

The background of the cover is a repeating pattern of large, stylized, overlapping triangles in three colors: black, light grey, and a mustard yellow. The triangles are arranged in a way that creates a sense of depth and movement. A solid black rectangular box is positioned on the left side of the cover, containing the text for the annual report.

annual
report

2013

**Miramar Hotel and
Investment Company, Limited**

stock code: 71

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mosaic Mastery

claus Muse

~~morale~~ ~~Mesmerize~~

Modern

~~moon~~ Musical

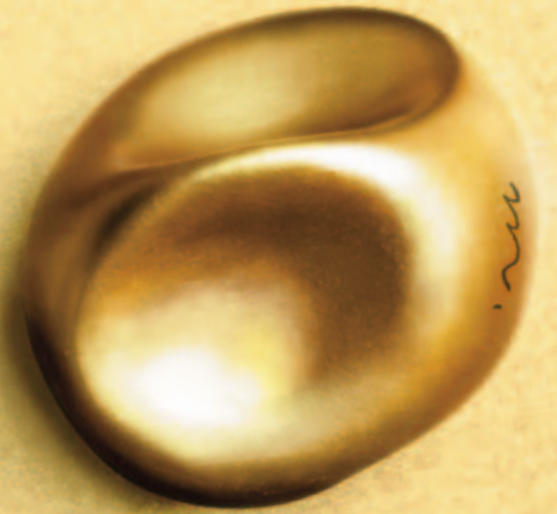
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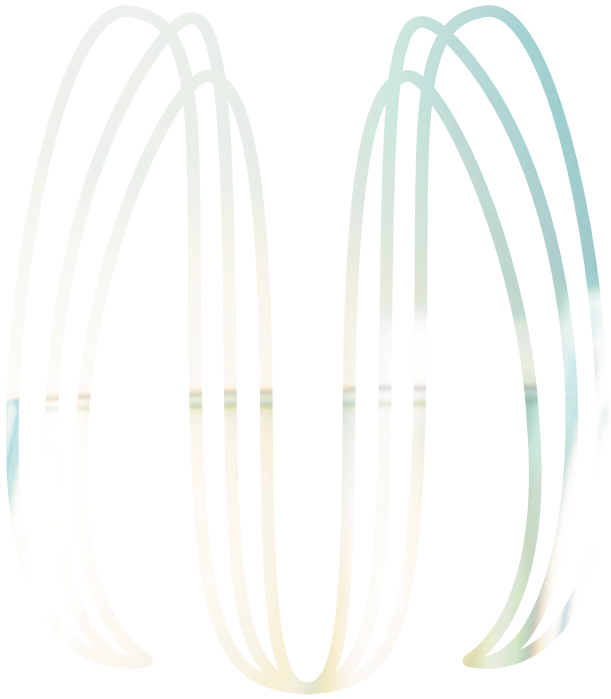
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About Miramar

A dynamic and design-oriented hospitality group providing lifestyle products

Established in Hong Kong in 1957, Miramar Hotel and Investment Company, Limited (Miramar Group) is a hospitality 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.





dynamic modern ity

A sustainable, stylish and service-oriented
hospitality group evolving to serve the needs
of increasingly discerning guests.

left | Fluidity is in everything we do.

right | A crystal clear vision in delighting customers.







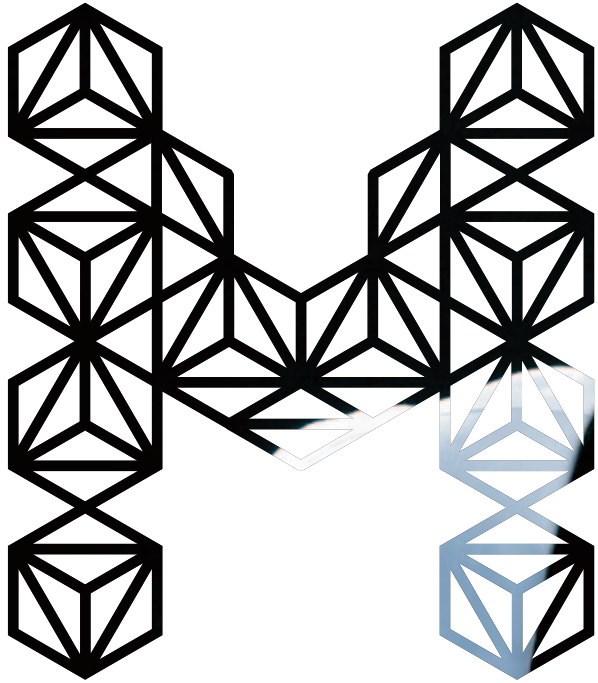
contemporary master plan

Blending architectural and technological innovation, Miramar Group's portfolio is authentic in origin and contemporary in design.

left | Landmark entrance to The Mira Hong Kong.
right | Mira Moon's fairy-tale inspired lanterns.







creative masters

Our specialty masters of various disciplines work their magic to create a host of well-seasoned experiences with savoir-faire and style.

left | Chef's Bjoern Panek and Jacky Chan, diverse in background and experts in their field, reflect Mira Dining's rich culinary team.

right | Service teams with an abundance of character, passion and style make for a distinguished ambience.







distinctive me mories

Our passion for detail creates and inspires genuine, emotional connections and guest experiences – be it hotels, shopping, dining or travelling.

left | Mira Moon's guest services recount the hotel's bespoke Moon mythology.

right | The king of flowers Peony motif is vividly present throughout Mira Moon.





1948

Miramar Hotel opened its doors in 1948 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 8 years of listing on the local stock exchange, Miramar Hotel grew to over 1,300 rooms, making it the largest hotel in Southeast Asia at the time.

1986

Miramar Express was launched.

1988

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

1993

Acquired by Henderson Land Group.

2002

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

2006

Miramar Travel was launched.

2008

Miramar Hotel was re-branded as The Mira Hong Kong and 2 years later, it became the first hotel in Hong Kong to join the Berlin-based cutting-edge collective, Design Hotels™ network, leading the way for lifestyle living, and paving the way for the Mira brand.

2011

The Group introduced Hong Kong's Michelin Star Cantonese Restaurant, Cuisine Cuisine to the Mainland.

2012

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

2013

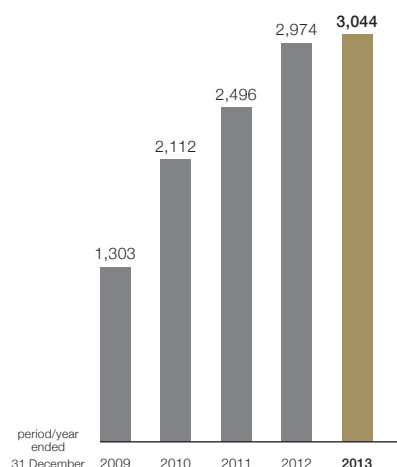


Miramar Group launched its second Design Hotels™ member property, Mira Moon, in Wan Chai on 1 November further reinforcing its stylish, lifestyle-oriented brand. A fun and casual Korean restaurant, School Food, made its debut in August and a third outlet of the popular Tsui Hang Village Cantonese restaurant chain was opened in Causeway Bay in May.

12 Financial Highlights

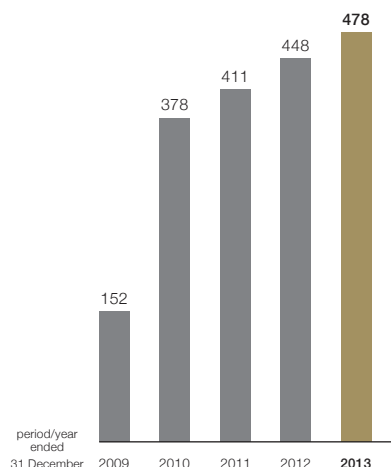
Turnover

HK\$'million



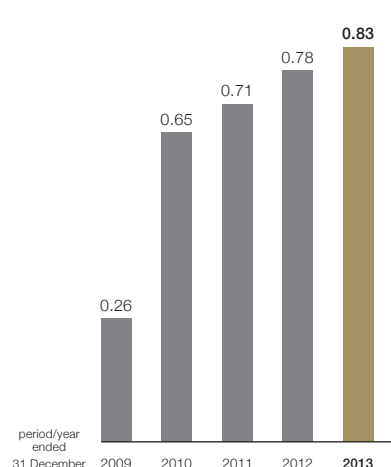
Underlying profit attributable to shareholders of the Company

HK\$'million



Underlying earnings per share

HK\$



Turnover

Property rental

Property development and sales

Hotel and serviced apartment

Food and beverage operation

Travel operation

Apparel operation

Total turnover

Profit attributable to shareholders of the Company

Underlying profit attributable to shareholders of the Company (note)

For the year ended 31 December
2013
HK\$'million

2012
HK\$'million

742 690

63 173

616 615

320 285

1,221 1,120

82 91

3,044 2,974

1,278 1,377

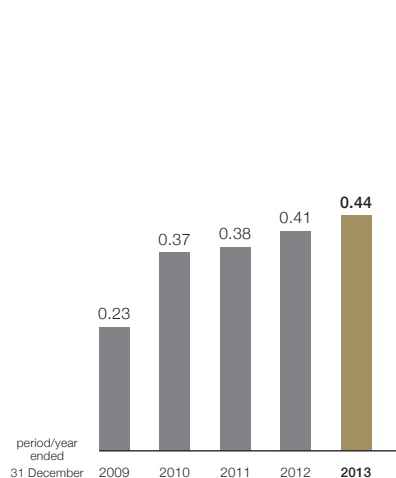
478 448

Note:

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

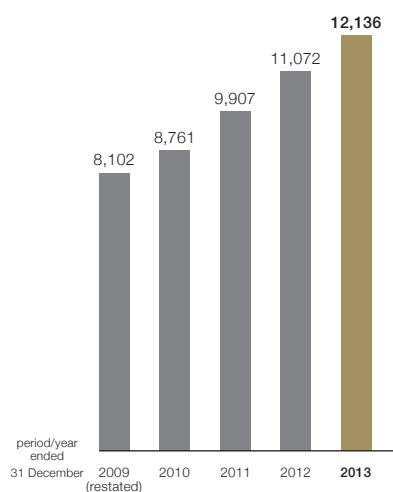
Dividend per share

HK\$



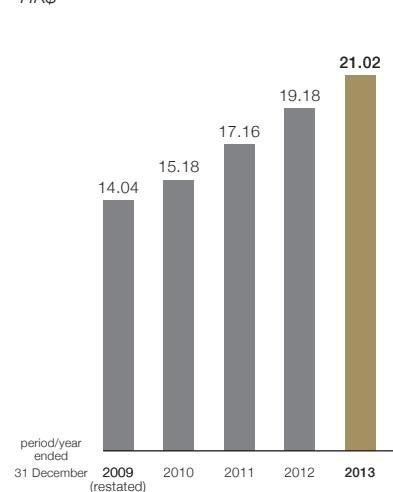
Shareholders' equity

HK\$'million



Net asset value attributable to shareholders of the Company per share

HK\$



Notes:

- (1) In August 2009, the Company changed its financial year ended date from 31 March to 31 December. Hence, the figures for the period ended 31 December 2009 covered the nine months period from 1 April 2009 to 31 December 2009.
- (2) The figures for the period ended 31 December 2009 has been restated to reflect the effect of early adoption of the amendments to HKAS 12, Income taxes in 2010.

Earnings per share

Underlying earnings per share

Dividend per share

For the year ended 31 December

2013
HK\$

2012
HK\$

2.21

2.39

0.83

0.78

0.44

0.41

At 31 December

2013
HK\$'million

2012
HK\$'million

Consolidated net asset attributable to shareholders of the Company

12,136

11,072

HK\$

HK\$

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

21.02

19.18

The Group's core businesses performed respectably



Dear Shareholders

On behalf of your Board, I am pleased to present my report on the operations of the Group for the financial year ended 31 December 2013.

Turnover, Profit and Net Asset Value Attributable to Shareholders

The Group's turnover rose by 2% to approximately HK\$3,044,000,000 for the financial year ended 31 December 2013 (the "Reporting Period") when compared to the financial year ended 31 December 2012 (the "Last Corresponding Period") (2012: HK\$2,974,000,000). Profit attributable to shareholders decreased by 7% year-on-year to approximately HK\$1,278,000,000 (2012: HK\$1,377,000,000). Excluding the net increase in the fair value of the Group's investment properties, underlying profit attributable to shareholders grew by 7% to approximately HK\$478,000,000 (2012: HK\$448,000,000). Basic underlying earnings per share rose by 7% to HK\$0.83 compared to the Last Corresponding Period (2012: HK\$0.78).



The Group owns a portfolio of the most precious property assets and will continue to enhance its value and stable income stream

Business Overview

The global economy's slow recovery continued and China's introduction of austerity measures and tighter fiscal controls tapered consumption growth. The Group's core businesses of Hotel and Serviced Apartment, Property Rental, Food and Beverage, and Travel managed to perform respectably. The Group focused on delivering our long-term goals of asset and product enhancement, continually responding to our customers' needs, improving service with prudent expansion, in line with our design-oriented lifestyle brand identity.

During the year, the Group responded positively despite the adverse conditions in business and leisure travel with the opening of the new hotel – Mira Moon, while the Hotel and Serviced Apartment business also delivered a satisfactory result. The Property Rental business benefitted from its long-term tenancy agreements and high-value tenant portfolio, while continuing to enhance the quality of its properties, and both its revenue and occupancy rates grew steadily. The result of the Group's multi-brand Food and Beverage business improved as it continued to open new specialty outlets to cater to different tastes and further improved products and services in its portfolio of contemporary restaurants. The Travel business recorded satisfactory results, boosted by a stable operating environment in the overall outbound travel sector and increased online sales.

The Group evaluated the prospects of its Apparel business in light of increasing losses and made a decision during the second half of the year to discontinue this business at the natural expiry of distribution contract terms in December 2013.

Corporate Governance and Social Responsibility

The Group places great emphasis on ensuring that it adheres to sound corporate governance and corporate social responsibility practices. The Group regards the maintenance of a pre-eminent board of directors, sound internal controls and accountability to its shareholders as fundamental to good governance.

Commercial growth and corporate social responsibility are mutually important imperatives for the Group. The Group actively pursues meaningful sustainability and social responsibility initiatives and closely partners in the initiatives of our substantial shareholder, Henderson Land Development Company Limited.

During the year, the Group received several accolades including Indoor Air Quality Certification from the Hong Kong Environmental Protection Department, Hong Kong Green Award from the Green Council, and Excellence in Facility Management from the Hong Kong Institute of Facility Management.

Business Outlook

The Group will continue to invest in the further development of its core businesses as it evolves into a more synergistic, stylish and service-oriented hospitality group with attributes that truly differentiate it in the market.

The Group owns a portfolio of the most precious property assets and will continue to do its best to enhance its value and stable income stream. With a strong balance sheet, financial liquidity, a highly experienced management team, unique branding and almost six decades of business experience, I am confident that the Group is well positioned to meet all the anticipated challenges and opportunities of 2014 and to continue to deliver sustainable growth in returns to our shareholders.

Re-designation of Directors

Due to my busy schedule, I have tendered my resignation as Chairman and member of both of the Remuneration Committee and Nomination Committee and I am glad to remain as Non-executive Director. At the same time, the Board of Directors has approved at the recommendation of the Nomination Committee that I will be re-designated as a Non-executive Director, and Mr. Lee Ka Shing be re-designated as the Chairman and Chief Executive Officer and will also be appointed as a member of the Remuneration Committee and the Chairman of the Nomination Committee with effect from 12 June 2014, being the business date following the forthcoming Annual General Meeting scheduled to be held on 11 June 2014. I wish to thank all my fellow directors for their trust and support during my tenure as Chairman.

Acknowledgement

I would like to take this opportunity to express my gratitude to my fellow directors for their guidance and to all staff for their dedication and hard work.

LEE SHAU KEE

Chairman

Hong Kong, 18 March 2014



Strengthening our position as a lifestyle hospitality group



The Group delivered a respectable performance in 2013 against a backdrop of challenging economic conditions. We accomplished this by leveraging the solid Miramar reputation, reinforcing our unique design-oriented lifestyle brand and exploiting our ability to adapt swiftly to changing business conditions.

Our four core business units, Hotel and Serviced Apartment, Property Rental, Food and Beverage, and Travel all performed satisfactorily during the year as the Group continued to consolidate its position as a strong and sustainable, stylish service-oriented hospitality group. In response to the disappointing returns and outlook in the Apparel business, management took a strategic decision to exit this business line at the end of 2013 with the natural expiry of the master distribution contracts.





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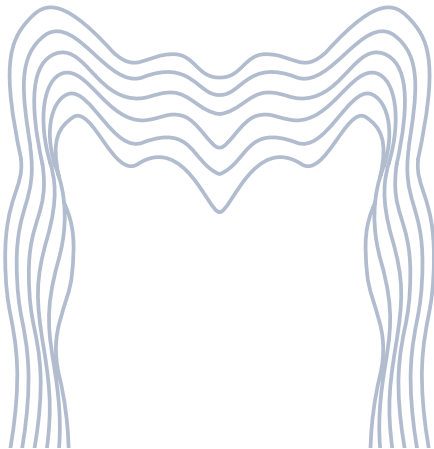


themira.



miramoon





Hotel and Serviced Apartment Business

Delivering enhanced value propositions with stylish products and services

The Group's Hotel and Serviced Apartment business was impacted by subdued global economic conditions coupled with an increasingly competitive landscape. Management responded proactively by improving its customer-centric approach through the introduction of stylish new products and improved services, thereby enhancing its service-oriented value proposition. The division experienced a slight decline in average daily rate (ADR) and a slight reduction in EBITDA (earnings before interest, tax, depreciation and amortization) to approximately HK\$223,800,000.

