ANNUAL REPORT
2017

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

Stock code 71

CONTENTS

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.

2017

In honor of its 60th anniversary, the Group had launched a wide array of innovative marketing promotions throughout the year.

The enhancement project of integrating Miramar Shopping Centre, Mira Mall, The Mira Hong Kong & Miramar Tower has been successfully completed. The newly branded Mira Place as an integrated complex consists of hotel, office tower and shopping mall is now a landmark providing one-stop entertainment, shopping & dining experience.

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.

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.

2013

Miramar Group launched its second Design Hotels™ member property, Mira Moon in Causeway Bay.

A fun and casual Korean restaurant, School Food, made its debut and a third outlet of the popular Tsui Hang Village Cantonese restaurant chain was opened in Causeway Bay.

DIVERSIFIED BUSINESSES WITH UNIFIED MISSION


MEET
TOGETHER
AT NEW MIRA PLACE
miraplace
MUJI 無印良品
UNIQLO
GU
Superdry
FURLA
agnès b.


miraplace
COACH
NEW YORK
DESCENTE
周生生
Chow Sang Sang
miraplace 2

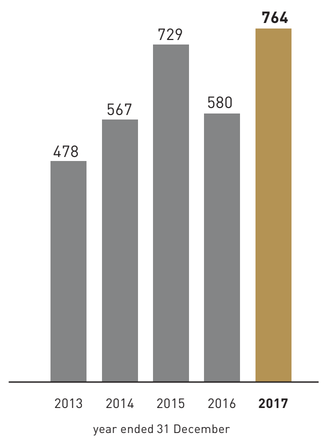
Financial Highlights

Consolidated revenue

HK$'million

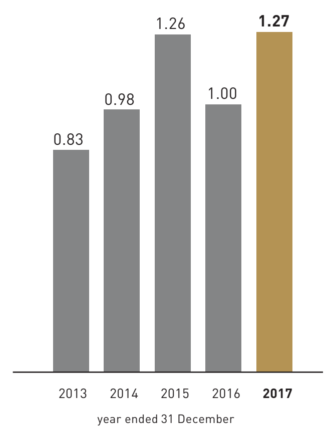
Underlying profit attributable to shareholders of the Company

HK$'million



Underlying earnings per share (Basic)

HK$



	For the year ended 31 December	
	2017	2016
	HK$'million	HK$'million
Revenue		
Property rental	**858**	829
Hotels and serviced apartments	**662**	638
Food and beverage operation	**394**	448
Travel operation	**1,272**	1,198
Others	**–**	5
Consolidated revenue	**3,186**	3,118
Profit attributable to shareholders of the Company	**1,519**	1,277
Underlying profit attributable to shareholders of the Company *(note)*	**764**	580

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

Dividend per share

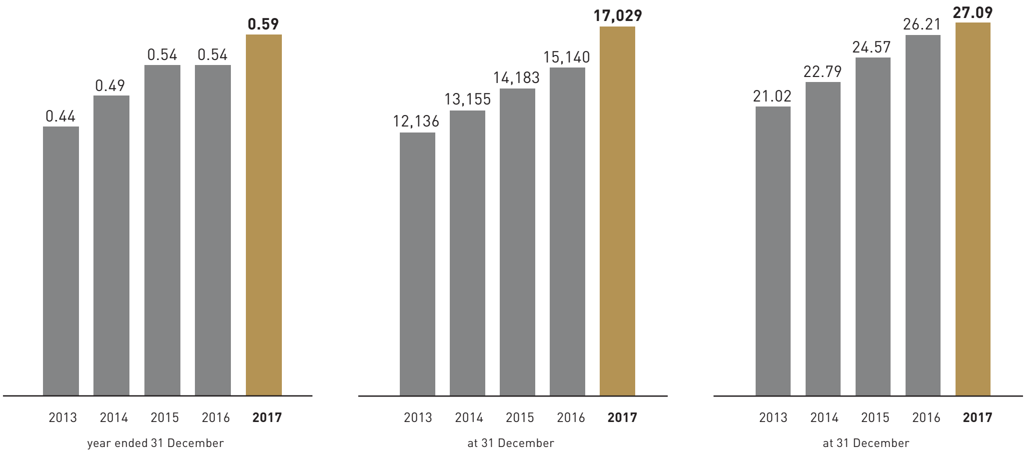
HK$

Consolidated net assets attributable to shareholders of the Company

HK$'million

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

HK$



	For the year ended 31 December	
	2017	2016
	HK$	HK$
Earnings per share (Basic)	**2.52**	2.21
Underlying earnings per share (Basic) *(note)*	**1.27**	1.00
Dividend per share	**0.59**	0.54

	At 31 December	
	2017	2016
	HK$'million	HK$'million
Consolidated net assets attributable to shareholders of the Company	**17,029**	15,140
	HK$	HK$
Consolidated net assets value attributable to shareholders of the Company per share	**27.09**	26.21

LEADING BY CONNECTING IDEAS

Dear Shareholders

On behalf of the Board of the Miramar Group (the "Group"),
I am pleased to present my report on the operations and the financial performance of the Group for the year ended 31 December 2017 (the "Reporting Period").

Chairman and CEO's Statement

Consolidated Results

The Group's revenue for the Reporting Period amounted to HK$3,186 million, representing an increase of 2% compared to last year (2016: HK$3,118 million).

Profit attributable to shareholders for the reporting period increased by 19% to HK$1,519 million (2016: HK$1,277 million). This growth is mainly attributable to the satisfactory performance of both the Property rental segment and Hotels and serviced apartments segment, with additional contributions from the one-off net gain upon disposal of a property in Central, revaluation gain of investment properties and net gain on disposal of securities.

Excluding the increase of HK$723 million in the fair value of our investment properties and the one-off net gain from the disposal of a property in Central of HK$32 million, the underlying profit attributable to shareholders surged significantly by 32% to approximately HK$764 million (2016: HK$580 million). The underlying earnings per share (basic) increased by 27% to HK$1.27 (2016: HK$1.00).

Final Dividend

The Board of Directors is pleased to recommend a final dividend of HK36 cents per share payable to shareholders whose names are on the Register of Members as at 25 June 2018. Including an interim dividend of HK23 cents per share paid on 17 October 2017, the total dividend payout for the whole year will be HK59 cents per share.

Overview

The economic performance of Hong Kong in 2017 continued its advance. Gross domestic products rose at an annual rate of 3.8%. Both the stock market and real estate market had strong showings. Unemployment rate stayed at the low level of around 3% while real wages and salaries continued to trend up steadily. Revived consumer confidence has led to satisfactory growth in the retail sector. The tourism sector continued on its path of recovery. According to the Hong Kong Tourism Board, overnight visitor arrivals to Hong Kong increased to 27.9 million in 2017 (2016: 26.6 million) by 5%. The increase in overnight visitor arrivals was mainly attributable to higher growth in short-haul markets such as China, Japan, Philippines, South Korea, etc.

The management has leveraged on these favorable economic conditions by actively enhancing the tenant mix of our shopping mall and office tower. Continuous efforts are also spent to boost service quality and enrich customer experience. At the same time, agile revenue strategies have been adopted with prudent cost control measures. These have resulted in solid performance in our hotels and services apartments as well as property rental segments. For the food and beverage operation segment, we have re-aligned our business strategy in response to the market changes impacting our location and brand considerations.

Business Outlook

Looking forward, mainland China is expected to continue providing stable political and prosperous economic settings for Hong Kong. While the financial markets may see greater volatility under the regime of rising interest rates and clouded by possible international trade clashes, the balancing forces of low-lying inflation and still-robust consumer confidence should support stable and sustained global growth, thereby providing a strong buttress to Hong Kong's economy. I shall lead the Group management in our unreserved and incessant drive to advance our core businesses, by enhancing service quality and operational efficiency as well as grasping appropriate investment opportunities to broaden revenue sources with the aim of raising profits and shareholders' values.

Acknowledgement

I would like to express my heartiest gratitude to my fellow directors for their brilliant leadership in steering the Group towards stable development, and to my management team and every staff on behalf of all the shareholders and Board of Directors for their unrelenting efforts and precious contributions throughout the year.

Lee Ka Shing
Chairman and CEO

Hong Kong, 19 March 2018

FUSING CREATIVITY WITH INTIMATE EXPERIENCE

Hotels and Serviced Apartments Business

Thanks to an uptick in overnight visitor arrivals to Hong Kong, complemented with the business strategies carefully planned by the management, both revenue and EBITDA of Hotels and Serviced Apartments Business recorded satisfactory performance in the reporting period. The occupancy rate of The Mira Hong Kong and Mira Moon surged and outperformed other industry players in the neighborhoods.

Hotels and Serviced Apartments Business

During the reporting period, Hotels and Serviced apartments of the Group benefited from visitor arrivals and overnight visitor arrivals returning to growth. Revenue has increased by 4% to HK$662 million compared to last year. Moreover, the management has adopted proactive and aggressive promotion and pricing strategy which increased the attractiveness of hotel room and food and beverage. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") amounted to HK$248 million, representing an increase of approximately 11%.

During the year, the occupancy rate and average room rate of both The Mira Hong Kong and Mira Moon rose satisfactorily. The increase in the occupancy rate of both hotels at around 7% is higher than those among hotels in the same district.

THE ONE-OF-A-KIND STYLING HUB

Property Rental Business

The Group's Property Rental business grew steadily in 2017. Property Rental business recorded revenue of HK$859 million and EBITDA of HK$754 million. Both revenue and EBITDA rose by 4% compared to last year.

The Group has planned in years and finally completed the hardware and software optimisation and strategic integration for the four core properties, namely Miramar Shopping Centre, Mira Mall, Miramar Tower and The Mira Hong Kong, located at a golden shopping area in Tsim Sha Tsui. Since 2 June 2017, they have been rebranded as Mira Place with 1.2 million square feet of high quality landmark. Through integrating our hotel with our other businesses for better synergy, we hope to bring about a brand-new, all-encompassing experience that covers shopping, entertainment, dining and even upscale accommodations and life style for customers.

Property Rental Business

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

During the year, the Group continued to optimise the tenant mix of its office and successfully attracted more semi-retail tenants such as one-stop beauty centres and large-scale fitness centres. Merging shopping mall facilitation into the office floors, this scheme facilitated stable development of the Group's rental business and enhanced the property's value.

The retail sector has started to revive during the year. Mira Place meticulously selected brands in Hong Kong and around the world, introduced pop-up stores and brought in different types of flagship shops in Fashion, Fitness & Beauty, Jewellery & Accessories, Lifestyle, etc, to strengthen the retail mix of our shopping mall continuously. Shoppers' experience continued to be refreshed, bringing in much increased footfall.

Asset Enhancement Program and Mall Integration

During the year, Mira Place continued to carry out their asset enhancement program to keep the malls fresh and attractive through interior renovation and decoration. Several promotional events aimed at drawing crowds were launched, including Gimme LiVe Music Festival, "Mira Discovery • Taste Together" global food fair, etc. which helped heat up the mall's feverish atmosphere. An interactive Christmas event "DOO Something This Christmas" also brought a special ambiance to the shopping mall during the Christmas shopping season. Thanks to these promotional events, the Group's retail spaces saw a rise of 6% in average yearly footfall, which boosted tenants' sales revenue by 13%.

Net increase in fair value of investment properties

Mira Place is the Group's major investment properties. Based on the Group's accounting policy, investment properties are recorded at their fair value. We have appointed independent professional surveying firm Cushman & Wakefield to conduct valuation for the Group's investment properties as at 31 December 2017. Due to the increase in revenue from Mira Place under the on-going asset optimisation project, the Group's investment property portfolio recorded a net increase in fair value of HK$723 million, at the rate similar to last year, amounting to HK$14.1 billion as at 31 December 2017.

A WORLDLY GASTRONOMIC EXPERIENCE

Food and Beverage Business

The Food and Beverage business recorded revenue of HK$394 million and EBITDA of HK$23 million respectively, dropped 12% and 34% respectively due to the strategic revamp of certain brands (including its number and location of outlets).

Food and Beverage Business

Cuisine Cuisine and Tsui Hang Village have achieved good performance and contributed stable revenue to the Group. Since 2013, Tsui Hang Village in Tsim Sha Tsui has been recommended by the MICHELIN Guide Hong Kong & Macau for six consecutive years. Our restaurants have introduced various famous dishes and festive sets. Moreover, they also launched traditional delicacies. We are committed to promoting our reputation among customers to increase patronage and consumption.

Food and Beverage business still faces intense challenges such as high rental costs, high labour costs and shortage of labour. The Group is dedicated to improving operating efficiency; we would also continue to seize opportunities to properly implement its multi-brand strategy, improve food and services quality of our outlets and introduce new dishes and new themes at regular intervals to respond to market changes and customer needs.

UNLOCKING BOUNDARIES

Travel Business

Revenue from Travel segment increased by 6% to HK$1,272 million compared to last year. The increase was mainly due to the rise in income from tours to Japan and Europe. EBITDA amounted to HK$29 million.

UPHOLDING A PRAGMATIC APPROACH

The Group

Operating and Other Expenses

The Group has further enhanced its operating efficiency and mitigated the pressure from increasing costs. Overall operating costs remained stable. Due to the appreciation of Renminbi, exchange gain of HK$27 million has been recorded. As a result, operating and other expenses decreased by 21% to HK$200 million (2016: HK$252 million).

Corporate Finance

The Group maintains its conservative and sound financial policy with a very high level of liquidity. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was only 0.1% as at 31 December 2017 (31 December 2016: 5%).

The Group has its business operations 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 results from its operations in mainland China as well as certain bank deposits which are denominated in RMB and USD, plus equity and bond investments which are denominated in USD and EUR. The majority of the Group's banking facilities are denominated in Hong Kong dollars and interests on bank loans and borrowings are chargeable mainly based on certain premium over the Hong Kong Interbank Offered Rate, which are floating rate in nature.

As the Group is buttressed by a large cash pool to fund its development programme in the foreseeable future, we have terminated some credit arrangements as appropriate to reduce financial expenses during the year. At 31 December 2017, total available credit facilities amounted to approximately HK$1.3 billion (31 December 2016: approximately HK$2.7 billion), 0.2% (31 December 2016: 28%) of which have been utilised. At 31 December 2017, consolidated net cash were approximately HK$3.4 billion (31 December 2016: HK$2.1 billion), of which HK$3 million comprised of secured borrowings (31 December 2016: HK$14 million).

APPLAUSE FOR BETTER

Award Recognition

Miramar Group

- Top Green Companies in Asia, Asia Corporate Excellence & Sustainability Awards 2017, MORS Group
- 10 Years Plus Caring Company Logo, The Hong Kong Council of Social Service
- Manpower Developer Award Scheme 2017-2019, Employees Retraining Board

Hotels and Serviced Apartments

Mira Moon

- The Gold List 2017, Condé Nast Traveler (China)
- Best Boutique Hotel, Hong Kong Business Awards 2017
- 2017 Certificate of Excellence, Trip Advisor

The Mira Hong Kong

- Best Business Hotel in Hong Kong, TTG China Travel Awards 2017

Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2017

WHISK (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2017

Property Rental

Malls and Office Tower

- Gold Award for Marketing Excellence, Grand Opening, Expansion & Renovation, the Asia Pacific Shopping Centre Awards of the International Council of Shopping Centers Global Awards 2017, ICSC

  Winning Project: "Meet Together @ Mira Place" Campaign
- Hanson Outstanding Award, Energy Saving Championship Scheme 2016, Environment Bureau
- Excellence in Facility Management Award (Retail) 2017, The Hong Kong Institute of Facility Management
- Silver Award, Property Management (Commercial & Industrial), Hong Kong Awards for Environmental Excellence 2016, Environmental Campaign Committee of Hong Kong Productivity Council
- My Favorite Shopping Mall Events, My Favorite Shopping Mall Awards 2017-2018, Hong Kong Economic Times

Food and Beverage

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2017

Travel

Miramar Travel

- Caring Company 2016-2017, The Hong Kong Council of Social Service
- Partner Employer Award 2016-2017, The Hong Kong General Chamber of Small and Medium Business
- 2017 Best of the Best Travel Agency Award, Capital Magazine

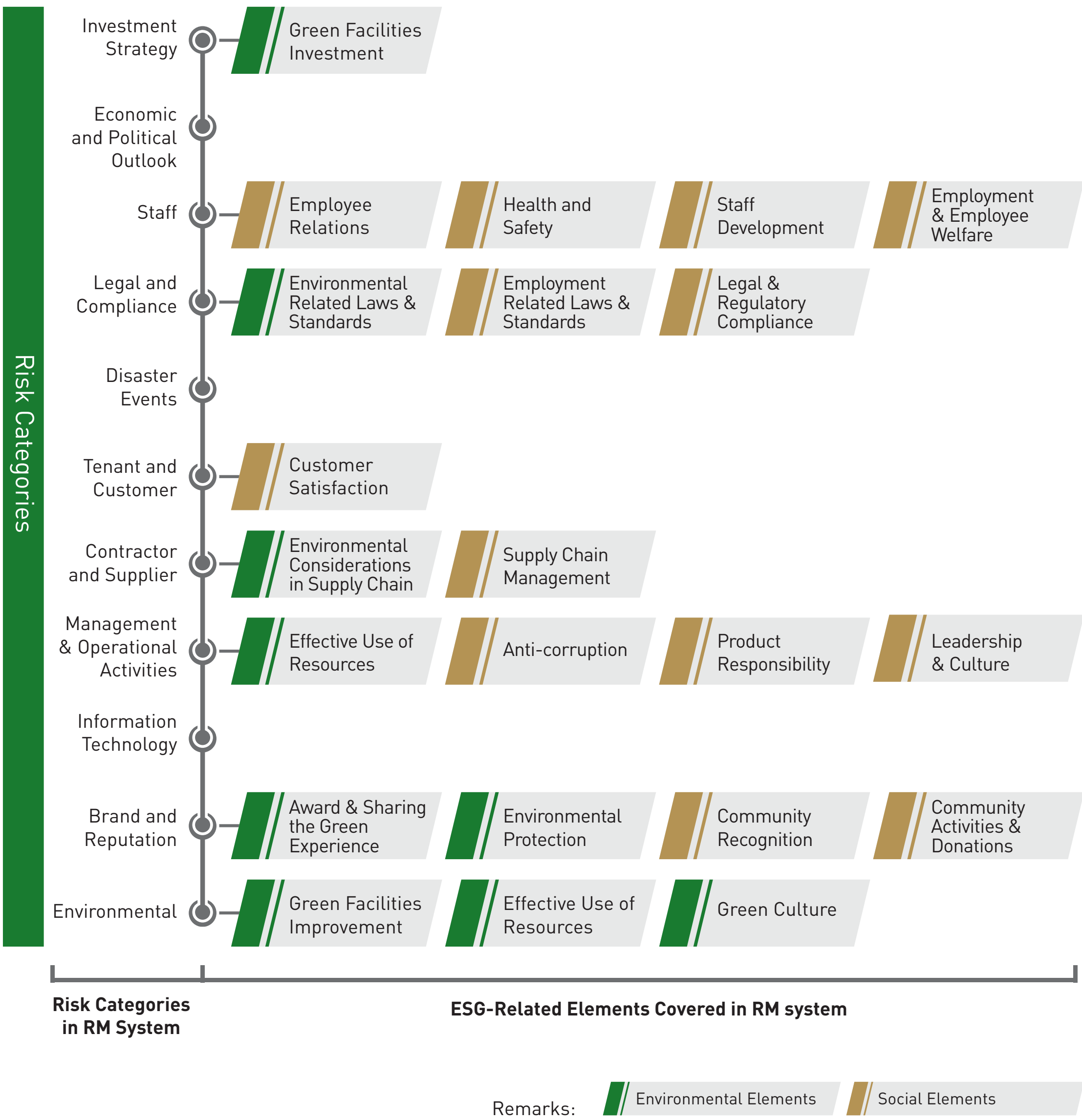
SUSTAIN & BE CHERISHED

Environmental, Social and Governance Report

Miramar Group believes that a sustainable business provides not only financial returns to investors, but also serves the diverse interests of stakeholders and the community we live in. The Group has continued its commitment as a responsible corporate citizen by actively engaging ourselves in environmental, social and livelihood issues.

