective, Design Hotels™ network.

2011
The Group introduced Hong Kong's Michelin acclaimed Cantonese Restaurant, Cuisine Cuisine to Mainland China.



Embracing and MASTERING change

2012

Miramar Group marked its 55th anniversary with the opening of Mira Mall, and the extension of the Cuisine Cuisine brand in Wuhan.

2013

Miramar Group launched its second Design Hotels™ member property, Mira Moon in Causeway Bay in November. A fun and casual Korean restaurant, School Food, made its debut in August and a third outlet of the popular Tsui Hang Village Cantonese restaurant chain was opened in Causeway Bay in May.

2014

Mr. Lee Ka Shing was re-designated as the Chairman and Chief Executive Officer of Miramar Group. With his leadership, he has been overseeing corporate policy formulation and schematization to enhance its competitiveness in the industry.

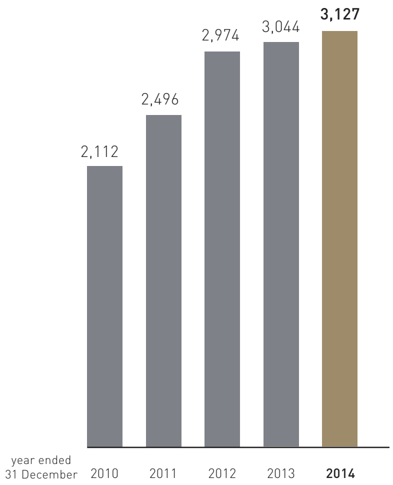
Our flagship hotel, The Mira Hong Kong, celebrated its 5th anniversary whilst our dining brand with the longest history, Tsui Hang Village marked its 40th anniversary with year-round offers. The second Saboten outlet was opened and three School Food outlets were introduced at high-traffic destination malls to tap into the widespread popularity of Korean food and culture.

Left | Unlock the MIRA-velous experience
Right | Unleash avant-garde hospitality


Concierge
A welcome that matches our **MODISH** style and celebrates our commitment
the mira
HONG KONG

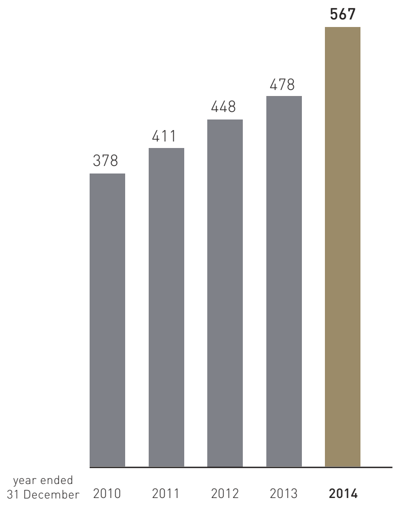
Consolidated turnover

HK$'million



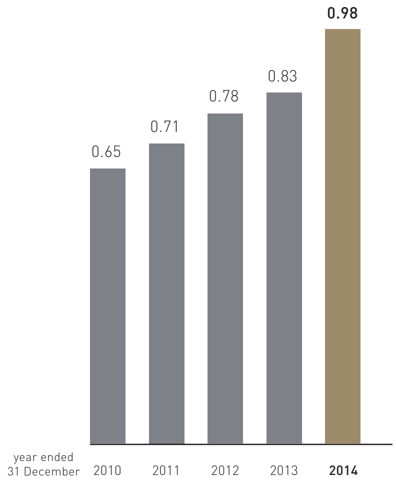
Underlying profit attributable to shareholders of the Company

HK$'million



Underlying earnings per share

HK$



	For the year ended 31 December	
	2014	2013
	HK$'million	HK$'million
Turnover		
Property rental	791	742
Hotels and serviced apartments	694	616
Food and beverage operation *(note 1)*	389	307
Travel operation	1,232	1,221
Others *(note 1)*	21	158
Consolidated turnover	3,127	3,044
Profit attributable to shareholders of the Company	1,301	1,278
Underlying profit attributable to shareholders of the Company *(note 2)*	567	478

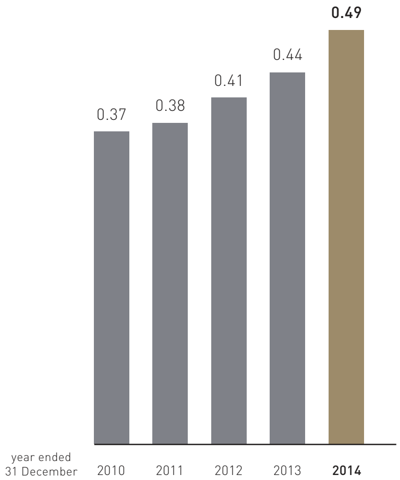
Notes:

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

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

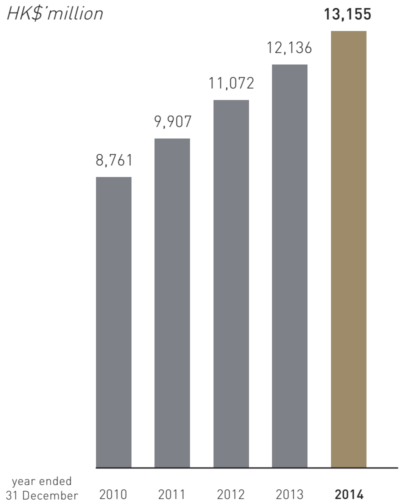
Dividend per share

HK$



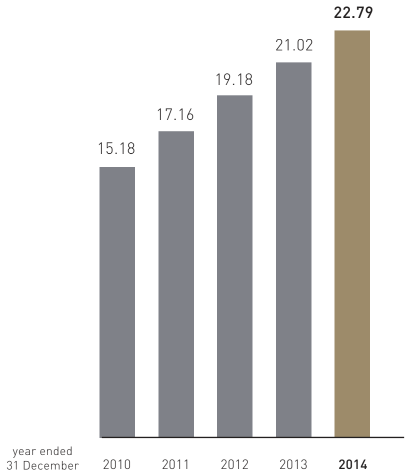
Consolidated net assets attributable to shareholders of the Company

HK$'million



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

HK$



	For the year ended 31 December	
	2014	2013
	HK$	HK$
Earnings per share	2.25	2.21
Underlying earnings per share	0.98	0.83
Dividend per share	0.49	0.44

	At 31 December	
	2014	2013
	HK$'million	HK$'million
Consolidated net assets attributable to shareholders of the Company	13,155	12,136
	HK$	HK$
Consolidated net asset value attributable to shareholders of the Company per share	22.79	21.02

Left | Enjoying a refreshing break on the colorful Knutsford Steps
Right | Maintaining impeccable service in the midst of changing trends

A **MOSAIC** of lifestyle, food, fashion and popular hangout takes the everyday out of the every day


Masterful
Memorable
Modernity
Mesmerizing
Marvelous
Miraculous

MOTIVATING leadership and energizing vision

Dear Shareholders

On behalf of the Board of the Miramar Group, I am pleased to present my report on our operations for the financial year ended 31 December 2014.

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

The Group's turnover rose by 3% to approximately HK$3,127,000,000 for the financial year ended 31 December 2014 (the "Reporting Period") compared to the financial year ended 31 December 2013 (the "Last Corresponding Period") (2013: HK$3,044,000,000). Profit attributable to shareholders increased by 2% year-on-year to approximately HK$1,301,000,000 (2013: HK$1,278,000,000). Excluding the net increase in the fair value of the Group's investment properties, underlying profit attributable to shareholders grew by 19% year-on-year to approximately HK$567,000,000 (2013: HK$478,000,000). Basic underlying earnings per share rose by 19% year-on-year to HK$0.98 (2013: HK$0.83).

Business Overview

Almost all businesses of the Group achieved an improvement in financial performance as we responded to a challenging business environment with agility during the past 12 months. Our attention to cost and risk management, together with an embedded culture of customer service, continued to ensure our competitiveness across all businesses.

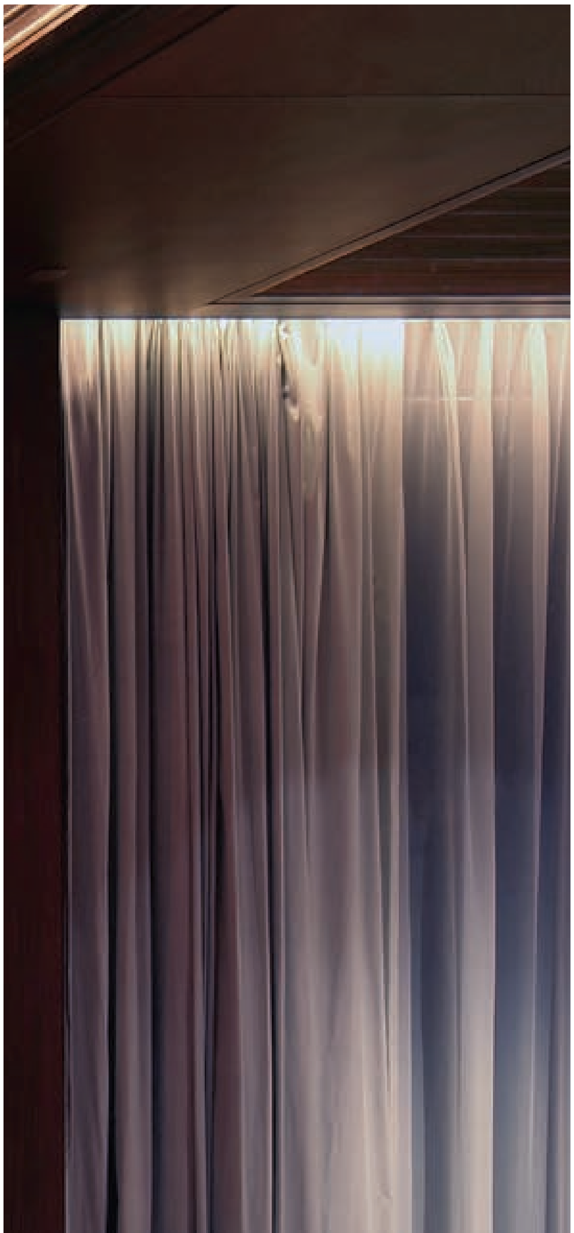
More than ever, we operate in a global market where experience and agility combined to help us ride through economic fluctuations. In 2014, the United States and the United Kingdom showed more encouraging signs of economic recovery compared to Europe zone. The economy of Mainland China stayed in growth territory, albeit at a lower rate. Visitors from Mainland China remained the primary group of visitors to Hong Kong and the main customer base for the hospitality, tourism and retail industry. From retail perspective, consumer spending, especially among visitors from Mainland China, has shifted from luxury goods to approachable brands and necessities.

Although Occupy Central has affected hotels, travel and retail operators at locations where the movement was anchored, it had minor and short-term impact on the Group as our major properties are located in unaffected areas. As a Group, we closely monitor the business environment and adapt quickly to overcome challenges we encountered. I am pleased to report that our four core businesses performed well, contributing to overall double-digit growth in profit, which in turn strengthened our position as a sustainable, stylish and highly service-oriented group.

Hotels and Serviced Apartments Business

The Hotels and Serviced Apartments business consists of premium hotels, serviced apartments, and hotel management services for top-tier residential properties. EBITDA (earnings before interest, tax, depreciation and amortization) of this business amounted to approximately HK$244 million, representing a growth of 9% year-on-year.

The Mira Hong Kong – the Group's flagship design hotel – marked its fifth anniversary with growth in Revenue per Available Room ("RevPav"). At the same time, Mira Moon celebrated its first full year of operations and has gained sustainable business momentum. Both hotels have made a significant contribution to our overall annual results.


Hotels' fashionable design and attentive guest services are widely acknowledged by guests and the travel industry.

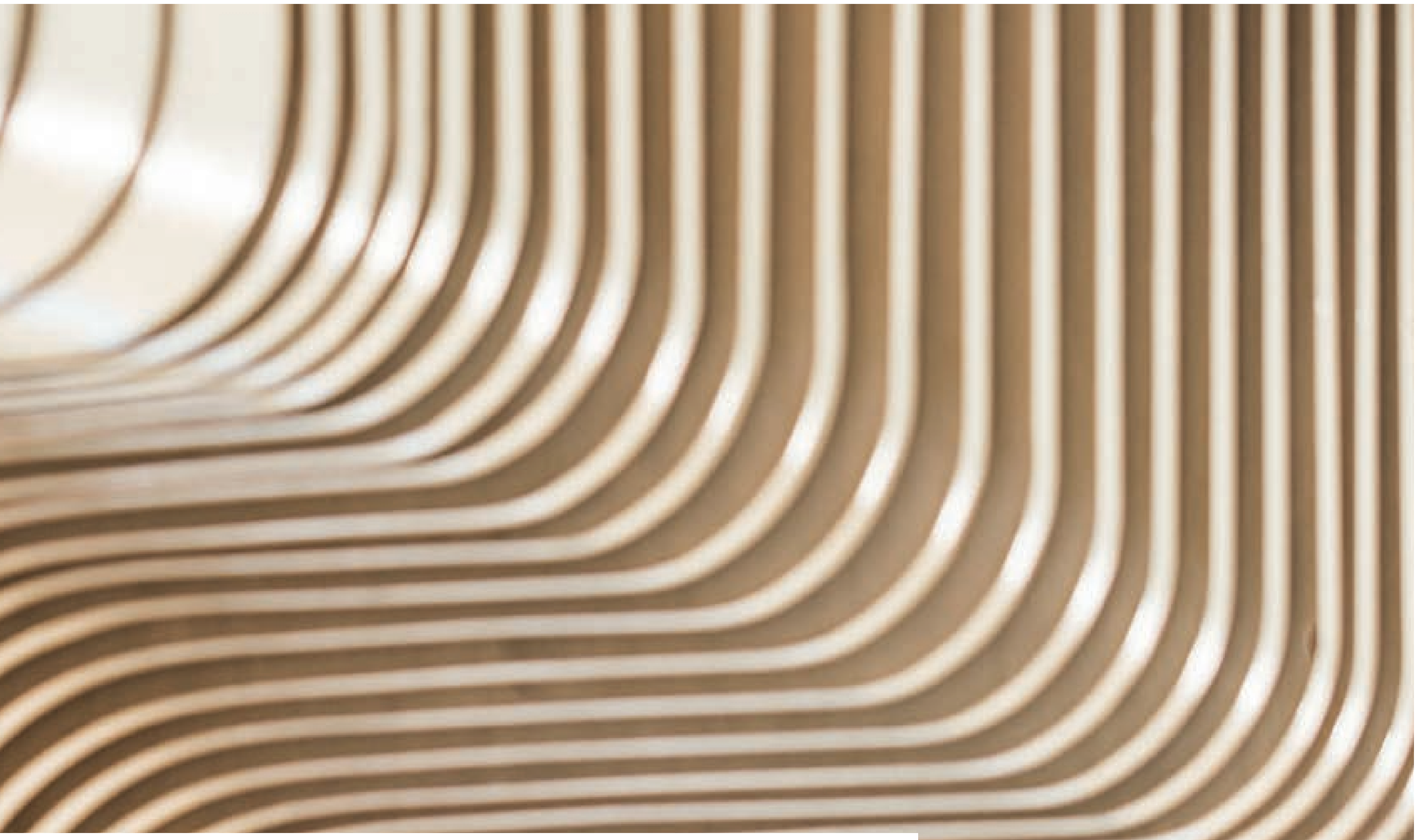
The two hotels under Mira Hotel Collection are increasingly recognized for their contemporary style and bespoke services. The Mira Hong Kong, which is wholly owned and managed by the Group, continued to draw strong demand for rooms from its diversified market segments including corporate, MICE and leisure travelers. Strategic effort made in increasing corporate accounts at The Mira Hong Kong has delivered beneficial results in both room occupancy rate and revenue from conferences and events. With the sustainable increasing income from buffets to various delicacies and drinks, the hotel business enjoyed a 13% growth in revenue.

The 91-room Mira Moon in its first full-year of operation recorded satisfactory performance. Its fashionable design and attentive guest services are widely acknowledged by guests and the travel industry which is emphasized by the number of international awards it received, including 2014 Hot List by Conde Nast Traveller, IT List: The Coolest New Hotels 2014 by Travel + Leisure, 2014 Hong Kong's Rising Star by Expedia, and 2014 The Luxe List by DestinAsian.