The highlight of the year was the opening in November of Mira Moon, a unique 91-room boutique hotel located in Hong Kong's bustling Wan Chai district, which epitomizes our positioning as a premier lifestyle-oriented hospitality group. We consider the design-oriented hotel market – featuring high quality, innovative guest services and technology – as an attractive opportunity for the Group and we are currently planning the launch of a third property in this segment. We also focused on increasing our corporate account business and introduced the Mira Plus loyalty program, which extends to our malls, and food and beverage operations.





Property Rental Business

Landmark location attracting premium tenants

The Group's prestigious portfolio of commercial properties in Hong Kong and Mainland China again performed strongly. Our landmark properties in Tsim Sha Tsui include two shopping malls and an office tower spanning approximately 500 meters of prime space in Tsim Sha Tsui's Golden Mile shopping district.

Despite the ongoing global economic uncertainties, the Group was able to benefit from existing multi-year tenancy agreements, a quality tenant portfolio with our ability to attract some of the world's top brands, and the overall enhancement of our facilities in order to achieve growth in revenues of 7% and EBITDA of 8% in 2013.

Miramar Shopping Centre and Mira Mall

Subdued and cautious consumer spending placed pressure on retailers in all categories, resulting in marginal tapering in the rental growth rate. Despite this, the Group's shopping malls, Miramar Shopping Centre (MSC) and Mira Mall, remain resilient with a portfolio of quality tenants. Occupancy rate for MSC remained at 97% during 2013, while an increase in average rental unit rate of 6% over last year was achieved.

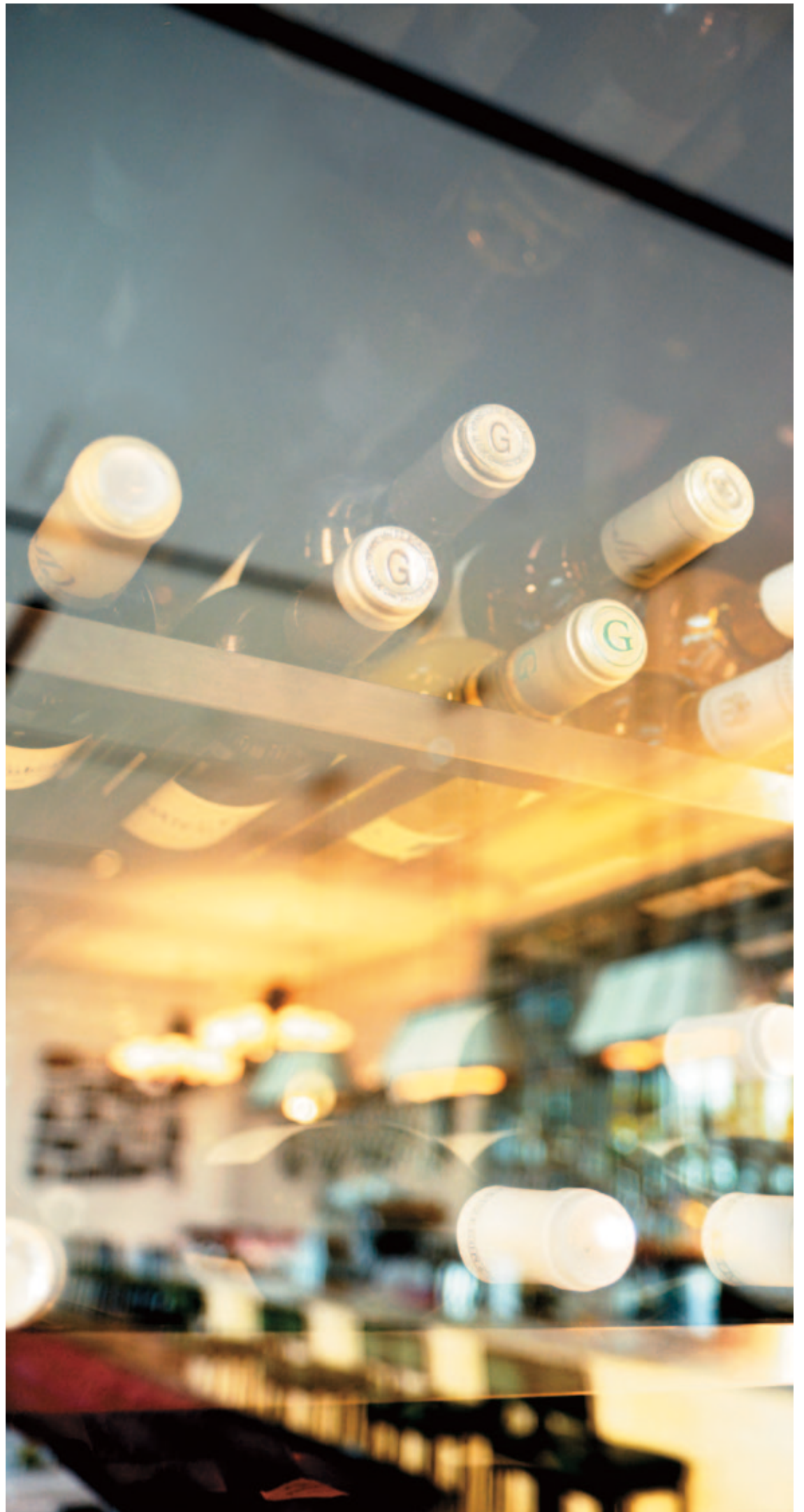
Benefitting from a prime location, existing prestigious lifestyle brand tenants and the high throughput of shoppers, our malls continued to attract some of the best known names in the fashion and luxury goods sector as new tenants.

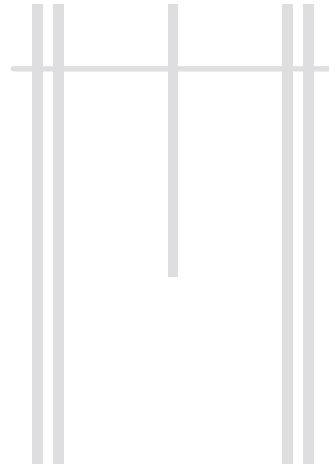
Overall, a change in the tenant mix and the availability of more space following the completion of enhancements to our malls during the previous year resulted in an overall increase in occupancy.

In pursuit of our commitment to offer a more enriched lifestyle experience to customers and better engage tenants, we introduced several unique marketing initiatives during the year. These included live musical performances and special themed holiday events, such as the creation of our own character for Easter. We are also moving towards a finer balance in our trade mix with more quality luxury goods brands and a diverse range of fine dining cuisines, including Chinese, Japanese, Korean and Italian.

Miramar Tower

Miramar Tower experienced a slight decline in occupancy rate to 95%, while the average rental unit rate increased by 19% year-on-year. The impact of a lower growth momentum of the office rental market was negligible and the Group benefitted from long-term rental agreements we have in place with quality tenants. The proximity of Miramar Tower to major shopping malls, diverse dining establishments and parking facilities helped to attract and retain a strong portfolio of quality tenants.





Food and Beverage Business

Diverse culinary delights, popular contemporary dining

The Group's vision for its Food and Beverage business is to be the most preferred brand in every cuisine that we serve to our customers. Our long-standing, multi-brand, multi-culinary approach to contemporary dining continues to prove a winning strategy as the Group adjusts its offering to appeal to an increasingly broad range of customers, tastes and trends.

Our wide selection of dining outlets includes a range of popular Chinese, French, Italian and Japanese restaurants of varying customer price points. During the year, we opened a Tsui Hang Village Cantonese restaurant in Causeway Bay, the third in this popular chain, our French Window Brasserie and Bar was re-launched at ifc Mall, and we relocated our famed Yunyan Sichuan restaurant to Times Square, under a new identity as Yun Yan. Also in Times Square, we opened the first School Food, a fun and casual international restaurant chain specializing in popular Korean food.

As our Food and Beverage business has not yet reached profitability, we are encouraged with the overall progress in the past year with revenue up by 12% and losses reduced. We are confident this trend toward profitability will continue as the Group plans to carefully manage challenges such as high costs of renovation and labor in order to increase our value proposition for our customers.





Travel Business

Increasing overseas vacation travel drives expansion

With demand for travel services continuing to grow, the Group's revenue from travel related business grew substantially. The percentage of customers making online reservations also increased significantly. The business achieved revenue growth of 9% to approximately HK\$1,220,900,000 and EBITDA of approximately HK\$56,600,000 as more vacationers chose to travel overseas. This was characterized by a steady increase in the outbound travel market, particularly in the high-end vacation segment.



Business Outlook

Recognizing that economic growth is likely to remain steady, the Group will remain both flexible and prudent in our expansion activities, focus on our core businesses and customers and leverage our competitive edge while carefully monitoring the high costs associated with doing business in Hong Kong as well as the high expectations of our customers.

The Group will continue with its asset enhancement program to increase value and shoppers' experience in our malls. This is aimed at enhancing and enlivening our malls under a single brand entity to better demonstrate the Group's lifestyle focus and increase our value proposition.

In our Hotel and Serviced Apartment business, we are in the advanced planning stages of a third Mira brand hotel following the success of Mira Moon as we seek to provide visitors with more meaningful lifestyle choices during their stay in Hong Kong. The Group will continue to closely monitor our Food and Beverage business and make strategic adjustments to service, product and pricing in line with market conditions. As evidenced by the successful introduction of School Food, we will also carefully expand our offering where it can enhance the Group's value proposition.

Encouraged by the results in Travel business, the Group will continue to target the outbound market and will further focus on the fast-growing online reservations and sales market.

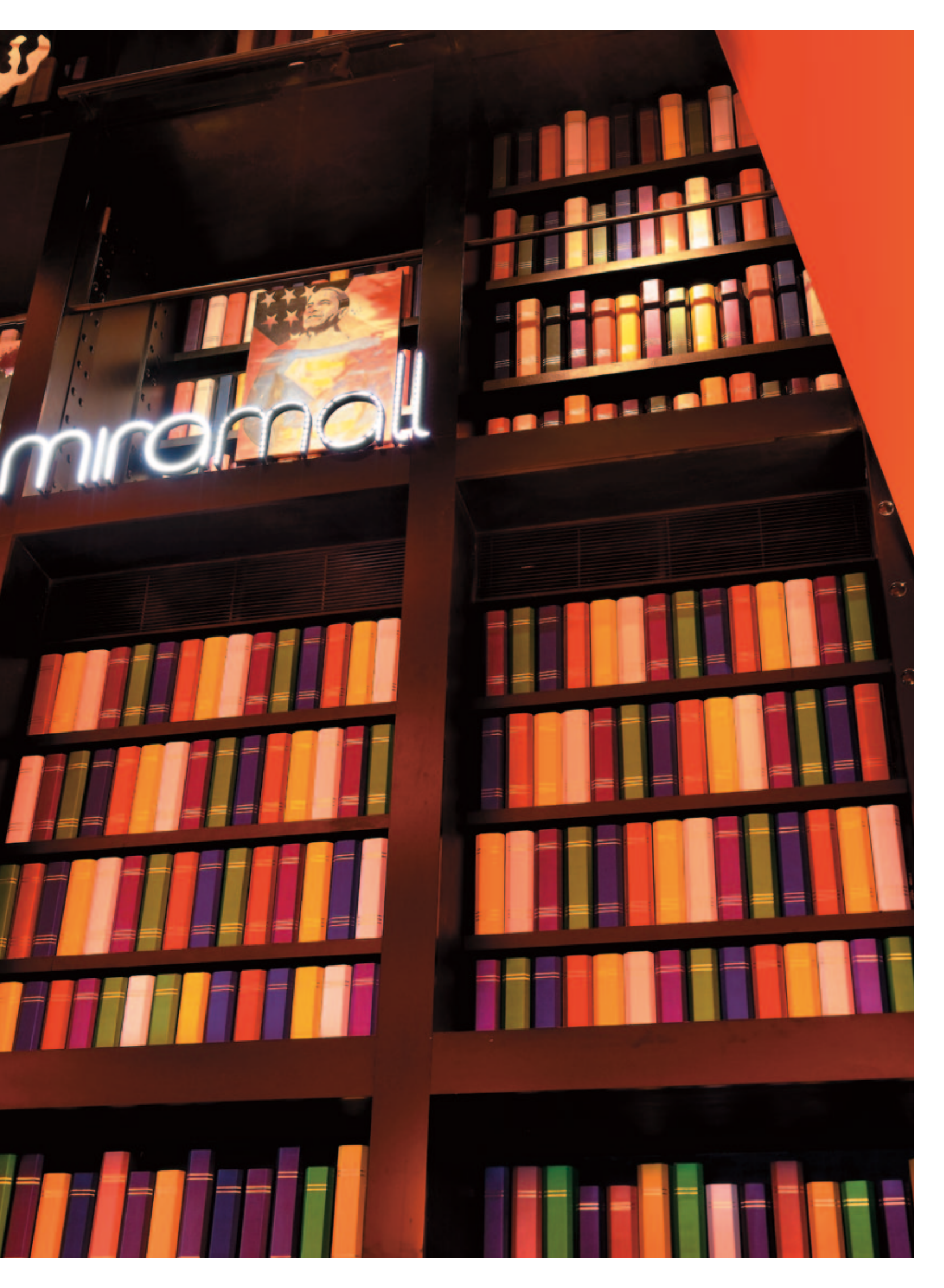
The Group's professional management team will continue the momentum of our brand, service and product development as we capitalize on market opportunities and strengthen our position as the leading stylish, service-oriented hospitality group. The Group will be able to deliver stable and healthy growth with thorough planning and asset enhancement programs.

LEE KA SHING
CEO

Hong Kong, 18 March 2014



miramall



distinctive
and
diversified
business



MIRAMAR GROUP

- Grand Prize Award, Manpower Developer Award Scheme, 2011-2013 Employees Retraining Board (ERB)

HOTEL AND SERVICED APARTMENT

Mira Moon

- Best Hotel Interior Hong Kong, The Asia Pacific Hotel Awards 2013-2014
- China Green Building Design Label: 3-Star rating

The Mira Hong Kong

- Recommended Hotel, Michelin Guide Hong Kong & Macau 2013
- Trip Advisor Certificate of Excellence Award 2013

WHISK (The Mira Hong Kong)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2013

PROPERTY RENTAL

Miramar Shopping Centre

- Excellence in Facility Management Award 2013, The HK Institute of Facility Management (HKIFM)
- Hong Kong Green Award 2013 – Green Management Award (Corporation) – Service Provider – Silver, Green Council
- Hong Kong Green Award 2013 – Green Purchasing Award (Corporation) – Silver, Green Council

FOOD AND BEVERAGE

Assaggio Trattoria Italiana (Wan Chai)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2013

Cuisine Cuisine (Hong Kong)

- 1 Star Restaurant, Michelin Guide Hong Kong & Macau 2013

Hide-Chan Ramen

- Recommended Bib Gourmand Restaurant, Michelin Guide Hong Kong & Macau 2013

Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, Michelin Guide Hong Kong & Macau 2013

Yun Yan

- 100 Top Tables 2013, South China Morning Post (SCMP)

TRAVEL

Miramar Travel

- 2008 – 2013 Top Agent Award, Cathay Pacific Airways and Dragonair
- Best Trade Partner 2013, South African Tourism
- Taiwan Tourism Award 2013, Taiwan Tourism Bureau
- Best Tour Operator 2013, Turkish Airlines
- Hong Kong GIT Sales Contribution Award 2013, Air China

Biographical Details of Directors and Senior Management

Directors

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

Aged 85. Dr Lee was appointed director of the Company in 1993 and has been the Chairman of the Company since 8 August 2001. Dr Lee will resign as Chairman and member of both of the Remuneration Committee and Nomination Committee and will be re-designated as Non-executive Director of the Company with effect from 12 June 2014. He has been engaged in property development in Hong Kong for more than 55 years. He is the founder and the Chairman and Managing Director of Henderson Land Development Company Limited (“Henderson Land”) and Henderson Investment Limited (“Henderson Investment”), the Chairman of The Hong Kong and China Gas Company Limited, the Vice Chairman of Sun Hung Kai Properties Limited as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He previously served as an independent non-executive director of The Bank of East Asia, Limited, a listed company, until his resignation on 24 April 2013. Dr Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. He is a director of Multiglade Holdings Limited (“Multiglade”), Higgins Holdings Limited (“Higgins”), Threadwell Limited (“Threadwell”), Aynbury Investments Limited (“Aynbury”), Henderson Land, Henderson Development Limited (“Henderson Development”), Hopkins (Cayman) Limited (“Hopkins”), Riddick (Cayman) Limited (“Riddick”) and Rimmer (Cayman) Limited (“Rimmer”) which have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013. He is the father of Mr Lee Ka Shing.

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

Aged 84. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Dr Sin has a plenitude of experience in the businesses of jewelry, property development, property rental, hotel operation, and banking and finance. He is the Chairman of Myer Jewelry Manufacturer Limited. He previously served as a director of New World Development Company Limited until 1 March 2012. He is also a director of certain subsidiaries of the Company.

Mr LEE Ka Shing

Aged 42. 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. Mr Lee will be re-designated as the Chairman and Chief Executive Officer and will also be appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company with effect from 12 June 2014. 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, Henderson Investment and a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is also a Vice Chairman of Henderson Development. Mr Lee is a Committee Member of the 12th Beijing Committee, and previously a Committee Member of the 10th Guangxi Zhuangzu Zizhiqu Committee and of the 10th Foshan Committee, of the Chinese People's Political Consultative Conference, PRC. Henderson Land and Henderson Development have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013. He is also a director of certain subsidiaries of the Company. Mr Lee is the son of Dr Lee Shau Kee.