Environmental, Social and Governance Report

The Board of Directors (the "Board") has overall responsibility for the Group's Environmental, Social and Governance ("ESG") strategy and reporting, including evaluating and determining the ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. As the below table shows, all ESG-related risks have been embedded in our risk management system ("RM System"). For the details on key risks facing our Group, please refer pages 61 to 65.



Our Scope

We designed the scope of this Environmental, Social and Governance Report by reviewing and assessing each and every aspect of our business operations, with due considerations for our stakeholders and our community, followed by self-assessment exercises, to ensure all material areas have been covered. This Report mainly focuses on our Group's Hong Kong businesses which covers 98%[1] of the Group's business portfolio and provides an overview of our Group's efforts made for the welfare of the environment, our employees and community through better management on supply chain, products, health and safety, and corporate governance during the year ended 31 December 2017. This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

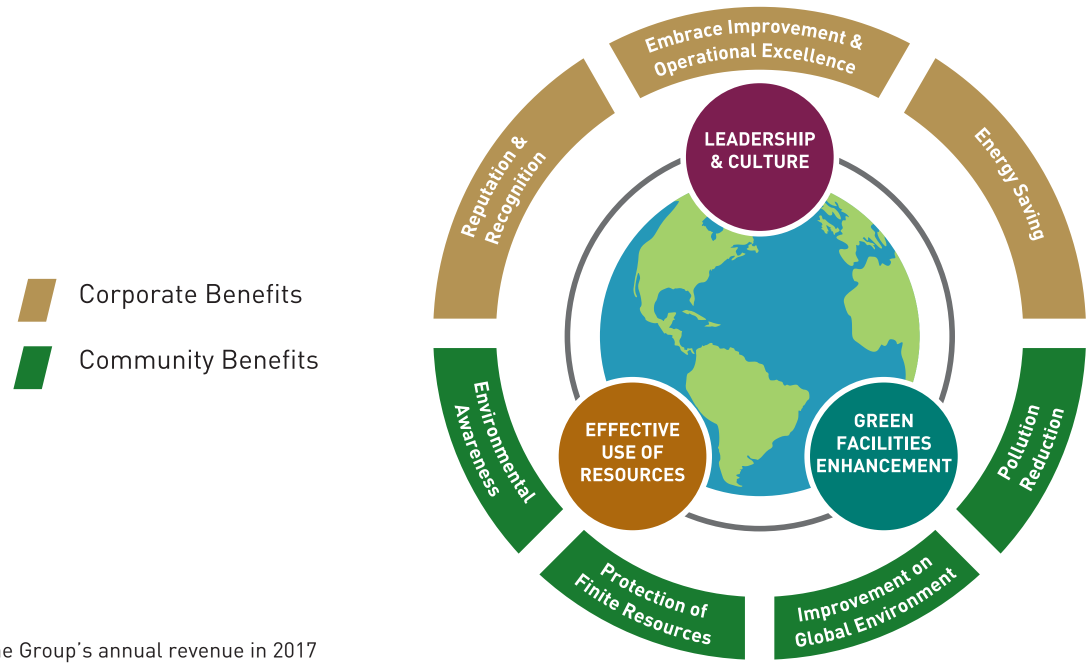
ENVIRONMENTAL PROTECTION

The Group has self-assessed all business operations which may have impact on the environment and adopts a comprehensive approach to environmental protection.

The self-assessment includes materiality and quantity of greenhouse gas emissions; discharges into water and land and generation of hazardous and non-hazardous wastes. The assessment shows that the Group's business operations have no direct relationship with the production of hazardous waste but are susceptible mainly to indirect emissions of greenhouse gases and air pollutants. The effective use of resources such as electricity, water and management of non-hazardous waste is the key focus in the Group towards environmental protection. Besides, materials used in the business and daily operations such as cooking oil, paper and plastic bottles are under scrutiny. Accordingly, the Group has explored and implemented a wide range of green actions to reduce utility consumption and minimize wastage.

Green Approach

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



[1]Based on the Group's annual revenue in 2017

(I) Leadership & Culture

Environmental Policy

Our Group's Environmental Policy was approved by the Board of Directors, which applies to every stage of business operations and pertains to our people and across our supply chain. We have given due consideration to environmental issues in our corporate decision-making process and have been a market pioneer in actively implementing effective environmental protection programmes in our business operations. We also continued to improve our performance in environmental protection and outperform the compliance requirements of the applicable environmental laws and standards. For the year ended 31 December 2017, there is no non-compliance case noted in relation to environmental laws and regulations that had a significant impact on the Group.

Establishment of Green Committee

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

Employee Involvement

The Group appeals for awareness and commitment among employees on environmental protection. Environmental protection training is included in our staff orientation programme. We encourage employees to implement energy-saving measures and make recommendations on energy efficiency plans. We post notices to promote green operations such as reminding employees to turn off air-conditioning, lighting, personal computers and electrical appliances when leaving the office. We also share our green experience and achievements with staff via the Employee Newsletter – MiChat. Monthly Green Monday menu is provided in canteen to promote a healthier diet to employees and reduce carbon footprint by advocating for eating less meat.

(II) Green Facilities Enhancement & Effective Use of Resources

Electricity

According to our assessment, electricity consumption by our major rental properties (i.e. Mira Place Tower A, Mira Place 1 & 2) and Hotels and Serviced Apartments ("H&SAs") (i.e. The Mira Hong Kong and Mira Moon) was about 56% of our total utility consumption. Our Green initiatives are as follows:

Enhancement of Green Facilities

Chiller Plants

Our chiller plants conversion project at our shopping mall and commercial building, Mira Place Tower A and Mira Place 1, started in 2012 aiming to convert the old chiller plants to a more energy-efficient and effective central water-cooled chillers and air-cooled oil-free chillers with variable frequency inverters for air conditioning supply. A significant reduction in electricity consumption by 43.6% has been achieved since implementation of the project. In addition, since 2015, we started to install more environmental friendly R410A split-type air conditioners in our core properties to meet the Electrical & Mechanical Services Department ("EMSD") building energy efficiency requirements.

An optimization programme of the existing chiller plant in The Mira Hong Kong was implemented in 2016 aiming to reduce energy consumption without compromising air-conditioning service standard to guests. The programme included optimization with multiple chillers, variable speed pumps, condenser water temperature and chilled water supply temperature reset. We target to have 1,040,000 kWh per annum energy saving, which represents 16.6% of energy consumption of the chiller plant before the optimization.

Lighting

Another major source of electricity consumption under the Group is provision of lighting in our properties and restaurants. The Group had started the energy reduction proposal by retro-fitting the lighting system by LED type lighting fixtures in common areas of Mira Place 1 and Mira Place Tower A since 2012. The lighting retro-fit has been carried out phase by phase and integrated into the Asset Enhancement Packages. The project is extended to the carpark area and sport zone on ground floor which has been completed in 2017. The whole project brings about 4.4% reduction of the electricity consumption as compared with 2012's. By the end of 2017, the project can bring in energy saving of 1,053,965 kWh a year.

Others Facilities Enhancement

Variable Voltage Variable Frequency ("VVVF") On-demand Controls for some escalators in Mira Place 1 were installed in 2015 to optimize the operation in different demand periods and reduce the energy consumption. In addition, 2 LED TV walls have been installed at the Façade of Mira Place for advertising activities. With the transparent design of the LED TV walls, natural sunlight can penetrate into the mall and greatly reduces electricity consumption for lighting. To help improve roadside air quality and reduce greenhouse gas emissions, several electric vehicle chargers have been installed in our carparks. Our hotels also provide electric limousine services to guests for eco-friendly travelling experience.

Smart Use of Facilities

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

Energy Saving Measures on Facilities Enhancement

We have established Key Performance Indicator ("KPI") and energy monitoring system to keep track of energy-saving performance. Results of the major facilities improvement after completion of installation are summarized below.

	Installations and Measures	Year of Implementation	Target Achievement (No. of years)	Saving Achieved in 2017	% of Achievement vs Target since Implementation
Chiller Improvement Programme					
a	Central water-cooled chillers in Mira Place 1 and Mira Place Tower A	2015	23.95M kWh (5 yrs)	8.43M kWh	97.48%
b	Central air-cooled oil-free chillers in Mira Place 1	2015	5.15M kWh (5 yrs)	1.05M kWh	56.66%
c	Chiller Plant Optimization Programme in The Mira Hong Kong	2016	1,040,000 kWh (per annum)	913,188 kWh	88%
Lighting Improvement Programme					
d	Replace the 50W halogen lamps by 7W LED lamps in Mira Place Tower A	2016	867,600 kWh (5 yrs)	173,520 kWh	31.67%
e	Remove 50W halogen lamps, 1200mm and 600mm T5 decorative florescent tubes and 1200mm T8 florescent tubes in ceiling recessed light fittings in Mira Place Tower A	2016	592,200 kWh (5 yrs)	118,440 kWh	31.67%
f	LED lighting systems for Asset Enhancement Package A & B Projects in Mira Place 1	2014 / 2015	992,000 kWh (5 yrs)	198,400 kWh	54.80%
g	LED lighting systems for Asset Enhancement Package C Project in Mira Place 1	2017	127,300 kWh (5 yrs)	10,600 kWh	8.33%
h	LED lighting systems for Mira Place Carpark	2017	243,400 kWh (5 yrs)	48,680 kWh	20%
i	LED lighting systems for Sport Zone in Mira Place 1	2017	865,800 kWh (5 yrs)	101,000 kWh	11.67%
Other Energy Saving Programme					
j	LED TV screens installed in Mira Place 1	2015 / 2016	111,600 kWh (5 yrs)	22,320 kWh	41.67%
k	VVVF On-demand control for escalators in Mira Place 1	2012	96,000 kWh (5 yrs)	19,200 kWh	101.67%

With the implementation of various energy-saving programmes, the total electricity consumption of our major properties in property rental business and H&SAs in 2017 is 32,724,310 kWh, which represents a decrease of 21% compared with 2012's. The electricity consumption and the corresponding Greenhouse Gas ("GHG") emissions are shown in the table:

	Electricity Consumption (kWh)	GHG Emissions (tonnes)
2017	32,724,310	16,862
2016	33,419,152	17,590
2015	36,889,437	19,438
2014	41,396,423	24,038
2013	42,903,046	24,549
2012	41,217,623	22,375

Water

Another focus towards environmental protection is effective use of water. To minimize water consumption in our business operations, most of the public toilets in our shopping centers have been equipped with automatic sensors at the washing basins and the urinals, and dual flush system devices at the water closets. Water aerators have been installed to the shower facilities to reduce the water flow in all guest rooms in our hotels. We also installed a 1,000-litre storage tank in the basement of car park to collect discarded water from the fire-fighting system for future cleaning purposes.

Materials

Waste Recycling

Recycling bins are provided at Mira Place Tower A, Mira Place 1 & 2 and The Mira Hong Kong for collecting paper, plastics, aluminum cans, glass containers, used soap and amenity bottles from guest rooms for recycling. Results of the recycling in 2017 are summarized in the table:-

Recycled Items	Recycled Amount
Paper	36,211 kg
Glass Containers	5,785 kg
Aluminum Cans	2,598 kg
Plastic Bottles	2,313 kg
Drink Cartons	62 kg
Amenity Bottles	1,571 kg
Soap	145 kg

Cooking Oil

We have appointed a contractor with international sustainability and carbon certification to handle used cooking-oil in our restaurants. As a socially-responsible landlord, we encouraged the Food and Beverage ("F&B") tenants in our shopping mall to participate in such recycling programme. The appointed contractor can recycle the used cooking-oil into biodiesel vehicle/industrial fuel at its plant. During 2017, 38,112 kg of used cooking-oil has been collected.

Food Wastage

Two food decomposer machines were installed in Mira Place 1 for handling food waste collected from F&B tenants and staff canteen. The decomposers use water and heat to biodegrade leftover food and turn the solidified leftovers into nutrient-rich water that can be disposed or diluted for use on lawns and flowerbeds. During 2017, 824,030 kg of food waste has been handled.

(III) Environmental Considerations in Material Use and Our Supply Chain

The Group emphasizes local procurement wherever possible to reduce the carbon emissions associated with transport and shipping. In addition, we put green purchasing and practices across our business and back office operations. For example, we used environmental friendly soybean ink and set 2-sided black-&-white printing by default. We also maximized use of internet technology to promote paperless operations. It included communication with external stakeholders in the tender processes. We continue seeking to use recyclable and renewable materials and other green alternatives in projects wherever possible.

ISO14001 certification has been accredited to Mira Place Tower A, Mira Place 1 & 2 and The Mira Hong Kong for successful implementation of environmental management system, which demand environmental-friendly considerations on products and services.

(IV) Awards and Sharing the Green Experience to Market

Our efforts in environmental protection have been highly recognized by various professional bodies, institutions and government bodies. In the past few years, Miramar Group has been honored with several green-related awards and certificates, which include various green awards from Environmental Protection Department, Green Council, Hong Kong Quality Assurance Agency, CLP Power Hong Kong Limited, HK Q-Mark Council Federation, Federation of HK Industries, HK Institute of Facility Management and Chartered Association of Building Engineers, etc.

In 2017, the Group has been awarded as the "Top Green Companies in Asia" at the Asia Corporate Excellence & Sustainability Awards organized by MORS Group, which champions revolutionary leadership and sustainability in companies operating in the Asian region. Moreover, we have also received the "Hanson Outstanding Award (Shopping Mall)" in Energy Saving Championship Scheme organized by Environmental Bureau / EMSD and "Progress Award" in Power Smart Energy Saving Contest organized by Friends of the Earth.

We aspire to be a role model in the industry and promote green concept to the community. We are eager to share our experience with the industry and widen our green knowledge through various activities, including The Hong Kong General Chamber of Commerce Green Visit to Mira Place 1, sharing in the Energy Saving Championship Scheme, participation in judging panel of the Integrated Building Project Development cum Competition held by the Department of Architecture and Civil Engineering at the City University of Hong Kong, etc.

OUR PEOPLE

The Group values employees as our most precious asset and is committed to providing all employees with a safe, healthy, equal-opportunity and non-discriminatory working environment. We are an "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism in all our employees in an coordinated effort to achieve our Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner and provide a continuous learning environment and opportunities to our employees at all levels to help them grow and excel in productivity. There is no non-compliance case noted in relation to employment laws and regulations that had a significant impact on the Group for the year ended 31 December 2017.

(I) Employment and Employee Welfare

We reward our employees with competitive remuneration packages, which include competitive compensation and benefits, such as medical and life insurance, dental benefit, marriage and paternity leaves, free meal, free sports and recreational facilities. The Group reviews its Remuneration and Benefits Programs on a regular basis to ensure the programs are in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration. We establish prevention controls over the requirements under the labour law including prevention of use of child and forced labour and extend such expectations to our supply chain.

The Group is honored to be the recipient of the "10 Years Plus Caring Company" award from The Hong Kong Council of Social Service and the "Partner Employer Award 2016/17" from Hong Kong General Chamber of Small and Medium Business.

(II) Equal Opportunity and Diversity

The diversity of our employees provides us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but are not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Group ensures equal opportunity and non-discrimination to recruitment, promotion and all other aspects of our employment practices.

