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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

2014 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders

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

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

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

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

BUSINESS OVERVIEW

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

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

HOTELS AND SERVICED APARTMENTS BUSINESS

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

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

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

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

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

PROPERTY RENTAL BUSINESS

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

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

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

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

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

FOOD AND BEVERAGE BUSINESS

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

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

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

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

TRAVEL BUSINESS

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

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

BUSINESS OUTLOOK

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

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

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

APPRECIATION

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

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

Lee Ka Shing
Chairman and CEO

Hong Kong, 16 March 2015

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The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014 together with the comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

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

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For the year ended 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year brought forward		<u>1,329,627</u>	<u>1,302,040</u>
Attributable to:			
Shareholders of the Company		<u>1,300,775</u>	<u>1,277,889</u>
Non-controlling interests		<u>28,852</u>	<u>24,151</u>
		<u>1,329,627</u>	<u>1,302,040</u>
Dividends attributable to the year:			
Interim dividend	5	<u>98,129</u>	<u>98,129</u>
Final dividend		<u>184,714</u>	<u>155,852</u>
		<u>282,843</u>	<u>253,981</u>
Earnings per share – basic and diluted	6	<u>HK\$2.25</u>	<u>HK\$2.21</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

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

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

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CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Fixed assets			
– Investment properties		11,905,710	11,078,791
– Other fixed assets		702,787	1,067,255
		12,608,497	12,146,046
Interest in associates		1,640	1,816
Interest in a joint venture		5,854	10,017
Available-for-sale securities		277,355	407,529
Deferred tax assets		3,428	2,774
		12,896,774	12,568,182
Current assets			
Inventories		132,769	152,195
Trade and other receivables	7	270,664	304,729
Available-for-sale securities		34,337	33,940
Trading securities		11,396	7,238
Cash and bank balances		3,534,476	2,874,785
Tax recoverable		15,851	22,155
		3,999,493	3,395,042
Non-current assets classified as held for sale	8	350,929	–
		4,350,422	3,395,042
Current liabilities			
Trade and other payables	9	(535,111)	(616,420)
Bank loans and overdrafts		(1,544,784)	(798,127)
Sales and rental deposits received		(218,138)	(185,888)
Tax payable		(39,224)	(39,412)
		(2,337,257)	(1,639,847)
Net current assets		2,013,165	1,755,195
Total assets less current liabilities carried forward		14,909,939	14,323,377

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CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total assets less current liabilities brought forward		14,909,939	14,323,377
Non-current liabilities			
Bank loans		(1,161,585)	(1,691,652)
Deferred liabilities		(175,083)	(126,789)
Amount due to holders of non-controlling interests of a subsidiary	<i>10</i>	(38,687)	–
Deferred tax liabilities		(242,113)	(232,601)
		(1,617,468)	(2,051,042)
NET ASSETS		13,292,471	12,272,335
CAPITAL AND RESERVES			
Share capital: nominal value		–	404,062
Other statutory capital reserve		–	287,628
Share capital and statutory capital reserve	<i>11</i>	691,690	691,690
Other reserves		12,463,318	11,444,063
Total equity attributable to shareholders of the Company		13,155,008	12,135,753
Non-controlling interests		137,463	136,582
TOTAL EQUITY		13,292,471	12,272,335

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies used in the preparation of the financial statements are consistent with those used in the 2013 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and one new Interpretation that are first effective for the current accounting period of the Group and the Company. None of these developments have impact on the Group’s financial statements and the Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

2. TURNOVER AND SEGMENT REPORTING

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

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

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

(a) Segment results

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

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

Information regarding the Group's reportable segments as provided to the Group's board and senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

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

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2. TURNOVER AND SEGMENT REPORTING (CONTINUED)

(a) Segment results (continued)

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

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

2. TURNOVER AND SEGMENT REPORTING (CONTINUED)

(b) Geographical information

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

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

3. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on bank advances and other borrowings repayable within five years	32,243	25,157
Other borrowing costs	5,762	5,330
	<u>38,005</u>	<u>30,487</u>

4. TAXATION

Taxation in the consolidated income statement represents:

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

Provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year.