During the year, we continued to strengthen our sales, marketing and communications strategies for The Mira Hong Kong and Mira Moon, creating compelling offers and services for MICE sectors, boosting direct bookings via our website and adjusting our room rates with flexibility. All these strategies ensure that we remain competitive in the increasingly challenging market.

Property Rental Business

In 2014, despite the generally softened appetite for retail shopping and office leases in prime commercial locations and the on-going renovation work under the Mall Repositioning Program at our properties, the Group's Property Rental business enjoyed a steady growth. Occupancy rates in our key properties including malls and office tower remained in the high nineties throughout 2014, with revenue growth of 7% and EBITDA growth of 7% year-on-year during the Reporting Period.




miramall

The three-year Mall Repositioning Program goes beyond hardware improvement to shopping experience enhancement.

Our malls boast approximately 500,000 square feet of prime retail area in Tsim Sha Tsui's golden strip. This gives us cause to continue maximizing their values. The Group achieved resilient lease returns and steady retail sales value by proactively adjusting tenant mix, meticulously injecting sales and promotion events to boost shopping vibes whilst seamlessly scheduling renovation work to minimize impact.

The three-year Mall Repositioning Program is a testament to the Group's commitment to enhance the value of our core retail portfolio. Commenced in 2014, the program goes beyond hardware renovation to shopping experience enhancement. It further improves the scale of our retail portfolio and the Group's market positioning. By the end of 2014, sections already unveiled included a contemporary Kimberley Road façade and entrance, a new link bridge within the mall and dining floors spanning from 4/F to 6/F named as "FoodLoft".

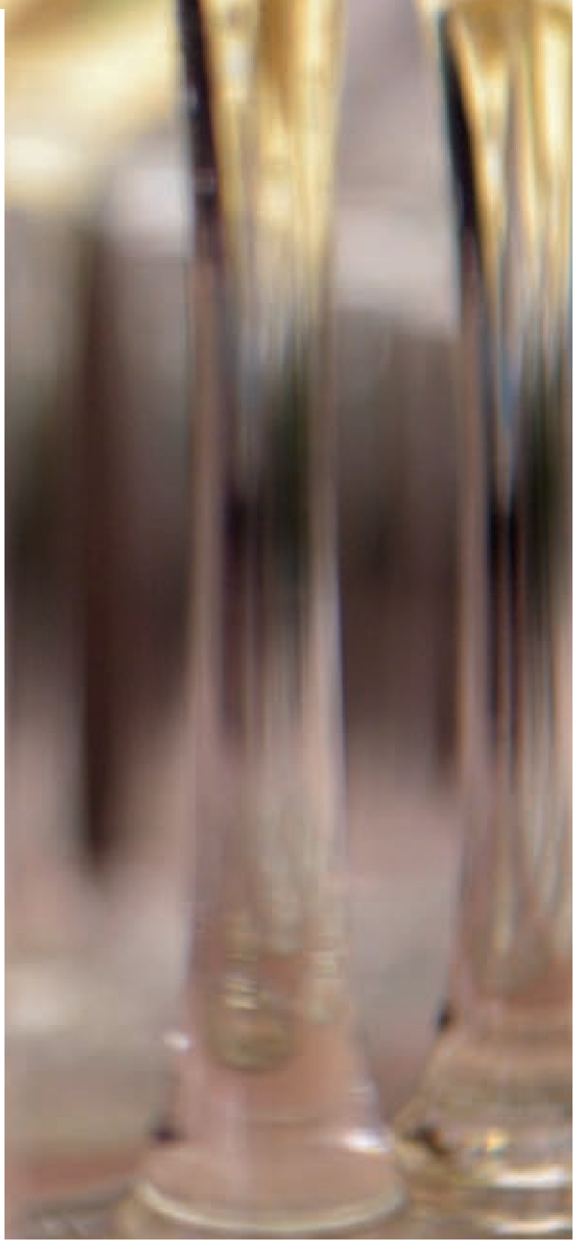
In terms of trade-mix, more than 20 new reputable brands have established their footprints in our malls, including Chow Sang Sang, Fiat Caffé and Din Tai Fung; and Marks & Spencer Food has also chosen our mall as its first Kowloon foothold. The Group continuously enhances our customer service and enriches our diversified marketing promotions in the malls to scale up in style and amplitude. We collaborated with the reputable SCAD Hong Kong to transform the adjoining Knutsford Steps into an artistic graffiti space for shoppers to chill and appreciate.

Our office tower leasing transactions remained steady while enjoying a quality portfolio of tenants of different industries and countries of origin. With the inherent competitive advantage of its Grade A location and gracious floor plan, the much enhanced retail, dining and hotel facilities synergize to provide a stylish working environment and further increase the appeal of the office tower to reputable corporations.

Food and Beverage Business

Our Food and Beverage business, with its diverse offerings under Mira Dining Collection, continued to show improved performance. Revenue grew 27% and EBITDA turned profitable at approximately HK$16 million.

Prudent price and menu adjustments have been made throughout the year to stimulate interest and appeal across a broad range of customer tastes and trends. Each restaurant has continued to provide quality service and deliver value to customers.



School Food brand is the latest addition to our food and beverage portfolio, and demonstrated its ability to be an attractive profit generator.

School Food brand is the latest addition to our food and beverage portfolio, and demonstrated its ability to be an attractive profit generator. After its initial launch in Times Square, Hong Kong Island in 2013, we opened three additional outlets in high-traffic shopping malls in Kowloon and the New Territories. A second Saboten was also opened in Tsim Sha Tsui. The popular Cantonese brand Tsui Hang Village celebrated its 40th anniversary in 2014 with year-round promotions at all three locations.

As a testament to our premium quality standards, our restaurants continued to receive a number of accolades and commendations. Cuisine Cuisine at The Mira Hong Kong, WHISK and Tsui Hang Village (Tsim Sha Tsui) won Michelin acclaims. Assaggio Trattoria Italiana, our Italian specialty with two outlets, received commendations in a range of guidebooks. The cosmopolitan French Window Brasserie and Bar at ifc mall was listed as one of the Top 10 Restaurants Awards in the category of French – Bistro/Brasserie in 2014 by WOM Guide. In view of the continued increase in operating cost within the food and beverage industry, we will strive to adopt a cost-effective approach, utilize resources and carefully manage costs with a view to increasing our competitiveness.


MADE TO Order

Travel Business

The Group's Travel business continues to record a steady growth in revenue due to the rise in popularity in the mass cruise and long-haul tours. To maintain our competitive edge, we have embraced new technology and rolled out an active, strongly visual marketing strategy.


Our handy online booking applications and pioneering online video itineraries facilitate customers in selecting their tours and destinations. The number of transactions made via online booking increased significantly in 2014. These user-friendly tools and travel products are highly regarded. To remain at the forefront of a rapidly changing travel industry, we will continue to focus on and invest in technological innovations and development.

Handy online booking applications and pioneering online video itineraries are highly regarded by the travel industry.

Business Outlook

Looking ahead to 2015, uncertainties remain in the global economy. Mainland China, the major market for Hong Kong's tourism industry, has set its 2015 GDP growth rate at 7%, the lowest over the years. In addition, the growth in the number of Mainland China visitors to Hong Kong has slowed down. In the context of this environment, it is anticipated that operators will be under pressure.

With our well-established multi-brand portfolio and an experienced management team, we are confident that we can tackle these challenges. Our core businesses will continue to generate recurrent and stable income. The Group is financially healthy with a strong balance sheet, low gearing and adequate liquidity to meet future needs.

The Group will continue to closely monitor the market situation and keep an eye on opportunities in its increasingly competitive operating environment. We will continue to build a diversified and comprehensive business portfolio that delivers growing stable income by adhering to prudent business development strategies. In 2015, I am confident that our Group is well prepared for the challenges and opportunities ahead, and we will deliver satisfactory growth and sustainable returns to our shareholders.

Appreciation

I sincerely thank the Group's former Chairman, Dr The Honourable Lee Shau Kee, for his contribution in promoting the long-term development of the Group. Dr Lee resigned as Chairman, effective from 12 June 2014 and the Board of Directors re-designated me as Chairman and Chief Executive Officer. Good corporate governance is a cornerstone of our business. The Group has a pre-eminent board of directors and a strong management team that implements sound internal controls and risk management policies.

Finally, on behalf of the Board of the Group, I would like to express our gratitude to my fellow directors for their insights and guidance and to our management team and staff for the commitment and dedication they have shown as the Group continues to chart its way forward.

LEE KA SHING
Chairman and CEO

Hong Kong, 16 March 2015

Left | The melting pot of local and international influences
Right | Infused with inspiration


Gastronomic delights
created to tantalize
and MESMERIZE

Distinctive and diversified business

Award Recognition

MIRAMAR GROUP

- Caring Company 2013 – 2014, The Hong Kong Council of Social Service
- Best of Category award for Interior Design – Special Production Techniques, International ARC Awards 2014, MerComm, Inc
- Gold, Hotel & Leisure, Interior Design, International ARC Awards 2014, MerComm, Inc
- Grand Award, Design: Annual Reports, International Galaxy Awards 2014, MerComm, Inc
- Gold, Design: Annual Reports–Traditional: Hong Kong, International Galaxy Awards 2014, MerComm, Inc
- Manpower Developer Award Scheme 2013-2015, Employees Retraining Board

HOTELS AND SERVICED APARTMENTS

Mira Moon

- 3-Star rating, Green Building Design Label, China Green Building (Hong Kong) Council
- 2014 Hot List, Conde Nast Traveller (UK, India & Middle East)
- 2014 The Luxe List, DestinAsian
- 2014 Hong Kong's Rising Star, Expedia Awards
- 2014 "IT List" The Coolest New Hotels, Travel + Leisure (US)
- 2014 Best New Boutique Hotel, China Travel and Meetings Industry Awards, Travel Weekly China
- Silver, Corporations: Brand Experience, 2014 Questar Awards, MerComm, Inc

The Mira Hong Kong

- Best Business Hotel in Hong Kong, TTG China Travel Awards 2014
- Certificate of Excellence 2014, Trip Advisor
- Recommended Hotel, Michelin Guide Hong Kong & Macau 2014

Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2014

WHISK (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2014

PROPERTY RENTAL

Malls and Office Tower

- Green Management Award – Silver, Hong Kong Green Awards 2014, Green Council
- Green Purchaswi$e Award – Silver, Hong Kong Green Awards 2014, Green Council
- Excellence in Facility Management Award 2014 (Retail), The Hong Kong Institute of Facility Management
- Green Plus Recognition Award 2014 (Sliver Award) –"Miramar Shopping Centre", CLP Power Hong Kong Limited
- Merit for Character Design, HKDA Global Design Award 2013, Hong Kong Designers Association

FOOD AND BEVERAGE

Tsui Hang Village (Causeway Bay)

- Gold Award with Distinction – Dim Sum Category, Best of the Best Culinary Awards 2014, Hong Kong Tourism Board

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2014

TRAVEL

Miramar Travel

- Caring Company 2013 – 2014, The Hong Kong Council of Social Service
- Partner Employer Award 2013 – 2014, The Hong Kong General Chamber of Small and Medium Business
- Top Sales Partner 2014 – Hong Kong, Costa Cruises

We Care about Our Society and Earth

The Group is actively engaged in environmental, social and livelihood issues as part of its Corporate Social Responsibility ensuring our business operations are in line with general ethical standards while our sustainable development and corporate policy implementation is affirmed. Our policies are aimed at encouraging management and staff to engage with different sectors of society, understand their needs and develop sustainability practices that minimize the potential impacts that may emerge from our business operations.

Across our hotels and restaurants, we worked with relevant groups to ensure food not consumed is donated to organizations and dispatched to people in need. During 2014, a considerable amount of food was donated to Food Angel, Foodlink Foundation Limited and Po Leung Kuk for distribution.

Among the local, regional and international environmental protection and awareness initiatives we supported last year, Global WWF Earth Hour is an event that encourages all businesses to consider their electricity usage by switching off non-essential lighting and electric appliance.

Preserving Organic Ecosystem

Mira Dining Collection and New Life Farm, a local farm operated by the New Life Psychiatric Rehabilitation Association in Yuen Long, have undertaken a partnership to produce organically grown food for our restaurants under Mira Dining Collection.

Key recycling initiatives have also been undertaken. At the end of Chinese New Year celebrations in 2014, Lai See packets were sorted and processed by workers at sheltered workshops and distributed for re-use. Waste paper, plastic bags and aluminium cans collected by The Mira Hong Kong were also recycled. Hotel soaps were donated to Soap Cycling which dispersed the soaps among families and schools in disadvantaged communities around the world, particularly Asia.

Focusing on Young People

A number of new and existing schemes concentrated on supporting schools and young people. This included organized visits for groups of primary and secondary school children to The Mira Hong Kong where they gained first-hand knowledge of the hotel industry.

Miramar Group is a strong supporter of the Chi Heng Foundation ("the Foundation") which provides comprehensive support to AIDs impacted children in Mainland China. During 2014, we not only co-hosted a fundraising umbrella redemption program with the Foundation, but also opened our venues for its exhibition and annual fundraising ball.

Nurturing Art and Design

Miramar Group and SCAD Hong Kong joined forces in a new community art project "Art-volution@Mira Mall by SCAD". SCAD Hong Kong and the Group share a common objective of preparing future generations of internationally-minded designers with real-life commercial design experience. We dedicated the open space at Knutsford Steps, which links Mira Mall, Miramar Shopping Centre and The Mira Hong Kong, as a "drawing board" for students to showcase design elements.

Our restaurant Assaggio Trattoria Italiana hosted a charitable sales campaign of DIY Pasta Art Kit over the summer to raise funds for the Hong Kong Art School, which is part of the Hong Kong Arts Centre. Funds raised will be applied to the areas of teaching, learning, research and development. Selected art pieces crafted by the students were later showcased at the restaurant to demonstrate the creative connectivity between food and art.

Raising Health Awareness

A "pink" initiative to support the Hong Kong Cancer Fund's Pink Revolution highlighting breast cancer awareness was launched at Miramar Shopping Centre and Mira Mall. Other corporate sponsorship initiatives during the year included the Ronald McDonald Housing Charity. Staff members across all four businesses also generously supported The Community Chest's Dress Casual Day and the Orbis World Sight Day.


Be breast aware
check
check
check
Early detection saves lives
及早發現 生機再現
CancerFund
Pink Revolution
check
check
check


miramall


Art-volution@Mira Mall
by SCAD

Left | Our tours offer nothing less than the extraordinary
Right | We unlock your wish to see the world


MAGNIFICENT discoveries
across the globe

Directors

Mr LEE Ka Shing

Aged 43. 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. With effect from 12 June 2014, Mr Lee was re-designated as the Chairman and Chief Executive Officer and was also appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. He has been in charge of corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. He was educated in Canada. He is the Vice Chairman of Henderson Land Development Company Limited ("Henderson Land"), Henderson Investment Limited ("Henderson Investment") and a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is also a Vice Chairman of Henderson Development Limited ("Henderson Development"). Mr Lee is a Committee Member of the 12th Beijing Committee, and previously a Committee Member of the 10th Guangxi Zhuangzu Zizhiqu Committee and of the 10th Foshan Committee, of the Chinese People's Political Consultative Conference, PRC. Henderson Land and Henderson Development 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 2014. He is also a director of certain subsidiaries of the Company. Mr Lee is the son of Dr Lee Shau Kee.

Dr David SIN Wai Kin, *DSSc (Hon)*

Aged 85. 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 previously served as a director of New World Development Company Limited until 1 March 2012. He is also a director of certain subsidiaries of the Company.

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

Aged 86. Dr Lee was appointed director of the Company in 1993 and has been the Chairman of the Company since 8 August 2001. With effect from 12 June 2014, Dr Lee resigned as Chairman and member of both of the Remuneration Committee and Nomination Committee and was re-designated as Non-executive Director of the Company. He has been engaged in property development in Hong Kong for more than 55 years. He is the founder and also the Chairman and Managing Director of Henderson Land and Henderson Investment, the Chairman of The Hong Kong and China Gas Company Limited, the Vice Chairman of Sun Hung Kai Properties Limited as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He previously served as an independent non-executive director of The Bank of East Asia, Limited, a listed company, until his resignation on 24 April 2013. Dr Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. He is a director of Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), Henderson Land, Henderson Development, Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer") which have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2014. He is the father of Mr Lee Ka Shing.