Dr Patrick FUNG Yuk Bun

Aged 66. Dr Fung was appointed director of the Company in 1985. He obtained his MBA degree from University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank in 1976 and was appointed Director in 1980. He was appointed Chief Executive of the Bank in 1992, and then Chairman and Chief Executive in April 1996.

Dr Fung is an independent non-executive director of The Link Management Limited, the manager of The Link Real Estate Investment Trust. He is a member of the Court of the Hong Kong Polytechnic University, a member of the Court of the Hong Kong University of Science and Technology, Vice President of the Hong Kong Institute of Bankers and a member of Board of Governors of The Hong Kong Philharmonic Society Limited. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On

Aged 64. Mr Cheng was appointed director of the Company in 1985. He is currently a member of the Audit Committee of the Company. Mr Cheng has extensive practical experience in corporate management and is also an executive director of King Fook Holdings Limited and the Managing Director of the Onflo International Group of Companies. He is also a director of certain subsidiaries of the Company.

Biographical Details of Directors and Senior Management

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

Aged 61. Mr Tang was appointed director of the Company in 1986. He is an MBA graduate from the University of Santa Clara, California, U.S.A., and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, U.S.A. He is currently the Chairman and Managing Director of Richcom Company Limited, Vice Chairman of King Fook Holdings Limited, an independent non-executive director of Hang Seng Bank Limited and Wheelock and Company Limited and a director of various private business enterprises. He is an Advisor of Tang Shiu Kin and Ho Tim Charitable Fund. He is also a director of certain subsidiaries of the Company.

Mr Colin LAM Ko Yin, *FCILT, FHKIoD*

Aged 62. Mr 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 40 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. Mr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008. 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. Mr Lam is a director of Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 67. Mr Lau was appointed director of the Company in 1996. He has over 40 years' experience in banking, finance and investment. He is also an executive director of Henderson Land as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, both of which are listed companies. He previously served as an executive director of Henderson Investment, a listed company, until his retirement on 9 June 2011. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013. He is also a director of certain subsidiaries of the Company.

Mr Norman HO Hau Chong, BA, ACA, FCPA

Aged 58. 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 32 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited. He previously served as an independent non-executive director of Starlight International Holdings Limited until his retirement on 26 August 2013, CITIC Pacific Limited until his resignation on 12 May 2011. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 57. Mr Yeung was appointed director of the Company in 2000 and was re-designated as independent non-executive director of the Company in December 2012. He has extensive experience in the businesses of property development, hotel operation and jewelry. He is also a director and the Chairman of King Fook Holdings Limited and an independent non-executive director of New World Development Company Limited.

Mr Thomas LIANG Cheung Bui, BA, MBA

Aged 67. Mr Liang was appointed director of the Company in 2004 and was re-designated as independent non-executive director of the Company in December 2012. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from Columbia University. Mr Liang has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. He is also the Group Chief Executive of Wideland Investors Limited and an independent non-executive director of New World Development Company Limited.

Mr WU King Cheong, BBS, JP

Aged 63. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an executive director of Lee Cheong Gold Dealers Limited. He is also an independent non-executive director of Yau Lee Holdings Limited, Henderson Land, Henderson Investment and Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. Mr Wu previously served as an independent non-executive director of Chevalier Pacific Holdings Limited, a listed company, until 27 October 2011. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013.

Biographical Details of Directors and Senior Management

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

Aged 67. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. Mr Au is a well-known banker in Hong Kong and has more than 32 years' experience in local and international banking business, having been the Chief Executive of Hang Seng Bank Limited (from October 1993 to March 1998) and of Oversea-Chinese Banking Corporation Limited in Singapore (from September 1998 to April 2002). He is currently an independent non-executive director of Henderson Land (as re-designated on 18 December 2012) and The Wharf (Holdings) Limited and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Au previously served as an independent non-executive director of Wheelock and Company Limited, a listed company, until 22 October 2012. An accountant by training, Mr Au is a Chartered Accountant as well as a Fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013.

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

Aged 62. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference. Currently, Dr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Glorious Sun Enterprises Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, China Construction Bank Corporation and Henderson Land, all of which are listed on The Stock Exchange of Hong Kong Limited. He is also an independent director of China State Construction Engineering Corporation Limited, listed on the Shanghai Stock Exchange. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited (listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of Nine Dragons Paper (Holdings) Limited, a listed company, until his retirement on 3 March 2013. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2013.

Senior Management

Mr Felix SEE Chi Kwok

Aged 44. Mr See joined the Group in May 2012 as Chief Operations Officer. He holds a Bachelor's Degree from the University of Hong Kong and a Master's Degree in Business Administration from the Hong Kong University of Science and Technology. Mr See is a seasoned executive and has more than 20 years' experience in the information technology industry, having held various senior management positions within Hewlett-Packard in the Greater China region, with responsibilities covering sales, business development and general management. Mr See has a proven track record in business turnarounds and possesses strong ability to manage sizable companies. He addresses both short-term performance and long-term sustainability of a company through the cultivation of performance culture and the establishment of an effective organization. He has extensive experience in charting future strategies of a company to fuel business growth, and has strong network with executives in Hong Kong, China and Taiwan. Prior to joining the Group, Mr See was Executive Director and Deputy Chief Executive Officer of Tradelink Electronic Commerce Limited.

Mr Allen LIM Kean Kee

Aged 53. Mr Lim joined the Group in May 2012 as Chief Financial Officer and appointed as the Joint Company Secretary in August 2012. He holds a Master of Business Administration from the Brunel University/Henley Management College, U.K. and is a Fellow of The Chartered Institute of Management Accountants, U.K. Mr Lim has over 30 years of experience working closely with senior business leaders to achieve strategic, business and financial objectives in the Asia Pacific region; transforming finance to value creation function; leading mergers and acquisitions, due diligence and investment projects; and enhancing operational and process efficiency. Mr Lim joined the Group from HSBC Bank, where he was the Head of Management Information, Planning and Analysis covering all HSBC businesses in Hong Kong, and was the Asia Pacific Chief Financial Officer of HSBC Asset Management. During the earlier part of his career, he was with American Express, National Australia Bank and spent some time as a management consultant.

Mr Patrick CHEANG Kwok Kee

Aged 45. Mr Cheang joined the Group in November 2012 as Director of Internal Audit. He holds a Bachelor's Degree in Finance from The University of Hong Kong and Diploma of Business Law from the University of Shenzhen. Mr Cheang has over 15 years of auditing and risk management expertise with extensive experience in property related areas. Prior to joining the Group, Mr Cheang worked at The Link Management Limited as Head of Risk Management & Compliance and Head of Internal Audit and before that, he was the Supervising Consultant (Group Audit) for Jardine Matheson Limited.

Biographical Details of Directors and Senior Management

Mr Clement WU Kim Man

Aged 45. 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. He has managed a number of large scale major renovations and value-added projects across both residential and commercial sectors in Hong Kong. Prior to joining the Group, Mr Wu was the General Manager (Project and Planning Department) of The Link Management Limited.

Mr Kenneth SORENSEN

Aged 48. Mr Sorensen joined the Group in November 2012 as Business Unit Head of Hotels and Serviced Apartments. A Danish national and holding a Degree in Hospitality Management from EHL in Lausanne, Mr Sorensen is a well-traveled multi-cultural seasoned executive with more than 25 years of sales, marketing, business development, operations, asset management and general management experiences, the last 15 in the Asia Pacific region. He has held key leadership roles in the main disciplines of the hospitality industry. Prior to joining the Group, he was at the helm of Onyx Hospitality Group – North Asia.

Mr Martin CHUNG Shui Ming

Aged 49. Mr Chung joined the Group in April 2010 as General Manager of The Mira Hong Kong. In May 2012 he was appointed as Business Unit Head of Food and Beverage. He holds a Bachelor's Degree in Hospitality Management from the University of Lausanne and a Bachelor's Degree in Business Administration from La Neuveville, Switzerland. Mr Chung has over 20 years of experience in hospitality management spanning Asia, Europe and the Middle East, specialising in food and beverage. Prior to joining the Group, he was Senior Vice-President (Food and Beverage) of Atlantis, The Palm Dubai.

Ms Amy LEE Mei Yee

Aged 45. Ms Lee joined the Group in January 2013 as Director of Group Marketing & Corporate Communications. Ms Lee's rich marketing experience has centered around creating, sustaining and rejuvenating brands. Her experience in the property and lifestyle industry was well advanced with her involvement in precinct creation, new visual identity design, repositioning, launch and marketing of the many premium multi-purpose commercial complexes comprising grade A offices, malls, serviced apartments and hotels owned by Swire Properties in China and Hong Kong.

Mr Anthony HO Wai Cheong

Aged 44. Mr Ho joined the Group in December 2012 as Director of Group Information Technology. He holds a Bachelor's Degree in Computer Engineering and a Master of Business Administration from The University of Hong Kong. Mr Ho has more than 20 years of experience in the information technology industry. He has held various leadership positions in global & local companies in the field and has a great depth of technical and management knowledge especially in project management and management of change. He is also well experienced in IT strategies and operations, and partnering with business units to provide online customer service and support. Prior to joining the Group, Mr Ho was the Chief Information Officer of Tradelink Electronic Commerce Limited.

Mr Mike CHAN Tin Fun

Aged 49. Mr Chan joined the Group in April 2009 as Director of Group Procurement. He holds a Bachelor of Arts (Hons) Degree in Hospitality and Tourism Management from University of Birmingham; a Diploma in Marketing and International Business, and a Diploma in Company Management, both from the Chinese University of Hong Kong. Mr Chan has extensive experience in the field, having worked at various reputable companies in Asia Pacific, China and Hong Kong, including but not limited to Shangri-la, Ritz Carlton Hotel, Walt Disney and Hong Kong Jockey Club.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. During the year ended 31 December 2013, 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”).

Board of Directors

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

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

The biographical details of the directors and relationship among them are shown under the section “Biographical Details of Directors and Senior Management” in this Annual Report. Save as disclosed therein, there is no financial, business, family or other material/relevant relationship among the directors.

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu, Dr Timpson Chung Shui Ming and Mr Howard Yeung Ping Leung up to 31 December 2014; Dr Patrick Fung Yuk Bun up to 31 December 2015; Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee are up to 31 December 2016; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

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

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

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association, Mr Alexander Au Siu Kee, Dr Patrick Fung Yuk Bun, Mr Lee Ka Shing, Mr Richard Tang Yat Sun and Mr Wu King Cheong shall retire by rotation at the forthcoming 2014 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.

Mr Wu King Cheong has served as independent non-executive director for more than nine years. As an independent non-executive director with extensive experience and knowledge, Mr Wu 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 Mr Wu would not affect his exercise of independent judgement and is satisfied that Mr Wu has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and the Board thus recommends Mr Wu for re-election at the 2014 Annual General Meeting.

The roles undertaken by Dr Lee Shau Kee as Chairman of the Company and Mr Lee Ka Shing as Chief Executive Officer are segregated.

Corporate Governance Report

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 2013, 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, Mr 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 Dr Lee Shau Kee 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 six times during the year ended 31 December 2013. The major work performed by the Audit Committee included reviewing the Group's internal controls, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions, approving the remunerations and terms of engagement of the external auditors and making recommendation to the Board on the re-appointment of auditors.

Nomination Committee

The Nomination Committee comprises 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 Dr Lee Shau Kee and Mr Lee Ka Shing. Dr Lee Shau Kee is the Chairman of the Nomination Committee.

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

The Nomination Committee met twice during the year ended 31 December 2013. 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 board diversity policy and the re-election of all the retiring Directors at the Annual General Meeting.

Corporate Governance Report

Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2013 and the attendance of directors are set out in the table below:

Directors	Meetings attended/held				2013 Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Dr LEE Shau Kee	4/4	N/A	1/1	2/2	1/1
Mr LEE Ka Shing	4/4	N/A	N/A	2/2	1/1
Mr Richard TANG Yat Sun	4/4	N/A	1/1	N/A	1/1
Mr Colin LAM Ko Yin	4/4	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	4/4	N/A	N/A	N/A	1/1
Non-executive Directors:					
Dr Patrick FUNG Yuk Bun	3/4	6/6	N/A	N/A	0/1
Mr Dominic CHENG Ka On	4/4	6/6	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	6/6	1/1	2/2	1/1
Mr WU King Cheong	4/4	6/6	1/1	2/2	1/1
Dr Timpson CHUNG Shui Ming	4/4	6/6	1/1	2/2	1/1
Mr Howard YEUNG Ping Leung	4/4	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Bui	4/4	N/A	N/A	N/A	1/1

Directors' Training

During the year ended 31 December 2013, 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:	
Dr LEE Shau Kee	A, B
Mr LEE Ka Shing	A, B
Mr Richard TANG Yat Sun	A, B
Mr Colin LAM Ko Yin	A, B
Mr Eddie LAU Yum Chuen	A, B
Mr Norman HO Hau Chong	A, B
Non-executive Directors:	
Dr Patrick FUNG Yuk Bun	A, B
Mr Dominic CHENG Ka On	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

Corporate Governance Report

Auditors' Remuneration

During the year ended 31 December 2013, 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	3,616
Non-audit services:	
Interim review	380
Other services	380
	4,376

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 79 to 80 of this Annual Report.

Internal Control

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

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

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

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2013 and discussed with the internal auditor and independent auditors matters on auditing, internal control and financial report of the Group.

Model Code for Securities Transaction by Directors

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

Communication with Shareholders

During the year ended 31 December 2013, the Board has adopted a Shareholders Communication Policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy is to promote effective communication with shareholders of the Company and enable them to exercise their rights as shareholders in an informed manner and to furnish the investment community with equal and timely access to information about the Company. It will be updated in response to any subsequent changes in internal structure, regulatory and market developments.

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

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange’s website at www.hkex.com.hk and the Company’s website at www.miramar-group.com;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company’s website and the Articles of Association of the Company is made available on the respective websites of the Stock Exchange and the Company;
- (iv) Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Company’s Share Registrar serves the shareholders in respect of share registration, dividend payment, change of shareholders’ particulars and related matters.

Shareholders' Rights

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

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

The request:

- (i) must state the general nature of the business to be dealt with at the EGM;
- (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the EGM;
- (iii) may consist of several documents in like form;
- (iv) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at IR@miramar-group.com); and
- (v) must be authenticated by the person or persons making it.

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

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

(b) Procedures for putting forward enquires to the Board

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

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

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

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

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

- (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or
- (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

- (i) may be sent in hard copy form (to the Company’s registered office, which is situated at 15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at IR@miramar-group.com);
- (ii) must identify the resolution of which notice is to be given;
- (iii) must be authenticated by the person or persons making it; and
- (iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

Constitutional Documents

During the year ended 31 December 2013, there are no changes in the Company’s constitutional documents.

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 2013.

Principal Activities

The principal activity of the Company is investment holding, and the principal activities of its principal subsidiaries are property investment, property development and sales, hotel ownership and management, food and beverage operation, travel operation and apparel operation; the particulars of which are set out in note 12 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2013 are set out in note 10 to the financial statements.

Major Customers and Suppliers

Due to the diversity and nature of the Group's activities, the aggregate percentage of the Group's sales and purchases attributable to the Group's five largest customers and suppliers respectively was less than 30%.

At 31 December 2013, none of the directors, their associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's share capital, had an interest in any of the five largest customers and suppliers.

Financial Statements

The profit of the Group for the year ended 31 December 2013 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 81 to 163.

An interim dividend of 17 Hong Kong cents per share (2012: 16 Hong Kong cents per share) was paid on 18 October 2013. The directors now recommend the payment of a final dividend of 27 Hong Kong cents per share (2012: 25 Hong Kong cents per share) in respect of the year ended 31 December 2013, totalling HK\$253,981,000.

Charitable Donations

Donations made by the Group during the year ended 31 December 2013 amounted to HK\$78,369 (2012: HK\$44,046).

Fixed Assets

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

Directors

The directors who held office during the year ended 31 December 2013 and up to the date of this report were:

Executive Directors:

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

Non-executive Directors:

Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
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 Alexander Au Siu Kee, Dr Patrick Fung Yuk Bun, Mr Lee Ka Shing, Mr Richard Tang Yat Sun and Mr Wu King Cheong shall retire by rotation at the forthcoming 2014 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has also recommended to the Board that they are eligible for re-election.

Directors' Service Contracts

No director proposed for re-election at the forthcoming 2014 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.

Report of the Directors

Disclosure of Interests**Directors' interests in shares**

At 31 December 2013, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

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

Save as disclosed above, as at 31 December 2013, 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 2013 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial shareholders and others

As at 31 December 2013, the interests of every shareholder in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholders	Ordinary shares held	Percentage of total issued shares
Dr Lee Shau Kee	260,239,250 <i>(note 1)</i>	45.08%
Mr Lee Ka Shing	260,239,250 <i>(note 2)</i>	45.08%
Rimmer (Cayman) Limited ("Rimmer")	260,239,250 <i>(note 7)</i>	45.08%
Riddick (Cayman) Limited ("Riddick")	260,239,250 <i>(note 7)</i>	45.08%
Hopkins (Cayman) Limited ("Hopkins")	260,239,250 <i>(note 7)</i>	45.08%
Henderson Development Limited ("Henderson Development")	260,239,250 <i>(note 8)</i>	45.08%
Henderson Land Development Company Limited ("Henderson Land")	260,239,250 <i>(note 8)</i>	45.08%
Aynbury Investments Limited ("Aynbury")	260,239,250 <i>(note 8)</i>	45.08%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 8)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 8)</i>	13.71%
Threadwell Limited ("Threadwell")	80,505,000 <i>(note 8)</i>	13.95%

Persons other than substantial shareholders

Mr Chong Wing Cheong	57,594,210	9.98%
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Save as disclosed above, as at 31 December 2013, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 260,239,250 shares, which are duplicated in the interests described in Notes 2, 7 and 8.
- (2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 7, Mr Lee Ka Shing is taken to be interested in 260,239,250 shares, which are duplicated in the interests described in Notes 1, 7 and 8, by virtue of the SFO.
- (3) All these shares were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.
- (4) These shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.
- (5) All these shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary.
- (6) These 2 shares in Strong Guide Property Limited were equally owned by the respective wholly-owned subsidiaries of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 7 and 8.
- (7) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 260,239,250 shares are duplicated in the interests described in Notes 1, 2 and 8.
- (8) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 260,239,250 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 260,239,250 shares represent the shares described in Notes 1, 2 and 7.