Employees in Hong Kong by Gender and Age as of 31 December 2017

	No. of Employees	Male	Female	Aged below 30	Aged 30-50	Aged over 50
Corporate	155	66	89	32	90	33
Hotel and Serviced Apartments	603	323	280	147	302	154
Property Rental	96	76	20	12	54	30
Food and Beverage	443	245	198	89	209	145
Travel	368	185	183	94	215	59
Overall	1,665	895	770	374	870	421

(III) Staff Training and Education

The Group continuously develops a comprehensive learning and development roadmap for employees to advance their career achievements within the Group. These include provision of in-house and external training programmes such as Management/Supervisory Skills, Business Knowledge, Technical Skills, Customer Services Skills, Language Ability, People Management and Personal Effectiveness, etc. We also offer sponsorship to staff for external training.

During the reporting year, a total of about 16,501 pax have attended a variety of training courses, as shown in the statistics below.

Average Training Hours per Employee by Employee Category

Employee Category	No. of Attendance	Average Training Hours
Senior Managerial/Executives	47 pax	9.12 hours
Middle Management	1,097 pax	10.73 hours
Supervisory & General	15,357 pax	17.25 hours
Total	16,501 pax	

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

(IV) Health and Safety

We care about employees and provide a safe and secure workplace for them. A Hygiene & Health Safety Team has been formed to promote trainings to the staff on hygiene and occupational safety awareness. All related staff is encouraged to take Occupational Health and Safety and First Aid courses. During the reporting year, 44 staff working in different locations in the Group obtained valid First Aid Certificate. First aid arrangement at different workplaces is well established in accordance to legal requirements. We also improve work safety, process and systems to ensure that any significant unsafe practices are rectified immediately.

Standard Operating Procedures for prevention and handling of work injury was established to maintain low accident rates at work. During the reporting year, 80 work injury cases were reported, but no serious or fatal injury. A comprehensive Business Continuity Plan is in place to ensure that employees and assets are protected and the Company can function in the event of any unanticipated interruption of normal operations.

(V) Employee Relations

Miramar Group offers a wide range of employee activities to build morale and team spirit, such as the monthly team gathering for birthday celebrations, "We are family @ Miramar" photo competition and "Snake Feast" for over 200 team members to enjoy the night. To celebrate the Group's 60th anniversary, we have organized BBQ Fun Days to share the happiness with over 1,300 team members.

OUR SUPPLY CHAIN

Miramar Group places importance on green purchases. Majority of our suppliers are local. Our supply chain management is effective which helps to maintain high-standard compliance with legal and regulatory requirements. Our social, environmental and occupational health and safety standards are clearly stipulated in our vendor registration and tendering processes in which only qualified vendors are invited in every procurement exercise. These processes are independently reviewed and monitored to ensure that procurement activities are conducted in a transparent manner. Besides, contract clauses mandate compliance with relevant local legislations such as minimum wage ordinance, environmental related ordinances, competition law and labour laws. Should any contractor or supplier be found in any serious non-compliance, they will be removed from the registered vendor list.

(I) Customer Satisfaction and Quality Controls

The Group strives to offer premium quality services and goods to customers and we believe that customer satisfaction and comments are of paramount importance to business success and sustainability. This entails a stringent product safety standards and a focus on health and safety issues in operations. A wide range of feedback channels, such as mobile app, social media channel and comment cards are established to seek comments from our stakeholders. Comments are systematically analyzed for improvement.

(II) Food Safety in F&B Business

The Group has established a professional hygiene team to ensure food safety in our F&B business. Our food hygiene control system is applied throughout the processes from food purchases to production. All food vendors are prequalified with assessment of high level of hygiene standard. Standard hygiene checking procedures are also applied to the food receipt procedures and regular on-site hygiene inspection. Immediate rectification is requested if irregularity is identified.

(III) Quality Services in Property Management

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

(IV) Legal and Regulatory Compliance

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

(V) Anti-corruption

We strive to uphold the highest standard of business ethics and integrity. We do not tolerate any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. Expected professional conduct at the workplace is outlined in the Group's Code of Conduct, which requires all employees to abide by anticorruption regulations in Hong Kong. The Code of Conduct also lays down rules on soliciting or accepting any unfair advantages.

Risk and controls of corruption and malpractice are always included in the risk management processes. Effective controls such as vendor prequalification check, competitive quotation and tendering processes are integrated in our procurement activities. In addition, we ensure sufficient segregation of duties in the design of sales and procurement approval processes.

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

(VI) Data Privacy

The Group is committed to protecting private data of employees and customers and ensuring their legal right to privacy. Control procedures were established to ensure compliance with the requirements of Personal Data (Privacy) Ordinance (Cap. 486). Information collected from job applicants will be kept for only 6 months with their consent. Information collected from our sales activities is used only for business development and customer relationship management purposes, with customers being provided the choice of opting out of any direct marketing messages. All collected personal data is treated as confidential and kept securely, accessible by designated staff only. During the reporting year, there is no substantiated complaint received concerning breaches of customer privacy and losses of customer data.

OUR COMMUNITY ENGAGEMENT

The Group has been actively assuming corporate social responsibility. We have joined forces with our staff, business partners and community organizations in caring for the community, environment protection and sustainable developments.

(I) Caring of Disadvantaged Groups

We have developed a long-term relationship with Chi Heng Foundation, who creates a harmonious, equal, and healthy society by funding and operating projects in education and care for children and adults impacted by AIDS. In the past few years, the Group has been supporting Chi Heng Foundation on various fund-raising activities, such as Dine Out-Fight AIDS donation campaign since 2015 and promoting public donation through our shopping mall activities, e.g. Mr. Doodle Challenge campaign in 2017. In addition, we have continued to arrange hotel visits for primary students from low-income families through Sheng Kung Hui Holy Carpenter Church, aiming to develop their interests in the hotel industry. The Miramar Volunteer Team has paid a visit to Hong Chi Association before the Mid-Autumn Festival and spent a happy afternoon with Hong Chi members with intellectual disabilities.

(II) Food Treasuring

We have long-term partnership with Food Angel and Foodlink Foundation to practice the concept of treasuring food in our F&B business in hotels and restaurants operations. Since 2013, our hotels have been collaborating with Food Angel and Foodlink Foundation to donate leftover food to people in need. In 2017, we have donated over 1,822kg of leftover food to Food Angel and Foodlink Foundation. Same as last year, our staff has participated in Meal Boxes Preparation Volunteering Activity at Central Kitchen of Food Angel by Bo Charity Foundation, promoting the virtue of treasuring food and reducing food waste.

Mira Dining supported the Mooncake Collection campaign co-hosted by FOOD-CO and People's Food Bank of St James' Settlement. After collecting the mooncakes from the media and public, we donated to Kowloon Women's Organisations Federation Wai Yin Association Mutual Help Child Care Centre.

(III) Education Platform

The Group has been actively organizing different activities with schools in Hong Kong. We aim to provide a platform and opportunity to the Hong Kong students to gain valuable experiences from interactions. In 2017, Mira Place organized an activity of "Mr. Doodle X HKICC Lee Shau Kee School of Creativity Doodle Art Exhibition" to provide a platform for teenagers to draw unique paintings in the mall, inspiring their creativity.

(IV) Support and Participation in Charity and Community Activities

The Group has been actively supporting and participating in various charity and community activities every year. In 2017, our staff has participated in Red Cross Blood Donation Day, ORBIS World Sight Day, Unicef Charity Run, Green Power Hike, Great Chefs of Hong Kong and Community Chest Dress Casual Day. We also encouraged our partners to support the charity activities, such as Used Book Recycling Campaign organized by World Vision to collect used books for charity sales helping the children with disabilities. We also support charity activities conducted in our platform by offering a lower or free rate for use of venue. During the year, a few charity activities were held in the malls, such as the press conference for ROWW fund raising and exhibition of charity artwork for fund raising of "K for Kids Foundation".

(V) Care of Environment

The Group values the importance of environmental protection, and strives to minimize any impact of the environment on the well-being of communities. We have continuously engaged in various campaigns organized by different environmental protection organizations such as Earth Hour of WWF, Hong Kong No Air-Con Night of Green Sense, Charter on External Lighting and Energy Saving Charter on Indoor Air Temperature of Environment Bureau and the Peach Blossom Recycling Programme of Environmental Protection Department.

Biographical Details of Directors

Mr LEE Ka Shing, JP

Aged 46. Mr Lee was appointed director of the Company in 2004 and has been actively involved in formulating the Group's corporate development strategies and directions. On 1 August 2006, he was appointed as Managing Director of the Company, with the title changed to Chief Executive Officer on 7 June 2012. On 12 June 2014, Mr Lee was re-designated as the Chairman and Chief Executive Officer and was also appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. He has been in charge of corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. He was educated in Canada. He is the Vice Chairman of Henderson Land Development Company Limited ("Henderson Land"), the Chairman and Managing Director of Henderson Investment Limited ("Henderson Investment"), 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") and a director of Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer"). Mr Lee is a Committee Member of the 13th Beijing Committee of the Chinese People's Political Consultative Conference. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2017. He is a member of The Court of The Hong Kong Polytechnic University. Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2017. 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 88. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Dr Sin has a plenitude of experience in the businesses of jewelry, property development, property rental, hotel operation, and banking and finance. He is the Chairman of Myer Jewelry Manufacturer Limited. He is also a director of certain subsidiaries of the Company.

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

Aged 89. Dr Lee was appointed director of the Company in 1993 and has been the Chairman of the Company since 8 August 2001. On 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 60 years. He is the Founder and the Chairman and Managing Director of Henderson Land, 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. On 1 July 2015, Dr Lee resigned as Chairman and Managing Director of Henderson Investment, a listed company, and remains as an executive director. Dr Lee was awarded the Grand Bauhinia Medal (GBM) 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, Riddick and Rimmer which have discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2017. Dr Lee is the father of Mr Lee Ka Shing.

Dr Patrick FUNG Yuk Bun

Aged 70. Dr Fung was appointed director of the Company in 1985. He obtained his MBA degree from the University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) in 1976 and was appointed a director of the Bank in 1980, Chief Executive in 1992, and then Chairman and Chief Executive in April 1996. Dr Fung is currently the Chairman of OCBC Wing Hang Bank Limited. Dr Fung was appointed as a non-executive director of King Fook Holdings Limited on 4 May 2016 and was re-designated as an executive director on 25 November 2016. He 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 is an honorary member of the Court and Adjunct Professor with the Faculty's School of Accounting and Finance of the Hong Kong Polytechnic University, a Vice President of the Hong Kong Institute of Bankers, a member of Board of Governors of The Hong Kong Philharmonic Society Limited and a member of Hang Seng Management College-Foundation Management Committee. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On

Aged 68. Mr Cheng was appointed director of the Company in 1985. He is currently also a member of the Audit Committee of the Company and serves as director of certain subsidiaries of the Company. Mr Cheng has extensive practical experience in corporate management and is also the Managing Director of the Onflo International Group of Companies. He previously served as an executive director of King Fook Holdings Limited, a listed company, until his resignation on 30 March 2017.

Mr Richard TANG Yat Sun, SBS, JP, MBA

Aged 65. 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, the 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, SBS,FCILT, FHKIoD, DB (Hon)

Aged 66. 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 44 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 with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. 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 was awarded the Silver Bauhinia Star (SBS) by the Government of the Hong Kong Special Administrative Region in 2017. Dr Lam is a director of Henderson Development, Multiglade, 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 and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2017. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 71. 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. Henderson Land has discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2017. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, BA, ACA, FCPA

Aged 62. 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 35 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 61. Mr Yeung was appointed director of the Company in 2000 and was re-designated as independent non-executive director of the Company in December 2012. He has extensive experience in the businesses of property development, hotel operation and jewelry. He is also an independent non-executive director of New World Development Company Limited. He previously served as Chairman and director of King Fook Holdings Limited, a listed company, until his resignation on 1 July 2016.

Mr Thomas LIANG Cheung Biu, BA, MBA

Aged 71. Mr Liang was appointed director of the Company in 2004 and was re-designated as independent non-executive director of the Company in December 2012. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from Columbia University. Mr Liang has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Mr Liang is a member of the Council of The Chinese University of Hong Kong with effect from 15 April 2015 and is a member of the Board of Governors, Hang Seng Management College with effect from 16 November 2015. 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 67. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an independent non-executive director of Henderson Land, Henderson Investment, Hong Kong Ferry (Holdings) Company Limited and Yau Lee Holdings Limited, all of which are listed companies. Henderson Land has discloseable interests in the shares and warrants of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2017.

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

Aged 71. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Mr Au was an executive director and the Chief Financial Officer of Henderson Land, a listed company, from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a non-executive director of Henderson Land on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an independent non-executive director of Henderson Land until his retirement on 2 June 2015. He was an independent non-executive director of The Wharf (Holdings) Limited until his resignation on 23 November 2017. Currently, Mr Au is an independent non-executive director of Henderson Investment and Wharf Real Estate Investment Company Limited. He is also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, a listed company. He is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of Henderson Land, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. In the area of community service, Mr Au is a member of the Finance Committee of The Independent Schools Foundation Limited. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

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

Aged 66. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th, 12th and 13th Chinese People's Political Consultative Conference. He is a Pro-Chancellor of the City University of Hong Kong with effect from 1 August 2016 for three years. 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, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and China Railway Group Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited and China State Construction Engineering Corporation Limited (both listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of Henderson Land, a listed company, until his retirement on 2 June 2016.

Biographical Details of Senior Management

Mr Alexis WONG Lit Chor

Aged 59. Mr Wong joined the Group in May 2016 as Deputy Chief Executive Officer. He holds a Bachelor of Arts Degree in Economics and Commerce from the University of Toronto, Canada and a Master of Business Administration from The Chinese University of Hong Kong. With over 30 years of corporate management experience, he is proficient in securities dealing, corporate finance, banking, investment management as well as merger and acquisition. Prior to joining the Group, he was the Managing Director and Responsible Officer of Quam Securities Company Limited. He had also worked as a senior executive for a number of listed Hong Kong and PRC companies. Mr Wong is an independent non-executive director of Inspur International Limited and Tempus Holdings Limited, which are listed on the Main Board of The Stock Exchange of Hong Kong.

Mr Dickson LAI Ho Man

Aged 44. Mr Lai joined the Group in September 2016 as Director of Group Finance. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He holds a Bachelor of Arts Degree in Accountancy from the Hong Kong Polytechnic University and a Master of Business Administration from University of Birmingham. Mr Lai has over 20 years of experience in auditing, finance, accounting as well as financial management. He began his career with auditing in KPMG Hong Kong. Prior to joining the Group, he was the Chief Financial Officer and Company Secretary of Bi Feng Tang (Group) Holdings Limited. He also worked as a senior executive for a number of listed and private Hong Kong and PRC companies, including the Hosa International Limited, CITIC Pacific Group, Kerry Beverage Group and AsiaAlum Group, etc.

Mr Clement WU Kim Man

Aged 49. 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 52. 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 19 in the Asia Pacific region. He has held key leadership roles in the main disciplines of the hospitality industry, with world leading organizations. Prior to joining the Group, he was at the helm of Onyx Hospitality Group – North Asia.

Ms Elizabeth TING Hwee Yuan

Aged 53. Ms Ting joined the Group in July 2011. She is the Director of Food & Beverage Business & Project Development and is responsible for F&B business development. Ms Ting has nearly 30 years of experience in hotel & chain restaurant operations. Prior to joining the Group, she held senior management positions in various international companies in Singapore, Malaysia, Taiwan, China and France; spanning from quick service restaurants, cafe chain, theme restaurants to food production factory.

Ms Liza LEUNG Ka May

Aged 55. Ms Leung joined the Group in May 2006 as Director of Human Resources of Administration, Miramar Travel. She is the Acting Director, Group Human Resources & Administration. Ms Leung is a member of the Hong Kong Institute of Human Resource Management ("IHRM"), she has nearly 30 years of experience in human resources and administration in the Greater China Region. Her past duties included a full spectrum of functions covering human resources management, training and development, and general administration. Prior to joining the Group, she held senior management positions in recognized companies focusing on travel, hotels, securities and retail, etc.

Mr Anthony HO Wai Cheong

Aged 48. Mr Ho joined the Group in December 2012 as Director of Group Information Technology. He holds a Bachelor's Degree in Computer Engineering and a Master of Business Administration from The University of Hong Kong. Mr Ho has more than 20 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Ms Jess CHAN Wing Yan

Aged 46. Ms Chan joined the Group in September 2017 as Director of Group Marketing & Corporate Communications. She was educated in the York University, Canada and holds a Master Degree of Business Administration from the University of Adelaide, Australia. Ms Chan has over 20 years of experience in Branding and Marketing Communications of hospitality, food and beverage and entertainment production fields in Hong Kong and Macau. She had held various marketing and communications positions in reputable companies including Galaxy Entertainment Group, Epicurean Management Limited, Sir Hudson International Limited and Hard Rock Café Hong Kong. Prior to joining the Group, she was the Executive Director of Marketing Communications in Melco Crown Entertainment.

Mr Kalvin LEE Kang Hung

Aged 52. Mr Lee joined the Group in November 2016 as Assistant Director of Group Procurement. Mr Lee holds a Master Degree of Logistics and Supply Chain from University of Lancaster; he has nearly 30 years of extensive experience in procurement, logistics and supply chain in Greater China Region. Prior to joining the Group, he held management positions in recognized companies focusing on packaging industry, food manufacturing, quick service restaurant and retail, etc.

Mr Patrick CHEANG Kwok Kei

Aged 49. Mr Cheang was appointed as Director of Risk Management & Corporate Services in March 2016. He holds a Bachelor's Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen. Mr Cheang has nearly 20 years of experience in auditing and risk management with expertise in property related areas. Prior to joining the Group, Mr Cheang worked at Link Asset Management Limited as Head of Risk Management & Compliance and Head of Internal Audit and before that, he was the Supervising Consultant (Group Audit) for Jardine Matheson Limited.