Dr Patrick FUNG Yuk Bun

Aged 67. Dr Fung was appointed director of the Company in 1985. He obtained his MBA degree from 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 retired as an independent non-executive director of The Link Management Limited, the manager of The Link Real Estate Investment Trust, with effect from 1 August 2014. The Link Real Estate Investment Trust is listed on the Hong Kong Stock Exchange. Dr Fung was re-designated from the Chairman and Chief Executive to the Chairman of Wing Hang Bank, Limited with effect from 18 August 2014.

Dr Fung is a member of the Court of the Hong Kong Polytechnic University, a member of the Court of the Hong Kong University of Science and Technology, Vice President of the Hong Kong Institute of Bankers and a member of Board of Governors of The Hong Kong Philharmonic Society Limited. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On

Aged 65. Mr Cheng was appointed director of the Company in 1985. He is currently a member of the Audit Committee of the Company. Mr Cheng has extensive practical experience in corporate management and is also an executive director of King Fook Holdings Limited and the Managing Director of the Onflo International Group of Companies. He is also a director of certain subsidiaries of the Company.

Mr Richard TANG Yat Sun, *MBA, BBS, JP*

Aged 62. Mr Tang was appointed director of the Company in 1986. He is an MBA graduate from the University of Santa Clara, California, U.S.A., and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, U.S.A. He is currently the Chairman and Managing Director of Richcom Company Limited, Vice Chairman of King Fook Holdings Limited, an independent non-executive director of Hang Seng Bank Limited and Wheelock and Company Limited and a director of various private business enterprises. He is an Advisor of Tang Shiu Kin and Ho Tim Charitable Fund. He is also a director of certain subsidiaries of the Company.

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

Aged 63. 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 41 years' experience in banking and property development. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research and a Director of Fudan University Education Development Foundation. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008, and was conferred a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. He is also the Chairman of Hong Kong Ferry (Holdings) Company Limited, the Vice Chairman of Henderson Land and Henderson Investment as well as a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Dr Lam is a director of Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2014. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 68. Mr Lau was appointed director of the Company in 1996. He has over 45 years' experience in banking, finance and investment. He is also an executive director of Henderson Land as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, both of which are listed companies. He previously served as an executive director of Henderson Investment, a listed company, until his retirement on 9 June 2011. 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 2014. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, *BA, ACA, FCPA*

Aged 59. 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 33 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited. He previously served as an independent non-executive director of Starlight International Holdings Limited until his retirement on 26 August 2013, CITIC Pacific Limited until his resignation on 12 May 2011. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 58. 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 a director and the Chairman of King Fook Holdings Limited and an independent non-executive director of New World Development Company Limited.

Mr Thomas LIANG Cheung Biu, *BA, MBA*

Aged 68. 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. He is also the Group Chief Executive of Wideland Investors Limited and an independent non-executive director of New World Development Company Limited.

Mr WU King Cheong, *BBS, JP*

Aged 64. 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 executive director of Lee Cheong Gold Dealers Limited. He is also an independent non-executive director of Yau Lee Holdings Limited, Henderson Land, Henderson Investment and Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. Mr Wu previously served as an independent non-executive director of Chevalier Pacific Holdings Limited, a listed company, until 27 October 2011. 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 2014.

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

Aged 68. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. Mr Au is a well-known banker in Hong Kong and has more than 32 years' experience in local and international banking business, having been the Chief Executive 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 is currently an independent non-executive director of Henderson Land (as re-designated on 18 December 2012) and The Wharf (Holdings) Limited and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Au previously served as an independent non-executive director of Wheelock and Company Limited, a listed company, until 22 October 2012. An accountant by training, Mr Au is a Chartered Accountant as well as a Fellow of 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 2014.

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

Aged 63. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference. Currently, Dr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Glorious Sun Enterprises Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, China Construction Bank Corporation, Henderson Land, Jinmao Investments and Jinmao (China) Investments Holdings Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. He is also an independent director of China State Construction Engineering Corporation Limited, listed on the Shanghai Stock Exchange. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited (listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of Nine Dragons Paper (Holdings) Limited, a listed company, until his retirement on 3 March 2013. 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 2014.

Senior Management

Mr Allen LIM Kean Kee

Aged 54. Mr Lim joined the Group in May 2012 as Chief Financial Officer and appointed as the Joint Company Secretary in August 2012. He holds a Master of Business Administration from the Brunel University/Henley Management College, U.K. and is a Fellow of The Chartered Institute of Management Accountants, U.K. Mr Lim has over 30 years of experience working closely with senior business leaders to achieve strategic, business and financial objectives in the Asia Pacific region; transforming finance to value creation function; leading mergers and acquisitions, due diligence and investment projects; and enhancing operational and process efficiency. Mr Lim has held senior finance leadership roles in global financial institutions including HSBC Bank, American Express, National Australia Bank, Guardian Royal Exchange Assurance and he spent his earlier years as a management consultant.

Mrs Catalina LAW NG Chai Siu

Aged 56. Mrs Law joined the Group in September 2014 as Director of Group Human Resources & Administration. She holds a Master of Arts Degree in Human Resources Management from Macquarie University in Australia, and a professional member of Hong Kong Institute of Human Resource Management. Mrs Law has more than 25 years of Human Resources and Administration leadership experience with various multinational organizations in Information Technology, Catering and Hospitality sectors. In these roles, she led teams in formulating and executing short- and long-term strategies on Human Resources and Administration Management with focus on employee career achievement and development programs, employee relations and compensation & benefits programs, etc. Prior to joining the Group, she was the Regional Director of Human Resources and Administration of GXS International Inc. in Asia Pacific region.

Mr Patrick CHEANG Kwok Kei

Aged 46. Mr Cheang joined the Group in November 2012 as Director of Internal Audit. He holds a Bachelor's Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen. Mr Cheang has over 15 years of experience in auditing and risk management with expertise in property related areas. Prior to joining the Group, Mr Cheang worked at The Link 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 Clement WU Kim Man

Aged 46. Mr Wu joined the Group in November 2012 as Business Unit Head of Asset Management. He is a Registered Professional Surveyor and Authorized Person in Hong Kong, and holds a Master of Business Administration (Financial Services) from The Hong Kong Polytechnic University. He is also a Member of the Chartered Institute of Arbitrators in U.K., a Panel Member of Appeal Tribunal (Buildings) in Hong Kong and a Registered BEAM Professional of Hong Kong Green Building Council. Mr Wu has over 20 years of experience in the property and construction industry with expertise in asset enhancement and management. Prior to joining the Group, Mr Wu was the General Manager (Project and Planning Department) of The Link Management Limited.

Mr Kenneth SORENSEN

Aged 49. Mr Sorensen joined the Group in November 2012 as Business Unit Head of Hotels and Serviced Apartments. A Danish national and holding a Degree in Hospitality Management from EHL in Lausanne, Mr Sorensen is a well-traveled multi-cultural seasoned executive with more than 25 years of sales, marketing, business development, operations, asset management and general management experiences, the last 15 in the Asia Pacific region. He has held key leadership roles in the main disciplines of the hospitality industry. Prior to joining the Group, he was at the helm of Onyx Hospitality Group – North Asia.

Ms Amy LEE Mei Yee

Aged 46. Ms Lee joined the Group in January 2013 as Director of Group Marketing & Corporate Communications. Ms Lee's rich marketing experience has centered around creating, sustaining and rejuvenating brands. Her experience in the property and lifestyle industry was well advanced with her involvement in precinct creation, new visual identity design, repositioning, launch and marketing of the many premium multi-purpose commercial complexes comprising grade A offices, malls, serviced apartments and hotels owned by Swire Properties in China and Hong Kong.

Mr Anthony HO Wai Cheong

Aged 45. Mr Ho joined the Group in December 2012 as Director of Group Information Technology. He holds a Bachelor's Degree in Computer Engineering and a Master of Business Administration from The University of Hong Kong. Mr Ho has more than 20 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Mr Mike CHAN Tin Fan

Aged 50. Mr Chan joined the Group in April 2009 as Director of Group Procurement. He holds a Bachelor of Arts (Hons) Degree in Hospitality and Tourism Management from University of Birmingham; a Diploma in Marketing and International Business, and a Diploma in Company Management, both from the Chinese University of Hong Kong. Mr Chan has extensive experience in the field, having worked at various reputable companies in Asia Pacific, China and Hong Kong, including but not limited to Shangri-la Hotel Group, Ritz Carlton Hotel Group, Harbour Plaza Hotel Group, Walt Disney and Hong Kong Jockey Club.

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 2014, with the exception of one deviation that roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. Mr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Mr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

Board of Directors

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

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

The biographical details of the directors and relationship among them are shown under the section "Biographical Details of Directors and Senior Management" 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 2015; Mr Dominic Cheng Ka On, Mr Wu King Cheong, Mr Alexander Au Siu Kee and Dr Lee Shau Kee are up to 31 December 2016; Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu, Dr Timpson Chung Shui Ming and Mr Howard Yeung Ping Leung up to 31 December 2017; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

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

The Board has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive directors are independent. Notwithstanding (i) Mr Howard Yeung Ping Leung and Mr Thomas Liang Cheung Biu have been non-executive directors of the Company prior to their re-designation as independent non-executive directors on 6 December 2012; (ii) Mr Howard Yeung Ping Leung is a brother-in-law of Mr Tony Ng, who was also a non-executive director of the Company until his retirement from that position with effect from 7 June 2012; (iii) Mr Howard Yeung Ping Leung is indirectly interested in a subsidiary of the Company; and (iv) Mr Howard Yeung Ping Leung has minority interests in the business of the Company, the Board is of the view that they are independent since they did not take part in the day-to-day management or perform any management role or executive function in the Company or any of its subsidiaries before the re-designation. The Board is also of the view that Mr Howard Yeung Ping Leung is independent because (a) the family relationship between Mr Yeung and Mr Tony Ng is not justified as if it were in the closer relationship caught by Rule 3.13(6) of the Listing Rules; (b) Mr Yeung is only indirectly interested in an insignificant minority stake in a subsidiary of the Company and (c) Mr Yeung does not have material interest in any principal business activity of the Company or being involved in any material business dealings with the Company that would fall within the ambit of Rule 3.13(4) of the Listing Rules.

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Dr Timpson Chung Shui Ming, Mr Norman Ho Hau Chong, Dr Colin Lam Ko Yin, Mr Thomas Liang Cheung Biu and Mr Howard Yeung Ping Leung shall retire by rotation at the forthcoming 2015 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.

Dr Timpson Chung Shui Ming has served as independent non-executive director for more than nine years. As an independent non-executive director with extensive experience and knowledge, Dr Chung has been providing objective and independent views to the Company over the years, and he remains committed to his independent role. The Board concurs with the view of the Nomination Committee that the long service of Dr Chung would not affect his exercise of independent judgement and is satisfied that Dr Chung has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and the Board thus recommends Dr Chung for re-election at the 2015 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 2014, five board meetings were held to review and approve financial results, evaluate operating performance, direct business development and re-designate directors. 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 2014. The major work performed by the Audit Committee included reviewing the Group's internal controls, 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 2014. It has discussed and reviewed the composition of the Board; assessed the independence of all independent non-executive directors; recommended to the Board for approval the re-designation of directors and the re-election of all the retiring Directors at the Annual General Meeting.

Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2014 and the attendance of directors are set out in the table below:

	Meetings attended/held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2014 Annual General Meeting**
Executive Directors:					
Mr LEE Ka Shing	5/5	N/A	1/1	2/2	1/1
Mr Richard TANG Yat Sun	5/5	N/A	1/1	N/A	1/1
Dr Colin LAM Ko Yin	5/5	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	5/5	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	5/5	N/A	N/A	N/A	1/1
Non-executive Directors:					
Dr LEE Shau Kee	5/5	N/A	N/A	2/2	1/1
Dr Patrick FUNG Yuk Bun	5/5	5/5	N/A	N/A	1/1
Mr Dominic CHENG Ka On	5/5	5/5	N/A	N/A	1/1
Mr Alexander AU Siu Kee	5/5	N/A	N/A	N/A	0/1
Independent Non-executive Directors:					
Dr David SIN Wai Kin	5/5	5/5	1/1	2/2	1/1
Mr WU King Cheong	5/5	5/5	1/1	2/2	1/1
Dr Timpson CHUNG Shui Ming	5/5	5/5	1/1	2/2	1/1
Mr Howard YEUNG Ping Leung	5/5	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Biu	5/5	N/A	N/A	N/A	1/1

Directors' Training

During the year ended 31 December 2014, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

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

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

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

Auditors' Remuneration

During the year ended 31 December 2014, 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	2,475
Non-audit services:	
Interim review	395
Other services	240
	3,110

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 80 to 81 of this Annual Report.

Internal Control

The Board has overall responsibility for the system of internal controls of the Company and has reviewed its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the Company's assets.

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

The Internal Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting risk-based audits on the major operating activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2014 and discussed with the internal auditor and independent auditors matters on auditing, internal control and financial report of the Group.

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 2014.

Communication with Shareholders

During the year ended 31 December 2014, the Board has adopted a Shareholders Communication Policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy is to promote effective communication with shareholders of the Company and enable them to exercise their rights as shareholders in an informed manner and to furnish the investment community with equal and timely access to information about the Company. It will be updated in response to any subsequent changes in internal structure, regulatory and market developments.

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

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

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

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

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

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

Shareholders' Rights

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

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

The request:

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

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

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

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

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

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

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

(b) Procedures for putting forward enquires to the Board

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

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

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

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

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

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

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

The request:

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

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

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

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

Amendments to Articles of Association

On 3 March 2014, the new Companies Ordinance, Chapter 622 of the laws of Hong Kong (the "Companies Ordinance") has replaced the old Companies Ordinance (Chapter 32) and the old Companies Ordinance has been amended as Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) which now mainly contains provisions relating to prospectuses, winding-up, insolvency of companies and disqualification of directors.

In view of the above changes, the Company has amended its Articles of Association in alignment with the Companies Ordinance.

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2014.

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 12 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 2014 are set out in note 10 to the financial statements.

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 2014, none of the directors, their associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's share capital, had an interest in any of the five largest customers and suppliers.

Financial Statements

The profit of the Group for the year ended 31 December 2014 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 82 to 165.

An interim dividend of 17 Hong Kong cents per share (2013: 17 Hong Kong cents per share) was paid on 17 October 2014. The directors now recommend the payment of a final dividend of 32 Hong Kong cents per share (2013: 27 Hong Kong cents per share) in respect of the year ended 31 December 2014, totalling HK$282,843,000.

Charitable Donations

Donations made by the Group during the year ended 31 December 2014 amounted to HK$93.472 (2013: HK$78,369).

Fixed Assets

Details of movements in fixed assets are set out in note 11 to the financial statements.

Directors

The directors who held office during the year ended 31 December 2014 and up to the date of this report were:

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Dr Timpson Chung Shui Ming, Mr Norman Ho Hau Chong, Dr Colin Lam Ko Yin, Mr Thomas Liang Cheung Biu and Mr Howard Yeung Ping Leung shall retire by rotation at the forthcoming 2015 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2015 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.