Report of the Directors

Directors' and Management Emoluments

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

Continuing Connected Transactions and Connected Transactions

The Group has the following continuing connected transactions and connected transaction during the year ended 31 December 2013:

- (1) On 8 February 2005, a confirmation of sub-lease (the "Sub-Lease") was entered into between Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant (the "Tenant") and IFC Development Limited as landlord (the "Landlord"), whereby the Landlord agreed to sub-lease to the Tenant the premises at Shop Nos. 3101-3107 on Level Three of ifc Mall (Retail Accommodation on Site R of Inland Lot No. 8898) (the "ifc Premises").

Initial term of three years which commenced from 7 July 2004 with a first option (the "1st Option") exercisable by the Tenant at the expiry of the initial sub-lease period on 6 July 2007 to renew the sub-lease of the ifc Premises for three years, and a second option (the "2nd Option") exercisable by the Tenant at the expiry of the First Renewed Period to renew the sub-lease of the ifc Premises for a further three years if the 1st Option is exercised by the Tenant.

Upon the expiry of the initial term of the Sub-Lease on 6 July 2007, the Tenant exercised the 1st Option to renew the sub-lease of the ifc Premises (the "First Renewed Sub-Lease") and certain storerooms and advertisement lightbox(es) at the ifc Mall were also licenced by the Landlord to the Tenant for three years commencing from 7 July 2007 to 6 July 2010 ("First Renewed Period").

Upon the expiry of the First Renewed Period on 6 July 2010, the Tenant exercised the 2nd Option to renew the sub-lease of the ifc Premises (the "Second Renewed Sub-Lease") and certain storerooms and advertisement lightbox(es) at the ifc Mall were also licenced by the Landlord to the Tenant (the "Licences") upon the terms as detailed below:

- | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term | : Three years commencing from 7 July 2010 to 6 July 2013, and for the Licences, on an annual basis, subject to termination upon termination of the Second Renewed Sub-Lease. |
| Rent and other charges | : The Second Renewed Sub-Lease is at a basic rent of HK\$697,161.60 plus the Turnover Rent (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings (if any)); and the Licences are at an aggregate licence fee of HK\$31,630.00 (inclusive of management charges but exclusive of air-conditioning charges, rates, electricity, tax and other outgoings (if any)) per month; which shall both be payable on a monthly basis; and |

The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Second Renewed Sub-Lease shall be approximately HK\$328,408.30 per month (subject to review from time to time) and the extra air-conditioning charges at a rate of HK\$1,216.00 per day (subject to review from time to time). The aggregate air-conditioning charges payable on a monthly basis in respect of the Licences shall be approximately HK\$21,814.22 per month (subject to review from time to time).

As the Landlord is an associate of Henderson Land Development Company Limited (“Henderson Land”), a substantial shareholder of the Company, it is a connected person of the Company under Rule 14A.11 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the entering into of the Second Renewed Sub-Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Group has commenced operating two up-market restaurants at the ifc Mall since their soft openings on 6 February 2005 and the Directors (including independent non-executive Directors) are of the opinion that the ifc Mall, being a landmark in Hong Kong and located in the city center, is an ideal location for the Company to continue to operate the two up-market restaurants and to bring profits to the Group. The storerooms and the advertisement lightbox(es) under the Licences are used in connection with the restaurant business and the Directors are of the opinion that the use of the storerooms and the advertisement lightbox(es) are desirable for the operation of the restaurant business in ifc Mall.

- (2) On 2 February 2010, a lease (the “1803-07 and 1812 Lease”) was entered into between Shahdan Limited, a wholly-owned subsidiary of the Company 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 1803, 1804-06, 1807 and 1812, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Miramar Tower 1803-07 and 1812 Premises”).
Term	: Three years commencing from 1 February 2010 to 31 January 2013.
Rent and other charges	: The total rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$361,000.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$64,247.90; 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.

Report of the Directors

Rent-free period : Three months commencing from 1 February 2010 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the Miramar Tower 1803-07 and 1812 Premises.

User : To be used as a clinic only.

As Union Medical is a connected person of the Company, the entering into of the 1803-07 and 1812 Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rule.

(3) On 22 June 2010, the Group entered into the following agreements with Union Medical which constituted continuing connected transactions for the Company:

(i) A lease (the "1801-02 Lease") entered into between Shahdan as landlord and Union Medical as tenant; and

(ii) A lease (the "1808 and 1813 Lease") entered into between Shahdan as landlord and Union Medical as tenant.

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

Details of the 1801-02 Lease

Premises : Units 1801-02, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 1801-02 Premises").

Term : Three years commencing from 1 June 2010 to 31 May 2013.

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$130,000.00; and

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$24,424.00.

User : To be used as a clinic only.

Sublet : The tenant shall have the right to sublet a part of the Miramar Tower 1801-02 Premises during the term to Paragon Clinic Limited, which is a third party (not being a connected person of the Company).

Details of the 1808 and 1813 Lease

Premises : Units 1808 and 1813, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Miramar Tower 1808 and 1813 Premises”).

Term : Three years commencing from 15 June 2010 to 14 June 2013.

Rent and other charges : The total rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$133,000.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$23,392.70; 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.

Rent-free period : Two months commencing from 15 June 2010 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the Miramar Tower 1808 and 1813 Premises.

User : To be used as a clinic only.

As Union Medical is a connected person of the Company, the entering into of the 1801-02 Lease and the 1808 and 1813 Lease constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rule.

- (4) On 26 August 2010, a confirmation of lease (the “Confirmation of Lease”) was entered into between Profit Advantage Limited, a wholly owned subsidiary of the Company as tenant (the “Tenant”) and 北京高億房地產開發有限公司 (Beijing Gaoyi Property Development Co., Ltd.*) as Landlord (the “Landlord”), whereby the Landlord agreed to lease to the Tenant the premises upon the terms as detailed below:

Premises : Unit Nos. 201, 202, 203, 204 and 205 on Level two of West Tower, World Financial Centre, No. 1 East 3rd Ring Middle Road, Chaoyang District, Beijing, the People’s Republic of China (“PRC”), of approximately 2,688.45 square meter (the “wfc Premises”).

* For identification only

Report of the Directors

- Term : Initial term of three years commencing from 15 November 2010 with a first option (the “1st Option”) exercisable by the Tenant at the expiry of the initial lease period on 14 November 2013 to renew the lease at the wfc Premises for three years, and a second option exercisable by the Tenant to renew the lease of the wfc Premises for a further two years if the 1st Option is exercised by the Tenant.
- Rent and other charges : The rent payable on monthly basis (exclusive of management fee and other related charges) during the term is the basic rent with reference to the net area of the wfc Premises at the rate of RMB130 (approximately HK\$149.40) per square meter together with turnover rent representing the amount by which 7% of the gross turnover before tax per month derived from the business conducted at the wfc Premises (excluding 10% service charge, discounts and/or other rebates) exceeds the basic rent per month (the “Turnover Rent”);
- Notwithstanding the above, it is however provided that for the period from the date of commencement of the initial term and prior to the date before the leasing rate of the office space at the World Financial Centre having reached 50%, the basic rent payable per month for the wfc Premises shall only be at a basic rent calculated at the rate of RMB65 (approximately HK\$74.70) per square meter per month and no Turnover Rent shall be required to be paid during such period. Upon the leasing rate having reached 50%, the rent payable per month shall revert to the basis as mentioned in the foregoing paragraph; and
- Management fee (exclusive of promotional levy) payable on monthly basis during the term is at the rate of RMB50 (approximately HK\$57.47) per square meter with reference to the net area of the wfc Premises (subject to review from time to time by the Landlord or the property management company appointed by the Landlord).
- Renovation period and rent-free period : Renovation period of four months starting from 15 November 2010 to 14 March 2011, and rent free period of a further three months starting from 15 March 2011 to 14 June 2011, during which the Tenant is not obliged to pay rent but has to pay for the management fee and all other related charges.
- User : The wfc Premises shall be used for operating an up-market restaurant.

As the Landlord is an indirect wholly owned subsidiary of Henderson Land, a substantial shareholder of the Company, it is an associate of Henderson Land and thus a connected person of the Company under the Listing Rules. The entering into of the Confirmation of Lease therefore constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(5) On 17 September 2010, the Group entered into the following agreements with Union Medical which constituted continuing connected transactions for the Company:

- (i) A lease (the "1814 Lease") entered into between Shahdan as landlord and Union Medical as tenant; and
- (ii) A lease (the "1815 Lease") entered into between Shahdan as landlord and Union Medical as tenant.

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

Details of the 1814 Lease

Premises : Unit 1814, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 1814 Premises").

Term : Three years commencing from 16 August 2010 to 15 August 2013.

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$31,000.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$5,222.20; 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.

Rent-free period : One month commencing from 16 August 2010 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the Miramar Tower 1814 Premises.

User : To be used as a clinic only.

Details of the 1815 Lease

Premises : Unit 1815, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 1815 Premises").

Term : Three years commencing from 16 September 2010 to 15 September 2013.

Report of the Directors

- Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$21,500.00;
- The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$3,579.10; 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.
- Rent-free period : One month commencing from 16 September 2010 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the Miramar Tower 1815 Premises.
- User : To be used as a clinic only.

As Union Medical is a connected person of the Company, the entering into of the 1814 Lease and the 1815 Lease constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rule.

- (6) On 7 December 2010, the Group entered into the following agreements with Henderson Real Estate Agency Limited (“HREAL”) which constituted continuing connected transactions for the Company:
- (i) A tenancy agreement (the “Tenancy Agreement”) entered into between Shahdan as landlord and HREAL as tenant;
 - (ii) A licence agreement (the “Podium Roof Licence Agreement”) entered into between Shahdan as licensor and HREAL as licensee; and
 - (iii) A licence agreement (the “Fan Room Licence Agreement”) entered into between Shahdan as licensor and HREAL as licensee.

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

Details of the Tenancy Agreement

- Premises : Shop 3013, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Shop 3013 Premises”).
- Term : Two years commencing from 16 June 2011 to 15 June 2013, both days inclusive, provided that the tenant shall have the right to early terminate this tenancy by serving six months’ prior written notice to the landlord.

- 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\$485,000.00;
- (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated building manager) is HK\$77,841.00;
- (c) monthly promotion contribution, being 1% of the monthly rent of the Shop 3013 Premises (subject to periodic review by Shahdan) is HK\$4,850.00; and
- (d) Government rates as per Government's assessment.

User : To be used as a property agency only.

Details of the Podium Roof Licence Agreement

Podium Roof : Portion of Podium Roof, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Two years commencing from 16 June 2011 to 15 June 2013, both days inclusive provided that the licensee shall have the right to early terminate this license by serving six months' prior written notice to the licensor.

- Licence fee and other charges : (a) licence fee payable on a monthly basis (exclusive of Government rates and management fee) during the term is HK\$162,000.00;
- (b) monthly management fee (subject to the periodic review by Shahdan or its designated building manager) is HK\$8,901.20; and
- (c) Government rates as per Government's assessment.

User : Restricted to legal usage only.

Details of the Fan Room Licence Agreement

Fan Room : Fan Room, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Two years commencing from 16 June 2011 to 15 June 2013, both days inclusive provided that the licensee shall have the right to early terminate this license by serving six months' prior written notice to the licensor.

Report of the Directors

- Licence fee and other charges : (a) Licence fee payable on a monthly basis (exclusive of Government rates) during the term is HK\$32,000.00; and
- (b) Government rates as per Government's assessment.
- User : Restricted to legal usage only.

As HREAL is a connected person of the Company, the entering into of the Tenancy Agreement, Podium Roof Licence Agreement and Fan Room Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

- (7) On 12 August 2011, the Group entered into the following agreements with HREAL which constituted continuing connected transactions for the Company:
- (i) A tenancy agreement (the "Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant;
 - (ii) A tenancy agreement (the "First Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant;
 - (iii) A tenancy agreement (the "Second Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant which has been expired on 4 August 2012; and
 - (iv) A licence agreement (the "Signage A Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee.

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

Details of the Tenancy Agreement

- Premises : Shop 501-502, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 501-502 Premises").
- Term : Two years eight months and four days commencing from 1 December 2011 to 4 August 2014, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2013.
- Rent-free period : Three months commencing from and inclusive of 1 December 2011.
- Rent and other charges : (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$742,900.00;
- (b) Government rates (subject to Government's review) is HK\$83,700.00 per quarter;

- (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Shop 501-502 Premises) is HK\$161,531.80;
- (d) monthly promotion contribution, being 1% of the monthly rent of the Shop 501-502 Premises, that is HK\$7,429.00 subject to periodic review by Shahdan; and
- (e) decoration plan vetting fee is HK\$27,707.00 and debris disposal fee is HK\$55,414.00.

User : To be used as a property agency only.

Details of the Renewal First Tenancy Agreement

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

Term : Three years commencing on 5 August 2011 to 4 August 2014, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2013.

Rent and other charges : (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$458,000.00;

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

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

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

User : To be used as a property agency only.

Report of the Directors

Details of the Signage A Licence Agreement

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

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

- (8) On 29 December 2011, a lease (the "1816 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 : Unit 1816, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 1816 Premises").
- Term : One year and nine months, commencing from 16 December 2011 to 15 September 2013.
- Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$49,000.00;
- The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) is HK\$6,074.70; 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.

Rent-free period : One month commencing from 16 December 2011 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the Miramar Tower 1816 Premises.

User : To be used as a clinic only.

As Union Medical is a connected person of the Company, the entering into of the 1816 Lease constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rule.

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

Citistore Premises : Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Initial term of 3 years commencing from 3 October 2011 to 2 October 2014 ("Initial term").

Rent and other charges : (a) The rent payable on monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) (payable in advance on the 1st day of each month) during the term shall be as follows:

- (i) From 3 October 2011 to 2 October 2014, basic rent in the sum of HK\$220,800.00 per month plus the Annual Additional Turnover Rent (payable in arrear);
- (ii) From 3 October 2014 to 2 October 2017, provided the option (as defined below) is exercised by the Tenant, at open market rent plus the Annual Additional Turnover Rent (payable in arrear);

(b) Government rates (subject to Government's review) is HK\$19,800.00 per quarter (payable on the 1st day of January, April, July and October);

(c) aggregate monthly management fee and air-conditioning charges for the period from 3 October 2011 to 31 December 2011 is HK\$36,833.90 and commencing from 1 January 2012 will be HK\$41,067.00 (subject to periodic review by Shahdan or its property manager) (payable in advance on the 1st day of each month); and

Report of the Directors

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

Option : Citistore is entitled to a option, exercisable by Citistore by giving Shahdan not less than 6 months' and not more than 7 months' written notice prior to the expiry of the Initial term to renew the New Citistore Lease for 3 years.

User : To be used as retail shop only.

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

- (10) On 17 August 2012, a lease (the "1817-18 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 1817-18, 18th Floor Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 1817-18 Premises").

Term : One year three months and four days, commencing from 12 June 2012 to 15 September 2013.

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$92,000.00; and

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Miramar Tower) is HK\$12,666.80.

User : To be used as a clinic only.

As Union Medical is a connected person of the Company, the entering into of the 1817-18 Lease constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(11) On 18 March 2013, a New 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 : Whole of 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Miramar Tower 1803-07 and 1812 Premises:
Three years, commencing from
1 February 2013 to 31 January 2016 (both days inclusive);

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

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

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

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

Miramar Tower 1809-11 Premises which is rented by a third party
(not being a connected person of the Company) and is expired on
24 April 2014:
One year nine months six days, commencing from
25 April 2014 to 31 January 2016 (both days inclusive).

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

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

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

Report of the Directors

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

As Union Medical is a connected person of the Company, the entering into of the New Lease constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the 1803-07 and 1812 Lease, the 1801-02 Lease, the 1808 and 1813 Lease, the 1814 Lease, the 1815 Lease, the 1816 Lease, the 1817-18 Lease and the New Lease were entered into by Shahdan with the same connected person and all eight leases were in respect of the premises in the same building and on the same floor, they were regarded as related transactions and therefore were treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules.

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

- (i) A tenancy agreement (the “Renewal Tenancy Agreement”) entered into between Shahdan as landlord and HPAL as tenant;
- (ii) A licence agreement (the “Renewal Podium Roof Licence Agreement”) entered into between Shahdan as licensor and HPAL as licensee; and
- (iii) A licence agreement (the “Renewal Fan Room Licence Agreement”) entered into between Shahdan as licensor and HPAL as licensee.

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

Details of the Renewal Tenancy Agreement

- Premises : Shop 3013, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Shop 3013 Premises”).
- Term : Three years commencing from 16 June 2013 to 15 June 2016, both days inclusive, provided that both the landlord and the tenant shall have the right to early terminate this tenancy by giving a notice of not less than three months to other party after 15 June 2014.
- Rent and other charges : (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$594,400.00;

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

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

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

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

User : To be used as a property agency only.

