MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 71)

2012 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

Review of Operations and Prospects

The Group's turnover rose by 19% to approximately HK$2,974,000,000 for the financial year ended 31 December 2012 (the "Reporting Period") when compared to the financial year ended 31 December 2011 (the "Last Corresponding Period") (2011: HK$2,496,000,000). Profit attributable to shareholders increased by 4% year-on-year to approximately HK$1,377,000,000 (2011: HK$1,325,000,000). Excluding the net increase in the fair value of the Group's investment properties, underlying profit attributable to shareholders grew by 9% to approximately HK$448,000,000 (2011: HK$411,000,000). Basic underlying earnings per share rose by 10% to HK$0.78 compared to the Last Corresponding Period (2011: HK$0.71).

Business Overview

The increasing number of visitors arrival of 48.6 million in 2012 continued to fuel development of hotel, food and beverage as well as travel industries in Hong Kong. The Group's businesses of hotel, property rental, food and beverage as well as travel captured the inbound tourism boom. In particular, its hotel and serviced apartment business recorded healthy growth in both occupancy and room rates. The Group continued to develop its diverse business during the Reporting Period and posted satisfactory results.

The Group continues with its strategy to enhance its commercial property portfolio. Renovation of the Group's two shopping centres paid off as numerous international trendy and high-end brand names became tenants, thus boosting recurring rental income during the Reporting Period. The Group's multi-brand food and beverage business increased its choices of mid-priced and high-end dining to cater to diverse tastes. The Group strengthened its contemporary dining concept and image to differentiate from its peers. The Group's travel business succeeded in attracting more long-haul visitors and in expanding its market share during the Reporting Period. The complementary pull factor increased patronage at the Group's hotels, shopping malls and restaurants, manifesting an interaction with other business segments.

Corporate Governance and Social Responsibility

The Group attaches great importance to corporate governance to ensure shareholders' rights and interests are protected. It also fulfills its corporate social responsibility by contributing to the common good. During the year, the Group actively participated in various charitable and community events. To fulfill its corporate social responsibility and enhance social care, the Group participated in community activities and charitable courses and encourages staff participation. During the year, the Group participated in Green Power Hike to raise funds for environmental education. In addition, it also answered the Red Cross's call for blood donation and participated in volunteer work for children in need organized by Ronald McDonald House.

Business Outlook

Hong Kong's retail sector is expected to ride on a growth trend in 2013 as recovery of the global economy begins to take shape and the Mainland China's steady economic growth continues. Chinese citizens' wealth is growing, and the continuing enthusiasm of Mainland Chinese about visiting Hong Kong will bode good days ahead for the city's consumption sectors.

As in past several years, we will continue to enhance and optimize our property portfolio by refurbishing our hotels, shopping centres and office building in order to boost occupancy and room rates further, and strengthen our newly developed Business lines. In addition, the Group has high liquidity and a vibrant and dynamic management team. We are fully prepared to lead the company towards new developments and strive to deliver sustainable healthy returns to our shareholders.

Acknowledgement

I would like to thank the fellow members of the Board of Directors and all the staff for their strong support and valuable contributions over the past years. Let us continue to work together for a better future.

LEE SHAU KEE
Chairman

Hong Kong, 19 March 2013

CEO'S MESSAGE

Leveraging our Diverse Businesses is the Key to Our Success

Riding on Miramar's solid foundation of the past five and a half decades, we are developing new business growth drivers on top of existing recurring income streams from the hotel and property rental businesses.

The Group continues to strengthen its five lifestyle businesses and enhancing their synergy through a series of measures, with a view to improving profit margins. We begin with our core businesses of hotel and property rental businesses by renovating commercial properties and refining practices of hotel management and drive operational efficiency and excellence. Our food and beverage business innovated different contemporary styles of dining with a multi-brand strategy to cater to diverse palettes. Our success in attracting more long-haul visitors in our travel business boosted the businesses of our hotels, shopping malls and restaurants. We have also set our sight on a huge retail market in Mainland China through our apparel retail businesses.