Disclosure of Interests

Directors' interests in shares

At 31 December 2014, 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:

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	–	–	260,239,250 *(note 1)*	–	45.08%
	Mr LEE Ka Shing	–	–	–	260,239,250 *(note 2)*	45.08%
	Dr David SIN Wai Kin	4,158,000	–	–	–	0.72%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 *(note 3)*	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 *(note 4)*	–	1.97%
	Mr Thomas LIANG Cheung Biu	–	1,080,000 *(note 5)*	–	–	0.19%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	–	–	–	2%
Strong Guide Property Limited (in members' voluntary liquidation)	Dr LEE Shau Kee	–	–	2 *(note 6)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 6)*	100%

Save as disclosed above, as at 31 December 2014, 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 2014 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

As at 31 December 2014, the interests of every shareholder in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholders	**Ordinary shares held**	**Percentage of total issued shares**
Dr LEE Shau Kee	260,239,250 *(note 1)*	45.08%
Mr LEE Ka Shing	260,239,250 *(note 2)*	45.08%
Rimmer (Cayman) Limited ("Rimmer")	260,239,250 *(note 7)*	45.08%
Riddick (Cayman) Limited ("Riddick")	260,239,250 *(note 7)*	45.08%
Hopkins (Cayman) Limited ("Hopkins")	260,239,250 *(note 7)*	45.08%
Henderson Development Limited ("Henderson Development")	260,239,250 *(note 8)*	45.08%
Henderson Land Development Company Limited ("Henderson Land")	260,239,250 *(note 8)*	45.08%
Aynbury Investments Limited ("Aynbury")	260,239,250 *(note 8)*	45.08%
Higgins Holdings Limited ("Higgins")	100,612,750 *(note 8)*	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 *(note 8)*	13.71%
Threadwell Limited ("Threadwell")	80,505,000 *(note 8)*	13.95%
Persons other than substantial shareholders		
Mr CHONG Wing Cheong	57,594,210	9.98%

Save as disclosed above, as at 31 December 2014, 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 260,239,250 shares, which are duplicated in the interests described in Notes 2, 7 and 8.

(2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust) as described in Note 7, Mr Lee Ka Shing is taken to be interested in 260,239,250 shares, which are duplicated in the interests described in Notes 1, 7 and 8, 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) These shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.

(5) All these shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary. As at the date of this report, Mr Liang has also a deemed interest in 1,138,000 shares which was held by his spouse.

(6) These 2 shares in Strong Guide Property Limited were equally owned by the respective wholly-owned subsidiaries of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 7 and 8.

(7) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 260,239,250 shares are duplicated in the interests described in Notes 1, 2 and 8.

(8) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 260,239,250 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 260,239,250 shares represent the shares described in Notes 1, 2 and 7.

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(a) respectively to the financial statements.

Continuing Connected Transactions

The Group has the following continuing connected transactions during the year ended 31 December 2014:

(1) On 12 August 2011, the Group entered into the following agreements with Henderson Real Estate Agency Limited ("HREAL") which constituted continuing connected transactions for the Company:

(i) A tenancy agreement (the "Shops 501-502 Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant;

(ii) A tenancy agreement (the "Shops 503A-C First Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant; and

(iii) A licence agreement (the "Signage A Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee.

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

Details of the Shops 501-502 Tenancy Agreement

Premises	:	Shops 501-502, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shops 501-502 Premises").
Term	:	Two years eight months and four days commencing from 1 December 2011 to 4 August 2014, 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 2013.
Rent-free period	:	Three months commencing from and inclusive of 1 December 2011.
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$742,900.00;
		(b) Government rates (subject to Government's review) is HK$83,700.00 per quarter;

(c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Shops 501-502 Premises) is HK$161,531.80;

(d) monthly promotion contribution, being 1% of the monthly rent of the Shops 501-502 Premises, that is HK$7,429.00 subject to periodic review by Shahdan; and

(e) decoration plan vetting fee is HK$27,707.00 and debris disposal fee is HK$55,414.00.

User : To be used as a property agency only.

Details of the Shops 503A-C Tenancy Agreement

Premises : Shops 503A-C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shops 503A-C Premises").

Term : Three years commencing on 5 August 2011 to 4 August 2014, 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 2013.

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$458,000.00;

(b) Government rates (subject to Government's review) is HK$71,700.00 per quarter;

(c) aggregate monthly management fee and air-conditioning charges (subject to the review at such time to be determined by Shahdan or its designated management company of the Shops 503A-C Premises) is HK$82,622.80; and

(d) monthly promotion contribution, being 1% of the monthly rent of the Shops 503A-C Premises, that is HK$4,580.00, subject to periodic review by Shahdan.

User : To be used as a property agency only.

Details of the Signage A Licence Agreement

Signage A	:	Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 1 September 2011 to 31 August 2014 subject to the right of early termination. Both the licensor and the licensee shall have the right to early terminate the license by giving a notice not less than three months after 29 February 2012.
Licence fee and other charges	:	(a) the licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$55,000.00; and (b) Government rates (subject to Government's review) is HK$7,500.00 per quarter.
User	:	To be used for advertising the trade name of the licensee only.

As HREAL is a wholly-owned subsidiary of Henderson Land Development Company Limited ("Henderson Land") which in turn is a substantial shareholder of the Company. Accordingly, HREAL is a connected person of the Company under Rule 14A of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the entering into of the Shops 501-502 Tenancy Agreement, Shops 503A-C Tenancy Agreement and Signage A Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(2) On 15 May 2012, a lease (the "Citistore Lease") was entered into between Shahdan as landlord and Citistore (Hong Kong) Limited ("Citistore") as tenant, whereby Citistore had agreed to lease from Shahdan the premises upon the terms as detailed below:

Citistore Premises	:	Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Initial term of 3 years commencing from 3 October 2011 to 2 October 2014 ("Initial term").
Annual Additional Turnover Rent	:	the additional turnover rent for each period of twelve (12) months, which equals to the amount of 10% of the turnover of Citistore's business during the relevant twelve (12) months' period less the annual basic rent for the same twelve (12) months (applicable only where the aforesaid 10% of the turnover exceeds the aforesaid annual basic rent).

Rent and other charges	:	(a) The rent payable on monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) (payable in advance on the 1st day of each month) during the term shall be as follows: (i) From 3 October 2011 to 2 October 2014, basic rent in the sum of HK$220,800.00 per month plus the Annual Additional Turnover Rent (payable in arrear); and (ii) From 3 October 2014 to 2 October 2017, provided the option (as defined below) is exercised by the tenant, at open market rent plus the Annual Additional Turnover Rent (payable in arrear); (b) Government rates (subject to Government's review) is HK$19,800.00 per quarter (payable on the 1st day of January, April, July and October); (c) aggregate monthly management fee and air-conditioning charges for the period from 3 October 2011 to 31 December 2011 is HK$36,833.90 and commencing from 1 January 2012 will be HK$41,067.00 (subject to periodic review by Shahdan or its property manager) (payable in advance on the 1st day of each month); and (d) monthly promotion contribution being 1% of the monthly basic rent as referred to in (a) above (subject to periodic review by Shahdan) (payable in advance on the 1st day of each month).
Option	:	Citistore is entitled to a option, exercisable by Citistore by giving Shahdan not less than 6 months' and not more than 7 months' written notice prior to the expiry of the Initial term to renew the Citistore Lease for 3 years.
User	:	To be used as retail shop only.

As Citistore is an indirect wholly-owned subsidiary of Henderson Land, Citistore is a connected person of the Company and the entering into of the Citistore Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

Premises	:	Whole of 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Miramar Tower 1803-07 and 1812 Premises: Three years, commencing from 1 February 2013 to 31 January 2016 (both days inclusive);

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

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

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

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

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

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

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

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

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

User : To be used as a clinic only.

Union Medical is a company indirectly controlled by the private trust of the family of Dr Lee Shau Kee. Accordingly, Union Medical is a connected person of the Company thereby rendering the Whole of 18th Floor Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(4) On 6 June 2013, the Group entered into the following agreements with Henderson Property Agency Limited ("HPAL") which constituted continuing connected transactions for the Company:

(i) A tenancy agreement (the "Shop 3013 Tenancy Agreement") entered into between Shahdan as landlord and HPAL as tenant;

(ii) A licence agreement (the "Podium Roof Licence Agreement") entered into between Shahdan as licensor and HPAL as licensee; and

(iii) A licence agreement (the "Fan Room 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 Shop 3013 Tenancy Agreement

Premises : Shop 3013, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 3013 Premises").

Term : Three years commencing from 16 June 2013 to 15 June 2016, both days inclusive, provided that both the landlord and the tenant shall have the right to early terminate this tenancy by giving a notice of not less than three months to other party after 15 June 2014.

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$594,400.00;

(b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated property manager) is HK$94,110.10;

Extra chilled water supply costs may be charged by the landlord to the tenant for additional chilled water supply required by the tenant which is beyond the specified normal daily chilled water supply hours;

(c) monthly promotion contribution, being 1% of the monthly rent of the Shop 3013 Premises (subject to periodic review by Shahdan) is HK$5,944.00; and

(d) Government rates as per Government's assessment.

User : To be used as a property agency only.

Details of the Podium Roof Licence Agreement

Podium Roof	:	Portion of Podium Roof, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 16 June 2013 to 15 June 2016, both days inclusive provided that both the licensor and the licensee shall have the right to early terminate this license by giving a notice of not less than three months to other party after 15 June 2014.
Licence fee and other charges	:	(a) licence fee payable on a monthly basis (exclusive of Government rates and management fee) during the term is HK$213,500.00; (b) monthly management fee (subject to the periodic review by Shahdan or its designated property manager) is HK$11,939.70; and (c) Government rates as per Government's assessment.
User	:	Restricted to legal usage only.

Details of the Fan Room Licence Agreement

Fan Room	:	Fan Room, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 16 June 2013 to 15 June 2016, both days inclusive, provided that both the licensor and the licensee shall have the right to early terminate this license by giving a notice of not less than three months to other party after 15 June 2014.
Licence fee and other charges	:	(a) Licence fee payable on a monthly basis (exclusive of Government rates) during the term is HK$42,200.00; and (b) Government rates as per Government's assessment.
User	:	Restricted to legal usage only.

As HPAL is a wholly-owned subsidiary of Henderson Land, HPAL is a connected person of the Company and the entering into of the Shop 3013 Tenancy Agreement, Podium Roof Licence Agreement and Fan Room Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

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

As the landlord is an associate of Henderson Land, it is a connected person of the Company and the entering into of the New Sub-Lease and Licence constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(6) 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.
User	:	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 (the "Transferee") 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 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.

(7) On 10 July 2014, the Group entered into the following agreements with HPAL which constituted continuing connected transactions for the Company:

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

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

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

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

Details of the New Tenancy Agreement

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

Details of the New Signage A Licence Agreement

Signage A	:	Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Two years eleven months and four days commencing from 1 September 2014 to 4 August 2017 subject to the right of early termination. Both the licensor and the licensee shall have the right to early terminate the license by giving a notice not less than three months after 28 February 2015.
Licence fee and other charges	:	(a) The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$61,000.00; and (b) Government rates (subject to Government's review) is HK$7,950.00 per quarter.
User	:	To be used for advertising the trade name of the licensee only.

Details of the Pillar Signage Licence Agreement

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

As HPAL is a connected person of the Company, the entering into of the New Tenancy Agreement, New Signage A Licence Agreement and Pillar Signage Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(8) On 8 October 2014, a lease (the "New Citistore Tenancy Agreement") was entered into between Shahdan as landlord and Citistore as tenant, whereby Citistore had agreed to lease from Shahdan the premises upon the terms as detailed below:

Citistore Premises	:	Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 3 October 2014 to 2 October 2017.
Rent and other charges	:	(a) The rent payable on monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) (payable in advance on the 1st day of each month) during the term is HK$290,000.00 per month plus the Annual Additional Turnover Rent (payable in arrear);

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

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

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

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

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

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

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

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

User : To be used as retail shop only.

As Citistore is a connected person of the Company and the entering into of the New Citistore Tenancy Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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 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 2014.

Directors' Interests in Contracts

Apart from the material interest that some of the directors held in the contracts under the paragraph of the Continuing Connected Transactions, there were no contracts of significance which subsisted during or at the end of the financial year in which the Company or any subsidiary was a party and in which a director was interested, directly or indirectly, and the director's interest was material.

Directors' Interests in Competing Business

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

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

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

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

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.

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

During the year ended 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2014 are set out in note 23 to the financial statements.

Particulars of Loan Capital, Convertible Securities, Warrants or Options Issued by the Company and its Subsidiaries

The Company and its subsidiaries have not issued, during the year ended 31 December 2014, any loan capital, convertible securities, warrants or options.

Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2014 (2013: HK$Nil).

Share Capital

Details of the share capital during the year ended 31 December 2014 are set out in note 26(b) to the financial statements.

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.

Reserves

Movements in reserves during the year ended 31 December 2014 are set out in note 26(a) to the financial statements.

Group's Five-Year Financial Summary

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

Group Properties

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

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 21% as at 31 December 2014 (at 31 December 2013: 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, GBP and SGD.

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 2014, total available facilities amounted to approximately HK$3.8 billion (2013: approximately HK$3.0 billion), and 72% of that (2013: 83%) were utilised. At 31 December 2014, consolidated net cash were approximately HK$0.79 billion (2013: HK$0.34 billion), of which HK$0.01 billion was secured borrowings (2013: none was secured).

Employees

As at 31 December 2014, the Group had a total of about 1,996 full-time employees, including 1,869 employed in Hong Kong and 127 employed in The People's Republic of China. It is the policy of the Group to remunerate employees in a manner that supports the achievement of the Company's mission, vision and strategic objective. To attract and retain high calibre manpower, the Group reviews its remuneration policies regularly in light of legislation, industry practice and market condition to ensure our staff are remunerated fairly in terms of their roles and responsibilities, merit and competencies within the organization and at an appropriate level for markets in which they operate in. The Group adopts a performance-driven culture that our employees are rewarded progressively through the comprehensive performance-based discretionary bonus scheme.

Training and Development

We regard employees as our greatest asset. We are committed to providing an environment in which our employees at all levels can excel and grow. With the implementation of the Performance Management System it enhances the alignment of individual performance with corporate values, business goals and objectives. All team members have been engaged and knowing what is expected with alignment between company and individual goals to achieve the greatest benefit for individual and the Company.

Continuous learning opportunities are a milestone of employee workplace fulfillment and development pathways. At the beginning of 2015, an extensive learning and development needs discussion was carried out with business leaders. A comprehensive Learning and Development Roadmap was then developed for employees at all levels, essential general capabilities and functional capabilities like organization and business knowledge, technical skills, customer services skills, language ability, people management and personal effectiveness were identified and relevant learning solutions have been rolling out throughout the year.

Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2014 and discussed with internal audit executives and independent external auditors matters on auditing, internal control and financial reports of the Group.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2015 Annual General Meeting.

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 16 March 2015

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

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 82 to 165, which comprise the consolidated and company balance sheets as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
Hong Kong, 16 March 2015

Consolidated Income Statement

for the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	10	3,127,089	3,044,459
Cost of inventories		(219,587)	(297,800)
Staff costs	3(a)	(544,121)	(525,308)
Utilities, repairs and maintenance and rent		(198,224)	(183,837)
Tour and ticketing costs		(1,084,795)	(1,076,918)
Gross profit		1,080,362	960,596
Other revenue		101,763	76,884
Operating and other expenses		(282,991)	(289,340)
Depreciation		(143,940)	(148,025)
		755,194	600,115
Finance costs	3(b)	(38,005)	(30,487)
Share of profits less losses of associates	13	6,865	(339)
Share of (loss)/profit of a joint venture	14	(1,647)	703
		722,407	569,992
Net gain on disposal of properties		–	38,783
Net gain of disposal of subsidiaries	32	–	48,241
Net gain on trading securities/available-for-sale securities		14,887	2,257
Net increase in fair value of investment properties	11(a)	733,351	799,810
Profit before taxation	3	1,470,645	1,459,083
Taxation			
Current	4(a)	(130,089)	(114,043)
Deferred	4(a)	(10,929)	(43,000)
Profit for the year		1,329,627	1,302,040
Attributable to:			
Shareholders of the Company	7	1,300,775	1,277,889
Non-controlling interests		28,852	24,151
		1,329,627	1,302,040
Earnings per share – basic and diluted	9	HK$2.25	HK$2.21

The notes on pages 93 to 165 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 8(a).

for the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**1,329,627**	1,302,040
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of overseas subsidiaries	**(12,986)**	16,657
Available-for-sale securities:		
– changes in fair value	**(6,181)**	13,736
– transfer to profit or loss upon disposal	**(14,344)**	844
– transfer to profit or loss upon impairment	**2,676**	293
	(30,835)	31,530
Total comprehensive income for the year	**1,298,792**	1,333,570
Attributable to:		
Shareholders of the Company	**1,273,236**	1,305,544
Non-controlling interests	**25,556**	28,026
Total comprehensive income for the year	**1,298,792**	1,333,570

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

The notes on pages 93 to 165 form part of these financial statements.