Details of the Renewal Podium Roof Licence Agreement

Podium Roof : Portion of Podium Roof, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

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

Licence fee and other charges : (a) licence fee payable on a monthly basis (exclusive of Government rates and management fee) during the term is HK\$213,500.00;

(b) monthly management fee (subject to the periodic review by Shahdan or its designated property manager) is HK\$11,939.70; and

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

User : Restricted to legal usage only.

Details of the Renewal Fan Room Licence Agreement

Fan Room : Fan Room, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

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

Report of the Directors

Licence fee and other charges : (a) licence fee payable on a monthly basis (exclusive of Government rates) during the term is HK\$42,200.00; and
(b) Government rates as per Government's assessment.

User : Restricted to legal usage only.

As HREAL is a connected person of the Company, the entering into of the Renewal Tenancy Agreement, Renewal Podium Roof Licence Agreement and Renewal Fan Room Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

Premises : Shop Nos. 3101-3107 on Level Three of ifc Mall and certain floor space at ifc Mall.

Term : Initial term of three years commencing from 7 July 2013 to 6 July 2016 (the "Initial Term") and, for the Licence, on an annual basis (and/or such shorter period as may be agreed between the landlord and the tenant) subject to termination upon termination of the New Sub-Lease.

Rent and other charges : The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term shall be as follows:

(a) From 7 July 2013 to 6 July 2016, basis rent in the sum of HK\$836,594.00 per month together with turnover rent representing the amount by which 11% of the Gross Receipts exceeds the basic rent per month (the "Turnover Rent").

(b) From 7 July 2016 to 6 July 2019, provided an option (as defined below) is exercised by the tenant, at open market rent provided that the basic rent shall not be less than HK\$836,594.00 per month or more than HK\$1,003,912.80 per month, together with the Turnover Rent.

The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the New Sub-Lease shall be approximately HK\$435,736.00 per month (subject to review from time to time). The aggregate licence fee, air-conditioning and management charges and promotional levy payable on a monthly basis in respect of the Licence shall be approximately HK\$9,890.40 per month (subject to review from time to time).

Option : An option exercisable by the tenant at the expiry of the Initial Term on 6 July 2016 to renew the sub-lease of the ifc Premises for three years. The parties will enter into new agreement(s) upon the tenant exercising the renewal option.

User : The ifc Premises shall be used for operating up-market restaurants.

As the Landlord is an associate of Henderson Land, a substantial shareholder of the Company, it is a connected person of the Company under Rule 14A.11 of the Listing Rules and the entering into of the New Sub-Lease and Licence constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(14) On 5 December 2013, a lease agreement (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

Report of the Directors

- (ii) where the Gross Annual Room Revenue is more than HK\$80,000,000.00 but less than or equal to HK\$100,000,000.00, the amount of the Additional Rent payable shall be 25% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (iii) where the Gross Annual Room Revenue is more than HK\$100,000,000.00 but less than or equal to HK\$130,000,000.00, the amount of the Additional Rent payable shall be 27.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (iv) where the Gross Annual Room Revenue is more than HK\$130,000,000.00, the amount of the Additional Rent payable shall be 30% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year.

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

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

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

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

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

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

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

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

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

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

- (i) the 3rd and 4th months of the Term (i.e. commencing from 21 January 2014 to 20 March 2014 (both days inclusive));
- (ii) the 15th and 16th months of the Term (i.e. commencing from 21 January 2015 to 20 March 2015 (both days inclusive)); and
- (iii) the 27th and 28th months of the Term (i.e. commencing from 21 January 2016 to 20 March 2016 (both days exclusive));

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

The Gross Annual Room Revenue received by the Tenant during each of the rent-free periods will be counted for the purpose of calculation of the Additional Rent for that relevant year of the Term and the Tenant shall also pay to the Landlord the Food and Beverage Charges during the rent-free periods.

User : To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.

Commencement of business at the Premises : The Tenant shall commence business as a hotel at the Premises on or before 21 November 2013.

Report of the Directors

- Opening contribution : The Landlord shall contribute a sum in a total amount of HK\$9.7 million towards the actual cost incurred by the Tenant in setting up a first class design hotel at the Premises and such Opening Contribution shall be paid by the Landlord to the Tenant within 60 days after signing of the Mira Moon Lease Agreement by the Tenant.
- Transfer of restaurant licence : At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure to assign or transfer the general restaurant licence and the liquor licence or related licences (collectively the "Licences") for operating the then existing Food and Beverage Outlets at the Premises to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. The Tenant shall not transfer or assign the Licences to any person or corporation for consideration or otherwise during the Term without the consent of the Landlord. All charges relating to the aforesaid assignment or transfer of the Licences shall be borne by the Landlord.
- Transfer of hotel licence : At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure and ensure the assignment or transfer of the hotel licence used in the operation of the Premises as a hotel (the "Hotel Licence") to the Landlord or such person or corporation nominated by the Landlord (the "Transferee") without any consideration, compensation or payment. Without the consent of the Landlord, the Tenant or the holder of the Hotel Licence shall not transfer or assign the Hotel Licence to any person or corporation for consideration or otherwise. All charges relating to the aforesaid assignment or transfer of the Hotel Licence shall be borne by the Landlord.

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

- (15) On 23 December 2013, the Company, Hong Kong and Kowloon Entertainment Company Limited ("HKKE"), a wholly-owned subsidiary of the Company, and Broadwin Int'l Limited ("Broadwin") entered into a sale and purchase agreement (the "Prosperwell S&P Agreement") in relation to the acquisition by Broadwin from the Company of 93% interest in the issued share capital of Prosperwell Properties Limited ("Prosperwell") and the Company's rights and interests in the shareholder's loan owed by Prosperwell to the Company as at 23 December 2013 (the "Shareholder's Loan"), and from HKKE of 7% interest in the issued share capital of Prosperwell at an aggregate initial consideration of HK\$28,559,740.00 (subject to adjustments pursuant to the terms of the Prosperwell S&P Agreement). The adjusted consideration was determined to be HK\$28,559,740.00 which has been fully paid by Broadwin to the Company.

On 23 December 2013, the Company and Broadwin also entered into a sale and purchase agreement (the "Gourmet S&P Agreement") in relation to the acquisition by Broadwin from the Company of approximately 94.4% interest in the issued share capital of Gourmet Enterprises Limited at an initial consideration of HK\$63,699,142.00 (subject to adjustments pursuant to the terms of the Gourmet S&P Agreement). The adjusted consideration was determined to be HK\$63,699,142.00 which has been fully paid by Broadwin to the Company.

Broadwin is an indirect wholly-owned subsidiary of Henderson Land which in turn is a substantial shareholder of the Company, therefore Broadwin is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Prosperwell S&P Agreement and the Gourmet S&P Agreement constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Annual Review of Continuing Connected Transactions

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the above relevant agreements governing them which terms are fair and reasonable and in the interests of the Company's shareholders as a whole.

The auditors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed in writing to the board of directors of the Company that they:

- (i) have received the approval of the board of directors of the Company;
- (ii) are in accordance with the pricing policies of the Group;
- (iii) have been entered into in accordance with the terms of the above relevant agreements governing the transactions; and
- (iv) have not exceeded the relevant cap amounts of such transactions as disclosed in the relevant announcements for the year ended 31 December 2013.

Directors' Interests in Contracts

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

Directors' Interests in Competing Business

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

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

Report of the Directors

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

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

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

During the year ended 31 December 2013, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2013 are set out in note 23 to the financial statements.

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

The Company and its subsidiaries have not issued, during the year ended 31 December 2013, any loan capital, convertible securities, warrants or options.

Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2013 (2012: HK\$Nil).

Share Capital

Details of the share capital during the year ended 31 December 2013 are set out in note 26(b) to the financial statements.

Public Float

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

Reserves

Movements in reserves during the year ended 31 December 2013 are set out in note 26(a) to the financial statements.

Group's Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 164.

Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 165 to 166.

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 2013 (at 31 December 2012: 19%).

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

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 2013, total available facilities amounted to approximately HK\$3.0 billion (2012: approximately HK\$2.7 billion), and 83% of that (2012: 74%) were utilised. At 31 December 2013, consolidated net cash were approximately HK\$0.34 billion (2012: consolidated net borrowings of HK\$0.06 billion), of which none was secured borrowings (2012: HK\$0.08 billion).

Employees

As at 31 December 2013, the Group had a total of about 2,080 full-time employees, including 1,750 employed in Hong Kong, 330 employed in The People's Republic of China and the United States of America. The Group invests in its employees and remunerate them in a manner that supports the achievement of the Company mission, vision and strategic objectives. It is the policy of the Group to offers fair pay to employees in terms of their roles and responsibilities, merit and competencies within the organization; paying them at the appropriate level for the markets in which we operate. The Group adopts a performance culture in which employees are expected to deliver against challenging objectives and to reward them when they do. Employees can expect to receive regular feedback on their performance, to receive formal appraisals annually and to participate in the setting of their objectives. Under the existing system, our employees' remuneration packages are rewarded on a performance-related basis.

Report of the Directors

Training and Development

It is our ongoing efforts to provide opportunities for people development and growth. The new Performance Management System was adopted to enhance overall performance standards and to cultivate the concept of reward for performance starting 2013. 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.

We believe that human resources are the most important asset and we are committed to providing an environment in which our employees at all levels can excel and growth. At the beginning of 2013, an extensive Training and Development Needs Analysis covering all employees was carried out aimed at identifying the training and development needs. A comprehensive Corporate Training Curriculum was then developed for employees at different levels. Essential training programs like Business Knowledge Sharing, Technical Skills Training, Customer Services Training, Languages Training, People Management Training and Personal Effectiveness Training have been rolling out throughout the year.

A Group-wide employee engagement survey was carried out in the 2nd half of the year to measure and advance our employee engagement level in 5 dimensions, including credibility, respect and fairness, as well as pride and camaraderie with 82% of all employees participating. The findings from the survey questions are the key indicators for our continuous efforts to provide a good and trust working environment to our employees.

With the continuous efforts of people development, we have been awarded by the Employees Retraining Board on the renewing the honour of Manpower Developer in 2013.

Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2013 and discussed with internal audit executives and independent external auditors matters on auditing, internal control and financial reports of the Group.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2014 Annual General Meeting.

By Order of the Board

LEE SHAU KEE

Chairman

Hong Kong, 18 March 2014

Independent Auditor's Report



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

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 81 to 163, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
Hong Kong, 18 March 2014

Consolidated Income Statement

for the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Turnover	10	3,044,459	2,973,859
Cost of inventories		(297,800)	(405,793)
Staff costs	3(a)	(525,308)	(481,724)
Utilities, repairs and maintenance and rent		(183,837)	(163,308)
Tour and ticketing costs		(1,076,918)	(1,002,469)
Gross profit		960,596	920,565
Other revenue		76,884	78,727
Operating and other expenses		(289,340)	(305,875)
Depreciation		(148,025)	(131,693)
		600,115	561,724
Finance costs	3(b)	(30,487)	(30,259)
Share of profits less losses of associates	13	(339)	(670)
Share of profit of a joint venture	14	703	742
		569,992	531,537
Net gain on disposal of properties		38,783	41,879
Net gain on disposal of subsidiaries	32	48,241	–
Net gain on trading securities/available-for-sale securities		2,257	13,068
Net increase in fair value of investment properties	11(a)	799,810	929,079
Profit before taxation	3	1,459,083	1,515,563
Taxation			
Current	4(a)	(114,043)	(79,038)
Deferred	4(a)	(43,000)	(28,946)
Profit for the year		1,302,040	1,407,579
Attributable to:			
Shareholders of the Company	7	1,277,889	1,377,111
Non-controlling interests		24,151	30,468
		1,302,040	1,407,579
Earnings per share – basic and diluted	9	HK\$2.21	HK\$2.39

The notes on pages 92 to 163 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 8(a).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000
Profit for the year	1,302,040	1,407,579
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	16,657	6,504
Available-for-sale securities:		
– changes in fair value	13,736	7,246
– transfer to profit or loss upon disposal	844	–
– transfer to profit or loss upon impairment	293	–
	31,530	13,750
Total comprehensive income for the year	1,333,570	1,421,329
Attributable to:		
Shareholders of the Company	1,305,544	1,389,971
Non-controlling interests	28,026	31,358
Total comprehensive income for the year	1,333,570	1,421,329

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

Consolidated Balance Sheet

at 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Fixed assets			
– Investment properties	11(a)	11,078,791	10,535,158
– Other fixed assets	11(a)	1,067,255	844,641
		12,146,046	11,379,799
Interest in associates	13	1,816	2,102
Interest in a joint venture	14	10,017	7,692
Available-for-sale securities	15	407,529	250,234
Deferred tax assets	25(b)(iii)	2,774	33,608
		12,568,182	11,673,435
Current assets			
Properties under development for sale	16	–	62,297
Inventories	17	152,195	184,634
Trade and other receivables	18	304,729	338,127
Available-for-sale securities	15	33,940	31,977
Trading securities	19	7,238	2,828
Cash and bank balances	20	2,874,785	1,992,253
Tax recoverable	25(a)	22,155	15,924
		3,395,042	2,628,040
Current liabilities			
Trade and other payables	21	(616,420)	(520,661)
Bank loans and overdrafts	23	(798,127)	(965,513)
Sales and rental deposits received		(185,888)	(161,638)
Tax payable	25(a)	(39,412)	(29,166)
		(1,639,847)	(1,676,978)
Net current assets		1,755,195	951,062
Total assets less current liabilities carried forward		14,323,377	12,624,497

Consolidated Balance Sheet (continued)

at 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Total assets less current liabilities brought forward		14,323,377	12,624,497
Non-current liabilities			
Bank loans	23	(1,691,652)	(1,041,182)
Deferred liabilities	24	(126,789)	(117,239)
Amounts due to holders of non-controlling interests of a subsidiary	22	-	(47,438)
Deferred tax liabilities	25(b)(iii)	(232,601)	(218,152)
		(2,051,042)	(1,424,011)
NET ASSETS		12,272,335	11,200,486
CAPITAL AND RESERVES			
Share capital	26(b)	404,062	404,062
Reserves		11,731,691	10,668,584
Total equity attributable to shareholders of the Company		12,135,753	11,072,646
Non-controlling interests		136,582	127,840
TOTAL EQUITY		12,272,335	11,200,486

Approved and authorised for issue by the board of directors on 18 March 2014

LEE SHAU KEE
Chairman

LEE KA SHING
CEO

Balance Sheet

at 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Fixed assets			
– Investment properties	11(b)	–	236,315
– Other fixed assets	11(b)	305,212	18,157
		305,212	254,472
Interests in subsidiaries	12	2,320,125	2,778,795
Interests in associates	13	79	66
		2,625,416	3,033,333
Current assets			
Inventories	17	3,491	5,217
Trade and other receivables	18	23,934	27,566
Cash and bank balances	20	2,224,945	1,396,516
		2,252,370	1,429,299
Current liabilities			
Trade and other payables	21	(131,674)	(92,832)
Bank loans and overdrafts	23	(85,000)	(288,836)
Deposits received		(351)	(1,499)
		(217,025)	(383,167)
Net current assets		2,035,345	1,046,132
Total assets less current liabilities carried forward		4,660,761	4,079,465

Balance Sheet (continued)

at 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Total assets less current liabilities brought forward		4,660,761	4,079,465
Non-current liabilities			
Amounts due to subsidiaries	12	(2,121,580)	(1,604,097)
Bank loans	23	(248,156)	–
Deferred tax liabilities	25(b)(iii)	–	(8,123)
		(2,369,736)	(1,612,220)
NET ASSETS		2,291,025	2,467,245
CAPITAL AND RESERVES			
Share capital	26(b)	404,062	404,062
Reserves		1,886,963	2,063,183
TOTAL EQUITY	26(a)	2,291,025	2,467,245

Approved and authorised for issue by the board of directors on 18 March 2014

LEE SHAU KEE
Chairman

LEE KA SHING
CEO

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

Note	Attributable to shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2012	404,062	287,628	(91,086)	133,554	304,827	4,557	8,864,038	9,907,580	104,887	10,012,467
Changes in equity for 2012:										
Profit for the year	-	-	-	-	-	-	1,377,111	1,377,111	30,468	1,407,579
Other comprehensive income	-	-	-	5,614	-	7,246	-	12,860	890	13,750
Total comprehensive income	-	-	-	5,614	-	7,246	1,377,111	1,389,971	31,358	1,421,329
Final dividends approved in respect of the previous year	8(b)	-	-	-	-	-	(132,763)	(132,763)	-	(132,763)
Interim dividends declared in respect of the current year	8(a)	-	-	-	-	-	(92,357)	(92,357)	-	(92,357)
Increase in non-controlling interests attributable to a decrease in shareholding of a subsidiary		-	-	-	-	-	215	215	(215)	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(8,190)	(8,190)
Balance at 31 December 2012	404,062	287,628	(91,086)	139,168	304,827	11,803	10,016,244	11,072,646	127,840	11,200,486