Mr Windsor WOO Lap Fai

Aged 37. Mr Woo joined the Group in June 2016 as Director of Internal Audit. He is a Certified Practising Accountant Australia ("CPAA") and a Certified Information Systems Auditor ("CISA"). He holds a Bachelor degree in Information Systems from the University of Melbourne, Australia. Mr Woo has over 12 years of experience in the audit and risk management industry. He began his career with Risk and Control Solutions in PricewaterhouseCoopers Hong Kong with expertise in financial and operation review and technology audit. Prior to joining the Group, he was the Supervising Consultant, Group Audit and Risk Management of Jardine Matheson.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2017, 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" 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 2018; Mr Dominic Cheng Ka On, Mr Wu King Cheong, Mr Alexander Au Siu Kee and Dr Lee Shau Kee are up to 31 December 2019; 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 2020; 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 indirectly interested in a subsidiary of the Company; and (iii) 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) Mr Yeung is only indirectly interested in an insignificant minority stake in a subsidiary of the Company and (b) 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, Mr Dominic Cheng Ka On, Dr Timpson Chung Shui Ming, Mr Norman Ho Hau Chong, Dr Colin Lam Ko Yin and Mr Thomas Liang Cheung Biu shall retire by rotation at the forthcoming 2018 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 2018 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 2017, four board meetings were held to review and approve financial results, evaluate operating performance and direct business development. The Board has a total of four board committees to assist it in carrying out its responsibilities; and they are the General Purpose Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, all of which have defined terms of reference setting out their respective duties, powers and functions.

Corporate Governance Function

The Board has undertaken the following corporate governance functions:

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

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

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

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

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

General Purpose Committee

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

Remuneration Committee

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

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

Audit Committee

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

The Audit Committee met four times during the year ended 31 December 2017. The major work performed by the Audit Committee included reviewing the Group's internal controls, risk management, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions, approving the remunerations and terms of engagement of the external auditors and making recommendation to the Board on the re-appointment of auditors.

Nomination Committee

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

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

The Nomination Committee met once during the year ended 31 December 2017. It has discussed and reviewed the composition of the Board; assessed the independence of all independent non-executive directors; recommended to the Board for approval the re-election of all the retiring Directors at the Annual General Meeting.

Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2017 and the attendance of directors are set out in the table below:

	Meetings attended/held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	2017 Annual General Meeting
Executive Directors					
Mr LEE Ka Shing	4/4	N/A	1/1	1/1	1/1
Mr Richard TANG Yat Sun	4/4	N/A	1/1	N/A	1/1
Dr Colin LAM Ko Yin	4/4	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	4/4	N/A	N/A	N/A	1/1
Non-Executive Directors					
Dr LEE Shau Kee	2/4	N/A	N/A	N/A	0/1
Dr Patrick FUNG Yuk Bun	3/4	3/4	N/A	N/A	1/1
Mr Dominic CHENG Ka On	4/4	4/4	N/A	N/A	1/1
Mr Alexander AU Siu Kee	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Dr David SIN Wai Kin	4/4	3/4	1/1	1/1	1/1
Mr WU King Cheong	4/4	4/4	1/1	1/1	1/1
Dr Timpson CHUNG Shui Ming	4/4	4/4	1/1	1/1	1/1
Mr Howard YEUNG Ping Leung	2/4	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Biu	4/4	N/A	N/A	N/A	1/1

Accountability and Audit

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

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 92 to 96 of this Annual Report.

Directors' Training

During the year ended 31 December 2017, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

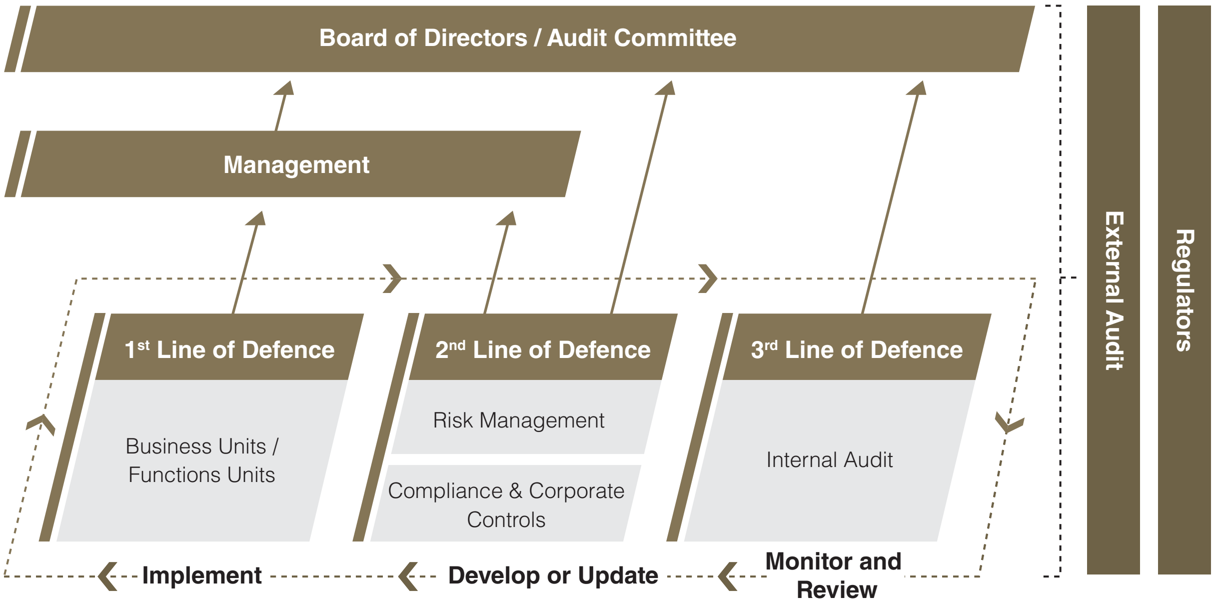
Directors	Type of trainings
Executive Directors	
Mr LEE Ka Shing	A, B
Mr Richard TANG Yat Sun	A, B
Dr Colin LAM Ko Yin	A, B
Mr Eddie LAU Yum Chuen	A, B
Mr Norman HO Hau Chong	A, B
Non-Executive Directors	
Dr LEE Shau Kee	A, B
Dr Patrick FUNG Yuk Bun	A, B
Mr Dominic CHENG Ka On	A, B
Mr Alexander AU Siu 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

Risk Management and Internal Control

Effective management of risks is essential for the long-term growth and sustainability of the Group's business; it blends seamlessly into strategic, operational and financial management in our Group's holistic approach to management control. It is always a challenge to determinately identify and manage the pertinent risks so that they are treated, transferred, terminated or simply taken, where appropriate. To achieve this, the Board ensures that there is a robust framework of continuous risk management process of identifying, evaluating and managing key risks faced by the Group. Adhering to this framework, the Group has met this challenge with high effectiveness.

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



Three Lines of Defence

Our framework is not a standalone program; it is an integrated, continuous process, in which elements in the framework are integrated into the Group's day-to-day operations and are continually applied under cycles of reviewing, implementing, monitoring and updating.

1st Line of Defence – Operational Management and Internal Controls

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

Key Group Policies and Procedures apply to all employees:

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

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

- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transaction in order to comply with the listing rules requirement.

- **Code of Conduct** stipulates the Group policy on matter of personal conduct and relationships.

- **Approval Authority** sets clear authority limits on business decision and daily operations.

- **Operational Policies and Procedures** are set in each business and functional units to provide guideline in daily operations within the corporate governance framework.

2nd Line of Defence – Risk Management and Corporate Services

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

- Establish and maintain appropriate and effective risk management system to facilitate the business and functional units to continuously identify, evaluate and monitor risks to business objectives;

- Support management to assess and respond to emerging risks;

- Lead in modifying the control procedures of identified and/or potential irregularities at the business and functional units;

- Assist in developing and updating the policies and procedures to ensure that key control and monitoring procedures over compliance and risk management have been integrated into the daily operations; and

- Regularly report key risks and advise mitigating strategies to the management and Audit Committee.

With reference to the globally recognized risk management framework, COSO ERM and ISO 31000, the Group's risk management process included risk identification, risk analysis, risk assessment, risk treatment and risk monitoring. The process is designed to manage and monitor the risks and not eliminate all risks.

Highlights of Key Risk Management Activities

Enhancement on Risk Assessment – Risk Velocity

Under the established risk management system, risks are identified, discussed and assessed through annual risk workshops with key members of each function. In addition to the assessment of likelihood and impact of the identified risk events, "Risk Velocity" to assess how fast an incident could impact to the Group is introduced during the year. It provides a more comprehensive view in developing risk mitigation plan.

The Group identifies risks in 11 categories, detailed disclosure on the key risks of the Group are set out on pages 61 to 65.

Risk Monitoring

Risk monitoring process has been further enhanced by development of risk indicators of identified key risks to the Group. Risk indicators include analysis of macroeconomic, market and internal data to assess changes of risk exposure to the Group. It provides red flag to the management for their responses preparation. The risk indicator report has been reported to management and Audit Committee on a regular basis.

Business Continuity Management ("BCM")

The Group's BCM framework covers crisis management, business continuity of critical tasks, call tree and establishment of alternative site during incident. Crisis management committee includes members from top management and key staff of the Group to manage incident of emergency. Annual drills on call tree and critical tasks performed at the alternative sites have been conducted to ensure that contingency can be tackled in an efficient and effective manner.

3rd Line of Defence – Internal Audit

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

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

Audit Committee and Management

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

The Audit Committee receives regular reports from Internal Audit Department and RM&CS. The reports include the key activities and issues that happened in the period. The Audit Committee and management discuss the nature and impact of the issues/risks, and see whether appropriate mitigating actions are in place, and whether further action is needed. The management ensures adequate resources to support the implementation of the decisions and confirm to the Board on the risk management and internal control systems in respect of their effectiveness, design, implementation and monitoring. Like all systems, our systems can only provide reasonable and not absolute assurance against material misstatement, misstep or loss.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2017 and discussed with the Director of Internal Audit, Director of Risk Management & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial report of the Group.

External Auditor

The external auditor further supplements the 3rd Line of Defence process by providing independent review on internal controls in the course of its audit work. The external auditor would report on any control issues to the Audit Committee.

During the year, the risk management process assessed the following risk aspects, under 11 different categories, in term of their impact on financial performance, reputation, health and safety, legal and compliance and staffing towards our business objectives. They are summarized as follows:

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level (Risk Velocity Level)	Risk Momentum[1]
Investment Strategy	Return on acquisitions/ investments/developments of business could turn out to be uncertain due to uncontrollable external factors and may result in financial loss	– Investment decisions are supported by detailed integration plan and business strategies with management approval – Potential projects/investment are subject to an extensive due diligence review by in-house specialists and external advisors – Continuous monitoring and review of all aspects of development, planning and progress by experienced managers – Controls over projects/ investment are independently reviewed by internal audit	Medium (Slow)	←→ Under the current investment plan and control procedures, the risk is considerably stable
Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong; adverse changes in economic and political environments in Hong Kong could have a direct or indirect impact to the Group's earnings	– Establishment of risk indicators to constantly evaluate the economic environment it operates in and promptly respond to any changes – Continuous monitoring of changes in the political agenda in Hong Kong and Mainland China – Marketing strategy to cater the changes in economic and political outlook	Medium (Slow)	←→ The economic & political outlook in Hong Kong is in a healthy trend and the risk momentum remains unchanged

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level (Risk Velocity Level)	Risk Momentum[1]
Staff	Our core businesses are in people intensive industries. Risk related to employees' issues, such as health and safety and loss of key staff, would affect Group's ability to deliver on its strategies	– Maintain succession plans for key positions – Regular review on the competitiveness of our compensation and benefit arrangement – Development platform and comprehensive trainings have been provided to staff – The Hygiene & Health Safety Teams are formed to regularly review and assess the working environment and to ensure compliance with the relevant legal requirements – Standard Operating Procedures for prevention and handling of work injury was established	Low to Medium (Rapid to Very Rapid)	←→ Staff turnover rate is stable and no significant health and safety issue in workplace has been brought to management attention
Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss	– Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements – Encourage staff to attend seminar to update relevant knowledge – Establish related policies and procedures to provide clear guideline to staff – Regular independent review by Internal Audit Department to ensure its compliance	Low to Medium (Slow)	←→ Although there are new legal and regulatory requirements which may increase the compliance costs of the Group, the impact would not be significant

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level (Risk Velocity Level)	Risk Momentum[1]
Disaster Events	Major disaster events, including terrorist attack and outbreak of contagious diseases such as Avian Flu, SARS, Ebola, would impact on our business operations, company reputation and reduce our earnings	– Emergency Procedures, Business Continuity Management and Crisis Management are in place to minimize impact to the business operations during disaster events – Drill on business continuity are conducted on an annual basis to ensure effectiveness – Comprehensive insurance coverage for property assets, business interruption and third party liabilities	Low to Medium (Rapid to Very Rapid)	←→ The risk momentum of disaster events remains unchanged
Tenant and Customer	Loss of income due to change in customer/guests spending and dinning behavior, such as online shopping, decline in spending on luxury goods and private dinning	– Enhance marketing and promotion to attract customers – Active engagement with current tenants/guests in development of marketing strategies – Continuously update with the market trend and promptly respond	Low (Slow)	←→ No significant change in this area, the risk stays low
Contractor and Supplier	Association with problematic/ substandard contractors/ suppliers may cause financial and reputation loss	– All vendors are required to go through the well-established pre-qualification mechanism – Closely monitoring of the performance of contractors/ suppliers – Mechanism on picking out and deregistering problematic vendors from the list is in place	Low (Slow to Rapid)	←→ Under the continuous monitoring procedures supplemented with the crisis management mechanism, the risk momentum remains unchanged

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level (Risk Velocity Level)	Risk Momentum[1]
Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss of physical assets, etc.	– Approval authority has been set up and well communicated among all staff – Policies and procedures of key controls have been established and published on intranet – Monitoring procedures, e.g. stocktaking/cash count by Group Finance, are in place – Whistleblowing channel has been set up – Internal Audit conducts independent review on a regular basis	Low (Slow)	←→ As there is no significant change in business and operations, the risk momentum stays unchanged
Information Technology ("IT")	Business operations may be adversely affected and sensitive information may be leaked out by cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure	– Enforce security measures such as periodic change of password, updating antivirus and firewall protection – Establish information technology security policy on use of information technology equipment and installation on application software – Business continuity plan and disaster recovery plan of major information technology systems have been formulated and can be quickly applied to ensure business continuity – Recovery drill is conducted periodically to ensure its effectiveness	Low (Rapid to Very Rapid)	←→ The Group IT team stays alert with the IT security issues and the risk maintains in a low level

Risk Categories	Key Risks	Example Measures in Risk Mitigations	Risk Level (Risk Velocity Level)	Risk Momentum[1]
Brand and Reputation	Protecting the Group's brand and reputation from negative public attention which could result in significant decline in our tenant and customer base and financial loss	– Guideline on handling media enquiries to all level of staff has been established – Continuous monitoring of media coverages, with actions taken where necessary – Crisis management mechanism is in place with the formation of Crisis Management Committee – Spokesperson hierarchy and principles of corporate communications are in place	Low (Very Rapid)	←→ Marketing team closely monitors on various media channels and incidents could be escalated to crisis management committee in the early stage. The risk remains stable
Environmental	Threats of adverse effects on environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations	– Environmental Policy have been established – Environmental Committees have been set up to enhance environmental protection – Green purchasing practices – Closely monitoring on energy usage – A series of Energy Saving Plan, e.g. upgrade of chiller plant, use of LED light bulbs, etc.	Low (Slow)	←→ Due to the industrial nature, the risk stays in a low level

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

Auditors' Remuneration

During the year ended 31 December 2017, 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	2,654
Non-audit services:	
Interim review	412
Other services	292
	3,358

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 2017.

Communication with Shareholders

During the year ended 31 December 2017, the Board has adopted a Shareholders Communication Policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy is to promote effective communication with shareholders of the Company and enable them to exercise their rights as shareholders in an informed manner and to furnish the investment community with equal and timely access to information about the Company. It will be updated in response to any subsequent changes in internal structure, regulatory and market developments.

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

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

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

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

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

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

Shareholders' Rights

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

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

The request:

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

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

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

(iv) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the 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, Mira Place Tower A
132 Nathan Road
Tsim Sha Tsui
Kowloon, Hong Kong
Fax: (852) 2736 4975
Email: IR@miramar-group.com

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

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

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

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

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

The request:

(i) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F, Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the 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.

Constitutional Documents

During the year ended 31 December 2017, there are no changes in the Company's constitutional documents.

Principal Risks

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

1. Economic Downturn and Investment Uncertainty

The Group core businesses and investments are susceptible to, amongst others, elements that impact consumer and investor confidence, retail spending, property prices, interest rates and visitor arrivals. A significant portion of the Group's revenue, operations and core assets are in Hong Kong. In this context, Hong Kong's government policies, political & social conditions, economic, fiscal and monetary policies have a direct or indirect impact of the Group's businesses and investments. The Group closely monitors the economic environment it operates in, and constantly evaluates and takes appropriate actions to mitigate these risks and adjusts our strategies, operations and policies where appropriate.

2. Disaster Event

These are events such as natural disaster, terrorist attack, social unrest, or outbreak of contagious diseases such as Avian Flu, SARS, Ebola or a major fire in our core properties. Depending on the severity, duration and locality, this could severely disrupt the Group's businesses and operations. The Group has established effective Business Continuity Management to minimize disruption and protect safety of our employees and customers. Drills on Business Continuity Plan have been conducted annually to ensure crisis could be responded in an efficient and effective manner. The Group also has taken out comprehensive insurance coverage for its properties and its business operations and undertakes periodic risk assessment of its core properties.