Consolidated Balance Sheet

at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Fixed assets			
– Investment properties	11(a)	11,905,710	11,078,791
– Other fixed assets	11(a)	702,787	1,067,255
		12,608,497	12,146,046
Interest in associates	13	1,640	1,816
Interest in a joint venture	14	5,854	10,017
Available-for-sale securities	15	277,355	407,529
Deferred tax assets	25(b)(iii)	3,428	2,774
		12,896,774	12,568,182
Current assets			
Inventories	17	132,769	152,195
Trade and other receivables	18	270,664	304,729
Available-for-sale securities	15	34,337	33,940
Trading securities	19	11,396	7,238
Cash and bank balances	20	3,534,476	2,874,785
Tax recoverable	25(a)	15,851	22,155
		3,999,493	3,395,042
Non-current assets classified as held for sale	16	350,929	–
		4,350,422	3,395,042
Current liabilities			
Trade and other payables	21	(535,111)	(616,420)
Bank loans and overdrafts	23	(1,544,784)	(798,127)
Sales and rental deposits received		(218,138)	(185,888)
Tax payable	25(a)	(39,224)	(39,412)
		(2,337,257)	(1,639,847)
Net current assets		2,013,165	1,755,195
Total assets less current liabilities carried forward		14,909,939	14,323,377

at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Total assets less current liabilities brought forward		**14,909,939**	14,323,377
Non-current liabilities			
Bank loans	*23*	**(1,161,585)**	(1,691,652)
Deferred liabilities	*24*	**(175,083)**	(126,789)
Amounts due to holders of non-controlling interests of a subsidiary	*22*	**(38,687)**	–
Deferred tax liabilities	*25(b)(iii)*	**(242,113)**	(232,601)
		(1,617,468)	(2,051,042)
NET ASSETS		**13,292,471**	12,272,335
CAPITAL AND RESERVES			
Share capital: nominal value		**–**	404,062
Other statutory capital reserve		**–**	287,628
Share capital and statutory capital reserve	*26(b)*	**691,690**	691,690
Other reserves		**12,463,318**	11,444,063
Total equity attributable to shareholders of the Company		**13,155,008**	12,135,753
Non-controlling interests		**137,463**	136,582
TOTAL EQUITY		**13,292,471**	12,272,335

Approved and authorised for issue by the board of directors on 16 March 2015.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 93 to 165 form part of these financial statements.

Balance Sheet

at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Fixed assets			
– Other fixed assets	*11(b)*	**20,638**	305,212
Interests in subsidiaries	*12*	**1,586,139**	2,320,125
Interests in associates	*13*	**–**	79
		1,606,777	2,625,416
Current assets			
Inventories	*17*	**4,046**	3,491
Trade and other receivables	*18*	**23,786**	23,934
Cash and bank balances	*20*	**3,059,666**	2,224,945
		3,087,498	2,252,370
Non-current assets classified as held for sale	*16*	**350,929**	–
		3,438,427	2,252,370
Current liabilities			
Trade and other payables	*21*	**(84,445)**	(131,674)
Bank loans	*23*	**(30,000)**	(85,000)
Deposits received		**(49,855)**	(351)
		(164,300)	(217,025)
Net current assets		**3,274,127**	2,035,345
Total assets less current liabilities carried forward		**4,880,904**	4,660,761

at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Total assets less current liabilities brought forward		4,880,904	4,660,761
Non-current liabilities			
Amounts due to subsidiaries	12	(2,350,709)	(2,121,580)
Bank loans	23	(332,135)	(248,156)
		(2,682,844)	(2,369,736)
NET ASSETS		2,198,060	2,291,025
CAPITAL AND RESERVES			
Share capital: nominal value		–	404,062
Other statutory capital reserve		–	287,628
Share capital and statutory capital reserve	26(b)	691,690	691,690
Other reserves		1,506,370	1,599,335
TOTAL EQUITY	26(a)	2,198,060	2,291,025

Approved and authorised for issue by the board of directors on 16 March 2015.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 93 to 165 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

		Attributable to shareholders of the Company									
	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2013		404,062	287,628	(91,086)	139,168	304,827	11,803	10,016,244	11,072,646	127,840	11,200,486
Changes in equity for 2013:											
Profit for the year		–	–	–	–	–	–	1,277,889	1,277,889	24,151	1,302,040
Other comprehensive income		–	–	–	12,782	–	14,873	–	27,655	3,875	31,530
Total comprehensive income		–	–	–	12,782	–	14,873	1,277,889	1,305,544	28,026	1,333,570
Final dividends approved in respect of the previous year	*8(b)*	–	–	–	–	–	–	(144,308)	(144,308)	–	(144,308)
Interim dividends declared in respect of the current year	*8(a)*	–	–	–	–	–	–	(98,129)	(98,129)	–	(98,129)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(15,000)	(15,000)
Liquidation of a subsidiary		–	–	–	–	–	–	–	–	(2,515)	(2,515)
Disposal of a subsidiary	*32*	–	–	–	–	–	–	–	–	(1,769)	(1,769)
Balance at 31 December 2013		404,062	287,628	(91,086)	151,950	304,827	26,676	11,051,696	12,135,753	136,582	12,272,335

for the year ended 31 December 2014

		Attributable to shareholders of the Company									
	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014		404,062	287,628	(91,086)	151,950	304,827	26,676	11,051,696	12,135,753	136,582	12,272,335
Changes in equity for 2014:											
Profit for the year		–	–	–	–	–	–	1,300,775	1,300,775	28,852	1,329,627
Other comprehensive income		–	–	–	(9,690)	–	(17,849)	–	(27,539)	(3,296)	(30,835)
Total comprehensive income		–	–	–	(9,690)	–	(17,849)	1,300,775	1,273,236	25,556	1,298,792
Final dividends approved in respect of the previous year	*8(b)*	–	–	–	–	–	–	(155,852)	(155,852)	–	(155,852)
Interim dividends declared in respect of the current year	*8(a)*	–	–	–	–	–	–	(98,129)	(98,129)	–	(98,129)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(24,675)	(24,675)
Transition to no-par value regime on 3 March 2014	*26(b)*	287,628	(287,628)	–	–	–	–	–	–	–	–
Balance at 31 December 2014		691,690	–	(91,086)	142,260	304,827	8,827	12,098,490	13,155,008	137,463	13,292,471

The notes on pages 93 to 165 form part of these financial statements.

for the year ended 31 December 2014

	Note	**2014 HK$'000**	2013 HK$'000
Operating activities			
Profit before taxation		**1,470,645**	1,459,083
Adjustments for:			
Interest income from unlisted debt securities		**(13,925)**	(19,549)
Dividend income from listed securities		**(5,123)**	(1,344)
Bank interest income		**(46,884)**	(29,446)
Net (gain)/loss on disposal of other fixed assets		**(334)**	1,392
Impairment loss on trade receivables		**203**	3,148
Impairment loss on merchandised goods		–	29,567
Reversal of provision for properties held for resale		**(1,294)**	(1,947)
Depreciation		**143,940**	148,025
Finance costs		**38,005**	30,487
Share of profits less losses of associates		**(6,865)**	339
Share of loss/(profit) of a joint venture		**1,647**	(703)
Net gain on disposal of properties		**–**	(38,783)
Net gain on disposal of subsidiaries	*32*	**–**	(48,241)
Net realised and unrealised gains on trading securities		**(3,219)**	(3,394)
Impairment loss on available-for-sale securities		**2,676**	293
Net (gain)/loss on disposal of available-for-sale securities		**(14,344)**	844
Net increase in fair value of investment properties		**(733,351)**	(799,810)
Exchange differences		**29,401**	(18,344)
Operating profit before changes in working capital		**861,178**	711,617
Decrease in properties under development for sale		**–**	62,297
Decrease in inventories		**17,631**	6,791
Decrease in trade and other receivables		**29,027**	29,779
Decrease/(increase) in amounts due from associates		**8,259**	(53)
Decrease/(increase) in amount due from a joint venture		**2,516**	(1,622)
(Decrease)/increase in amount due to an associate		**(8,438)**	2,327
(Decrease)/increase in trade and other payables		**(52,740)**	35,582
Increase in sales and rental deposits received		**32,250**	24,622
Increase in deferred liabilities		**48,294**	9,550
Payment for purchase of trading securities		**(97,152)**	(167,255)
Proceeds from disposal of trading securities		**96,213**	166,239
Cash generated from operations carried forward		**937,038**	879,874

for the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash generated from operations brought forward		937,038	879,874
Interest received		67,817	46,853
Interest and other borrowing costs paid		(33,918)	(31,385)
Dividends paid		(253,981)	(242,437)
Dividends paid to non-controlling interests		(24,675)	(15,000)
Tax paid			
– Hong Kong Profits Tax paid		(123,763)	(98,693)
– Hong Kong Profits Tax refunded		188	384
– Overseas tax paid		(6,769)	(11,706)
– Overseas tax refunded		6,371	–
Net cash generated from operating activities		568,308	527,890
Investing Activities			
Payment for purchase of investment properties		(12,943)	(11,689)
Payment for purchase of other fixed assets		(209,531)	(115,562)
Payment for purchase of available-for-sale securities		(162,628)	(159,328)
Proceeds from disposal of available-for-sale securities		284,050	12,317
Proceeds from disposal of other fixed assets		6,404	2,196
Net cash inflow from disposal of subsidiaries	32	–	91,853
Proceeds from disposal of properties		–	40,545
Dividend income received from listed securities		5,123	1,344
Increase in time deposits with maturity more than three months		(75,218)	(402,464)
Net cash used in investing activities		(164,743)	(540,788)
Financing activities			
Proceeds from new bank loans		10,180,025	8,480,397
Repayment of bank loans		(9,961,257)	(7,987,973)
Repayment of advances from holders of non-controlling interests of subsidiaries		(11,299)	(7,446)
Net cash generated from financing activities		207,469	484,978

for the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Net increase in cash and cash equivalents		**611,034**	472,080
Cash and cash equivalents at 1 January		**1,076,863**	591,224
Effect of foreign exchange rate changes		**(25,719)**	13,559
Cash and cash equivalents at 31 December		**1,662,178**	1,076,863
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	*20*	**3,534,476**	2,874,785
Bank overdrafts	*23*	**(3,201)**	(4,043)
Less: Time deposits with maturity more than three months		**(1,869,097)**	(1,793,879)
		1,662,178	1,076,863

The notes on pages 93 to 165 form part of these financial statements.

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a few amendments to HKFRSs and one new Interpretation 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 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 and a joint venture.

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

– investment property (see note 1(g)); and

– financial instruments classified as available-for-sale securities or as trading securities (see note 1(f)).

Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(v)).

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

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

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

1 Significant accounting policies (Continued)

(c) Subsidiaries and non-controlling interests

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

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

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

Non-controlling interests are presented in the consolidated balance sheet 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 income statement and the consolidated statement of 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 balance sheet in accordance with notes 1(m) or (n) depending on the nature of the liability.

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

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

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

1 Significant accounting policies (Continued)

(d) Associates and joint ventures

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.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

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

When the Group's share of losses exceeds its interest in the associate or the joint venture, 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 or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures 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 or joint control over a joint venture, 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 or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

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

1 Significant accounting policies (Continued)

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

(f) Other investments in debt and equity securities

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

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

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

1 Significant accounting policies (Continued)

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

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

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

(g) Investment property

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

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

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

1 Significant accounting policies (Continued)

(h) Other fixed assets

The following items of other fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 1(j)):

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

Gains or losses arising from the retirement or disposal of an item of other fixed assets 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 other fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

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

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

1 Significant accounting policies (Continued)

(i) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets held for use in operating leases

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

(iii) Operating lease charges

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

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

1 Significant accounting policies (Continued)

(j) Impairment of assets

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

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

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

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

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

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

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

– For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

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

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

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

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

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date 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:

- fixed assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's balance sheet.

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

1 Significant accounting policies (Continued)

(j) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

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

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

(k) Inventories

(i) Consumable stores and merchandised goods

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

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

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

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

1 Significant accounting policies (Continued)

(k) Inventories (continued)

(ii) Property development

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

– Properties held for resale

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

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

(l) Trade and other receivables

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

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

1 Significant accounting policies (Continued)

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

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

(q) Income tax

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

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

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

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

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

1 Significant accounting policies (Continued)

(q) Income tax (continued)

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 Significant accounting policies (Continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

1 Significant accounting policies (Continued)

(s) Revenue recognition

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

(i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Revenue arising from the sale of properties held for resale is recognised upon the later of the signing of the sale and purchase agreement and the completion of the properties, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Revenue arising from properties under development is recognised upon the transfer of legal titles. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under sales deposits and instalments received.

(iii) Revenue from sale of merchandised goods is recognised when goods are delivered to the customers which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

(v) 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.

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

1 Significant accounting policies (Continued)

(t) Translation of foreign currencies

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

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

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

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

(u) Borrowing costs

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

1 Significant accounting policies (Continued)

(v) Non-current assets classified as held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the noncurrent asset is not depreciated or amortised.

1 Significant accounting policies (Continued)

(w) Related parties

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

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

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

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

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

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

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

(x) Segment reporting

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

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

Valuation of investment properties

Investment properties are included in the balance sheet 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.

Assessment of the useful economic lives for depreciation of other fixed assets

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

Assessment of provision for properties held for resale

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

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

Impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries, recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries.

3 Profit before taxation

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

	2014 HK$'000	2013 HK$'000
(a) Staff costs		
Contributions to defined contribution plan	21,669	16,024
Salaries, wages and other benefits	522,452	509,284
	544,121	525,308

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% (2013: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

	2014 HK$'000	2013 HK$'000
(b) Finance costs		
Interest on bank advances and other borrowings repayable within five years	32,243	25,157
Other borrowing costs	5,762	5,330
	38,005	30,487

	2014 HK$'000	2013 HK$'000
(c) Others		
Auditors' remuneration	3,474	4,420
Net foreign exchange loss/(gain)	16,255	(16,255)
Net (gain)/loss on disposal of other fixed assets	(334)	1,392
Operating lease charges: minimum lease payments		
– property rentals	94,678	76,220
Rentals receivable from investment properties less direct outgoings of HK$49,696,000 (2013: HK$50,576,000)	(616,312)	(568,190)
Other rental income less direct outgoings of HK$7,763,000 (2013: HK$7,066,000)	(117,886)	(115,953)
Dividend income from listed securities	(5,123)	(1,344)
Bank interest income	(46,884)	(29,446)
Interest income from unlisted debt securities	(13,925)	(19,549)
Impairment loss on		
– trade receivables *(note 18(b))*	203	3,148
– merchandised goods	–	29,567
Reversal of provision for properties held for resale	(1,294)	(1,947)
Net realised and unrealised gains on trading securities	(3,219)	(3,394)
Impairment loss on available-for-sale securities	2,676	293
Net (gain)/loss on disposal of available-for-sale securities	(14,344)	844

4 Taxation in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2014 HK$'000	2013 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	124,275	108,804
Over-provision in respect of prior years	(264)	(233)
	124,011	108,571
Current tax – Overseas Taxation		
Provision for the year	6,019	5,472
Under-provision in respect of prior years	59	–
	6,078	5,472
Deferred tax		
Change in fair value of investment properties	790	5,345
Origination and reversal of temporary differences	10,139	37,655
	10,929	43,000
	141,018	157,043

Provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 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 2014 of HK$8,000 (2013: HK$7,000) is included in the share of profits less losses of associates.

Share of a joint venture's taxation for the year ended 31 December 2014 of HK$Nil (2013: HK$148,000) is included in the share of (loss)/profit of a joint venture.