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2013

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

The notes on pages 92 to 163 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Operating activities			
Profit before taxation		1,459,083	1,515,563
Adjustments for:			
Interest income from unlisted debt securities		(19,549)	(2,806)
Bank interest income		(29,446)	(28,210)
Net loss on disposal of other fixed assets		1,392	4,928
Impairment loss on trade receivables		3,148	2,979
Impairment loss on merchandised goods		29,567	18,108
Reversal of provision for properties held for resale		(1,947)	–
Depreciation		148,025	131,693
Finance costs		30,487	30,259
Share of profits less losses of associates		339	670
Share of profit of a joint venture		(703)	(742)
Net gain on disposal of properties		(38,783)	(41,879)
Net gain on disposal of subsidiaries	32	(48,241)	–
Net loss on disposal of an associate		–	38
Net realised and unrealised gains on trading securities		(3,394)	(13,068)
Impairment loss on available-for-sale securities		293	–
Net loss on disposal of available-for-sale securities		844	–
Net increase in fair value of investment properties		(799,810)	(929,079)
Exchange differences		(18,344)	(2,285)
Operating profit before changes in working capital		712,961	686,169
Decrease in properties under development for sale		62,297	177,007
Decrease/(increase) in inventories		6,791	(43,969)
Decrease in trade and other receivables		29,779	14,953
Increase in amounts due from associates		(53)	(52)
Increase in amount due from a joint venture		(1,622)	(1,351)
Increase in amount due to an associate		2,327	6,061
Increase/(decrease) in trade and other payables		35,582	(35,129)
Increase in sales and rental deposits received		24,622	32,553
Increase/(decrease) in deferred liabilities		9,550	(7,377)
Payment for purchase of trading securities		(167,255)	(185,627)
Proceeds from disposal of trading securities		166,239	275,144
Cash generated from operations carried forward		881,218	918,382

Consolidated Cash Flow Statement (continued)

for the year ended 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Cash generated from operations brought forward		881,218	918,382
Bank interest received		46,853	21,241
Interest and other borrowing costs paid		(31,385)	(27,131)
Dividends paid		(242,437)	(225,120)
Dividends paid to non-controlling interests		(15,000)	(8,190)
Tax paid			
– Hong Kong Profits Tax paid		(98,693)	(66,608)
– Hong Kong Profits Tax refunded		384	1,031
– Overseas tax paid		(11,706)	(21,770)
		<hr/>	<hr/>
Net cash generated from operating activities		529,234	591,835
		<hr/>	<hr/>
Investing activities			
Payment for purchase of investment properties		(11,689)	(3,464)
Payment for purchase of other fixed assets		(115,562)	(47,000)
Payment for purchase of available-for-sale securities		(159,328)	(238,022)
Proceeds from disposal of available-for-sale securities		12,317	–
Proceeds from disposal of other fixed assets		2,196	471
Proceeds from disposal of an associate		–	1,086
Net cash inflow from disposal of subsidiaries	32	91,853	–
Proceeds from disposal of properties		40,545	76,725
Increase in time deposits with maturity more than three months		(402,464)	(575,869)
		<hr/>	<hr/>
Net cash used in investing activities		(542,132)	(786,073)
		<hr/>	<hr/>
Financing activities			
Proceeds from new bank loans		8,480,397	6,078,096
Repayment of bank loans		(7,987,973)	(5,745,520)
Repayment of advances from holders of non-controlling interests of subsidiaries		(7,446)	(25,822)
		<hr/>	<hr/>
Net cash generated from financing activities		484,978	306,754
		<hr/>	<hr/>

Consolidated Cash Flow Statement (continued)

for the year ended 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Net increase in cash and cash equivalents		472,080	112,516
Cash and cash equivalents at 1 January		591,224	476,425
Effect of foreign exchange rate changes		13,559	2,283
Cash and cash equivalents at 31 December		1,076,863	591,224
Analysis of the balances of cash and cash equivalents at 31 December			
Cash and bank balances	20	2,874,785	1,992,253
Bank overdrafts	23	(4,043)	(9,614)
Less: Time deposits with maturity more than three months		(1,793,879)	(1,391,415)
		1,076,863	591,224

The notes on pages 92 to 163 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. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. 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 2013 comprise Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and a joint venture.

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

- investment property (see note 1(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 a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Notes to the Financial Statements

1 Significant accounting policies (Continued)**(c) Changes in accounting policies** (continued)*HKFRS 11, Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 12, 13 and 14.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 11. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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

1 Significant accounting policies (Continued)

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

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

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

In the Company's balance sheet, 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).

Notes to the Financial Statements

1 Significant accounting policies (Continued)**(e) Associates and joint ventures**

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

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

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

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

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

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

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

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

1 Significant accounting policies (Continued)

(f) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

(g) Other investments in debt and equity securities

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

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

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

1 Significant accounting policies (Continued)

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

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

When the investments are derecognised or impaired (see note 1(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.

(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 balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(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).

1 Significant accounting policies (Continued)

(i) Other fixed assets

The following items of other fixed assets 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 other fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

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

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

Hotel property under construction is stated at cost less any impairment until construction or development is complete, at which time it is reclassified to hotel property.

Notes to the Financial Statements

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 balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in note 1(t)(i).

(iii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(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 each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(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.

Notes to the Financial Statements

1 Significant accounting policies (Continued)**(k) Impairment of assets** (continued)*(i) Impairment of investments in debt and equity securities and other receivables (continued)*

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

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

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

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

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

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

1 Significant accounting policies (Continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets

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

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

1 Significant accounting policies (Continued)

(k) Impairment of assets (continued)

(iii) *Interim financial reporting and impairment*

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

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

(l) Inventories

(i) *Consumable stores and merchandised goods*

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

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

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

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

1 Significant accounting policies (Continued)

(l) Inventories (continued)

(ii) Property development

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

– Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(v)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– 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.

(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.

Notes to the Financial Statements

1 Significant accounting policies (Continued)**(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.

(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 balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

1 Significant accounting policies (Continued)

(r) Income tax (continued)

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 Significant accounting policies (Continued)

(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. Revenue arising from properties under development is recognised upon the transfer of legal titles. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under sales deposits and instalments received.
- (iii) Revenue from sale of merchandised goods is recognised when goods are delivered to the customers which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.
- (iv) Income from hotel, food and beverage, travel operations and management services is recognised when the relevant services are provided.
- (v) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.
- (vi) Interest income is recognised as it accrues using the effective interest method.

(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 balance sheet date. Exchange gains and losses are recognised in profit or loss.

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

Notes to the Financial Statements

1 Significant accounting policies (Continued)**(u) Translation of foreign currencies** (continued)

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

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

(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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(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.

1 Significant accounting policies (Continued)

(w) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(x) Segment reporting

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

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

Valuation of investment properties

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

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

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

The Group depreciates other fixed assets in accordance with depreciation policy as set out in note 1(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.

Assessment of provision for properties held under development and for resale

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

Impairment of interest in subsidiaries

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

3 Profit before taxation

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

	2013 HK\$'000	2012 HK\$'000
(a) Staff costs		
Contributions to defined contribution plan	16,024	15,544
Salaries, wages and other benefits	509,284	466,180
	525,308	481,724
<p>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% (2012: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK\$25,000 (HK\$20,000 prior to June 2012). Contributions to the plan vest immediately.</p>		
(b) Finance costs		
Interest on bank advances and other borrowings repayable within five years	25,157	26,247
Other borrowing costs	5,330	4,012
	30,487	30,259
(c) Others		
Auditors' remuneration	4,420	4,693
Net foreign exchange gain	(16,255)	(5,288)
Net loss on disposal of other fixed assets	1,392	4,928
Operating lease charges: minimum lease payments		
– property rentals	76,220	64,251
Rentals receivable from investment properties less direct outgoings of HK\$50,576,000 (2012: HK\$50,576,000)	(568,190)	(545,757)
Other rental income less direct outgoings of HK\$7,066,000 (2012: HK\$1,522,000)	(115,953)	(92,236)
Dividend income from listed securities	(1,344)	(3,287)
Bank interest income	(29,446)	(28,210)
Interest income from unlisted debt securities	(19,549)	(2,806)
Net loss on disposal of an associate	–	38
Impairment loss on		
– trade receivables (<i>note 18(b)</i>)	3,148	2,979
– merchandised goods	29,567	18,108
Reversal of provision for properties held for resale	(1,947)	–
Net realised and unrealised gains on trading securities	(3,394)	(13,068)
Impairment loss on available-for-sale securities	293	–
Net loss on disposal of available-for-sale securities	844	–

Notes to the Financial Statements

4 Taxation in the consolidated income statement**(a) Taxation in the consolidated income statement represents:**

	2013 HK\$'000	2012 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	108,804	71,154
Over-provision in respect of prior years	(233)	(370)
	<u>108,571</u>	<u>70,784</u>
Current tax – Overseas		
Provision for the year	5,472	5,358
Under-provision in respect of prior years	–	2,896
	<u>5,472</u>	<u>8,254</u>
Deferred tax		
Change in fair value of investment properties	5,345	16
Origination and reversal of temporary differences	37,655	28,930
	<u>43,000</u>	<u>28,946</u>
	<u>157,043</u>	<u>107,984</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 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 2013 of HK\$7,000 (2012: 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 2013 of HK\$148,000 (2012: HK\$34,000) is included in the share of profit of a joint venture.

4 Taxation in the consolidated income statement (Continued)

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

	2013 HK\$'000	2012 HK\$'000
Profit before taxation	1,459,083	1,515,563
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	263,697	237,432
Tax effect of non-deductible expenses	16,939	11,886
Tax effect of non-taxable income	(148,695)	(170,509)
Tax effect of unused tax losses not recognised in the year	48,246	26,826
Tax effect of tax losses not recognised in prior years utilised this year	(23,450)	(177)
(Over)/under-provision in prior years	(233)	2,526
Others	539	–
Actual tax expense	157,043	107,984

Notes to the Financial Statements

5 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

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

5 Directors' remuneration (Continued)

	2012				
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Board of directors					
Dr Lee Shau Kee	100	–	–	–	100
Mr Lee Ka Shing	50	–	–	–	50
Dr Patrick Fung Yuk Bun	200	–	–	–	200
Mr Dominic Cheng Ka On	200	–	–	–	200
Mr Richard Tang Yat Sun	100	–	–	–	100
Mr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Tony Ng*	22	–	–	–	22
Mr Norman Ho Hau Chong	50	–	–	–	50
Mr Alexander Au Siu Kee	50	–	–	–	50
Independent non-executive directors					
Dr David Sin Wai Kin	250	–	–	–	250
Mr Wu King Cheong	250	–	–	–	250
Dr Timpson Chung Shui Ming	250	–	–	–	250
Mr Howard Yeung Ping Leung**	50	–	–	–	50
Mr Thomas Liang Cheung Biu**	50	–	–	–	50
	1,722	–	–	–	1,722

* Retired on 7 June 2012.

** Re-designated as independent non-executive director on 6 December 2012.

Notes to the Financial Statements

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 (2012: Nil). Details of directors' emolument are disclosed in note 5. The aggregate of the emoluments in respect of the five (2012: five) individuals is as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries, allowances and benefits in kind	14,396	8,679
Discretionary bonuses	1,895	863
Retirement scheme contributions	621	421
	16,912	9,963

The emoluments of the five (2012: five) individuals with the highest emoluments are within the following bands:

Emolument band*	Number of individuals	
	2013	2012
HK\$0 – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	3
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	2
HK\$3,000,001 – HK\$3,500,000	3	–
HK\$3,500,001 – HK\$4,000,000	–	–
HK\$4,000,001 – HK\$4,500,000	–	–
HK\$4,500,001 – HK\$5,000,000	1	–
	5	5

6 Emoluments of five highest paid individuals and senior management

(Continued)

(b) Emoluments of senior management

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

Emolument band*	Number of individuals	
	2013	2012
HK\$0 – HK\$1,000,000	–	5
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	3	–
HK\$2,000,001 – HK\$2,500,000	1	–
	<hr/>	<hr/>
	4	5

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

7 Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company includes a profit of HK\$66,217,000 (2012: HK\$169,888,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

8 Dividends**(a) Dividends attributable to the year**

	2013 HK\$'000	2012 HK\$'000
Interim dividend declared and paid of 17 Hong Kong cents per share (2012: 16 Hong Kong cents per share)	98,129	92,357
Final dividend proposed after the balance sheet date of 27 Hong Kong cents per share (2012: 25 Hong Kong cents per share)	155,852	144,308
	253,981	236,665

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

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

	2013 HK\$'000	2012 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 25 Hong Kong cents per share (2012: 23 Hong Kong cents per share)	144,308	132,763

9 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$1,277,889,000 (2012: HK\$1,377,111,000) and 577,231,252 shares (2012: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2013 and 2012, and hence diluted earnings per share is the same as the basic earnings per share.

10 Segment reporting

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments. No operating segments have been aggregated to form the following 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
- Property development and sales : The development, purchase and sale of commercial and residential properties
- Hotel and serviced apartment : The operating of hotel and serviced apartment and provision of hotel management services
- Food and beverage operation : The operation of restaurants
- Travel operation : The operation of travel agency services
- Apparel operation : The wholesale and retail of apparel

The principal activities of the Group are property rental, property development and sales, hotel and serviced apartment, food and beverage operation, travel operation and apparel operation. Turnover represents rental income, income from sale of properties and properties under development, income from hotel and serviced apartment, food and beverage, travel and apparel operations.

Notes to the Financial Statements

10 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 and share of profit of a joint venture, other non-operating items and other corporate expenses.

Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	2013						
	Property rental HK\$’000	Property development and sales HK\$’000	Hotel and serviced apartment HK\$’000	Food and beverage operation HK\$’000	Travel operation HK\$’000	Apparel operation HK\$’000	Total HK\$’000
Revenue from external customers	741,785	62,745	616,407	320,017	1,220,946	82,559	3,044,459
Inter-segment revenue	-	-	2,427	5,980	-	-	8,407
Reportable segment revenue	741,785	62,745	618,834	325,997	1,220,946	82,559	3,052,866
Elimination of inter-segment revenue							(8,407)
Consolidated turnover							3,044,459
Reportable segment results (adjusted EBITDA)	631,763	(13,222)	223,771	(21,105)	56,643	(80,284)	797,566
Unallocated corporate expenses							(197,451)
Finance costs							600,115
Share of profits less losses of associates							(30,487)
Share of profit of a joint venture							(339)
Net gain on disposal of properties							703
Net gain on disposal of subsidiaries							38,783
Net gain on trading securities/ available-for-sale securities							48,241
Net increase in fair value of investment properties	799,810	-	-	-	-	-	2,257
Consolidated profit before taxation							799,810
							1,459,083

10 Segment reporting (Continued)

(a) Segment results (continued)

	2012						
	Property rental HK\$'000	Property development and sales HK\$'000	Hotel and serviced apartment HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Apparel operation HK\$'000	Total HK\$'000
Revenue from external customers	690,091	172,660	615,036	285,133	1,119,793	91,146	2,973,859
Inter-segment revenue	-	-	1,871	5,345	-	-	7,216
Reportable segment revenue	690,091	172,660	616,907	290,478	1,119,793	91,146	2,981,075
Elimination of inter-segment revenue							(7,216)
Consolidated turnover							<u>2,973,859</u>
Reportable segment results (adjusted EBITDA)	586,433	(20,901)	233,611	(39,561)	35,476	(35,162)	759,896
Unallocated corporate expenses							(198,172)
Finance costs							561,724
Share of profits less losses of associates							(30,259)
Share of profit of a joint venture							(670)
Net gain on disposal of properties							742
Net gain on trading securities							41,879
Net increase in fair value of investment properties	929,079	-	-	-	-	-	13,068
Consolidated profit before taxation							<u>929,079</u>
							<u>1,515,563</u>

Notes to the Financial Statements

10 Segment reporting (Continued)**(b) Geographical information**

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

	Revenue from external customers		Non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
The Hong Kong Special Administrative Region	2,780,126	2,622,447	11,423,872	10,684,759
The People's Republic of China	201,588	178,752	734,007	704,834
The United States of America	62,745	172,660	–	–
	3,044,459	2,973,859	12,157,879	11,389,593

11 Fixed assets

(a) The Group

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

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

Included in the balance is an amount of HK\$290,000,000 (2012: HK\$Nil) representing a hotel property under construction.

Notes to the Financial Statements

11 Fixed assets (Continued)**(a) The Group** (continued)

	Other fixed assets					Total HK\$'000
	Investment properties HK\$'000	Hotel HK\$'000	Leasehold land and buildings held for own use HK\$'000	*Others HK\$'000	Sub-total HK\$'000	
Cost or valuation:						
At 1 January 2012	9,653,219	140,221	19,473	1,560,710	1,720,404	11,373,623
Additions	3,464	–	–	55,924	55,924	59,388
Disposals	(55,054)	–	(8,372)	(9,911)	(18,283)	(73,337)
Exchange adjustments	4,450	–	–	1,042	1,042	5,492
Surplus on revaluation	929,079	–	–	–	–	929,079
Reclassification	–	–	(4,064)	–	(4,064)	(4,064)
At 31 December 2012	10,535,158	140,221	7,037	1,607,765	1,755,023	12,290,181
Representing:						
Cost	–	140,221	7,037	1,607,765	1,755,023	1,755,023
Valuation – 2012	10,535,158	–	–	–	–	10,535,158
	10,535,158	140,221	7,037	1,607,765	1,755,023	12,290,181
Accumulated depreciation:						
At 1 January 2012	–	87,893	10,509	690,188	788,590	788,590
Charge for the year	–	1,917	329	129,447	131,693	131,693
Written back on disposals	–	–	(3,406)	(4,512)	(7,918)	(7,918)
Exchange adjustments	–	–	–	319	319	319
Reclassification	–	–	(2,302)	–	(2,302)	(2,302)
At 31 December 2012	–	89,810	5,130	815,442	910,382	910,382
Net book value:						
At 31 December 2012	10,535,158	50,411	1,907	792,323	844,641	11,379,799

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

11 Fixed assets (Continued)

(b) The Company

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

* Others comprise machinery, furniture, fixtures and equipment.

Included in the balance is an amount of HK\$290,000,000 (2012: HK\$Nil) representing a hotel property under construction.