3. Human Resources

The Group's core businesses are people-intensive service businesses and retention of key and skillful staff is a challenge to our business performance. During the year, there are a few highlights on new laws and regulatory requirements related to human resources matters which are discussed in the market including minimum wages requirements, contract working hours, extending paternity leave and proposal on Mandatory Provident Fund offset Long Service Payment and Severance Payment. The human resources related costs are expected to increase under the new compliant requirements. The Group timely reviews the labour market and closely monitors the operating costs without compromising our high quality of services. Business strategies have been timely reviewed to optimize the benefits to stakeholders.

4. Legal and Compliance

The Group is committed to complying with the relevant legal and regulatory requirements. The compliance costs are projected to be rising in the coming years due to imposition of new standards and requirements by government and regulatory bodies. The costs include appointment of external consultants for training, establishment/update of policies and procedures in response to the new requirements. The Group actively engages with the regulatory bodies and external advisors on any upcoming new requirements to ensure compliance.

Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2017.

Principal Activities

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

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2017 are set out in note 9 to the financial statements.

Group Profit

The profit of the Group for the year ended 31 December 2017 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 97 to 171.

Dividends

An interim dividend of HK23 cents per share (2016: HK20 cents per share) was paid on 17 October 2017. The directors now recommend the payment of a final dividend of HK36 cents per share (2016: HK34 cents per share) in respect of the year ended 31 December 2017 to shareholders whose names are on the Register of Members as at 25 June 2018. Subject to the approval to be obtained at the 2018 Annual General Meeting, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 9 July 2018.

Business Review and Performance

The business review of the Group for the year ended 31 December 2017 and the discussion on the Group's future business development are set out in the sections headed "Chairman and CEO's Statement" and "Management Discussion and Analysis". Description of the principal risks and uncertainties facing the Group are set out in the section headed "Principal Risks". There were no important events affecting the Group since the end of the financial year end. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlight on pages 4 and 5 of this Annual Report. Discussion on the Company's environmental policies and performance as well as compliance with relevant laws and regulations are in the sections headed "Environmental, Social and Governance Report".

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 2017, none of the directors, their close associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's number of issued shares, had an interest in any of the five largest customers and suppliers. The Directors do not consider any one employee, customer, supplier and others to be influential to the Group.

Directors

The directors who held office during the year ended 31 December 2017 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, Mr Dominic Cheng Ka On, Dr Timpson Chung Shui Ming, Mr Norman Ho Hau Chong, Dr Colin Lam Ko Yin and Mr Thomas Liang Cheung Biu shall retire by rotation at the forthcoming 2018 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Directors of Subsidiaries

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year ended 31 December 2017 and up to the date of this report is available on the Company's website at www.miramar-group.com.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2018 Annual General Meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

Management Contracts

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

Disclosure of Interests

Directors' interests in shares

At 31 December 2017, 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:

(A) Interests in ordinary shares

Long Positions

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	–	–	302,473,980 *(note 1)*	–	48.12%
	Mr LEE Ka Shing	–	–	–	302,473,980 *(note 2)*	48.12%
	Dr David SIN Wai Kin	4,158,000	–	–	–	0.66%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 *(note 3)*	1.34%
	Mr Dominic CHENG Ka On	7,774,640	4,800	–	–	1.24%
	Mr Richard TANG Yat Sun	150,000	–	13,490,280 *(note 4)*	–	2.17%
	Mr Thomas LIANG Cheung Biu	–	2,218,000 *(note 5)*	–	–	0.35%
Centralplot Inc.	Mr Richard TANG Yat Sun	4	–	–	–	2.00%

(B) Interests in warrants(note 6)

Long Positions

Name of Company	Name of Director	Personal Interests (units)	Family Interests (units)	Corporate Interests (units)	Other Interests (units)	Percentage of total number of warrants
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	–	–	33,700,000 *(note 1)*	–	52.57%
	Mr LEE Ka Shing	–	–	–	33,700,000 *(note 2)*	52.57%
	Dr David SIN Wai Kin	831,600	–	–	–	1.30%
	Dr Patrick FUNG Yuk Bun	–	–	–	1,685,342 *(note 3)*	2.63%
	Mr Dominic CHENG Ka On	1,554,928	–	–	–	2.43%
	Mr Thomas LIANG Cheung Biu	–	443,600	–	–	0.69%

Save as disclosed above, as at 31 December 2017, 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 2017 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

The Company has been notified of the following interests in the Company's issued shares at 31 December 2017, amounting to 5% or more of the shares in issue:

(A) Interests in ordinary shares

Long Positions

Substantial shareholders	Ordinary Shares Held (shares)	Percentage of total issued shares
Dr LEE Shau Kee	302,473,980 (note 1)	48.12%
Mr LEE Ka Shing	302,473,980 (note 2)	48.12%
Rimmer (Cayman) Limited ("Rimmer")	302,473,980 (note 7)	48.12%
Riddick (Cayman) Limited ("Riddick")	302,473,980 (note 7)	48.12%
Hopkins (Cayman) Limited ("Hopkins")	302,473,980 (note 7)	48.12%
Henderson Development Limited ("Henderson Development")	302,473,980 (note 8)	48.12%
Henderson Land Development Company Limited ("Henderson Land")	302,473,980 (note 8)	48.12%
Aynbury Investments Limited ("Aynbury")	302,473,980 (note 8)	48.12%
Higgins Holdings Limited ("Higgins")	101,835,300 (note 8)	16.20%
Multiglade Holdings Limited ("Multiglade")	104,032,680 (note 8)	16.55%
Threadwell Limited ("Threadwell")	96,606,000 (note 8)	15.37%
Mr CHONG Wing Cheong	68,910,652	10.96%

(B) Interests in warrants[(note 6)]

Long Positions

Substantial shareholders	Warrants held (units)	Percentage of total number of warrants
Dr LEE Shau Kee	33,700,000 *(note 1)*	52.57%
Mr LEE Ka Shing	33,700,000 *(note 2)*	52.57%
Rimmer (Cayman) Limited ("Rimmer")	33,700,000 *(note 7)*	52.57%
Riddick (Cayman) Limited ("Riddick")	33,700,000 *(note 7)*	52.57%
Hopkins (Cayman) Limited ("Hopkins")	33,700,000 *(note 7)*	52.57%
Henderson Development Limited ("Henderson Development")	33,700,000 *(note 8)*	52.57%
Henderson Land Development Company Limited ("Henderson Land")	33,700,000 *(note 8)*	52.57%
Aynbury Investments Limited ("Aynbury")	33,700,000 (note 8)	52.57%
Higgins Holdings Limited ("Higgins")	18,900,000 *(note 8)*	29.49%
Multiglade Holdings Limited ("Multiglade")	14,800,000 *(note 8)*	23.09%

Save as disclosed above, as at 31 December 2017, 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 302,473,980 shares and 33,700,000 units of warrants, 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 302,473,980 shares and 33,700,000 units of warrants, which are duplicated in the interests described in Notes 1, 7 and 8, by virtue of the SFO.

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

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

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

(6) The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder to subscribe in cash for one Share at the initial subscription price of HK$13.50 per Share (subject to adjustments). The Warrants are exercisable at any time during a period of thirty months commencing from 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015 and the last trading day of the Warrant is 16 January 2018. As at 31 December 2017, 64,099,684 units of warrants remained outstanding.

(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 302,473,980 shares and 33,700,000 units of warrants 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 302,473,980 shares and 33,700,000 units of warrants were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 302,473,980 shares and 33,700,000 units of warrants are duplicated in the interests described in Notes 1, 2 and 7.

Continuing Connected Transactions

The Group has the following continuing connected transactions during the year ended 31 December 2017:

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

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

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

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

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

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

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

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

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

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

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

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

Premises	:	the Premises, being the remaining portion of section A of Marine Lot No. 436 together with a building now known as "MIRA MOON" located at No. 388 Jaffe Road, Wanchai, Hong Kong.
Term	:	10 years and 6 months, commencing from 21 November 2013 to 20 May 2024 (both days inclusive).
Termination by sale and redevelopment	:	If, at any time during the Term, the Landlord shall resolve to (i) sell the Premises or any part of it; (ii) assign any of its rights and interests in the Premises or any part of it to any third party(ies); or (iii) re-develop the Premises or any part of it by demolition, rebuilding, renovation, refurbishment or otherwise, the Landlord shall have the right upon giving 6 months written notice to the Tenant to terminate the Mira Moon Lease Agreement; provided that such notice of termination shall not be given by the Landlord to the Tenant on or before the expiry date of the 5th year of the Term (i.e. on or before 30 June 2018).
Rent	:	A base rent of HK$1,320,000.00 per month (the "Base Rent") plus the Additional Rent, which is calculated in the following manner:

Additional Rent

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

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

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

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

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

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

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

Food and Beverage charges : The Tenant shall pay to the Landlord 15% of the monthly Food and Beverage Revenue of the Tenant's business at the Food and Beverage Outlets without any deduction (the "Food and Beverage Charges").

Provisional Food and Beverage Charges in respect of any calendar month shall be paid in arrears by the Tenant in respect of the monthly Food and Beverage Revenue of the Tenant's business during the relevant calendar month by the 15th day of the immediately following calendar month.

Within 90 days after the expiration of each calendar year, the Tenant shall supply a statement certified by its auditors or external accountants (the "Certified Statement") as to the actual amount of the Food and Beverage Revenue for the relevant calendar year.

If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is less than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, the shortfall shall be paid by the Tenant to the Landlord within 30 days of the Landlord's notice to the Tenant on such shortfall. If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is more than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, such excess sum shall be refunded by the Landlord to the Tenant within 30 days of the Landlord's receipt of the Certified Statement.

Rates, outgoings and other charges : The Tenant shall pay and discharge all rates, taxes, assessments, duties, impositions, charges and outgoings levied on the Premises by the Government of Hong Kong or other lawful authority, save that the Government rent and property tax in respect of the Premises shall be paid by the Landlord.

The Tenant shall also pay to the suppliers and indemnify the Landlord against all deposits and charges in respect of electricity, gas, water and telephone and other services consumed or used at or in relation to the Premises.

Deposit : A sum of HK$1,320,000.00 payable by the Tenant to the Landlord on the signing of the Mira Moon Lease Agreement.

Rent-free period : Three respective rent free periods for a total of 6 months during the Term as follows:

(i) the 3rd and 4th months of the Term (i.e. commencing from 21 January 2014 to 20 March 2014 (both days inclusive));

(ii) the 15th and 16th months of the Term (i.e. commencing from 21 January 2015 to 20 March 2015 (both days inclusive)); and

(iii) the 27th and 28th months of the Term (i.e. commencing from 21 January 2016 to 20 March 2016 (both days exclusive));

during which the Tenant shall not be obliged to pay the Base Rent but shall pay the rates, all outgoings and utility charges in respect of the Premises.

		The Gross Annual Room Revenue received by the Tenant during each of the rent-free periods will be counted for the purpose of calculation of the Additional Rent for that relevant year of the Term and the Tenant shall also pay to the Landlord the Food and Beverage Charges during the rent-free periods.
Usage	:	To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.
Commencement of business at the Premises		The Tenant shall commence business as a hotel at the Premises on or before 21 November 2013.
Opening contribution	:	The Landlord shall contribute a sum in a total amount of HK$9.7 million towards the actual cost incurred by the Tenant in setting up a first class design hotel at the Premises and such Opening Contribution shall be paid by the Landlord to the Tenant within 60 days after signing of the Mira Moon Lease Agreement by the Tenant.
Transfer of restaurant licence	:	At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure to assign or transfer the general restaurant licence and the liquor licence or related licences (collectively the "Licences") for operating the then existing Food and Beverage Outlets at the Premises to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. The Tenant shall not transfer or assign the Licences to any person or corporation for consideration or otherwise during the Term without the consent of the Landlord. All charges relating to the aforesaid assignment or transfer of the Licences shall be borne by the Landlord.
Transfer of hotel licence	:	At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure and ensure the assignment or transfer of the hotel licence used in the operation of the Premises as a hotel (the "Hotel Licence") to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. Without the consent of the Landlord, the Tenant or the holder of the Hotel Licence shall not transfer or assign the Hotel Licence to any person or corporation for consideration or otherwise. All charges relating to the aforesaid assignment or transfer of the Hotel Licence shall be borne by the Landlord.

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

(4) (a) On 10 July 2014, the Group entered into the following agreements with Henderson Property Agency Limited ("HPAL") which constituted continuing connected transactions for the Company:

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

(ii) A licence agreement (the "Signage A Licence Agreement") entered into between Shahdan as licensor and HPAL as licensee which has been terminated on 31 May 2015 by signing a surrender agreement dated 29 September 2015; 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 Tenancy Agreement

Premises	:	Shops Nos. 501, 502, 503, 505 and 506 of Mira Place 1 (previously known as 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 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 Mira Place 1 (previously known as 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	:	(1) 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; (2) 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 (3) Electricity charges, and ongoing maintenance cost (if any) shall be borne by the licensee during the Licence Period.
Usage	:	To be used for advertising the trade name of the licensee only.

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

Such continuing connected transaction has expired on 4 August 2017, and was renewed under a new lease as listed under the following paragraph (4)(b).

(4) (b) On 3 August 2017, 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; and

(ii) A licence agreement (the "New 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, 503, 505 and 506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 5 August 2017 to 4 August 2020, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2019.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$2,200,000.00; (b) Government rates (subject to Government's review) is HK$219,000.00 per quarter; (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK$393,566.70; and (d) monthly promotion contribution, being 1.75% of the monthly rent of Premises, that is HK$38,500.00 (subject to periodic review by Shahdan).

Details of the New Pillar Signage Licence Agreement

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

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

(5) On 8 October 2014, a lease (the "Citistore Tenancy Agreement") 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, 2/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Originally, three years commencing from 3 October 2014 to 2 October 2017. But it has been early terminated on 15 April 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; and

(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.

Usage : To be used as retail shop only.

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

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

Annual review of Continuing Connected Transactions

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

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

(ii) on normal commercial terms; and

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

The independent non-executive directors confirmed the above based mainly on the confirmation offered by the Company's Director of Internal Audit.

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 2017.

Directors' Interests in Transactions, Arrangements or Contracts

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

Directors' and Management Emoluments

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

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2017 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Business

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

1. 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 and other related services.

2. Mr Eddie Lau Yum Chuen is also a director of Henderson Land which, through its subsidiaries, is also engaged in the businesses of property investment 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 ("HK Ferry"), the principal activities of this group include property development and property investment.

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

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

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

Permitted Indemnity Provision

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

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 December 2017 amounted to HK$731,370,000 (2016: HK$477,997,000).

Charitable Donations

Donations made by the Group during the year ended 31 December 2017 amounted to HK$96,803 (2016: HK$111,376).

Investment Properties, Other Property, Plant and Equipment

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

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

During the year ended 31 December 2017, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Bonus Warrants Issue

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

During the year, 51,040,184 units (2016: 304,110 units) of warrants were exercised to subscribe for totally 51,040,184 shares (2016: 304,110 shares) in the Company. The new shares rank pari passu in all respects with the existing shares of the Company. At 31 December 2017, 64,099,684 units (2016: 115,139,868 units) of warrants remained outstanding.

Shares Issued and Share Capital

During the year ended 31 December 2017, the Company issued and allotted 51,040,184 shares on the exercise of warrants and the Group realised cash proceeds of HK$689,042,484 (net of expenses).

Details of the share capital during the year ended 31 December 2017 are set out in note 23(b) to the financial statements.

Equity-linked Agreements

For the year ended 31 December 2017, the Company has not entered into any equity-linked agreement, which will or may result in the Company issuing shares.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2017 are set out in note 20 to the financial statements.

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

The Company and its subsidiaries have not issued, during the year ended 31 December 2017, any debt securities, convertible securities or options.

Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2017 (2016: HK$Nil).

Public Float

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

Group's Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 172.

Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 173 to 174.

Employees

As at 31 December 2017, the Group had a total of about 1,700 full-time employees, including 1,665 employed in Hong Kong and 35 employed in The People's Republic of China.

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

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

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

Training and Development

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

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

Subsequent to continued deployment of resources towards employee training and development, the Group has been awarded "Manpower Developer" by the Employees Retraining Board every year since 2011. In 2015, the Group has also awarded "Merit Award for Employers" from the Employees Retraining Board, in recognition of the Group's outstanding achievements in fostering an organisational culture conductive to manpower training and development as well as life-long learning.

Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2017 and discussed with the Director of Internal Audit, Director of Risk Management & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial report of the Group.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2018 Annual General Meeting.

Forward-Looking Statements

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

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 19 March 2018

KPMG

Independent auditor's report to the members of

Miramar Hotel and Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 171, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (Continued)

Valuation of investment properties

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

The Key Audit Matter

The fair value of the Group's investment properties as at 31 December 2017 totalled HK$14,103 million which represented 77% of the Group's total assets as at that date.

The fair value of the Group's investment properties as at 31 December 2017 was assessed by the board of directors based on independent valuations prepared by an independent firm of surveyors. The changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 43% of the Group's profit before taxation for the year ended 31 December 2017.