4 Taxation in the consolidated income statement (Continued)

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

	2014 **HK$'000**	2013 HK$'000
Profit before taxation	**1,470,645**	1,459,083
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**238,133**	263,697
Tax effect of non-deductible expenses	**6,672**	16,939
Tax effect of non-taxable income	**(132,385)**	(148,695)
Tax effect of unused tax losses not recognised in the year	**30,825**	48,246
Tax effect of tax losses not recognised in prior years utilised this year	**(2,022)**	(23,450)
Over-provision in prior years	**(205)**	(233)
Others	**–**	539
Actual tax expense	**141,018**	157,043

5 Directors' remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Board of directors					
Dr Lee Shau Kee	72	–	–	–	72
Mr Lee Ka Shing	78	–	–	–	78
Dr Patrick Fung Yuk Bun	200	–	–	–	200
Mr Dominic Cheng Ka On	200	–	–	–	200
Mr Richard Tang Yat Sun	100	–	–	–	100
Dr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
Mr Alexander Au Siu Kee	50	–	–	–	50
Independent non-executive directors					
Dr David Sin Wai Kin	250	–	–	–	250
Mr Wu King Cheong	250	–	–	–	250
Dr Timpson Chung Shui Ming	250	–	–	–	250
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
	1,700	–	–	–	1,700

5 Directors' remuneration (Continued)

	2013				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Board of directors					
Dr Lee Shau Kee	100	–	–	–	100
Mr Lee Ka Shing	50	–	–	–	50
Dr Patrick Fung Yuk Bun	200	–	–	–	200
Mr Dominic Cheng Ka On	200	–	–	–	200
Mr Richard Tang Yat Sun	100	–	–	–	100
Dr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
Mr Alexander Au Siu Kee	50	–	–	–	50
Independent non-executive directors					
Dr David Sin Wai Kin	250	–	–	–	250
Mr Wu King Cheong	250	–	–	–	250
Dr Timpson Chung Shui Ming	250	–	–	–	250
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
	1,700	–	–	–	1,700

6 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

No directors of the Company was included in the five individuals with the highest emoluments (2013: Nil). Details of directors' emolument are disclosed in note 5. The aggregate of the emoluments in respect of the five (2013: five) individuals is as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	10,897	14,396
Discretionary bonuses	2,482	1,895
Retirement scheme contributions	432	621
	13,811	16,912

The emoluments of the five (2013: five) individuals with the highest emoluments are within the following bands:

	Number of individuals 2014	2013
Emolument band *		
HK$0 – HK$1,000,000	–	–
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	–	–
HK$2,000,001 – HK$2,500,000	3	1
HK$2,500,001 – HK$3,000,000	–	–
HK$3,000,001 – HK$3,500,000	1	3
HK$3,500,001 – HK$4,000,000	1	–
HK$4,000,001 – HK$4,500,000	–	–
HK$4,500,001 – HK$5,000,000	–	1
	5	5

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

(b) Emoluments of senior management

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

	Number of individuals	
	2014	2013
Emolument band *		
HK$0 – HK$1,000,000	1	–
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	2	3
HK$2,000,001 – HK$2,500,000	–	1
	3	4

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

7 Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company includes a profit of HK$161,016,000 (2013: HK$66,217,000) which has been dealt with in the financial statements of the Company.

8 Dividends

(a) Dividends attributable to the year

	2014 **HK$'000**	2013 HK$'000
Interim dividend declared and paid of 17 Hong Kong cents per share (2013: 17 Hong Kong cents per share)	**98,129**	98,129
Final dividend proposed after the balance sheet date of 32 Hong Kong cents per share (2013: 27 Hong Kong cents per share)	**184,714**	155,852
	282,843	253,981

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2014 **HK$'000**	2013 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 27 Hong Kong cents per share (2013: 25 Hong Kong cents per share)	**155,852**	144,308

9 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$1,300,775,000 (2013: HK$1,277,889,000) and 577,231,252 shares (2013: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2014 and 2013, and hence diluted earnings per share is the same as the basic earnings per share.

10 Segment reporting

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

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

The principal activities of the Group are property rental, hotels and serviced apartments, food and beverage operation and travel operation. Turnover 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)/profit of a joint venture, other non-operating items and other corporate expenses.

10 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 2014 and 2013 is set out below.

	2014					
	Property rental	Hotels and serviced apartments	Food and beverage operation *(note)*	Travel operation	Others *(note)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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 turnover						3,127,089
Reportable segment results (adjusted EBITDA)	676,779	244,249	15,955	53,302	(14,722)	975,563
Unallocated corporate expenses						(220,369)
						755,194
Finance costs						(38,005)
Share of profits less losses of associates						6,865
Share of loss of a joint venture						(1,647)
Net gain on trading securities/ available-for-sale securities						14,887
Net increase in fair value of investment properties	733,351	–	–	–	–	733,351
Consolidated profit before taxation						1,470,645

10 Segment reporting (Continued)

(a) Segment results (continued)

	2013					
	Property rental	Hotels and serviced apartments	Food and beverage operation *(note)*	Travel operation	Others *(note)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	741,785	616,407	306,609	1,220,946	158,712	3,044,459
Inter-segment revenue	–	2,427	5,980	–	–	8,407
Reportable segment revenue	741,785	618,834	312,589	1,220,946	158,712	3,052,866
Elimination of inter-segment revenue						(8,407)
Consolidated turnover						3,044,459
Reportable segment results (adjusted EBITDA)	631,763	223,771	(1,667)	56,643	(112,944)	797,566
Unallocated corporate expenses						(197,451)
						600,115
Finance costs						(30,487)
Share of profits less losses of associates						(339)
Share of profit of a joint venture						703
Net gain on disposal of properties						38,783
Net gain on disposal of subsidiaries						48,241
Net gain on trading securities/ available-for-sale securities						2,257
Net increase in fair value of investment properties	799,810	–	–	–	–	799,810
Consolidated profit before taxation						1,459,083

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

10 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 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 and a joint venture, the location of operations.

	Revenue from external customers		Non-current assets	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
The Hong Kong Special Administrative Region	**3,020,153**	2,780,126	**11,938,780**	11,423,872
The People's Republic of China	**106,936**	201,588	**677,211**	734,007
The United States of America	**–**	62,745	**–**	–
	3,127,089	3,044,459	**12,615,991**	12,157,879

11 Fixed assets

(a) The Group

	Investment properties HK$'000	Other fixed assets: Hotel HK$'000	Other fixed assets: Leasehold land and buildings held for own use HK$'000	Other fixed assets: Others* HK$'000	Other fixed assets: Sub-total HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2014	11,078,791	140,221	7,037	1,952,390	2,099,648	13,178,439
Additions	21,958	–	8,153	217,422	225,575	247,533
Disposals	–	–	–	(135,981)	(135,981)	(135,981)
Exchange adjustments	(16,092)	–	–	(2,686)	(2,686)	(18,778)
Surplus on revaluation	733,351	–	–	–	–	733,351
Reclassification	87,702	–	337,464	(425,166)	(87,702)	–
Transfer to non-current assets classified as held for sale *(note 16)*	–	–	(345,399)	(5,530)	(350,929)	(350,929)
At 31 December 2014	11,905,710	140,221	7,255	1,600,449	1,747,925	13,653,635
Representing:						
Cost	–	140,221	7,255	1,600,449	1,747,925	1,747,925
Valuation – 2014	11,905,710	–	–	–	–	11,905,710
	11,905,710	140,221	7,255	1,600,449	1,747,925	13,653,635
Accumulated depreciation:						
At 1 January 2014	–	91,727	5,210	935,456	1,032,393	1,032,393
Charge for the year	–	1,917	83	141,940	143,940	143,940
Written back on disposals	–	–	–	(129,911)	(129,911)	(129,911)
Exchange adjustments	–	–	–	(1,284)	(1,284)	(1,284)
At 31 December 2014	–	93,644	5,293	946,201	1,045,138	1,045,138
Net book value:						
At 31 December 2014	11,905,710	46,577	1,962	654,248	702,787	12,608,497

* Others mainly comprise machinery, furniture, fixtures and equipment and include an amount of HK$350,929,000 (2013: HK$290,000,000) representing a hotel property under construction, which has been transferred to non-current assets classified as held for sale during the year.

11 Fixed assets (Continued)

(a) The Group (continued)

	Investment properties HK$'000	Other fixed assets: Hotel HK$'000	Other fixed assets: Leasehold land and buildings held for own use HK$'000	Other fixed assets: Others* HK$'000	Other fixed assets: Sub-total HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2013	10,535,158	140,221	7,037	1,607,765	1,755,023	12,290,181
Additions	11,689	–	–	127,080	127,080	138,769
Disposals	–	–	–	(30,890)	(30,890)	(30,890)
Disposal of subsidiaries	(40,800)	–	–	–	–	(40,800)
Exchange adjustments	17,765	–	–	3,604	3,604	21,369
Surplus on revaluation	799,810	–	–	–	–	799,810
Reclassification	(244,831)	–	–	244,831	244,831	–
At 31 December 2013	11,078,791	140,221	7,037	1,952,390	2,099,648	13,178,439
Representing:						
Cost	–	140,221	7,037	1,952,390	2,099,648	2,099,648
Valuation – 2013	11,078,791	–	–	–	–	11,078,791
	11,078,791	140,221	7,037	1,952,390	2,099,648	13,178,439
Accumulated depreciation:						
At 1 January 2013	–	89,810	5,130	815,442	910,382	910,382
Charge for the year	–	1,917	80	146,028	148,025	148,025
Written back on disposals	–	–	–	(27,302)	(27,302)	(27,302)
Exchange adjustments	–	–	–	1,288	1,288	1,288
At 31 December 2013	–	91,727	5,210	935,456	1,032,393	1,032,393
Net book value:						
At 31 December 2013	11,078,791	48,494	1,827	1,016,934	1,067,255	12,146,046

* Others mainly comprise machinery, furniture, fixtures and equipment and include an amount of HK$290,000,000 representing a hotel property under construction.

11 Fixed assets (Continued)

(b) The Company

	Other fixed assets		
	Leasehold land and buildings held for own use HK$'000	Others* HK$'000	Total HK$'000
Cost or valuation:			
At 1 January 2014	260	347,144	347,404
Additions	7,935	63,321	71,256
Disposals	(115)	(1,599)	(1,714)
Reclassification	337,464	(337,464)	–
Transfer to non-current assets classified as held for sale *(note 16)*	(345,399)	(5,530)	(350,929)
At 31 December 2014	145	65,872	66,017
Representing:			
Cost	145	65,872	66,017
Accumulated depreciation:			
At 1 January 2014	225	41,967	42,192
Charge for the year	4	4,842	4,846
Written back on disposals	(115)	(1,544)	(1,659)
At 31 December 2014	114	45,265	45,379
Net book value:			
At 31 December 2014	31	20,607	20,638

* Others comprise machinery, furniture, fixtures and equipment and include an amount of HK$350,929,000 (2013: HK$290,000,000) representing a hotel property under construction, which has been transferred to non-current assets classified as held for sale during the year.

11 Fixed assets (Continued)

(b) The Company (continued)

		Other fixed assets			
	Investment properties HK$'000	Leasehold land and buildings held for own use HK$'000	Others* HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:					
At 1 January 2013	236,315	260	70,908	71,168	307,483
Additions	–	–	46,623	46,623	46,623
Disposals	–	–	(15,218)	(15,218)	(15,218)
Surplus on revaluation	8,516	–	–	–	8,516
Reclassification	(244,831)	–	244,831	244,831	–
At 31 December 2013	–	260	347,144	347,404	347,404
Representing:					
Cost	–	260	347,144	347,404	347,404
Accumulated depreciation:					
At 1 January 2013	–	222	52,789	53,011	53,011
Charge for the year	–	3	4,383	4,386	4,386
Written back on disposals	–	–	(15,205)	(15,205)	(15,205)
At 31 December 2013	–	225	41,967	42,192	42,192
Net book value:					
At 31 December 2013	–	35	305,177	305,212	305,212

* Others comprise machinery, furniture, fixtures and equipment and include an amount of HK$290,000,000 representing a hotel property under construction.

11 Fixed assets (Continued)

(c) Fair value measurement of investment properties

(i) Fair value hierarchy

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

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

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

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

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

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3, except for the investment properties held by the Company that is under construction to be developed as a hotel property (which classified as other fixed assets)). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date in which they occur.

All of the Group's investment properties were revalued as at 31 December 2014 and 2013. The valuations were carried out by an independent firm of surveyors, DTZ, who have among their staff Member of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

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

11 Fixed assets (Continued)

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

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs Range of capitalisation rates
Group		
Investment properties	Income capitalisation approach	
In Hong Kong		
– Retail		3.0% to 6.0% (2013: 3.0% to 6.0%)
– Office		4.4% (2013: 4.4%)
In the People's Republic of China ("the PRC")		
– Retail		8.5% (2013: 8.5%)
– Serviced apartment		7.0% (2013: 6.5%)

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

The movements during the year in the balance of Level 3 fair value measurements are set out in note 11(a) to these financial statements.

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

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 balance sheet date.

11 Fixed assets (Continued)

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

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Land and buildings in Hong Kong:				
– long leases	**117,145**	109,145	**145**	145
– medium term leases*	**11,290,594**	10,754,473	**–**	290,115
Land and buildings outside Hong Kong:				
– medium term leases	**645,447**	652,431	**–**	–
	12,053,186	11,516,049	**145**	290,260

* Included in the last year balance was an amount of HK$290,000,000 representing a hotel property under construction.

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

The total contingent rents recognised in the consolidated income statement for the year are HK$17,414,000 (2013: HK$19,120,000).

(f) The gross carrying amounts of investment properties of the Group held for use in operating leases are HK$11,905,710,000 (2013: HK$11,078,791,000).

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

11 Fixed assets (Continued)

(g) Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 year	**649,152**	576,397
After 1 year but within 5 years	**672,704**	592,243
After 5 years	**7,720**	20
	1,329,576	1,168,660

12 Interests in subsidiaries and amounts due to subsidiaries

	The Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**92,797**	92,797
Amounts due from subsidiaries *(note (a))*	**2,135,335**	2,846,073
	2,228,132	2,938,870
Less: Impairment loss	**(641,993)**	(618,745)
	1,586,139	2,320,125
Amounts due to subsidiaries *(note (b))*	**(2,350,709)**	(2,121,580)

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the amounts due from certain subsidiaries amounting to HK$1,179,442,000 (2013: HK$1,724,763,000), which are interest bearing with reference to the prevailing market rate.

(b) The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the amounts due to certain subsidiaries amounting to HK$952,281,000 (2013: HK$785,013,000), which are interest bearing with reference to the prevailing market rate.

12 Interests in subsidiaries and amounts due to subsidiaries (Continued)

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

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

				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
Globe Century Development Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Property rental
Glory Light Holdings Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Restaurant operation
Grand City Resources Limited	Hong Kong	The PRC	HK$100	100%	–	100%	Property rental
How Light Investments* Limited	Hong Kong	The PRC	HK$100,000	100%	–	100%	Property sale
Korngold Limited*	Hong Kong	Hong Kong	HK$2	100%	100%	–	Property rental
Merry King Resources Limited	Hong Kong	Hong Kong	HK$1,000	90%	–	90%	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

12 Interests in subsidiaries and amounts due to subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Miramar Finance Limited	Hong Kong	Hong Kong	HK$100,000	100%	100%	–	Finance
Miramar Group (Corporate Funding) Co. Limited*	Hong Kong	Hong Kong	HK$1,000	100%	99%	1%	Finance
Miramar Hotel and Property Management Company Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Property management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK$10,000,000	100%	100%	–	Travel agency
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Hotel management
Miramar Travel Limited	Hong Kong	Hong Kong	HK$13,000,000	53.8%	53.8%	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	HK$1,000	100%	100%	–	Property rental
Rainbow City Development Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Restaurant operation
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 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

12 Interests in subsidiaries and amounts due to subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
World Eagle Resources Limited	Hong Kong	Hong Kong	HK$2	100%	–	100%	Restaurant operation
Beijing Cuisine Cuisine Restaurant Company Limited ~*	The PRC	The PRC	US$2,100,000	100%	–	100%	Restaurant operation
Grand Mira Property Management (Shanghai) Limited ~*	The PRC	The PRC	US$5,000,000	100%	–	100%	Property rental and management
Knutsford Trading (Beijing) Co. Limited ~*	The PRC	The PRC	RMB5,000,000	100%	–	100%	Apparel operation
Miramar Fashion (Shanghai) Co. Limited ~*	The PRC	The PRC	RMB60,000,000	100%	–	100%	Apparel operation
Shanghai Henderson – Miramar Hotels Management Co. Ltd. ^*	The PRC	The PRC	US$200,000	100%	–	100%	Hotel management
Shanghai Shangmei Property Co. Ltd. ^*	The PRC	The PRC	US$13,000,000	51.4%	–	68.6%	Property development
Wuhan Cuisine Cuisine Restaurant Company Limited ~*	The PRC	The PRC	RMB43,400,000	100%	–	100%	Restaurant operation
Centralplot, Inc. *	The British Virgin Islands	The United States of America	US$38,133,285	88%	–	88%	Inactive

* KPMG are not statutory auditors of these subsidiaries. The total net assets and total turnover of these subsidiaries constituting approximately 6% (2013: 8%) and 3% (2013: 5%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

13 Interests in associates

	The Group 2014 HK$'000	The Group 2013 HK$'000	The Company 2014 HK$'000	The Company 2013 HK$'000
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**21,107**	6,473	**–**	–
Amounts due from associates	**1,262**	6,258	**–**	4,287
Loans to associates	**25,940**	36,971	**–**	–
	48,309	49,702	**–**	4,287
Less: Impairment loss	**(46,669)**	(47,886)	**–**	(4,208)
	1,640	1,816	**–**	79

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:

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

* KPMG are not statutory auditors of this associate.