Notes to the Financial Statements

11 Fixed assets (Continued)**(b) The Company** (continued)

	Other fixed assets				Total HK\$'000
	Investment properties HK\$'000	Leasehold land and buildings held for own use HK\$'000	*Others HK\$'000	Sub-total HK\$'000	
Cost or valuation:					
At 1 January 2012	210,056	260	67,418	67,678	277,734
Additions	–	–	4,584	4,584	4,584
Disposals	–	–	(1,094)	(1,094)	(1,094)
Surplus on revaluation	26,259	–	–	–	26,259
At 31 December 2012	236,315	260	70,908	71,168	307,483
Representing:					
Cost	–	260	70,908	71,168	71,168
Valuation – 2012	236,315	–	–	–	236,315
	236,315	260	70,908	71,168	307,483
Accumulated depreciation:					
At 1 January 2012	–	219	49,663	49,882	49,882
Charge for the year	–	3	4,220	4,223	4,223
Written back on disposals	–	–	(1,094)	(1,094)	(1,094)
At 31 December 2012	–	222	52,789	53,011	53,011
Net book value:					
At 31 December 2012	236,315	38	18,119	18,157	254,472

* Others comprise machinery, furniture, fixtures and equipment.

11 Fixed assets (Continued)

(c) Fair value measurement of investment properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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

During the year ended 31 December 2013, except for the investment property held by the Company that is under construction to be developed as a hotel property (which currently classified as other fixed assets and stated at cost less any impairment losses), 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 balance sheet date in which they occur.

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

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

Notes to the Financial Statements

11 Fixed assets (Continued)**(c) Fair value measurement of investment properties** (continued)*(ii) Information about Level 3 fair value measurements*

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

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

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

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

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

All the gains recognised in profit or loss for the year arise from the properties held at the balance sheet date.

11 Fixed assets (Continued)

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Land and buildings in Hong Kong:				
– long leases	109,145	117,845	145	145
– medium term leases*	10,754,473	9,957,581	290,115	236,430
– short leases	–	2,865	–	–
Land and buildings outside Hong Kong:				
– long leases	–	550,959	–	–
– medium term leases	652,431	52,945	–	–
– short leases	–	221	–	–
	11,516,049	10,682,416	290,260	236,575

* Included in the balance is an amount of HK\$290,000,000 (2012: HK\$ Nil) representing a hotel property under construction.

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

The total contingent rents recognised in the consolidated income statement for the year are HK\$19,120,000 (2012: HK\$19,478,000).

- (f) The gross carrying amounts of investment properties of the Group and the Company held for use in operating leases are HK\$11,078,791,000 (2012: HK\$10,535,158,000) and HK\$Nil (2012: HK\$236,315,000) respectively.

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

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	576,397	533,667	–	110
After 1 year but within 5 years	592,243	566,860	–	–
After 5 years	20	11,339	–	–
	1,168,660	1,111,866	–	110

Notes to the Financial Statements

12 Interests in subsidiaries

	The Company	
	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	92,797	93,332
Amounts due from subsidiaries (<i>note (a)</i>)	2,846,073	3,095,892
	2,938,870	3,189,224
Less: Impairment loss	(618,745)	(410,429)
	2,320,125	2,778,795
Amounts due to subsidiaries (<i>note (b)</i>)	(2,121,580)	(1,604,097)

Notes:

- (a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the amounts due from certain subsidiaries amounting to HK\$1,724,763,000 (2012: HK\$1,976,232,000), which are interest bearing with reference to the prevailing market rate.
- (b) The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the amounts due to certain subsidiaries amounting to HK\$785,013,000 (2012: HK\$545,454,000), which are interest bearing with reference to the prevailing market rate.

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			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
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

12 Interests in subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Globe Century Development Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	-	Property rental
Glory Light Holdings Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	-	Restaurant operation
Grand City Resources Limited	Hong Kong	The PRC	HK\$100	100%	-	100%	Property rental
How Light Investments Limited	Hong Kong	The PRC	HK\$100,000	100%	-	100%	Property sale
Korngold Limited	Hong Kong	Hong Kong	HK\$2	100%	100%	-	Property investment
Merry King Resources Limited	Hong Kong	Hong Kong	HK\$1,000	90%	-	90%	Restaurant operation
Mira Moon Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	-	Hotel operation
Miramar East Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	-	100%	Property rental
Miramar Finance Limited	Hong Kong	Hong Kong	HK\$100,000	100%	100%	-	Finance
Miramar Group (Corporate Funding) Co. Limited	Hong Kong	Hong Kong	HK\$1,000	100%	99%	1%	Finance
Miramar Hotel and Property Management Company Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	-	Property management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK\$10,000,000	100%	100%	-	Travel agency
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	-	Restaurant operation and hotel management

Notes to the Financial Statements

12 Interests in subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
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 investment
Rainbow City Development Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Restaurant operation
Randall Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK\$200,000	100%	100%	–	Property rental
Smart Faith Investments Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Restaurant operation
Strong Profit Resources Limited	Hong Kong	The PRC	HK\$10,000	70%	–	100%	Property sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK\$500,000	100%	100%	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Property rental
World Eagle Resources Limited	Hong Kong	Hong Kong	HK\$2	100%	–	100%	Restaurant operation
Beijing Cuisine Cuisine Restaurant Company Limited ~*	The PRC	The PRC	US\$2,100,000	100%	–	100%	Restaurant operation
Grand Mira Property Management (Shanghai) Limited ~*	The PRC	The PRC	US\$5,000,000	100%	–	100%	Property rental and management

12 Interests in subsidiaries (Continued)

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

* KPMG are not statutory auditors of these subsidiaries. The total net assets and total turnover of these subsidiaries constituting approximately 8% (2012: 9%) and 5% (2012: 5%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

Notes to the Financial Statements

13 Interests in associates

	The Group		The Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	–	–	–	–
Share of net assets	6,473	6,812	–	–
Amounts due from associates	6,258	6,205	4,287	4,274
Loans to associates	36,971	36,971	–	–
	49,702	49,988	4,287	4,274
Less: Impairment loss	(47,886)	(47,886)	(4,208)	(4,208)
	1,816	2,102	79	66

Amounts due from associates and loans to associates are unsecured, interest-free and have no fixed terms of repayment.

All of the Group's associates are unlisted corporate entities whose quoted market price is not available and not material (in aggregate and/or individually) to the Group.

Details of the Group's principal associate are as follows:

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

* KPMG are not statutory auditors of this associate.

Aggregate information of associates that are not individually material:

	2013 HK\$'000	2012 HK\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,816	2,102
Aggregate amounts of the Group's share of those associates'		
– Loss from continuing operations	(339)	(670)
– Total comprehensive income	(339)	(670)

14 Interest in a joint venture

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Share of net assets	6,726	6,023
Amount due from a joint venture	3,291	1,669
	10,017	7,692

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

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

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

Information of a joint venture

	2013	2012
	HK\$'000	HK\$'000
Carrying amount of a joint venture in the consolidated financial statements	10,017	7,692
Amounts of the Group's share of this joint venture		
– Profit from continuing operations	703	742
– Total comprehensive income	703	742

Notes to the Financial Statements

15 Available-for-sale securities

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Non-current		
Unlisted debt securities in overseas (<i>note</i>)	251,174	240,598
Listed equity securities in Hong Kong	61,865	9,636
Listed equity securities in overseas	94,490	–
	<hr/> 407,529	250,234
Current		
Investment fund, unlisted	33,940	31,977
	<hr/> 441,469	282,211
Total	<hr/> 441,469	282,211
Market value of listed equity securities	<hr/> 156,355	9,636

Note: An impairment loss of HK\$293,000 (2012: HK\$Nil) was recognised during the year.

16 Properties under development for sale

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Outside Hong Kong on freehold land	–	62,297

All the properties under development for sale were disposed to an independent third party during the year.

17 Inventories

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Consumable stores	16,338	19,911	3,491	5,217
Properties held for resale	118,468	113,992	–	–
Merchandised goods	17,389	50,731	–	–
	<hr/> 152,195	184,634	<hr/> 3,491	5,217

Properties held for resale of HK\$118,468,000 (2012: HK\$113,992,000) and merchandised goods of HK\$17,389,000 (2012: HK\$50,731,000) are net of a provision in order to state these properties and merchandised goods at the lower of their cost and estimated net realisable value.

18 Trade and other receivables

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	110,946	136,459	3,575	7,478
Less: Allowance for doubtful debts	(3,942)	(3,838)	(10)	(10)
	107,004	132,621	3,565	7,468
Other receivables, deposits and prepayments	197,725	205,506	20,369	20,098
	304,729	338,127	23,934	27,566

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

All of the trade and other receivables at 31 December 2012 were expected to be recovered within one year except for the amount of HK\$31,044,000 which was expected to be recovered after more than one year and recovered during the year.

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 1 month	71,902	94,840	3,132	4,444
1 month to 2 months	15,867	12,270	212	1,414
Over 2 months	19,235	25,511	221	1,610
	107,004	132,621	3,565	7,468

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

Notes to the Financial Statements

18 Trade and other receivables (Continued)**(b) Impairment of trade receivables**

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

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	3,838	1,417	10	10
Impairment loss recognised (note 3(c))	3,148	2,979	–	–
Uncollectible amounts written off	(3,044)	(558)	–	–
At 31 December	3,942	3,838	10	10

At 31 December 2013, the Group's and the Company's trade receivables of HK\$3,942,000 (2012: HK\$3,838,000) and HK\$10,000 (2012: HK\$10,000) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are expected to be not recoverable. Consequently, specific allowances for doubtful debts of HK\$3,942,000 (2012: HK\$3,838,000) and HK\$10,000 (2012: HK\$10,000) respectively were recognised. The Group does not hold any collateral over these balances.

18 Trade and other receivables (Continued)

(c) Trade receivables that are not impaired

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Neither past due nor impaired	71,902	94,840	3,132	4,444
Less than 1 month past due	15,867	12,270	212	1,414
1 to 2 months past due	2,665	7,096	82	1,306
Over 2 months past due	16,570	18,415	139	304
	35,102	37,781	433	3,024
	107,004	132,621	3,565	7,468

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

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

19 Trading securities

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Listed equity securities in Hong Kong (stated in market value)	7,238	2,828

Notes to the Financial Statements

20 Cash and bank balances

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deposits with banks and other financial institutions	2,153,482	1,557,965	2,101,652	1,390,212
Cash at bank and in hand	721,303	434,288	123,293	6,304
	2,874,785	1,992,253	2,224,945	1,396,516

Cash and bank balances at 31 December 2013 include HK\$128,214,000 equivalent (2012: HK\$186,577,000 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.

21 Trade and other payables

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	101,266	109,518	17,808	32,485
Other payables	379,880	324,784	109,486	55,951
Amounts due to holders of non-controlling interests of subsidiaries (see note 22)	122,474	75,886	–	–
Amounts due to associates (note)	12,800	10,473	4,380	4,396
	616,420	520,661	131,674	92,832

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

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

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Due within 3 months or on demand	79,482	89,443	17,390	31,987
Due after 3 months but within 6 months	21,784	20,075	418	498
	101,266	109,518	17,808	32,485

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

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$Nil (2012: HK\$47,438,000), which is interest bearing at nil (2012: 6.14% per annum) and not expected to be settled within one year, and the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$48,408,000 (2012: HK\$4,304,000), which is interest bearing at 6.40% (2012: 6.14%) per annum and repayable within one year, all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

23 Bank loans and overdrafts

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unsecured bank overdrafts	4,043	9,614	–	8,976
Unsecured bank loans and repayable:				
– Within one year	794,084	955,899	85,000	279,860
– Between one and two years	848,236	387,984	–	–
– Between two and five years	843,416	653,198	248,156	–
	1,691,652	1,041,182	248,156	–
Total unsecured bank loans	2,485,736	1,997,081	333,156	279,860
	2,489,779	2,006,695	333,156	288,836

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.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 27(b). As at 31 December 2013 none of the covenants relating to drawn down facilities had been breached (2012: None).

Notes to the Financial Statements

24 Deferred liabilities

Deferred liabilities represent refundable rental deposits received on properties held under operating leases with unexpired lease terms exceeding one year as at the balance sheet date.

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

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Provision for Hong Kong Profits Tax for the year	108,804	71,154
Provisional Hong Kong Profits Tax paid	(72,542)	(44,328)
	36,262	26,826
Balance of Hong Kong Profits Tax payable/(recoverable) relating to prior years	303	(518)
Overseas tax recoverable	(19,308)	(13,066)
	17,257	13,242
Representing:		
Tax recoverable	(22,155)	(15,924)
Tax payable	39,412	29,166
	17,257	13,242

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

25 Taxation in the balance sheet (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) The Group

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

	Depreciation allowances in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Future benefit of tax loss HK\$'000	Others HK\$'000	Total HK\$'000
Deferred tax arising from:					
At 1 January 2012	164,037	54,319	(41,092)	(22,276)	154,988
Charged/(credited) to profit or loss	7,658	16	28,364	(7,092)	28,946
Exchange adjustments	142	404	–	64	610
At 31 December 2012	171,837	54,739	(12,728)	(29,304)	184,544
At 1 January 2013	171,837	54,739	(12,728)	(29,304)	184,544
(Credited)/charged to profit or loss	(1,175)	5,345	9,526	29,304	43,000
Disposal of a subsidiary	(125)	–	–	–	(125)
Exchange adjustments	583	1,825	–	–	2,408
At 31 December 2013	171,120	61,909	(3,202)	–	229,827

(ii) The Company

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

	Depreciation allowances in excess of related depreciation HK\$'000
Deferred tax arising from:	
At 1 January 2012	7,448
Charged to profit or loss	675
At 31 December 2012	8,123

Notes to the Financial Statements

25 Taxation in the balance sheet (Continued)**(b) Deferred tax assets and liabilities recognised:** (continued)(ii) *The Company (continued)*

	Depreciation allowances in excess of related depreciation HK\$'000
Deferred tax arising from:	
At 1 January 2013	8,123
Charged to profit or loss	(8,123)
	<hr/>
At 31 December 2013	—
	<hr/>

(iii)

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net deferred tax assets recognised on the balance sheet	(2,774)	(33,608)	—	—
Net deferred tax liabilities recognised on the balance sheet	232,601	218,152	—	8,123
	<hr/>	<hr/>	<hr/>	<hr/>
	229,827	184,544	—	8,123
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Deferred tax assets not recognised

The Group and the Company have not recognised deferred tax assets of HK\$97,454,000 (2012: HK\$73,413,000) and HK\$16,891,000 (2012: HK\$6,100,000) in respect of accumulated tax losses of HK\$460,424,000 (2012: HK\$297,538,000) and HK\$102,369,000 (2012: HK\$36,971,000) respectively as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2013.

The tax losses can be carried forward to offset against the taxable profits of subsequent years for up to five years from the year in which they were incurred or there is no restriction on their expiry, depending on the tax jurisdiction concerned.

26 Total equity

(a) Movements in components of equity

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

The Company

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2012	404,062	287,628	1,019,874	300,000	510,913	2,522,477
Changes in equity for 2012:						
Profit and total comprehensive income for the year	-	-	-	-	169,888	169,888
Final dividends approved in respect of the previous year (<i>note 8(b)</i>)	-	-	-	-	(132,763)	(132,763)
Interim dividends declared in respect of the current year (<i>note 8(a)</i>)	-	-	-	-	(92,357)	(92,357)
Balance at 31 December 2012	404,062	287,628	1,019,874	300,000	455,681	2,467,245
Balance at 1 January 2013	404,062	287,628	1,019,874	300,000	455,681	2,467,245
Changes in equity for 2013:						
Profit and total comprehensive income for the year	-	-	-	-	66,217	66,217
Final dividends approved in respect of the previous year (<i>note 8(b)</i>)	-	-	-	-	(144,308)	(144,308)
Interim dividends declared in respect of the current year (<i>note 8(a)</i>)	-	-	-	-	(98,129)	(98,129)
Balance at 31 December 2013	404,062	287,628	1,019,874	300,000	279,461	2,291,025

Notes to the Financial Statements

26 Total equity (Continued)**(b) Share capital**

	2013		2012	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.70 each	<u>700,000,000</u>	<u>490,000</u>	<u>700,000,000</u>	<u>490,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.70 each	<u>577,231,252</u>	<u>404,062</u>	<u>577,231,252</u>	<u>404,062</u>

(c) Nature and purpose of reserves*(i) The Group*

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

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 balance sheet date and is dealt with in accordance with the accounting policy in note 1(g).

The accumulated losses attributable to associates at 31 December 2013 were HK\$1,663,000 (2012: HK\$1,324,000).

26 Total equity (Continued)

(c) Nature and purpose of reserves (continued)

(ii) *The Company*

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

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

Distributable reserves of the Company at 31 December 2013, calculated in accordance with section 79B of the Hong Kong Companies Ordinance, amounted to HK\$413,767,000 (2012: HK\$598,503,000).

After the balance sheet date, the directors proposed a final dividend of 27 Hong Kong cents per share (2012: 25 Hong Kong cents per share) amounting to HK\$155,852,000 (2012: HK\$144,308,000). This dividend has not been recognised as a liability at the balance sheet date.

(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. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

Notes to the Financial Statements

26 Total equity (Continued)**(d) Capital management** (continued)

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

	<i>Note</i>	The Group 2013 HK\$'000	2012 HK\$'000
Bank loans and overdrafts	23	2,489,779	2,006,695
Interest-bearing amounts due to holders of non-controlling interests of a subsidiary	22	48,408	51,742
Less: Cash and bank balances	20	(2,874,785)	(1,992,253)
Net debts		(336,598)	66,184
Shareholders' equity		12,135,753	11,072,646
Net debt-to-shareholders' equity ratio		N/A	0.6%

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

27 Financial risk management and fair values

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

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

27 Financial risk management and fair values (Continued)

(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 2013 is summarised in note 18.