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

Share of associates' taxation for the year ended 31 December 2014 of HK\$8,000 (2013: HK\$7,000) is included in the share of profits less losses of associates.

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

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ANNOUNCEMENT****5. DIVIDENDS**

Dividends attributable to the year

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.17 per share (2013: HK\$0.17 per share)	98,129	98,129
Final dividend proposed after the balance sheet date of HK\$0.32 per share (2013: HK\$0.27 per share)	184,714	155,852
	282,843	253,981

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

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$1,300,775,000 (2013: HK\$1,277,889,000) and 577,231,252 shares (2013: 577,231,252 shares) in issue during the year.

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

7. TRADE AND OTHER RECEIVABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 1 month	59,263	71,902
1 month to 2 months	13,682	15,867
Over 2 months	15,459	19,235
Trade receivables (net of allowance for doubtful debts)	88,404	107,004
Other receivables, deposits and prepayments	182,260	197,725
	270,664	304,729

At 31 December 2014 and 2013, all of the trade and other receivables are expected to be recovered within one year.

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

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

Accordingly, the carrying amount of the Property of HK\$350,929,000 has been reclassified from “Other fixed assets” to “Non-current assets classified as held for sale” at 31 December 2014.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as at the balance sheet date:

	2014 HK\$'000	2013 HK\$'000
Due within 3 months or on demand	96,283	79,482
Due after 3 months but within 6 months	17,768	21,784
Trade payables	114,051	101,266
Other payables	344,210	379,880
Amounts due to holders of non-controlling interests of subsidiaries (<i>see note 10</i>)	72,488	122,474
Amounts due to associates (<i>note</i>)	4,362	12,800
	535,111	616,420

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

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

10. AMOUNTS DUE TO HOLDERS OF NON-CONTROLLING INTERESTS OF SUBSIDIARIES

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

11. SHARE CAPITAL AND STATUTORY CAPITAL RESERVE

As at 31 December 2013, 577,231,252 ordinary shares, with par value of HK\$0.70 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of “authorised share capital” and “par value” no longer exist. The amount standing to the credit of the share premium account on 3 March 2014 has become part of the Company’s share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Movements of the company’s ordinary shares are set out below:

	At 31 December 2014		At 31 December 2013	
	<i>No. of shares</i>	<i>Amount HK\$’000</i>	<i>No. of shares</i>	<i>Amount HK\$’000</i>
Ordinary shares, issued and fully paid:				
At 1 January	577,231,252	404,062	577,231,252	404,062
Transition to no-par value regime on 3 March 2014	–	287,628	–	–
At 31 December	<u>577,231,252</u>	<u>691,690</u>	<u>577,231,252</u>	<u>404,062</u>

ANNUAL GENERAL MEETING

The Annual General Meeting (“AGM”) of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 10 June 2015 at 12:00 noon. The Notice of AGM will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company, and despatched to shareholders on or about 24 April 2015.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of 32 Hong Kong cents per share in respect of the year ended 31 December 2014 to shareholders listed on the Register of Members at the close of business on 19 June 2015. Subject to the approval to be obtained at the AGM, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 3 July 2015.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 8 June 2015 to 10 June 2015, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to determine members who are entitled to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 5 June 2015.

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

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 21% as at 31 December 2014 (2013: 21%).

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

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

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 31 December 2014, total available facilities amounted to approximately HK\$3.8 billion (2013: approximately HK\$3.0 billion), and 72% of that (2013: 83%) were utilised. At 31 December 2014, consolidated net cash were approximately HK\$0.79 billion (2013: HK\$0.34 billion), of which HK\$0.01 billion was secured borrowings (2013: none was secured).

EMPLOYEES

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

TRAINING AND DEVELOPMENT

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

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

CORPORATE GOVERNANCE

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

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this Announcement.

AUDIT COMMITTEE

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 16 March 2015

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