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

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

How the matter was addressed in our audit

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

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

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

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

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

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

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yuk Fan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
19 March 2018

Consolidated Statement of Profit or Loss

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	9	**3,186,203**	3,118,437
Cost of inventories		**(173,387)**	(197,932)
Staff costs	3(a)	**(516,397)**	(532,626)
Utilities, repairs and maintenance and rent		**(220,399)**	(229,152)
Tour and ticketing costs		**(1,140,645)**	(1,070,811)
Gross profit		**1,135,375**	1,087,916
Other revenue		**87,340**	79,377
Operating and other expenses		**(199,878)**	(251,741)
Depreciation	10(a)	**(113,614)**	(145,850)
		909,223	769,702
Finance costs	3(b)	**(7,159)**	(17,966)
Share of profits less losses of associates	12	**(1,065)**	(23)
		900,999	751,713
Other non-operating net gain/(loss)	3(c)	**61,724**	(10,248)
Net increase in fair value of investment properties	10(a)	**723,487**	722,632
Profit before taxation	3	**1,686,210**	1,464,097
Taxation			
Current	4(a)	**(139,027)**	(137,385)
Deferred	4(a)	**(3,855)**	(18,818)
Profit for the year		**1,543,328**	1,307,894
Attributable to:			
Shareholders of the Company		**1,519,245**	1,276,719
Non-controlling interests		**24,083**	31,175
		1,543,328	1,307,894
Earnings per share			
Basic	8(a)	**HK$2.52**	HK$2.21
Diluted	8(b)	**HK$2.45**	HK$2.19

The notes on pages 106 to 171 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 7(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	**1,543,328**	1,307,894
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	**39,120**	(22,450)
Available-for-sale securities:		
– changes in fair value	**33,292**	(5,612)
– transfer to profit or loss upon disposal	**(29,597)**	(2,364)
– transfer to profit or loss upon impairment	**–**	11,741
	42,815	(18,685)
Total comprehensive income for the year	**1,586,143**	1,289,209
Attributable to:		
Shareholders of the Company	**1,553,048**	1,265,620
Non-controlling interests	**33,095**	23,589
Total comprehensive income for the year	**1,586,143**	1,289,209

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

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties	10(a)	**14,102,734**	13,401,850
Other property, plant and equipment	10(a)	**305,955**	411,895
		14,408,689	13,813,745
Interests in associates	12	**801**	1,789
Available-for-sale securities	13	**80,831**	152,038
Deferred tax assets	22(b)(ii)	**5,994**	4,843
		14,496,315	13,972,415
Current assets			
Inventories	14	**126,254**	119,403
Trade and other receivables	15	**295,453**	294,905
Available-for-sale securities	13	**43,767**	30,756
Trading securities	16	**6,052**	11,492
Cash and bank balances	17(a)	**3,438,569**	2,865,966
Tax recoverable	22(a)	**197**	91
		3,910,292	3,322,613
Current liabilities			
Trade and other payables	18	**(534,436)**	(553,545)
Bank loans and overdrafts	20	**(3,954)**	(387,900)
Sales and rental deposits received		**(196,214)**	(221,575)
Tax payable	22(a)	**(39,548)**	(44,999)
		(774,152)	(1,208,019)
Net current assets		**3,136,140**	2,114,594
Total assets less current liabilities carried forward		**17,632,455**	16,087,009

Consolidated Statement of Financial Position (Continued)

at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Total assets less current liabilities brought forward		**17,632,455**	16,087,009
Non-current liabilities			
Bank loans	*20*	**–**	(352,300)
Deferred liabilities	*21*	**(197,458)**	(168,980)
Amounts due to holders of non-controlling interests of a subsidiary	*19*	**–**	(23,772)
Deferred tax liabilities	*22(b)(ii)*	**(275,427)**	(263,323)
		(472,885)	(808,375)
NET ASSETS		**17,159,570**	15,278,634
CAPITAL AND RESERVES			
Share capital	*23(b)(i)*	**1,384,869**	695,826
Reserves		**15,644,115**	14,443,541
Total equity attributable to shareholders of the Company		**17,028,984**	15,139,367
Non-controlling interests		**130,586**	139,267
TOTAL EQUITY		**17,159,570**	15,278,634

Approved and authorised for issue by the board of directors on 19 March 2018.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

		Attributable to shareholders of the Company								
	Note	Share capital HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2016		691,721	(91,086)	120,444	304,827	3,419	13,153,714	14,183,039	146,825	14,329,864
Changes in equity for 2016:										
Profit for the year		–	–	–	–	–	1,276,719	1,276,719	31,175	1,307,894
Other comprehensive income		–	–	(14,864)	–	3,765	–	(11,099)	(7,586)	(18,685)
Total comprehensive income		–	–	(14,864)	–	3,765	1,276,719	1,265,620	23,589	1,289,209
Final dividends approved in respect of the previous year	*7(b)*	–	–	–	–	–	(196,344)	(196,344)	–	(196,344)
Interim dividends declared in respect of the current year	*7(a)*	–	–	–	–	–	(115,500)	(115,500)	–	(115,500)
Shares issued on exercise of warrants	*23(b)(i)*	4,105	–	–	–	–	–	4,105	–	4,105
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(32,700)	(32,700)
Acquisition of additional interest in a subsidiary		–	(1,553)	–	–	–	–	(1,553)	1,553	–
Balance at 31 December 2016		695,826	(92,639)	105,580	304,827	7,184	14,118,589	15,139,367	139,267	15,278,634

Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2017

	Note	Attributable to shareholders of the Company								
		Share capital HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2017		695,826	(92,639)	105,580	304,827	7,184	14,118,589	15,139,367	139,267	15,278,634
Changes in equity for 2017:										
Profit for the year		–	–	–	–	–	1,519,245	1,519,245	24,083	1,543,328
Other comprehensive income		–	–	30,108	–	3,695	–	33,803	9,012	42,815
Total comprehensive income		–	–	30,108	–	3,695	1,519,245	1,553,048	33,095	1,586,143
Final dividends approved in respect of the previous year	*7(b)*	–	–	–	–	–	(209,443)	(209,443)	–	(209,443)
Interim dividends declared in respect of the current year	*7(a)*	–	–	–	–	–	(143,031)	(143,031)	–	(143,031)
Shares issued on exercise of warrants	*23(b)(i)*	689,043	–	–	–	–	–	689,043	–	689,043
Share redemption of a subsidiary		–	–	–	–	–	–	–	(27,196)	(27,196)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(14,580)	(14,580)
Balance at 31 December 2017		1,384,869	(92,639)	135,688	304,827	10,879	15,285,360	17,028,984	130,586	17,159,570

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Operating activities			
Profit before taxation		**1,686,210**	1,464,097
Adjustments for:			
Interest income from unlisted debt securities	*3(d)*	**(1,585)**	(2,669)
Dividend income from listed securities	*3(d)*	**(3,213)**	(4,926)
Bank interest income	*3(d)*	**(38,605)**	(36,790)
Net loss on disposal of other property, plant and equipment	*3(d)*	**126**	498
Net gain on disposal of a subsidiary	*3(c)*	**(31,918)**	–
Impairment loss on trade receivables	*3(d)*	**4**	100
Reversal of provision for properties held for resale	*3(d)*	**(194)**	(872)
Depreciation	*10(a)*	**113,614**	145,850
Finance costs	*3(b)*	**7,159**	17,966
Share of profits less losses of associates		**1,065**	23
Net realised and unrealised (gains)/losses on trading securities	*3(c)*	**(209)**	871
Impairment loss on available-for-sale securities	*3(c)*	**–**	11,741
Net gain on disposal of available-for-sale securities	*3(c)*	**(29,597)**	(2,364)
Net increase in fair value of investment properties	*10(a)*	**(723,487)**	(722,632)
Exchange differences		**(25,425)**	24,619
Operating profit before changes in working capital		**953,945**	895,512
Decrease/(increase) in inventories		**1,268**	(823)
Increase in trade and other receivables		**(9,972)**	(30,415)
Increase in amounts due from associates		**(77)**	(83)
Decrease in amounts due to associates		**(13)**	(14)
(Decrease)/increase in trade and other payables		**(1,280)**	14,515
(Decrease)/increase in sales and rental deposits received		**(23,421)**	18,172
Increase in deferred liabilities		**28,478**	31,902
Payment for purchase of trading securities		**(850)**	(52,363)
Proceeds from disposal of trading securities		**6,499**	54,042
Cash generated from operations carried forward		**954,577**	930,445

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Cash generated from operations brought forward		**954,577**	930,445
Interest received		**49,862**	40,667
Interest and other borrowing costs paid		**(3,401)**	(13,338)
Dividends paid		**(352,474)**	(311,844)
Dividends paid to non-controlling interests		**(14,580)**	(32,700)
Tax paid			
– Hong Kong Profits Tax		**(136,485)**	(133,313)
– Overseas tax		**(8,099)**	(4,840)
Net cash generated from operating activities		**489,400**	475,077
Investing activities			
Payment for purchase of investment properties		**(11,156)**	(2,200)
Payment for purchase of other property, plant and equipment		**(77,579)**	(86,706)
Payment for purchase of available-for-sale securities		**(44,320)**	(26,509)
Proceeds from disposal of available-for-sale securities		**142,506**	123,156
Proceeds from disposal of other property, plant and equipment		**368**	221
Proceeds from disposal of a subsidiary	*28*	**146,059**	–
Dividend income received from listed securities		**3,213**	4,926
Net cash paid upon acquisition of subsidiaries		**–**	(2,310)
(Increase)/decrease in time deposits with maturity more than three months		**(388,787)**	411,628
Net cash (used in)/generated from investing activities		**(229,696)**	422,206
Financing activities			
Proceeds from new bank loans	*17(b)*	**133,687**	1,408,758
Repayment of bank loans	*17(b)*	**(874,834)**	(2,094,928)
Repayment of advances from holders of non-controlling interests of subsidiaries	*17(b)*	**(5,967)**	(7,179)
Proceeds from issue of new shares		**689,043**	4,105
Share redemption of a subsidiary		**(27,196)**	–
Net cash used in financing activities		**(85,267)**	(689,244)

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Net increase in cash and cash equivalents		**174,437**	208,039
Cash and cash equivalents at 1 January		**1,458,085**	1,257,014
Effect of foreign exchange rate changes		**8,966**	(6,968)
Cash and cash equivalents at 31 December		**1,641,488**	1,458,085
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	*17(a)*	**3,438,569**	2,865,966
Bank overdrafts	*20*	**(945)**	(532)
Less: Time deposits with maturity more than three months		**(1,796,136)**	(1,407,349)
		1,641,488	1,458,085

The notes on pages 106 to 171 form part of these financial statements.

Notes to the Financial Statements

1 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

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

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

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

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

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

1 Significant accounting policies (Continued)

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in note 17(b) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

(d) Subsidiaries and non-controlling interests

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

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

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

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

1 Significant accounting policies (Continued)

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

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

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

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

(e) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

1 Significant accounting policies (Continued)

(e) Associates (continued)

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

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

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

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

(f) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

1 Significant accounting policies (Continued)

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are 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 end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(t)(iv) and 1(t)(v).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(k)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(k)). Dividend income from equity securities 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(t)(iv) and 1(t)(v), 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(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 Significant accounting policies (Continued)

(h) Investment property

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

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(t)(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(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(j).

(i) Other property, plant and equipment

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

– buildings held for own use which are situated on leasehold land and classified as held under operating leases (see note 1(j));

– hotel property; and

– machinery, furniture, fixtures and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

– leasehold land 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)

(j) Leased assets

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

(i) Classification of assets leased to the Group

Assets that are held by 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(h)); and

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

(ii) Assets held for use in operating leases

When the Group leases out assets under operating leases, the assets are included in the statement of financial position 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(t).

(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(h)) or is held for development for sale (see note 1(l)(ii)).

1 Significant accounting policies (Continued)

(k) 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 the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

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

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

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

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

– For 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.

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

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

1 Significant accounting policies (Continued)

(k) Impairment of assets (continued)

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

– 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.

(ii) Impairment of other assets

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

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

– goodwill; and

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

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

1 Significant accounting policies (Continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

1 Significant accounting policies (Continued)

(k) Impairment of assets (continued)

(iii) Interim financial reporting and impairment (continued)

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities 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.

(l) Inventories

(i) Consumable stores

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

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

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

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.

(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.

1 Significant accounting policies (Continued)

(m) Trade and other receivables

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

(n) Interest-bearing borrowings

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

(o) Trade and other payables

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

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are 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.

(q) 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.

1 Significant accounting policies (Continued)

(r) Income tax

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

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

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

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)

(r) Income tax (continued)

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

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

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

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

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

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

  - the same taxable entity; or

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

1 Significant accounting policies (Continued)

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) 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)

(t) Revenue recognition

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

(i) 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. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under sales deposits and instalments received.

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

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

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

1 Significant accounting policies (Continued)

(u) Translation of foreign currencies

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

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, 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 end of the reporting period. 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.

(v) Borrowing costs

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

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).

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

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

(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:

(a) Valuation of investment properties

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

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

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

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

(c) Assessment of provision for properties held for resale

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

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

3 Profit before taxation

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

		2017 HK$'000	2016 HK$'000
(a)	**Staff costs**		
	Contributions to defined contribution retirement plan	**21,948**	23,885
	Salaries, wages and other benefits	**494,449**	508,741
		516,397	532,626

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

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

		2017 HK$'000	2016 HK$'000
(b)	**Finance costs**		
	Interest on bank advances and other borrowings	**2,854**	11,449
	Other borrowing costs	**4,305**	6,517
		7,159	17,966
(c)	**Other non-operating net (gain)/loss**		
	Net gain on disposal of a subsidiary *(note 28)*	**(31,918)**	–
	Impairment loss on available-for-sale securities	**–**	11,741
	Net gain on disposal of available-for-sale securities	**(29,597)**	(2,364)
	Net realised and unrealised (gains)/losses on trading securities	**(209)**	871
		(61,724)	10,248

3 Profit before taxation (Continued)

	2017	2016
	HK$'000	HK$'000
(d) Others		
Auditors' remuneration	**3,358**	3,388
Net foreign exchange (gain)/loss	**(27,483)**	23,645
Net loss on disposal of other property, plant and equipment	**126**	498
Operating lease charges: minimum lease payments – property rentals	**104,805**	110,040
Rentals receivable from investment properties less direct outgoings of HK$42,527,000 (2016: HK$40,313,000)	**(701,812)**	(655,491)
Other rental income less direct outgoings of HK$7,191,000 (2016: HK$6,783,000)	**(106,985)**	(126,066)
Dividend income from listed securities	**(3,213)**	(4,926)
Bank interest income	**(38,605)**	(36,790)
Interest income from unlisted debt securities	**(1,585)**	(2,669)
Impairment loss on trade receivables *(note 15(b))*	**4**	100
Reversal of provision for properties held for resale	**(194)**	(872)

4 Taxation in the consolidated statement of profit or loss

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

	2017 HK$'000	2016 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**135,957**	131,331
(Over)/under-provision in respect of prior years	**(4,890)**	615
	131,067	131,946
Current tax – Overseas Taxation		
Provision for the year	**7,960**	5,439
Deferred tax		
Change in fair value of investment properties	**–**	17,012
Origination and reversal of temporary differences	**3,855**	1,806
	3,855	18,818
	142,882	156,203

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

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

Provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 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 2017 of HK$12,000 (2016: HK$7,000) is included in the share of profits less losses of associates.

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

	2017 **HK$'000**	2016 HK$'000
Profit before taxation	**1,686,210**	1,464,097
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**291,292**	240,515
Tax effect of non-deductible expenses	**19,223**	17,652
Tax effect of non-taxable income	**(170,301)**	(117,611)
Tax effect of unused tax losses not recognised in the year	**11,547**	15,940
Tax effect of tax losses not recognised in prior years utilised this year	**(3,989)**	(908)
(Over)/under-provision in prior years	**(4,890)**	615
Actual tax expense	**142,882**	156,203

5 Directors' emoluments

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

	2017				
	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	50	–	–	–	50
Mr Lee Ka Shing	100	–	–	–	100
Dr Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
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	350	–	–	–	350
Mr Wu King Cheong	350	–	–	–	350
Dr Timpson Chung Shui Ming	350	–	–	–	350
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
	2,200	–	–	–	2,200

5 Directors' emoluments (Continued)

	2016				
	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	50	–	–	–	50
Mr Lee Ka Shing	100	–	–	–	100
Dr Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
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	350	–	–	–	350
Mr Wu King Cheong	350	–	–	–	350
Dr Timpson Chung Shui Ming	350	–	–	–	350
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
	2,200	–	–	–	2,200

6 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

No directors of the Company was included in the five individuals with the highest emoluments (2016: Nil). Details of directors' emoluments are disclosed in note 5. The aggregate of the emoluments in respect of the five (2016: five) individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**12,664**	11,292
Discretionary bonuses	**2,650**	2,392
Retirement scheme contributions	**572**	449
	15,886	14,133

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

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

The emoluments of the five (2016: five) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2017	2016
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	**–**	–
HK$2,500,001 – HK$3,000,000	**2**	4
HK$3,000,001 – HK$3,500,000	**1**	–
HK$3,500,001 – HK$4,000,000	**2**	1
	5	5

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 5 and 6(a), 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	
	2017	2016
Emolument band*		
HK$0 – HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**2**	2
HK$2,000,001 – HK$2,500,000	**1**	2
	6	7

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

7 Dividends

(a) Dividends attributable to the year

	2017	2016
	HK$'000	HK$'000
Interim dividend declared and paid of HK23 cents per share (2016: HK20 cents per share)	**143,031**	115,500
Final dividend proposed after the end of the reporting period of HK36 cents per share (2016: HK34 cents per share)	**226,288**	196,363
	369,319	311,863

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

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

	2017	2016
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK34 cents per share (2016: HK34 cents per share)	**209,443**	196,344

The final dividend of HK$209,443,000 (calculated based on HK34 cents per share and the total number of issued shares as at the dividend pay-out date) for the year ended 31 December 2016 was approved and paid in the year ended 31 December 2017 (2016: HK$196,344,000).