Aggregate information of associates that are not individually material:

	2014 HK$'000	2013 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**1,640**	1,816
Aggregate amounts of the Group's share of those associates'		
– Profit/(loss) from continuing operations	**6,865**	(339)
– Total comprehensive income	**6,865**	(339)

14 Interest in a joint venture

	The Group 2014 HK$'000	2013 HK$'000
Share of net assets	**5,079**	6,726
Amount due from a joint venture	**775**	3,291
	5,854	10,017

Amount due from a joint venture is unsecured, interest-free and has no fixed terms of repayment.

Details of the Group's joint venture, which is an unlisted corporate entity whose quoted market price is not available and not material to the Group, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Saboten Miramar Hong Kong Company Limited	Incorporated	Hong Kong	HK$12,000,000	50%	–	50%	Restaurant operation

Information of a joint venture

	2014 HK$'000	2013 HK$'000
Carrying amount of a joint venture in the consolidated financial statements	**5,854**	10,017
Amounts of the Group's share of this joint venture		
– (Loss)/profit from continuing operations	**(1,647)**	703
– Total comprehensive income	**(1,647)**	703

15 Available-for-sale securities

	The Group 2014 HK$'000	2013 HK$'000
Non-current		
Unlisted debt securities in overseas *(note)*	125,825	251,174
Listed equity securities in Hong Kong	58,013	61,865
Listed equity securities in overseas *(note)*	93,517	94,490
	277,355	407,529
Current		
Investment fund, unlisted	34,337	33,940
Total	311,692	441,469
Market value of listed equity securities	151,530	156,355

Note: As at 31 December 2014, an unlisted debt security in overseas and two listed equity securities in overseas were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered. An impairment loss on these investments of HK$2,676,000 (2013: HK$293,000) was recognised at 31 December 2014.

16 Non-current assets classified as held for sale

The Group and the Company

On 26 September 2014, the Company (as vendor) entered into the provisional sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the property located on No. 6 Knutsford Terrance (the "Property") at the consideration of HK$480,000,000. The transaction was completed on 9 January 2015.

Accordingly, the carrying amount of the Property of HK$350,929,000 has been reclassified from "Other fixed assets" (note 11(a) and 11(b)) to "Non-current assets classified as held for sale" at 31 December 2014.

17 Inventories

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Consumable stores	16,188	16,338	4,046	3,491
Properties held for resale	116,581	118,468	–	–
Merchandised goods	–	17,389	–	–
	132,769	152,195	4,046	3,491

Properties held for resale of HK$116,581,000 (2013: HK$118,468,000) and merchandised goods of HK$Nil (2013: HK$17,389,000) are net of a provision in order to state these properties and merchandised goods at the lower of their cost and estimated net realisable value.

18 Trade and other receivables

	The Group 2014 HK$'000	The Group 2013 HK$'000	The Company 2014 HK$'000	The Company 2013 HK$'000
Trade receivables	**92,446**	110,946	**3,927**	3,575
Less: Allowance for doubtful debts	**(4,042)**	(3,942)	**(10)**	(10)
	88,404	107,004	**3,917**	3,565
Other receivables, deposits and prepayments	**182,260**	197,725	**19,869**	20,369
	270,664	304,729	**23,786**	23,934

All of the trade and other receivables are expected to be recovered within one year.

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

	The Group 2014 HK$'000	The Group 2013 HK$'000	The Company 2014 HK$'000	The Company 2013 HK$'000
0 to 1 month	**59,263**	71,902	**2,845**	3,132
1 month to 2 months	**13,682**	15,867	**870**	212
Over 2 months	**15,459**	19,235	**202**	221
	88,404	107,004	**3,917**	3,565

The Group's credit policy is set out in note 27(a).

18 Trade and other receivables (Continued)

(b) Impairment of trade receivables

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

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

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**3,942**	3,838	**10**	10
Impairment loss recognised *(note 3(c))*	**203**	3,148	**–**	–
Uncollectible amounts written off	**(103)**	(3,044)	**–**	–
At 31 December	**4,042**	3,942	**10**	10

At 31 December 2014, the Group's and the Company's trade receivables of HK$4,042,000 (2013: HK$3,942,000) and HK$10,000 (2013: HK$10,000) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are expected to be not recoverable. Consequently, specific allowances for doubtful debts of HK$4,042,000 (2013: HK$3,942,000) and HK$10,000 (2013: HK$10,000) respectively were recognised. The Group does not hold any collateral over these balances.

18 Trade and other receivables (Continued)

(c) Trade receivables that are not impaired

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

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Neither past due nor impaired	**59,263**	71,902	**2,845**	3,132
Less than 1 month past due	**13,682**	15,867	**870**	212
1 to 2 months past due	**6,844**	2,665	**164**	82
Over 2 months past due	**8,615**	16,570	**38**	139
	29,141	35,102	**1,072**	433
	88,404	107,004	**3,917**	3,565

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

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

19 Trading securities

	The Group	
	2014	2013
	HK$'000	HK$'000
Listed equity securities in Hong Kong (stated in market value)	**11,396**	7,238

20 Cash and bank balances

	The Group 2014 HK$'000	2013 HK$'000	The Company 2014 HK$'000	2013 HK$'000
Deposits with banks and other financial institutions	**3,141,765**	2,153,482	**3,009,449**	2,101,652
Cash at bank and in hand	**392,711**	721,303	**50,217**	123,293
	3,534,476	2,874,785	**3,059,666**	2,224,945

Cash and bank balances at 31 December 2014 include HK$76,763,000 equivalent (2013: HK$128,214,000 equivalent) place 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.

21 Trade and other payables

	The Group 2014 HK$'000	2013 HK$'000	The Company 2014 HK$'000	2013 HK$'000
Trade payables	**114,051**	101,266	**697**	17,808
Other payables	**344,210**	379,880	**79,386**	109,486
Amounts due to holders of non-controlling interests of subsidiaries *(see note 22)*	**72,488**	122,474	**–**	–
Amounts due to associates *(note)*	**4,362**	12,800	**4,362**	4,380
	535,111	616,420	**84,445**	131,674

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

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

Included in trade and other payables are trade creditors with the following ageing analysis as at the balance sheet date:

	The Group 2014 HK$'000	2013 HK$'000	The Company 2014 HK$'000	2013 HK$'000
Due within 3 months or on demand	**96,283**	79,482	**174**	17,390
Due after 3 months but within 6 months	**17,768**	21,784	**523**	418
	114,051	101,266	**697**	17,808

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

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK$38,687,000 (2013: HK$48,408,000), which is interest bearing at 6% per annum (2013: 6.40%) and not expected to be settled within one year (2013: repayable within one year), all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

23 Bank loans and overdrafts

At 31 December 2014, the bank loans and overdrafts were repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
– Within one year or on demand	**1,544,784**	798,127	**30,000**	85,000
– Between one and two years	**755,906**	848,236	**208,906**	–
– Between two and five years	**405,679**	843,416	**123,229**	248,156
	1,161,585	1,691,652	**332,135**	248,156
	2,706,369	2,489,779	**362,135**	333,156

At 31 December 2014, the bank loans and overdrafts were secured as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unsecured bank overdrafts	**3,201**	4,043	**–**	–
Bank loans				
– Secured	**12,923**	–	**–**	–
– Unsecured	**2,690,245**	2,485,736	**362,135**	333,156
	2,706,369	2,489,779	**362,135**	333,156

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

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

At 31 December 2014, the banking facilities of HK$387,838,000 (2013: HK$310,200,000) were secured by the Group's investment in listed equity securities and unlisted debt securities with an aggregate carrying value of HK$277,355,000 (2013: HK$407,529,000). The facilities were utilised to the extent of HK$12,923,000 (2013: HK$Nil).

23 Bank loans and overdrafts (Continued)

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 27(b). As at 31 December 2014 none of the covenants relating to drawn down facilities had been breached (2013: None).

24 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 balance sheet date.

25 Taxation in the balance sheet

(a) Tax (recoverable)/payable in the balance sheet represents:

	The Group	
	2014	2013
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**124,275**	108,804
Provisional Hong Kong Profits Tax paid	**(89,289)**	(72,542)
	34,986	36,262
Balance of Hong Kong Profits Tax payable relating to prior years	**2,015**	303
Overseas tax recoverable	**(13,628)**	(19,308)
	23,373	17,257
Representing:		
Tax recoverable	**(15,851)**	(22,155)
Tax payable	**39,224**	39,412
	23,373	17,257

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

25 Taxation in the balance sheet (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) The Group

The components of deferred tax liabilities/(assets) recognised in the consolidated balance sheet 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$'000	Others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2013	171,837	54,739	(12,728)	(29,304)	184,544
(Credited)/charged to profit or loss	(1,175)	5,345	9,526	29,304	43,000
Disposal of a subsidiary	(125)	–	–	–	(125)
Exchange adjustments	583	1,825	–	–	2,408
At 31 December 2013	171,120	61,909	(3,202)	–	229,827
At 1 January 2014	**171,120**	**61,909**	**(3,202)**	**–**	**229,827**
Charged/(credited) to profit or loss	**10,403**	**790**	**(264)**	**–**	**10,929**
Exchange adjustments	**(560)**	**(1,511)**	**–**	**–**	**(2,071)**
At 31 December 2014	**180,963**	**61,188**	**(3,466)**	**–**	**238,685**

25 Taxation in the balance sheet (Continued)

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

(ii) The Company

The components of deferred tax liabilities recognised in the balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000
Deferred tax arising from:	
At 1 January 2013	8,123
Charged to profit or loss	(8,123)
At 31 December 2013, 1 January 2014 and 31 December 2014	–

25 Taxation in the balance sheet (Continued)

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

(iii)

	The Group 2014 HK$'000	2013 HK$'000
Net deferred tax assets recognised on the balance sheet	**(3,428)**	(2,774)
Net deferred tax liabilities recognised on the balance sheet	**242,113**	232,601
	238,685	229,827

(c) Deferred tax assets not recognised

The Group and the Company have not recognised deferred tax assets of HK$119,599,000 (2013: HK$97,454,000) and HK$21,307,000 (2013: HK$16,891,000) in respect of accumulated tax losses of HK$562,268,000 (2013: HK$460,424,000) and HK$129,134,000 (2013: HK$102,369,000) respectively as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2014.

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.

26 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$'000	Share premium HK$'000	Capital reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2013	404,062	287,628	1,019,874	300,000	455,681	2,467,245
Changes in equity for 2013:						
Profit and total comprehensive income for the year	–	–	–	–	66,217	66,217
Final dividends approved in respect of the previous year *(note 8(b))*	–	–	–	–	(144,308)	(144,308)
Interim dividends declared in respect of the current year *(note 8(a))*	–	–	–	–	(98,129)	(98,129)
Balance at 31 December 2013	404,062	287,628	1,019,874	300,000	279,461	2,291,025
Balance at 1 January 2014	**404,062**	**287,628**	**1,019,874**	**300,000**	**279,461**	**2,291,025**
Changes in equity for 2014:						
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**161,016**	**161,016**
Final dividends approved in respect of the previous year *(note 8(b))*	**–**	**–**	**–**	**–**	**(155,852)**	**(155,852)**
Interim dividends declared in respect of the current year *(note 8(a))*	**–**	**–**	**–**	**–**	**(98,129)**	**(98,129)**
Transition to no-par value regime on 3 March 2014 *(note 26(b))*	**287,628**	**(287,628)**	**–**	**–**	**–**	**–**
Balance at 31 December 2014	**691,690**	**–**	**1,019,874**	**300,000**	**186,496**	**2,198,060**

26 Total equity (Continued)

(b) Share capital

	2014 No. of shares	2014 Amount HK$'000	2013 No. of shares	2013 Amount HK$'000
Authorised: *(note (a))*				
Ordinary shares of HK$0.70 each *(note (b))*	700,000,000	490,000	700,000,000	490,000
Issued and fully paid:				
At 1 January	577,231,252	404,062	577,231,252	404,062
Transition to no-par value regime on 3 March 2014 *(note (c))*	–	287,628	–	–
At 31 December	577,231,252	691,690	577,231,252	404,062

Notes:

(a) Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of the transaction.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.

26 Total equity (Continued)

(c) Nature and purpose of reserves

(i) The Group

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 26(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

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

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

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

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

The retained profits attributable to associates and accumulated losses attributable to a joint venture at 31 December 2014 were HK$5,202,000 (2013: accumulated losses of HK$1,663,000) and HK$920,000 (2013: retained profits of HK$727,000) respectively.

(ii) The Company

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

Distributable reserves of the Company at 31 December 2014, calculated in accordance with section 79B of the Hong Kong Companies Ordinance, amounted to HK$320,803,000 (2013: HK$413,767,000).

After the balance sheet date, the directors proposed a final dividend of 32 Hong Kong cents per share (2013: 27 Hong Kong cents per share) amounting to HK$184,714,000 (2013: HK$155,852,000). This dividend has not been recognised as a liability at the balance sheet date.

26 Total equity (Continued)

(d) Capital management

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

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

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

The net debt-to-equity ratios at balance sheet date are as follows:

		The Group	
	Note	**2014** **HK$'000**	2013 HK$'000
Bank loans and overdrafts	*23*	**2,706,369**	2,489,779
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	*22*	**38,687**	48,408
Less: Cash and bank balances	*20*	**(3,534,476)**	(2,874,785)
Net debts		**(789,420)**	(336,598)
Total equity attributable to shareholders of the Company		**13,155,008**	12,135,753
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.

27 Financial risk management and fair values

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

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

(a) Credit risk

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

In respect of trade and other receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due ranging from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain any collateral from customers. The ageing of trade receivables at 31 December 2014 is summarised in note 18.

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

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

(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.