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

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

(b) Liquidity risk

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

Notes to the Financial Statements

27 Financial risk management and fair values (Continued)**(b) Liquidity risk** (continued)

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

The Group

	Contractual undiscounted cash flow				Carrying amount HK\$'000
	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	
At 31 December 2013					
Trade and other payables	481,146	–	–	481,146	481,146
Amounts due to associates	12,800	–	–	12,800	12,800
Amounts due to holders of non-controlling interests of subsidiaries	125,572	–	–	125,572	122,474
Bank loans and overdrafts	826,730	861,211	855,832	2,543,773	2,489,779
Sales and rental deposits received	185,888	–	–	185,888	185,888
Deferred liabilities	–	36,020	90,769	126,789	126,789
	1,632,136	897,231	946,601	3,475,968	3,418,876
At 31 December 2012					
Trade and other payables	434,302	–	–	434,302	434,302
Amounts due to associates	10,473	–	–	10,473	10,473
Amounts due to holders of non-controlling interests of subsidiaries	75,886	47,438	–	123,324	123,324
Bank loans and overdrafts	1,158,633	400,373	486,800	2,045,806	2,006,695
Sales and rental deposits received	161,638	–	–	161,638	161,638
Deferred liabilities	–	61,416	55,823	117,239	117,239
	1,840,932	509,227	542,623	2,892,782	2,853,671

27 Financial risk management and fair values (Continued)

(b) Liquidity risk (continued)

The Company

	Contractual undiscounted cash flow				Carrying amount HK\$'000
	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	
At 31 December 2013					
Trade and other payables	127,294	–	–	127,294	127,294
Amount due to an associate	4,380	–	–	4,380	4,380
Deposits received	351	–	–	351	351
Bank loans and overdrafts	89,011	3,025	251,422	343,458	333,156
	221,036	3,025	251,422	475,483	465,181
Financial guarantees issued:					
– Maximum amount guaranteed (note 30)	2,164,000	–	–	2,164,000	–
At 31 December 2012					
Trade and other payables	88,436	–	–	88,436	88,436
Amount due to an associate	4,396	–	–	4,396	4,396
Deposits received	1,499	–	–	1,499	1,499
Bank loans and overdrafts	290,982	–	–	290,982	288,836
	385,313	–	–	385,313	383,167
Financial guarantees issued:					
– Maximum amount guaranteed (note 30)	1,648,000	–	–	1,648,000	–

Notes to the Financial Statements

27 Financial risk management and fair values (Continued)**(c) Interest rate risk**

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

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

	The Group				The Company			
	2013		2012		2013		2012	
	Effective interest rate	Amount HK\$'000	Effective interest rate	Amount HK\$'000	Effective interest rate	Amount HK\$'000	Effective interest rate	Amount HK\$'000
Floating rate borrowings								
Bank loans	0.96% – 1.77%	2,485,736	0.80% – 1.74%	1,997,081	1.16% – 1.21%	333,156	0.95% – 1.20%	279,860
Amounts due to holders of non-controlling interests of a subsidiary	6.40%	48,408	6.14%	47,438	–	–	–	–
Total borrowings		<u>2,534,144</u>		<u>2,044,519</u>		<u>333,156</u>		<u>279,860</u>

- (ii) Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 25 basis points (2012: 25 basis points) in interest rates, with all other variables held constant, would have decreased/increased the Group's and the Company's profit after tax and total equity by approximately HK\$5,280,000 (2012: HK\$4,258,000) and HK\$696,000 (2012: HK\$585,000) respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's and the Company's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure the amount of interest-bearing borrowings held by the Group and the Company which expose the Group and the Company to interest rate risk at the balance sheet date. The analysis is performed on the same basis for the year ended 31 December 2012.

27 Financial risk management and fair values (Continued)

(d) Equity price risk

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

The Group's listed investments are listed in Hong Kong and overseas. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indications, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 December 2013, it is estimated that an increase/decrease of 5% (2012: 5%) in the market value of the Group's listed available-for-sale securities, with all other variables held constant, would not affect the Group's profit unless there are impairments, the Group's total equity would have increased/decreased by HK\$7,818,000 (2012: HK\$482,000). For the trading securities, it is estimated that an increase/decrease of 5% (2012: 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\$302,000 (2012: HK\$118,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in market value had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the market values, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in market values, and that all other variables remain constant. The analysis is performed on the same basis for 2012.

(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.

Notes to the Financial Statements

27 Financial risk management and fair values (Continued)**(e) Foreign currency risk** (continued)

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

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

The Group

	Exposure to foreign currencies 2013						2012	
	RMB HK\$'000	USD HK\$'000	SGD HK\$'000	EUR HK\$'000	JPY HK\$'000	GBP HK\$'000	RMB HK\$'000	USD HK\$'000
Cash and cash equivalents	339,368	6,368	60	16,421	287	2,544	319,569	-
Unlisted debt securities in overseas	-	251,174	-	-	-	-	-	240,597
Listed equity securities in overseas	-	47,351	11,086	24,307	1,649	10,097	-	-
Total	339,368	304,893	11,146	40,728	1,936	12,641	319,569	240,597

The Company

	Exposure to foreign currencies	
	2013 RMB HK\$'000	2012 RMB HK\$'000
Cash and cash equivalents	339,270	319,494

27 Financial risk management and fair values (Continued)

(e) Foreign currency risk (continued)

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

The Group

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effects on total equity HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effects on total equity HK\$'000
RMB	5%	16,968	16,968	5%	15,979	15,979
USD	5%	193	193			
SGD	5%	3	557			
EUR	5%	821	2,036			
JPY	5%	14	97			
GBP	5%	127	632			

The Company

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effects on total equity HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effects on total equity HK\$'000
RMB	5%	16,964	16,964	5%	15,975	15,975

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group and the Company which expose the Group and the Company to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group and the Company which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2012.

Notes to the Financial Statements

27 Financial risk management and fair values (Continued)**(f) Fair value measurement***(i) Financial assets carried at fair value*

The following table presents the fair value of financial instruments measured at fair value at the balance sheet date across the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group

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

Trading securities:

– Listed securities in Hong Kong	7,238	7,238	–	–
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	Fair value at 31 December	Fair value measurements as at 31 December 2012		
	2012 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
<i>Assets:</i>				
<i>Available-for-sale securities:</i>				
– Listed equity securities in Hong Kong	9,636	9,636	–	–
– Unlisted debt securities in overseas	240,598	–	240,598	–
– Unlisted investment fund	31,977	–	31,977	–

Trading securities:

– Listed securities in Hong Kong	2,828	2,828	–	–
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27 Financial risk management and fair values (Continued)

(f) Fair value measurement (continued)

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

During the years ended 31 December 2012 and 2013, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

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

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012. Amounts due from/(to) subsidiaries, associates, joint venture and holders of non-controlling interests of subsidiaries have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

28 Capital commitments

Capital commitments outstanding at 31 December 2013 not provided for in the financial statements were as follows:

	The Group	
	2013	2012
	HK\$'000	HK\$'000
Future expenditure relating to properties:		
Contracted for	173,743	23,468
Authorised but not contracted for	124,994	107,365
	298,737	130,833

Notes to the Financial Statements

29 Operating lease commitments

At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	72,702	55,466	6,323	5,852
After 1 year but within 5 years	152,373	58,055	2,926	9,249
After 5 years	85,332	–	–	–
	310,407	113,521	9,249	15,101

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

30 Contingent liabilities

The Company has given guarantees in respect of banking facilities of certain wholly owned subsidiaries to the extent of HK\$2,327,000,000 (2012: HK\$2,057,000,000). The banking facilities were utilised to the extent of HK\$2,164,000,000 (2012: HK\$1,648,000,000) at 31 December 2013. As at balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees.

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

31 Material related party transactions

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

	2013 HK\$'000	2012 HK\$'000
Property agency fee payable to a subsidiary of the Group's major shareholder (<i>note (a)</i>)	2,900	2,495
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder (<i>note (a)</i>)	(15,481)	(16,766)
Management fee income from affiliated companies of the Group's major shareholder (<i>note (b)</i>)	(1,775)	(2,232)
Hotel and catering service income from subsidiaries of the Group's major shareholder (<i>note (c)</i>)	(5,209)	–
Security service fee payable to a subsidiary of the Group's major shareholder (<i>note (d)</i>)	579	–
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre*	(3,208)	(3,169)
– an associate of the Group's major shareholder for leasing of Office Units 1801-08, 1812-16 and 1817-18, Miramar Tower* (<i>note (e)</i>)	(15,294)	(11,669)
– a subsidiary of the Group's major shareholder for leasing of Shop 503A-C and 501-02, Miramar Shopping Centre and Office Units 609-12, Miramar Tower* (<i>note (f)</i>)	(19,078)	(19,925)
– a subsidiary of the Group's major shareholder for leasing of Shop 3013, Portion of Podium Roof and Fan Room, Miramar Shopping Centre* (<i>note (g)</i>)	(11,463)	(9,946)
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\$Nil for the year ended 31 December 2013 (2012: HK\$185,000))*	14,505	13,863
– a subsidiary of the Group's major shareholder for the leasing of Units Nos. 201-05, West Tower, Beijing World Financial Centre, Beijing, the PRC*	7,223	6,306
– 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\$95,000 for the year ended 31 December 2013 (2012: HK\$Nil))* (<i>note (h)</i>)	1,855	–
Net gain on disposal of subsidiaries to a subsidiary of the Group's major shareholder (<i>note 32</i>)	(48,241)	–
Remuneration for the directors and the senior management personnel of the Group (<i>note (i)</i>)	25,372	14,229

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

Notes to the Financial Statements

31 Material related party transactions (Continued)*Notes:*

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

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

The amounts due to these companies at the year end amounted to HK\$2,045,000 (2012: HK\$1,030,000).

- (b) The management fee income from affiliated companies of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the year the service provided. The net amounts due from these companies at the year end amounted to HK\$6,740,000 (2012: HK\$15,334,000).
- (c) The Group's hotel division provides hotel and catering services to certain subsidiaries of the Group's major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amount due from these companies at the year end amounted to HK\$1,915,000 (2012: HK\$Nil).
- (d) The security service fee payable to a subsidiary of the Group's major shareholder for provision of security services to the Group's hotel, under similar terms it provides to other customers. The amount due to this company at the year end amounted to HK\$150,000 (2012: HK\$Nil).
- (e) The amount due from this company at the year end amounted to HK\$Nil (2012: HK\$33,000).
- (f) The amount due from this company at the year end amounted to HK\$11,000 (2012: HK\$81,000).
- (g) The amount due from this company at the year end amounted to HK\$333,000 (2012: HK\$6,000).
- (h) The amount due to this company at the year end amounted to HK\$1,943,000 (2012: HK\$Nil).
- (i) The remuneration of directors and senior management is determined by the Remuneration Committee having regard to the performance and responsibilities of individuals and market trends.

32 Disposal of subsidiaries

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

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

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

33 Post balance sheet events

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

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidation financial statements.

Group's Five-year Financial Summary

	For the year ended 31 December 2013 HK\$'million	For the year ended 31 December 2012 HK\$'million	For the year ended 31 December 2011 HK\$'million	For the year ended 31 December 2010 HK\$'million	For the nine months ended 31 December 2009 HK\$'million (note) (Restated)
Results					
Turnover	3,044	2,974	2,496	2,112	1,303
Profit attributable to shareholders	1,278	1,377	1,325	784	260
Assets and liabilities					
Fixed assets	12,146	11,380	10,585	9,445	8,923
Interest in associates	2	2	4	7	7
Interest in a joint venture	10	8	6	1	–
Available-for-sale securities – non-current	408	250	7	6	17
Deferred tax assets	2	33	23	18	10
Net current assets	1,755	951	1,169	327	3
Total assets less current liabilities	14,323	12,624	11,794	9,804	8,960
Bank loans – non-current	(1,692)	(1,041)	(1,423)	(647)	(542)
Deferred liabilities	(127)	(117)	(125)	(87)	(95)
Amounts due to holders of non-controlling interests of a subsidiary	–	(47)	(56)	(54)	–
Deferred tax liabilities	(232)	(218)	(178)	(151)	(135)
Net assets	12,272	11,201	10,012	8,865	8,188
Capital and reserves					
Share capital	404	404	404	404	404
Reserves	11,732	10,668	9,503	8,357	7,698
Total equity attributable to shareholders of the Company	12,136	11,072	9,907	8,761	8,102
Non-controlling interests	136	129	105	104	86
Total equity	12,272	11,201	10,012	8,865	8,188
	HK\$	HK\$	HK\$	HK\$	HK\$
Per share					
Earnings	2.21	2.39	2.30	1.36	0.45
Dividends attributable to the year/ period	0.44	0.41	0.38	0.37	0.23
Net asset value attributable to shareholders of the Company	21.02	19.18	17.16	15.18	14.04

Note: As a result of early adoption of the amendments to HKAS 12, *Income taxes* in 2010, figures for the nine months ended 31 December 2009 have been adjusted to reflect the decrease in accrual of deferred tax liabilities related to certain investment properties of the Group carried at fair value.

Group Properties

at 31 December 2013

Major properties held for investment and/or own use

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong				
The Mira Hong Kong 118-130 Nathan Road Tsimshatsui, Kowloon	Sections A and C of KIL6022	Hotel and Commercial	Medium	100
Miramar Tower and Miramar Shopping Centre 1 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6454	Commercial	Medium	100
6 Knutsford Terrace Tsimshatsui, Kowloon	Portion of KIL7415	Hotel and Commercial	Medium	100
1/F., Champagne Court 16 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6022B	Commercial	Medium	100
A3, 13/F., United Mansion Nos. 37E-37H and 37J-37K Jordan Road and Nos. 95-103 Shanghai Street, Kowloon	Portion of KIL6727	Residential	Medium	100
Apartment A, 1st level Beach Chalet No. 5 Sea Ranch Lantau Island, New Territories	Portion of 178DD337	Residential	Medium	100
3/F., 47 and 49 Sa Po Road Kowloon City, Kowloon	Portion of NKIL498 B&C	Residential	Medium	100
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
Basement, South China Building, No.1 Wyndham Street Hong Kong	Portion of Sections K and L of IL80	Commercial	Long	100
No. 88 Stanley Main Street, Hong Kong	Stanley Inland Lot No.105 and Stanley Lot No.1130	Commercial	Medium	100

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 Wednesday, 11 June 2014 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 2013.
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).”

6. As special business, to consider, and if through fit, pass with or without amendments, the following resolution as Special Resolution:

Special Resolution

“THAT a new set of Articles of Association of the Company (the “New Articles”), a copy of which has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for identification purpose, which, among other things, does not include any “objects” clauses, be and is hereby approved and adopted in substitution for and to the exclusion of the existing articles of association of the Company with immediate effect after the passing of this Special Resolution and that the directors of the Company be and are hereby authorised to do all things necessary to implement the adoption of the New Articles.”

By Order of the Board
CHU KWOK SUN
Corporate Secretary

Hong Kong, 28 April 2014

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

Notes:

- (1) A member of the Company (the “Member”) entitled to attend and vote is entitled to appoint (i) another person (whether a Member or not) as a proxy to exercise all or any of the Member’s rights to attend and to speak and vote at the Meeting and (ii) separate proxies to represent respectively the number of the shares held by the Member that is specified in their instruments of appointment of proxies. If a Member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands. Form of proxy must be lodged at the registered office of the Company at 15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting. In calculating the periods mentioned for depositing the instrument appointing a proxy, no account is to be taken of any part of a day that is a public holiday.
- (2) The Register of Members of the Company will be closed from Monday, 9 June 2014 to Wednesday, 11 June 2014, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to determine Members who are entitled to attend and vote at the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 6 June 2014.
- (3) The Register of Members of the Company will also be closed from Wednesday, 18 June 2014 to Monday, 23 June 2014, 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 Tuesday, 17 June 2014.
- (4) An explanatory statement containing the information necessary to enable the Members to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to Members together with the Company’s 2013 Annual Report.

Corporate Information

Board of Directors

Executive Directors

Dr the Hon. LEE Shau Kee, GBM (*Chairman*)
 Mr LEE Ka Shing
 Mr Richard TANG Yat Sun
 Mr Colin LAM Ko Yin
 Mr Eddie LAU Yum Chuen
 Mr Norman HO Hau Chong

Non-Executive Directors

Dr Patrick FUNG Yuk Bun
 Mr Dominic CHENG Ka On
 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*)
 Dr the Hon. LEE Shau Kee, GBM
 Dr David SIN Wai Kin
 Mr Richard TANG Yat Sun
 Mr WU King Cheong

Nomination Committee

Dr the Hon. LEE Shau Kee, GBM
 (*Committee Chairman*)
 Dr David SIN Wai Kin
 Mr LEE Ka Shing
 Mr WU King Cheong
 Dr Timpson CHUNG Shui Ming

Chief Executive Officer

Mr LEE Ka Shing

Chief Operations Officer

Mr Felix SEE Chi Kwok

Chief Financial Officer

Mr Allen LIM Kean Kee

Joint Company Secretaries

Mr Allen LIM Kean Kee
 Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

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

Share Registrar

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

Registered Office

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

Share Listing

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

Website

<http://www.miramar-group.com>

Magnetik M


Medley Man

Melodie M

metropolitan

Mischief





Miramar Hotel and Investment Company, Limited
15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui,
Kowloon, Hong Kong
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