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK$1,519,245,000 (2016: HK$1,276,719,000) and the weighted average of 602,418,473 shares (2016: 577,403,504 shares) in issue during the year, calculated as follows:

Weighted average number of shares (basic)

	2017	2016
Issued ordinary shares at 1 January	**577,537,634**	577,233,524
Effect of exercised bonus warrants *(note 23(b)(ii))*	**24,880,839**	169,980
Weighted average number of shares (basic) at 31 December	**602,418,473**	577,403,504

8 Earnings per share (Continued)

(b) Diluted earnings per share

For the year ended 31 December 2017, the calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK$1,519,245,000 (2016: HK$1,276,719,000) and the weighted average of 619,399,618 shares (2016: 581,869,779 shares), calculated as follows:

Weighted average number of shares (diluted)

	2017	2016
Weighted average number of shares (basic) at 31 December	**602,418,473**	577,403,504
Effect of exercise of bonus warrants *(note 23(b)(ii))*	**16,981,145**	4,466,275
Weighted average number of shares (diluted) at 31 December	**619,399,618**	581,869,779

9 Revenue and segment reporting

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

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

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

9 Revenue and segment reporting (Continued)

(a) Segment results

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

Information regarding the Group's reportable segments as provided to the Group's board and senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

	2017					
	Property rental HK$'000	Hotels and serviced apartments HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Others HK$'000	Total HK$'000
Reportable segment revenue (revenue from external customers)	**858,515**	**661,522**	**394,077**	**1,272,089**	**–**	**3,186,203**
Reportable segment results (adjusted EBITDA)	**753,729**	**248,066**	**22,881**	**28,685**	**(1,284)**	**1,052,077**
Unallocated corporate expenses						**(142,854)**
						909,223
Finance costs						**(7,159)**
Share of profits less losses of associates						**(1,065)**
Other non-operating net gain						**61,724**
Net increase in fair value of investment properties	**723,487**	**–**	**–**	**–**	**–**	**723,487**
Consolidated profit before taxation						**1,686,210**

9 Revenue and segment reporting (Continued)

(a) Segment results (continued)

	2016					
	Property rental HK$'000	Hotels and serviced apartments HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Others HK$'000	Total HK$'000
Reportable segment revenue (revenue from external customers)	828,653	638,418	448,261	1,198,360	4,745	3,118,437
Reportable segment results (adjusted EBITDA)	724,335	224,377	34,714	29,620	(15,826)	997,220
Unallocated corporate expenses						(227,518)
						769,702
Finance costs						(17,966)
Share of profits less losses of associates						(23)
Other non-operating net loss						(10,248)
Net increase in fair value of investment properties	722,632	–	–	–	–	722,632
Consolidated profit before taxation						1,464,097

(b) Geographical information

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

	Revenue from external customers		**Non-current assets**	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
The Hong Kong Special Administrative Region	**3,125,666**	3,054,827	**13,689,224**	13,150,663
The People's Republic of China	**60,537**	63,610	**720,266**	664,871
	3,186,203	3,118,437	**14,409,490**	13,815,534

10 Investment properties, other property, plant and equipment

(a) Reconciliation of carrying amount

		Other property, plant and equipment				
	Investment properties HK$'000	Hotel HK$'000	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 2017	13,401,850	140,221	6,817	1,531,767	1,678,805	15,080,655
Additions	10,288	–	–	41,895	41,895	52,183
Disposals	–	–	–	(25,223)	(25,223)	(25,223)
Disposal of a subsidiary *(note 28)*	(117,000)	–	–	–	–	(117,000)
Exchange adjustments	50,057	–	–	1,567	1,567	51,624
Surplus on revaluation	723,487	–	–	–	–	723,487
Reclassification	34,052	–	–	(34,052)	(34,052)	–
At 31 December 2017	14,102,734	140,221	6,817	1,515,954	1,662,992	15,765,726
Representing:						
Cost	–	140,221	6,817	1,515,954	1,662,992	1,662,992
Valuation – 2017	14,102,734	–	–	–	–	14,102,734
	14,102,734	140,221	6,817	1,515,954	1,662,992	15,765,726
Accumulated depreciation:						
At 1 January 2017	–	97,479	5,178	1,164,253	1,266,910	1,266,910
Charge for the year	–	1,918	78	111,618	113,614	113,614
Written back on disposals	–	–	–	(24,729)	(24,729)	(24,729)
Exchange adjustments	–	–	–	1,242	1,242	1,242
At 31 December 2017	–	99,397	5,256	1,252,384	1,357,037	1,357,037
Carrying amount:						
At 31 December 2017	14,102,734	40,824	1,561	263,570	305,955	14,408,689

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

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

(a) Reconciliation of carrying amount (continued)

		Other property, plant and equipment				
	Investment properties HK$'000	Hotel HK$'000	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 2016	12,658,338	140,221	6,817	1,593,746	1,740,784	14,399,122
Additions	5,157	–	–	67,979	67,979	73,136
Acquisition of subsidiaries	–	–	–	2,142	2,142	2,142
Disposals	–	–	–	(75,519)	(75,519)	(75,519)
Exchange adjustments	(39,770)	–	–	(1,088)	(1,088)	(40,858)
Surplus on revaluation	722,632	–	–	–	–	722,632
Reclassification	55,493	–	–	(55,493)	(55,493)	–
At 31 December 2016	13,401,850	140,221	6,817	1,531,767	1,678,805	15,080,655
Representing:						
Cost	–	140,221	6,817	1,531,767	1,678,805	1,678,805
Valuation – 2016	13,401,850	–	–	–	–	13,401,850
	13,401,850	140,221	6,817	1,531,767	1,678,805	15,080,655
Accumulated depreciation:						
At 1 January 2016	–	95,562	5,100	1,094,502	1,195,164	1,195,164
Charge for the year	–	1,917	78	143,855	145,850	145,850
Acquisition of subsidiaries	–	–	–	1,703	1,703	1,703
Written back on disposals	–	–	–	(74,800)	(74,800)	(74,800)
Exchange adjustments	–	–	–	(1,007)	(1,007)	(1,007)
At 31 December 2016	–	97,479	5,178	1,164,253	1,266,910	1,266,910
Carrying amount:						
At 31 December 2016	13,401,850	42,742	1,639	367,514	411,895	13,813,745

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

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

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

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

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

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

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

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

During the years ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2017 and 2016. The valuations were carried out by an independent firm of surveyors, Cushman & Wakefield, 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 assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

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

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

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs Range of capitalisation rates
Investment properties	Income capitalisation approach	
In Hong Kong		
– Retail		3.0% to 6.0% (2016: 3.0% to 6.0%)
– Office		4.3% (2016: 4.4%)
In the People's Republic of China ("the PRC")		
– Retail		8.5% (2016: 8.5%)
– Serviced apartment		7.0% (2016: 7.0%)

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

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

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

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

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

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

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

	2017 **HK$'000**	2016 HK$'000
Land and buildings in Hong Kong:		
– long leases	**145**	117,145
– medium term leases	**13,527,322**	12,763,060
Land and buildings outside Hong Kong:		
– medium term leases	**722,305**	668,683
	14,249,772	13,548,888

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

The total contingent rents recognised in the consolidated statement of profit or loss for the year are HK$14,976,000 (2016: HK$13,729,000).

(e) The gross carrying amounts of investment properties held for use in operating leases are HK$14,102,734,000 (2016: HK$13,401,850,000).

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

11 Investments in subsidiaries

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

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

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

11 Investments in 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 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
Randall Resources Limited	Hong Kong	The PRC	HK$100	100%	–	100%	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK$200,000	100%	100%	–	Property rental
Smart Faith Investments Limited	Hong Kong	Hong Kong	HK$1	100%	100%	–	Restaurant operation
Strong Profit Resources Limited	Hong Kong	The PRC	HK$10,000	70%	–	100%	Property rental and sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK$500,000	100%	100%	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK$10,000	100%	100%	–	Property rental
World Eagle Resources Limited	Hong Kong	Hong Kong	HK$2	100%	–	100%	Restaurant operation
Grand Mira Property Management (Shanghai) Limited~ *	The PRC	The PRC	US$5,000,000	100%	–	100%	Property rental and management

11 Investments in 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
Shanghai Henderson – Miramar Hotels Management Co. Limited.^ *	The PRC	The PRC	US$200,000	100%	–	100%	Hotel management
Shanghai Shangmei Property Co. Limited.^ *	The PRC	The PRC	US$13,000,000	51.4%	–	68.6%	Property rental

* Companies not audited by KPMG. The total net assets and total revenue of these subsidiaries constituting approximately 3% (2016: 4%) and 1% (2016: 1%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

12 Interests in associates

	2017 HK$'000	2016 HK$'000
Share of net assets	**20,076**	21,141
Amounts due from associates	**1,454**	1,377
Loans to associates	**25,940**	25,940
	47,470	48,458
Less: Impairment loss	**(46,669)**	(46,669)
	801	1,789

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.

12 Interests in associates (Continued)

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	Held by the Company	Held by a subsidiary	Principal activity
Kamliease International Limited*	Hong Kong	The PRC	49%	–	49%	Property sale

* Not audited by KPMG.

Aggregate information of associates that are not individually material:

	2017 HK$'000	2016 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**801**	1,789
Aggregate amounts of the Group's share of those associates'		
– Loss from continuing operations	**(1,065)**	(23)
– Total comprehensive income	**(1,065)**	(23)

13 Available-for-sale securities

	2017 HK$'000	2016 HK$'000
Non-current		
Listed equity securities in Hong Kong	**34,548**	68,381
Listed equity securities in overseas	**18,083**	40,059
Unlisted debt securities in overseas	**28,200**	29,101
Unlisted investment funds	**–**	14,497
	80,831	152,038
Current		
Unlisted investment fund	**43,767**	30,756
Total	**124,598**	182,794
Market value of listed equity securities	**52,631**	108,440

As at 31 December 2017, certain available-for-sale securities 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. No impairment loss on these investments was recognised in profit or loss during the year (2016: HK$11,741,000) (see note 3(c)). Impairment loss is recognised in accordance with the policy set out in note 1(k)(i).

14 Inventories

	2017 HK$'000	2016 HK$'000
Consumable stores	**12,447**	14,161
Properties held for resale	**113,807**	105,242
	126,254	119,403

Properties held for resale of HK$113,807,000 (2016: HK$105,242,000) are net of a provision in order to state these properties at the lower of their cost and estimated net realisable value.

15 Trade and other receivables

	2017 HK$'000	2016 HK$'000
Trade receivables	**100,883**	121,756
Less: Allowance for doubtful debts	**(4,216)**	(4,212)
	96,667	117,544
Other receivables, deposits and prepayments	**198,786**	177,361
	295,453	294,905

At 31 December 2017 and 2016, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK$13,715,000 (2016: HK$24,474,000) which is expected to be recovered after 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 end of the reporting period:

	2017 HK$'000	2016 HK$'000
Within 1 month	**69,782**	72,462
1 month to 2 months	**7,430**	10,015
Over 2 months	**19,455**	35,067
	96,667	117,544

The Group's credit policy is set out in note 24(a).

15 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:

	2017	2016
	HK$'000	HK$'000
At 1 January	**4,212**	4,112
Impairment loss recognised *(note 3(d))*	**4**	100
At 31 December	**4,216**	4,212

At 31 December 2017, trade receivables of HK$4,216,000 (2016: HK$4,212,000) 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$4,216,000 (2016: HK$4,212,000) were recognised. The Group does not hold any collateral over these balances.

15 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:

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**69,782**	72,462
Less than 1 month past due	**7,430**	10,015
1 to 2 months past due	**1,513**	11,775
Over 2 months past due	**17,942**	23,292
	26,885	45,082
	96,667	117,544

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.

16 Trading securities

	2017 HK$'000	2016 HK$'000
Listed equity securities in Hong Kong (stated at market value)	**6,052**	11,492

17 Cash and bank balances and other cash flow information

(a) Cash and bank balances

	2017 HK$'000	2016 HK$'000
Deposits with banks and other financial institutions	**3,143,165**	2,556,058
Cash at bank and in hand	**295,404**	309,908
	3,438,569	2,865,966

Cash and bank balances at 31 December 2017 include HK$63,457,000 equivalent (2016: HK$54,654,000 equivalent) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of liabilities arising from financing activities

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

	Bank loans HK$'000 (note 20)	Amounts due to holders of non-controlling interests of subsidiaries HK$'000 (note 18 and 19)	Total HK$'000
At 1 January 2017	**739,668**	**96,256**	**835,924**
Changes from financing cash flows:			
Proceeds from new bank loans	**133,687**	**–**	**133,687**
Repayment of bank loans	**(874,834)**	**–**	**(874,834)**
Repayment of advances from holders of non-controlling interests of subsidiaries	**–**	**(5,967)**	**(5,967)**
Total changes from financing cash flows	**(741,147)**	**(5,967)**	**(747,114)**
Exchange adjustments	**517**	**1,235**	**1,752**
Other borrowing costs	**3,971**	**–**	**3,971**
At 31 December 2017	**3,009**	**91,524**	**94,533**

18 Trade and other payables

	2017	2016
	HK$'000	HK$'000
Trade payables	**126,770**	137,444
Other payables and accrued charges	**311,822**	339,284
Amounts due to holders of non-controlling interests of subsidiaries (see note 19)	**91,524**	72,484
Amounts due to associates *(note)*	**4,320**	4,333
	534,436	553,545

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 payables with the following ageing analysis, based on the invoice date, as at the end of the reporting period:

	2017	2016
	HK$'000	HK$'000
Due within 3 months or on demand	**83,499**	101,135
Due after 3 months but within 6 months	**43,271**	36,309
	126,770	137,444

19 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$18,840,000 (2016: HK$23,772,000), which are unsecured, interest bearing at 6% per annum and repayable within one year (2016: repayable after one year), all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20 Bank loans and overdrafts

At 31 December 2017, the bank loans and overdrafts were repayable as follows:

	2017	2016
	HK$'000	HK$'000
Within one year or on demand	**3,954**	387,900
After one but within two years	**–**	352,300
	3,954	740,200

At 31 December 2017, the bank loans and overdrafts were secured as follows:

	2017	2016
	HK$'000	HK$'000
Unsecured bank overdrafts	**945**	532
Bank loans		
– Secured	**3,009**	13,639
– Unsecured	**–**	726,029
	3,954	740,200

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 2017, banking facilities of HK$390,815,000 (2016: HK$697,995,000) were secured by the Group's investment in listed equity securities, unlisted debt securities and unlisted investment funds with an aggregate carrying value of HK$80,831,000 (2016: HK$152,038,000). The facilities were utilised to the extent of HK$3,009,000 (2016: HK$13,639,000).

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position 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 24(b). At 31 December 2017, none of the covenants relating to drawn down facilities had been breached (2016: Nil).

21 Deferred liabilities

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

22 Taxation in the consolidated statement of financial position

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

	2017	2016
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**135,957**	131,331
Provisional Hong Kong Profits Tax paid	**(98,669)**	(92,732)
	37,288	38,599
Balance of Hong Kong Profits Tax provision relating to prior years	**–**	4,107
Overseas tax payable	**2,063**	2,202
	39,351	44,908
Representing:		
Tax recoverable	**(197)**	(91)
Tax payable	**39,548**	44,999
	39,351	44,908

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

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

(b) Deferred tax assets and liabilities recognised:

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

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

	Depreciation allowances in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Future benefit of tax loss HK$'000	Total HK$'000
Deferred tax arising from:				
At 1 January 2016	188,586	59,698	(3,004)	245,280
Charged to profit or loss	840	17,012	966	18,818
Exchange adjustments	(1,373)	(4,245)	–	(5,618)
At 31 December 2016	188,053	72,465	(2,038)	258,480
At 1 January 2017	**188,053**	**72,465**	**(2,038)**	**258,480**
Charged to profit or loss	**3,049**	**–**	**806**	**3,855**
Disposal of a subsidiary *(note 28)*	**(918)**	**–**	**–**	**(918)**
Exchange adjustments	**1,794**	**6,222**	**–**	**8,016**
At 31 December 2017	**191,978**	**78,687**	**(1,232)**	**269,433**

(ii) Reconciliation to the consolidated statement of financial position

	2017 HK$'000	2016 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(5,994)**	(4,843)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**275,427**	263,323
	269,433	258,480

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

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets of HK$128,644,000 (2016: HK$133,858,000) in respect of accumulated tax losses of HK$647,985,000 (2016: HK$651,632,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2017.

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.

23 Total equity

(a) Movements in components of equity

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

The Company

	Share capital HK$'000	Capital reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2016	691,721	1,019,874	300,000	283,597	2,295,192
Changes in equity for 2016:					
Profit and total comprehensive income for the year	–	–	–	206,244	206,244
Final dividends approved in respect of the previous year *(note 7(b))*	–	–	–	(196,344)	(196,344)
Interim dividends declared in respect of the current year *(note 7(a))*	–	–	–	(115,500)	(115,500)
Shares issued on exercise of warrants *(note 23(b)(i))*	4,105	–	–	–	4,105
Balance at 31 December 2016	695,826	1,019,874	300,000	177,997	2,193,697

23 Total equity (Continued)

(a) Movements in components of equity (continued)

The Company (continued)

	Share capital HK$'000	Capital reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2017	**695,826**	**1,019,874**	**300,000**	**177,997**	**2,193,697**
Changes in equity for 2017:					
Profit and total comprehensive income for the year	–	–	–	**605,847**	**605,847**
Final dividends approved in respect of the previous year *(note 7(b))*	–	–	–	**(209,443)**	**(209,443)**
Interim dividends declared in respect of the current year *(note 7(a))*	–	–	–	**(143,031)**	**(143,031)**
Shares issued on exercise of warrants *(note 23(b)(i))*	**689,043**	–	–	–	**689,043**
Balance at 31 December 2017	**1,384,869**	**1,019,874**	**300,000**	**431,370**	**3,136,113**

(b) Share capital

(i) Issued share capital

	2017		2016	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**577,537,634**	**695,826**	577,233,524	691,721
Shares issued on exercise of warrants	**51,040,184**	**689,043**	304,110	4,105
At 31 December	**628,577,818**	**1,384,869**	577,537,634	695,826

23 Total equity (Continued)

(b) Share capital (continued)

(ii) Bonus warrants

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

During the year, 51,040,184 units (2016: 304,110 units) of warrants were exercised to subscribe for totally 51,040,184 shares (2016: 304,110 shares) in the Company. The new shares rank pari passu in all respects with the existing shares of the Company. At 31 December 2017, 64,099,684 units (2016: 115,139,868 units) of warrants remained outstanding.