27 Financial risk management and fair values (Continued)

(b) Liquidity risk (continued)

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group

	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 2014					
Trade and other payables	458,261	–	–	458,261	458,261
Amount due to an associate	4,362	–	–	4,362	4,362
Amounts due to holders of non-controlling interests of subsidiaries	113,528	–	–	113,528	111,175
Bank loans and overdrafts	1,573,155	769,103	413,433	2,755,691	2,706,369
Sales and rental deposits received	218,138	–	–	218,138	218,138
Deferred liabilities	–	96,983	78,100	175,083	175,083
	2,367,444	866,086	491,533	3,725,063	3,673,388
At 31 December 2013					
Trade and other payables	481,146	–	–	481,146	481,146
Amount due to an associate	12,800	–	–	12,800	12,800
Amounts due to holders of non-controlling interests of subsidiaries	125,572	–	–	125,572	122,474
Bank loans and overdrafts	826,730	861,211	855,832	2,543,773	2,489,779
Sales and rental deposits received	185,888	–	–	185,888	185,888
Deferred liabilities	–	36,020	90,769	126,789	126,789
	1,632,136	897,231	946,601	3,475,968	3,418,876

27 Financial risk management and fair values (Continued)

(b) Liquidity risk (continued)

The Company

	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 2014					
Trade and other payables	80,083	–	–	80,083	80,083
Amount due to an associate	4,362	–	–	4,362	4,362
Deposits received	49,855	–	–	49,855	49,855
Bank loans	34,214	212,452	126,073	372,739	362,135
	168,514	212,452	126,073	507,039	496,435
Financial guarantees issued:					
– Maximum amount guaranteed *(note 30)*	2,337,212	–	–	2,337,212	–
At 31 December 2013					
Trade and other payables	127,294	–	–	127,294	127,294
Amount due to an associate	4,380	–	–	4,380	4,380
Deposits received	351	–	–	351	351
Bank loans	89,011	3,025	251,422	343,458	333,156
	221,036	3,025	251,422	475,483	465,181
Financial guarantees issued:					
– Maximum amount guaranteed *(note 30)*	2,164,000	–	–	2,164,000	–

27 Financial risk management and fair values (Continued)

(c) Interest rate risk

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

(i) The following table details the interest rate profile of the Group's borrowings at the balance sheet date:

	The Group				The Company			
	2014		2013		**2014**		2013	
	Effective interest rate	**Amount HK$'000**	Effective interest rate	Amount HK$'000	**Effective interest rate**	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Floating rate borrowings								
Bank loans	**0.721% – 2.55%**	**2,703,168**	0.96% – 1.77%	2,485,736	**1.00786% – 1.39%**	**362,135**	1.16% – 1.21%	333,156
Amounts due to holders of non-controlling interests of a subsidiary	**6%**	**38,687**	6.40%	48,408	**–**	**–**	–	–
Total borrowings		**2,741,855**		2,534,144		**362,135**		333,156

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 25 basis points (2013: 25 basis points) in interest rates, with all other variables held constant, would have decreased/increased the Group's and the Company's profit after tax and total equity by approximately HK$5,716,000 (2013: HK$5,280,000) and HK$756,000 (2013: HK$696,000) respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's and the Company's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure the amount of interest-bearing borrowings held by the Group and the Company which expose the Group and the Company to interest rate risk at the balance sheet date. The analysis is performed on the same basis for the year ended 31 December 2013.

27 Financial risk management and fair values (Continued)

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 19) and available-for-sale securities (see note 15).

The Group's listed investments are listed in Hong Kong and overseas. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indications, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance. 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 2014, it is estimated that an increase/decrease of 5% (2013: 5%) in the market value of the Group's listed available-for-sale securities, with all other variables held constant, would not affect the Group's profit unless there are impairments. The Group's total equity would have increased/decreased by HK$7,577,000 (2013: HK$7,818,000). For the trading securities, it is estimated that an increase/decrease of 5% (2013: 5%) in the market value, with all other variables held constant, would have increased/decreased the Group's profit after tax and total equity by HK$476,000 (2013: HK$302,000).

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 balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the market values, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in market values, and that all other variables remain constant. The analysis is performed on the same basis for 2013.

(e) Foreign currency risk

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

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

27 Financial risk management and fair values (Continued)

(e) Foreign currency risk (continued)

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

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

The Group

	Exposure to foreign currencies 2014					
	RMB HK$'000	**USD HK$'000**	**SGD HK$'000**	**EUR HK$'000**	**JPY HK$'000**	**GBP HK$'000**
Cash and cash equivalents	**820,066**	**408,339**	**5,615**	**11,678**	**574**	**14,493**
Unlisted debt securities in overseas	**–**	**125,825**	**–**	**–**	**–**	**–**
Listed equity securities in overseas	**–**	**50,560**	**5,623**	**37,334**	**–**	**–**
Total	**820,066**	**584,724**	**11,238**	**49,012**	**574**	**14,493**

	Exposure to foreign currencies 2013					
	RMB HK$'000	USD HK$'000	SGD HK$'000	EUR HK$'000	JPY HK$'000	GBP HK$'000
Cash and cash equivalents	339,368	6,368	60	16,421	287	2,544
Unlisted debt securities in overseas	–	251,174	–	–	–	–
Listed equity securities in overseas	–	47,351	11,086	24,307	1,649	10,097
Total	339,368	304,893	11,146	40,728	1,936	12,641

The Company

	Exposure to foreign currencies	
	2014 RMB HK$'000	2013 RMB HK$'000
Cash and cash equivalents	**820,062**	339,270

27 Financial risk management and fair values (Continued)

(e) Foreign currency risk (continued)

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

The Group

	2014			2013		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax HK$'000**	**Effect on total equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK$'000	Effect on total equity HK$'000
RMB	**5%**	**41,003**	**41,003**	5%	16,968	16,968
USD	**5%**	**130**	**130**	5%	193	193
SGD	**5%**	**281**	**562**	5%	3	557
EUR	**5%**	**584**	**2,451**	5%	821	2,036
JPY	**5%**	**29**	**29**	5%	14	97
GBP	**5%**	**725**	**725**	5%	127	632

The Company

	2014			2013		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax HK$'000**	**Effect on total equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK$'000	Effect on total equity HK$'000
RMB	**5%**	**41,003**	**41,003**	5%	16,964	16,964

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group and the Company which expose the Group and the Company to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group and the Company which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2013.

27 Financial risk management and fair values (Continued)

(f) Fair value measurement

(i) Financial assets carried at fair value

The following table presents the fair value of financial instruments measured at fair value at the balance sheet date across 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 Group

	Fair value at 31 December	**Fair value measurements at 31 December 2014**		
	2014 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	**58,013**	**58,013**	**–**	**–**
– Listed equity securities in overseas	**93,517**	**93,517**	**–**	**–**
– Unlisted debt securities in overseas	**125,825**	**–**	**125,825**	**–**
– Unlisted investment fund	**34,337**	**–**	**34,337**	**–**
Trading securities:				
– Listed securities in Hong Kong	**11,396**	**11,396**	**–**	**–**

	Fair value at 31 December	Fair value measurements at 31 December 2013		
	2013 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	61,865	61,865	–	–
– Listed equity securities in overseas	94,490	94,490	–	
– Unlisted debt securities in overseas	251,174	–	251,174	–
– Unlisted investment fund	33,940	–	33,940	–
Trading securities:				
– Listed securities in Hong Kong	7,238	7,238	–	–

27 Financial risk management and fair values (Continued)

(f) Fair value measurement (continued)

(i) Financial assets carried at fair value (continued)

During the years ended 31 December 2014 and 2013, 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 balance sheet date in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

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

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013. Amounts due from/(to) subsidiaries, associates, joint venture 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.

28 Capital commitments

Capital commitments outstanding at 31 December 2014 not provided for in the financial statements were as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Future expenditure relating to properties:		
Contracted for	**152,706**	173,743
Authorised but not contracted for	**74,511**	124,994
	227,217	298,737

29 Operating lease commitments

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**76,127**	72,702	**2,926**	6,323
After 1 year but within 5 years	**158,315**	152,373	**–**	2,926
After 5 years	**70,240**	85,332	**–**	–
	304,682	310,407	**2,926**	9,249

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

30 Contingent liabilities

The Company has given guarantees in respect of banking facilities of certain wholly owned subsidiaries to the extent of HK$2,781,002,000 (2013: HK$2,327,000,000). The banking facilities were utilised to the extent of HK$2,337,212,000 (2013: HK$2,164,000,000) at 31 December 2014. As at balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees.

The Company has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and no transaction price was incurred.

31 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:

	2014 HK$'000	2013 HK$'000
Property agency fee payable to a subsidiary of the Group's major shareholder *(note (a))*	**3,000**	2,900
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder *(note (a))*	**(21,361)**	(15,481)
Management fee income from affiliated companies of the Group's major shareholder *(note (b))*	**(695)**	(1,775)
Hotel and catering service income from subsidiaries of the Group's major shareholder *(note (c))*	**(7,356)**	(5,209)
Security service fee payable to a subsidiary of the Group's major shareholder *(note (d))*	**–**	579
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre*	**(3,165)**	(3,208)
– an associate of the Group's major shareholder for leasing of Office Whole of 18th Floor, Miramar Tower*	**(19,400)**	(15,294)
– a subsidiary of the Group's major shareholder for leasing of Shop 503A-C and 501-02, Miramar Shopping Centre* *(note (e))*	**(22,732)**	(19,078)
– a subsidiary of the Group's major shareholder for leasing of Shop 3013, Portion of Podium Roof and Fan Room, Miramar Shopping Centre* *(note (f))*	**(11,838)**	(11,463)
Rental and building management fee payable to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101-3107 and certain floor space of ifc Mall (including contingent rental of HK$200,000 for the year ended 31 December 2014 (2013: HK$Nil)*	**15,847**	14,505
– a subsidiary of the Group's major shareholder for the leasing of Units Nos. 201-05, West Tower, Beijing World Financial Centre, Beijing, the PRC	**1,238**	7,223
– a subsidiary of the Group's major shareholder for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong (including contingent rental of HK$1,075,000 for the year ended 31 December 2014 (2013: HK$95,000))* *(note (g))*	**14,275**	1,855
Net gain on disposal of subsidiaries to a subsidiary of the Group's major shareholder *(note 32)*	**–**	(48,241)
Remuneration for the directors and the senior management personnel of the Group *(note (h))*	**19,509**	25,372

* These transactions also constitute continuing connected transactions as defined under the Listing Rules.

31 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 its major shareholder in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due to these companies at the year end amounted to HK$5,938,000 (2013: HK$2,045,000).

(b) The management fee income from affiliated companies 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 net amounts due from these companies at the year end amounted to HK$229,000 (2013: HK$6,740,000).

(c) The Group's hotel division provides hotel and catering services to certain subsidiaries of the Group's major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amount due from these companies at the year end amounted to HK$2,099,000 (2013: HK$1,915,000).

(d) The security service fee payable to a subsidiary of the Group's major shareholder for provision of security services to the Group's hotel, under similar terms it provides to other customers. The amount due to this company at the year end amounted to HK$Nil (2013: HK$150,000).

(e) The amount due from this company at the year end amounted to HK$144,000 (2013: HK$11,000).

(f) The amount due from this company at the year end amounted to HK$Nil (2013: HK$333,000).

(g) The amount due to this company at the year end amounted to HK$142,000 (2013: HK$1,943,000).

(h) The remuneration of directors and senior management is determined by the Remuneration Committee having regard to the performance and responsibilities of individuals and market trends.

32 Disposal of subsidiaries

On 23 December 2013, the Group entered into an agreement with a subsidiary of the Group's major shareholder to dispose the entire issued share capital of Prosperwell Properties Limited ("Prosperwell") (wholly-owned subsidiary), shareholder's loan due from Prosperwell and 94.4% issued share capital of Gourment Enterprises Limited ("Gourment") (94.4% owned subsidiary), at the net consideration of HK$91,853,000. The transaction was completed on 23 December 2013 and also constitutes connected transaction as defined under the Listing Rules.

The disposals of Prosperwell and Gourment had the following effect on the Group's financial statements:

	HK$'000
Investment properties	(40,800)
Trade and other receivables	(96)
Amount due from the Company	(5,273)
Trade and other payables	287
Rental deposit received	372
Tax payable	4
Shareholder's loan due to the Company	1,860
Deferred tax liabilities	125
Non-controlling interests	1,769
Shareholder's loan from Prosperwell	(1,860)
Net assets disposed	(43,612)
Net consideration received and net cash inflow	91,853
Net gain on disposal of subsidiaries	48,241

33 Post balance sheet events

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 8.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments 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 consolidation financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
Results					
Turnover	**3,127**	3,044	2,974	2,496	2,112
Profit attributable to shareholders	**1,301**	1,278	1,377	1,325	784
Assets and liabilities					
Fixed assets	**12,608**	12,146	11,380	10,585	9,445
Interest in associates	**2**	2	2	4	7
Interest in a joint venture	**6**	10	8	6	1
Available-for-sale securities – non-current	**277**	408	250	7	6
Deferred tax assets	**3**	2	33	23	18
Net current assets	**2,013**	1,755	951	1,169	327
Total assets less current liabilities	**14,909**	14,323	12,624	11,794	9,804
Bank loans – non-current	**(1,161)**	(1,692)	(1,041)	(1,423)	(647)
Deferred liabilities	**(175)**	(127)	(117)	(125)	(87)
Amounts due to holders of non-controlling interests of a subsidiary	**(39)**	–	(47)	(56)	(54)
Deferred tax liabilities	**(242)**	(232)	(218)	(178)	(151)
Net assets	**13,292**	12,272	11,201	10,012	8,865
Capital and reserves					
Share capital and statutory capital reserve *(Note)*	**692**	692	692	692	692
Other Reserves	**12,463**	11,444	10,380	9,215	8,069
Total equity attributable to shareholders of the Company	**13,155**	12,136	11,072	9,907	8,761
Non-controlling interests	**137**	136	129	105	104
Total equity	**13,292**	12,272	11,201	10,012	8,865
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Per share					
Earnings	**2.25**	2.21	2.39	2.30	1.36
Dividends attributable to the year	**0.49**	0.44	0.41	0.38	0.37
Net asset value attributable to shareholders of the Company	**22.79**	21.02	19.18	17.16	15.18

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

Major properties held for investment and/or own use

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong				
The Mira Hong Kong 118-130 Nathan Road Tsimshatsui, Kowloon	Sections A and C of KIL6022	Hotel and Commercial	Medium	100
Miramar Tower and Miramar Shopping Centre 1 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6454	Commercial	Medium	100
1/F., Champagne Court 16 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6022B	Commercial	Medium	100
A3, 13/F., United Mansion Nos. 37E-37H and 37J-37K Jordan Road and Nos. 95-103 Shanghai Street, Kowloon	Portion of KIL6727	Residential	Medium	100
Apartment A, 1st level Beach Chalet No. 5 Sea Ranch Lantau Island, New Territories	Portion of 178DD337	Residential	Medium	100
3/F., 47 and 49 Sa Po Road Kowloon City, Kowloon	Portion of NKIL498 B&C	Residential	Medium	100
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
Basement, South China Building, No.1 Wyndham Street Hong Kong	Portion of Sections K and L of IL80	Commercial	Long	100
No. 88 Stanley Main Street, Hong Kong	Stanley Inland Lot No.105 and Stanley Lot No.1130	Commercial	Medium	100

at 31 December 2014

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

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the "Meeting") of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 10 June 2015 at 12:00 noon to transact the following business:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 31 December 2014.

2. To declare a Final Dividend.

3. To re-elect Directors.

4. To re-appoint Auditors and authorise the Directors to fix their remuneration.

5. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(A) "**THAT**:

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

(b) for the purposes of this Resolution:

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

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiry of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to be held; and

(iii) the date on which the approval set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

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

(B) "**THAT**:

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the total number of shares of the Company to be bought back pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period) and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

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

(C) "**THAT**:

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

By Order of the Board
CHU KWOK SUN
Corporate Secretary

Hong Kong, 24 April 2015

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

Notes:

(1) A member of the Company (the "Member") entitled to attend and vote is entitled to appoint (i) another person (whether a Member or not) as a proxy to exercise all or any of the Member's rights to attend and to speak and vote at the Meeting and (ii) separate proxies to represent respectively the number of the shares held by the Member that is specified in their instruments of appointment of proxies. If a Member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands. Form of proxy must be lodged at the registered office of the Company at 15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting. 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) The Register of Members of the Company will be closed from Monday, 8 June 2015 to Wednesday, 10 June 2015, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to determine Members who are entitled to attend and vote at the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 5 June 2015.

(3) The Register of Members of the Company will also be closed from Tuesday, 16 June 2015 to Friday, 19 June 2015, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to qualify for the proposed final dividend for the year, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 15 June 2015.

(4) An explanatory statement containing the information necessary to enable the Members to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to Members together with the Company's 2014 Annual Report.

Board of Directors

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Chief Executive Officer

Mr LEE Ka Shing

Chief Financial Officer

Mr Allen LIM Kean Kee

Joint Company Secretaries

Mr Allen LIM Kean Kee
Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

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

Share Registrar

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

Registered Office

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

Share 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 Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

www.miramar-group.com