(c) Nature and purpose of reserves

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

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

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 the end of the reporting period and is dealt with in accordance with the accounting policy in note 1(g).

23 Total equity (Continued)

(d) Capital management

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

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

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total 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 the end of the reporting period are as follows:

	Note	**2017**	2016
		HK$'000	HK$'000
Bank loans and overdrafts	*20*	**3,954**	740,200
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	*19*	**18,840**	23,772
Less: Cash and bank balances	*17(a)*	**(3,438,569)**	(2,865,966)
Net cash		**(3,415,775)**	(2,101,994)
Total equity attributable to shareholders of the Company		**17,028,984**	15,139,367
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.

24 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 2017 is summarised in note 15.

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 statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

24 Financial risk management and fair values (Continued)

(b) Liquidity risk

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

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

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2017					
Trade and other payables	**438,592**	**–**	**–**	**438,592**	**438,592**
Amounts due to associates	**4,320**	**–**	**–**	**4,320**	**4,320**
Amounts due to holders of non-controlling interests of subsidiaries	**92,942**	**–**	**–**	**92,942**	**91,524**
Bank loans and overdrafts	**3,981**	**–**	**–**	**3,981**	**3,954**
Sales and rental deposits received	**196,214**	**–**	**–**	**196,214**	**196,214**
Deferred liabilities	**–**	**86,739**	**110,719**	**197,458**	**197,458**
	736,049	**86,739**	**110,719**	**933,507**	**932,062**
At 31 December 2016					
Trade and other payables	476,728	–	–	476,728	476,728
Amounts due to associates	4,333	–	–	4,333	4,333
Amounts due to holders of non-controlling interests of subsidiaries	72,484	25,548	–	98,032	96,256
Bank loans and overdrafts	398,437	358,013	–	756,450	740,200
Sales and rental deposits received	221,575	–	–	221,575	221,575
Deferred liabilities	–	55,968	113,012	168,980	168,980
	1,173,557	439,529	113,012	1,726,098	1,708,072

24 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 a subsidiary. 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 end of the reporting period:*

	2017		2016	
	Effective interest rate	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Floating rate borrowings				
Bank loans	**0.900%**	**3,009**	0.900% – 1.355%	739,668
Amounts due to holders of non-controlling interests of a subsidiary	**–**	**–**	6%	23,772
Total borrowings		**3,009**		763,440

(ii) *Sensitivity analysis*

At 31 December 2017, it is estimated that a general increase/decrease of 25 basis points (2016: 25 basis points) in interest rates, with all other variables held constant, would not have any significant impact to the Group's profit after tax and total equity (2016: would have decreased/increased the Group's profit after tax and total equity by approximately HK$1,589,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure the amount of interest-bearing borrowings held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2016.

24 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 16) and available-for-sale securities (see note 13).

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

At 31 December 2017, it is estimated that an increase/decrease of 5% (2016: 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$2,632,000 (2016: HK$5,422,000). For the trading securities, it is estimated that an increase/decrease of 5% (2016: 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$253,000 (2016: HK$480,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in market value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's 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 2016.

24 Financial risk management and fair values (Continued)

(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.

The Group is 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, Euro ("EUR"), Japanese Yen ("JPY") and British Pound ("GBP").

The following tables details the Group's exposure at the end of the reporting period 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.

	Exposure to foreign currencies 2017				
	RMB HK$'000	**USD HK$'000**	**EUR HK$'000**	**JPY HK$'000**	**GBP HK$'000**
Cash and bank balances	**61,612**	**578,022**	**838**	**419**	**368**
Unlisted debt securities in overseas	**–**	**28,200**	**–**	**–**	**–**
Listed equity securities in overseas	**–**	**15,664**	**2,419**	**–**	**–**
Unlisted investment fund	**43,767**	**–**	**–**	**–**	**–**
Total	**105,379**	**621,886**	**3,257**	**419**	**368**

	Exposure to foreign currencies 2016				
	RMB HK$'000	USD HK$'000	EUR HK$'000	JPY HK$'000	GBP HK$'000
Cash and bank balances	108,907	576,893	3,841	2,558	3,278
Unlisted debt securities in overseas	–	29,101	–	–	–
Listed equity securities in overseas	–	8,733	28,322	3,004	–
Unlisted investment funds	30,756	–	14,497	–	–
Total	139,663	614,727	46,660	5,562	3,278

24 Financial risk management and fair values (Continued)

(e) Foreign currency risk (continued)

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

	2017			2016		
	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%**	**3,081**	**5,269**	5%	5,445	6,983
USD	**5%**	**135**	**135**	5%	135	135
EUR	**5%**	**42**	**163**	5%	192	2,333
JPY	**5%**	**21**	**21**	5%	128	278
GBP	**5%**	**18**	**18**	5%	164	164

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 end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2016.

(f) Fair value measurement

(i) Financial assets measured at fair value

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

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

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

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

24 Financial risk management and fair values (Continued)

(f) Fair value measurement (continued)

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

	Fair value at 31 December 2017 HK$'000	Fair value measurements at 31 December 2017 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	**34,548**	**34,548**	**–**	**–**
– Listed equity securities in overseas	**18,083**	**18,083**	**–**	**–**
– Unlisted debt securities in overseas	**28,200**	**–**	**28,200**	**–**
– Unlisted investment fund	**43,767**	**–**	**43,767**	**–**
Trading securities:				
– Listed equity securities in Hong Kong	**6,052**	**6,052**	**–**	**–**

	Fair value at 31 December 2016 HK$'000	Fair value measurements at 31 December 2016 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Assets:				
Available-for-sale securities:				
– Listed equity securities in Hong Kong	68,381	68,381	–	–
– Listed equity securities in overseas	40,059	40,059	–	–
– Unlisted debt securities in overseas	29,101	–	29,101	–
– Unlisted investment funds	45,253	–	45,253	–
Trading securities:				
– Listed equity securities in Hong Kong	11,492	11,492	–	–

24 Financial risk management and fair values (Continued)

(f) Fair value measurement (continued)

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

During the years ended 31 December 2017 and 2016, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted debt securities 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 2017 and 2016. Amounts due from/(to) subsidiaries, associates and holders of non-controlling interests of subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

25 Capital commitments

Capital commitments outstanding at 31 December 2017 not provided for in the financial statements were as follows:

	2017 **HK$'000**	2016 HK$'000
Future expenditure relating to properties:		
Contracted for	**7,673**	13,650

26 Operating lease commitments

(a) At 31 December 2017, the total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2017 HK$'000	2016 HK$'000
Within 1 year	**695,662**	586,522
After 1 year but within 5 years	**671,851**	742,523
After 5 years	**583**	–
	1,368,096	1,329,045

(b) At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 HK$'000	2016 HK$'000
Within 1 year	**64,713**	82,090
After 1 year but within 5 years	**85,157**	111,100
After 5 years	**21,972**	37,812
	171,842	231,002

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.

27 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions under the ordinary course of business and were carried out on normal commercial terms:

	2017 **HK$'000**	2016 HK$'000
Property agency fee payable to a subsidiary of the Group's major shareholder *(note (a))*	**3,000**	3,000
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder *(note (a))*	**(13,887)**	(13,803)
Management fee income from a subsidiary of the Group's major shareholder *(note (b))*	**(699)**	(778)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder *(note (c))*	**(2,267)**	(2,478)
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre *(note (d))*	**(1,019)**	(3,917)
– an entity controlled by a director for leasing of Office Units 1706-1707 and Whole of 18th Floor, Mira Place Tower A *(note (d))*	**(28,942)**	(26,040)
– a subsidiary of the Group's major shareholder for leasing of Shops 501-03, 505-06 and Pillar Signage, Mira Place 1 *(note (d))*	**(29,681)**	(27,922)
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$165,000 for the year ended 31 December 2017 (2016: HK$208,000)) *(note (d))*	**16,998**	16,708
– 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$1,914,000 for the year ended 31 December 2017 (2016: HK$2,076,000)) *(note (e))*	**17,000**	15,276
Consideration paid for acquisition of subsidiaries from an associate of the Group's major shareholder *(note (f))*	**–**	4,587

All of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in paragraphs headed "Continuing Connected Transactions" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2017.

27 Material related party transactions (Continued)

Notes:

(a) The property agency fee payable to a subsidiary of the Group's major shareholder for the provision of property agency services to the Group's investment properties in Hong Kong, was calculated at a certain percentage of the gross rental income from the Group's investment properties during the year.

The Group's travel division provides agency services to certain subsidiaries and associates of the Group's major shareholder in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The net amounts due to these companies as at 31 December 2017 amounted to HK$18,806,000 (2016: HK$15,187,000) are unsecured, interest-free and have no fixed terms of repayment.

(b) The management fee income from a subsidiary of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the year the service provided. The amount due from this company as at 31 December 2017 amounted to HK$49,000 (2016: HK$201,000) is unsecured, interest-free and has no fixed terms of repayment.

(c) The Group's hotel division provides hotel and catering services to certain subsidiaries and associates of the Group's major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amounts due from these companies as at 31 December 2017 amounted to HK$1,290,000 (2016: HK$1,556,000) are unsecured, interest-free and have no fixed terms of repayment.

(d) No amount due from/to these companies as at 31 December 2017 (2016: HK$Nil).

(e) The amount due to this company as at 31 December 2017 amounted to HK$180,000 (2016: HK$228,000) is unsecured, interest-free and has no fixed terms of repayment.

(f) For the year ended 31 December 2016, the Group acquired all equity interests in YMT Travel Limited (formerly known as HYFCO Travel Agency Limited) from Hong Kong Ferry (Holdings) Company Limited (an associate of the Group's major shareholder). YMT Travel Limited and its subsidiary became subsidiaries of the Group.

(g) Remuneration for key management personnel are disclosed in note 5.

28 Disposal of a subsidiary

On 17 February 2017, the Group entered into an agreement with a third party to dispose the entire issued share capital of a wholly-owned subsidiary at a net consideration of HK$146,059,000. The transaction was completed on 7 March 2017. The disposal of the subsidiary had the following effect on the Group's financial statements:

	HK$'000
Investment properties *(note 10(a))*	(117,000)
Trade and other receivables	(89)
Trade and other payables	89
Rental deposits received	1,940
Tax payable	1
Deferred tax liabilities *(note 22(b)(i))*	918
Net assets disposed	(114,141)
Net consideration received and net cash inflow	146,059
Net gain on disposal of a subsidiary *(note 3(c))*	31,918

29 Company-level statement of financial position

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	**7,231**	10,925
Interests in subsidiaries	**3,128,879**	2,609,531
	3,136,110	2,620,456
Current assets		
Inventories	**508**	3,100
Trade and other receivables	**14,954**	18,981
Cash and bank balances	**2,179,966**	1,288,611
	2,195,428	1,310,692
Current liabilities		
Trade and other payables	**(52,541)**	(53,851)
Deposits received	**(356)**	(353)
	(52,897)	(54,204)
Net current assets	**2,142,531**	1,256,488
Total assets less current liabilities	**5,278,641**	3,876,944
Non-current liability		
Amounts due to subsidiaries	**(2,142,528)**	(1,683,247)
NET ASSETS	**3,136,113**	2,193,697
CAPITAL AND RESERVES		
Share capital	**1,384,869**	695,826
Reserves	**1,751,244**	1,497,871
TOTAL EQUITY	**3,136,113**	2,193,697

Approved and authorised for issue by the board of directors on 19 March 2018.

LEE KA SHING
Chairman and CEO

COLIN LAM KO YIN
Director

30 Non-adjusting events after the reporting period

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

31 Comparative figures

Certain comparative figures have been adjusted to conform to current year's presentation.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017 (Continued)

HKFRS 9, *Financial instruments*

HKFRS 9 introduces new classification and measurement requirements for financial assets on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, a new expected credit loss model that replaces the incurred loss impairment model used in HKAS 39, *Financial Instruments: Recognition and Measurement*. Based on management's initial assessment,

- The classification of its financial assets in accordance with the requirement of HKFRS 9 will not have a material impact on the net assets of the consolidated statement of financial position of the Group;

- Impairment based on expected credit loss model on the Group's trade receivables have no significant financial impacts.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*. The Group's current revenue recognition policies are disclosed in note 1(t).

Under HKAS 18, an entity acts as a principal and recognises revenue on a gross basis if it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. HKFRS 15 uses a different approach in determining whether an entity is a principal or an agent. Under HKFRS 15, an entity is a principal if it controls the specified good or service before that good or service is transferred to a customer.

Based on the assessment performed so far, the Group considers that under HKFRS 15 the Group may change to recognise revenue relating to provision of certain services in travel operations from a gross basis to a net basis. This potential change in accounting policy will have no impact on the Group's net assets and total comprehensive income.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017

(Continued)

HKFRS 16, *Leases*

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 26(b), at 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$171,842,000 for properties, the majority of which is payable between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its 2018 consolidated financial statements.

Group's Five-year Financial Summary

	2017 HK$'million	2016 HK$'million	2015 HK$'million	2014 HK$'million	2013 HK$'million
Results (for the years ended 31 December)					
Revenue	**3,186**	3,118	3,251	3,127	3,044
Profit attributable to shareholders of the Company	**1,519**	1,277	1,355	1,301	1,278
Assets and liabilities (as at 31 December)					
Investment properties, other property, plant and equipment	**14,409**	13,814	13,204	12,608	12,146
Interests in associates	**1**	2	2	2	2
Interest in a joint venture	**–**	–	–	6	10
Available-for-sale securities – non-current	**80**	152	252	277	408
Deferred tax assets	**6**	5	4	3	2
Net current assets	**3,136**	2,114	2,222	2,013	1,755
Total assets less current liabilities	**17,632**	16,087	15,684	14,909	14,323
Bank loans – non-current	**–**	(352)	(968)	(1,161)	(1,692)
Deferred liabilities	**(197)**	(169)	(137)	(175)	(127)
Amounts due to holders of non-controlling interests of a subsidiary	**–**	(24)	–	(39)	–
Deferred tax liabilities	**(275)**	(263)	(249)	(242)	(232)
Net assets	**17,160**	15,279	14,330	13,292	12,272
Capital and reserves					
Share capital (Note)	**1,385**	696	692	692	692
Reserves	**15,644**	14,444	13,491	12,463	11,444
Total equity attributable to shareholders of the Company	**17,029**	15,140	14,183	13,155	12,136
Non-controlling interests	**131**	139	147	137	136
Total equity	**17,160**	15,279	14,330	13,292	12,272
	HK$	HK$	HK$	HK$	HK$
Per share data					
Earnings – Basic	**2.52**	2.21	2.35	2.25	2.21
Dividends attributable to the year	**0.59**	0.54	0.54	0.49	0.44
Net assets value attributable to shareholders of the Company	**27.09**	26.21	24.57	22.79	21.02

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.

Group Properties

at 31 December 2017

Major properties held for investment and/or own use

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong				
The Mira Hong Kong 118-130 Nathan Road Tsimshatsui, Kowloon	Sections A and C of KIL6022	Hotel and Commercial	Medium	100
Mira Place Tower A and Mira Place 1 1 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6454	Commercial	Medium	100
1/F., Champagne Court 16 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6022B	Commercial	Medium	100
A3, 13/F., United Mansion Nos. 37E-37H and 37J-37K Jordan Road and Nos. 95-103 Shanghai Street, Kowloon	Portion of KIL6727	Residential	Medium	100
3/F., 47 and 49 Sa Po Road Kowloon City, Kowloon	Portion of NKIL498 B&C	Residential	Medium	100
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
No. 88 Stanley Main Street, Hong Kong	Stanley Inland Lot No.105 and Stanley Lot No.1130	Commercial	Medium	100

Group Properties (Continued)

at 31 December 2017

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

Notice of Annual General Meeting

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 Friday, 8 June 2018 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 2017.

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, 26 April 2018

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

Notes:

(1) A Shareholder of the Company (the "Shareholder(s)") entitled to attend and vote is entitled to appoint (i) another person (whether a Shareholder or not) as a proxy to exercise all or any of the Shareholder's rights to attend and to speak and vote at the Meeting and (ii) separate proxies to represent respectively the number of the shares held by the Shareholder that is specified in their instruments of appointment of proxies. If a Shareholder appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands. Form of proxy must be lodged at the registered office of the Company at 15/F, Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (accordingly, no later than 12:00 noon on 6 June 2018). In calculating the periods mentioned for depositing the instrument appointing a proxy, no account is to be taken of any part of a day that is a public holiday.

(2) For the purpose of ascertaining Shareholders' entitlement to attend and vote at the Meeting, the Register of Members will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018, both days inclusive, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong ("Computershare"), no later than 4:30 p.m. on Monday, 4 June 2018.

(3) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 14 June 2018 to Monday, 25 June 2018, both days inclusive, during such period no transfer of shares will be registered. In order to establish entitlements to the proposed final dividend, Shareholders must lodge the Share Transfer Documents for registration with Computershare no later than 4:30 p.m. on Wednesday, 13 June 2018.

(4) An explanatory statement containing the information necessary to enable the Shareholders to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to Shareholders together with the Company's 2017 Annual Report.

Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Chairman and CEO

Mr LEE Ka Shing

Corporate Secretary

Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
MUFG Bank, Ltd.
Mizuho Bank, Ltd.
China Construction Bank (Asia) Corporation Limited
Sumitomo Mitsui Banking Corporation
Bank of Communications Co., Ltd.
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited

Share Registrar

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

Registered Office

15/F, Mira Place Tower A, 132 Nathan Road,
Tsim Sha Tsui, Kowloon, Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
(Stock Code: 71)

Website

http://www.miramar-group.com

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
15/F Mira Place Tower A 132 Nathan Road Tsimshatsui Kowloon Hong Kong

www.miramar-group.com