Overall, most of the business segments made satisfactory progresses.

Hotel and Serviced Apartment Business

The Hotel and Serviced Apartment business benefited from the surge in visitor arrivals to Hong Kong in 2012. The Group's flagship hotel in Tsim Sha Tsui, The Mira Hong Kong, recorded an average occupancy rate of 84% in 2012, compared with 83% in 2011. The average room rate rose by approximately 9%. EBITDA (earnings before interest, taxes, depreciation and amortization) grew 13% to approximately HK$233,600,000.

A new designer lifestyle hotel under the Group's management, Mira Moon, is scheduled to open in Wan Chai during the summer of 2013. This hotel will provide approximately 90 guest rooms. Situated in a popular tourist spot on Hong Kong Island, Mira Moon will be a stylish abode to enjoy Wan Chai's rich cultural heritage and metropolitan trends as well as convenient transportation. The hotel will feature hallmark traits of "The Mira" brand including quality services and chic interior design. The Group believes Mira Moon will be well-positioned to capitalize on the strong demand for hotel rooms which has been outpacing local supply in recent years.

Property Rental Business

The Group owns a prestigious portfolio of commercial properties in Hong Kong and Mainland China, among them are two shopping centres and an office tower situated in the prime commercial district of Tsim Sha Tsui. The completion of a series of optimisation and enhancement projects have lifted occupancy rates and rental income of these commercial properties, as well as boosting their asset value.

Miramar Shopping Centre ("MSC")

The renovated MSC projects a new and dynamic image, which attracted international and popular brand names of trendy and luxury goods as tenant. The Group conducted targeted marketing and strategic promotional campaigns to enhance the mall's image. Such activities paid off and boosted both occupancy rate and average unit rate. As at the end of 2012, occupancy rate of MSC was approximately 99% and the average unit rate rose by 7% year-on-year.

MSC tenants consists of world-renowned, upscale fashion brands such as DKNY, agnes b, American Eagle Outfitters, A|X Armani Exchange, Calvin Klein, DKNY Jeans, D-mop, i.t., Samsonite and Vivienne Westwood. MSC also houses restaurants that serve diverse delicacies, ranging from Chinese, Japanese, Korean to Italian, offering a culinary destination of tasteful options.

MSC received its first CAPITAL Outstanding Green Excellence Award 2012, which was published in Capital Magazine in January 2013.

Mira Mall

Mira Mall, the shopping centre at The Mira Hong Kong, increased the exposure of "The Mira" brand in the heart of Tsim Sha Tsui when it unveiled its new face in a grand opening in the fourth quarter of 2012. Reshaped into a magnet for the young generation and affluent customers, the shopping mall features duplex stores of international and popular flagship brands fronting the busy Nathan Road. On its current list of tenants are renowned high-end luxury brands such as Coach (flagship), Tommy Hilfiger, collect point, King Fook Jewellery, and twist. The addition of new tenants brought forth rental income growth. As at the end of 2012, occupancy rate of Mira Mall was approximately 99%.

Miramar Tower ("MT")

During 2012, MT's rental income recorded satisfactory growth against the backdrop of strong demand for Grade A office space in Tsim Sha Tsui. MT's refreshing look, following its renovation in 2011, and continued provision of outstanding management services attracted high-quality, local and international corporate tenants. As at the end of 2012, occupancy rate of MT was approximately 99%, while the average unit rate increased by 4% year-on-year.

Food and Beverage Business

The Group adopts a multi-brand strategy for its Food & Beverage Business to promote the concept of contemporary dining with a diverse spectrum of cuisines and restaurant choices. The wide selection includes Chinese restaurants of Tsui Hang Village, Yunyan Sichuan Restaurant and Cuisine Cuisine (a high-end Michelin-Star-rated Chinese restaurant), The French Window (a French brasserie), Assaggio Trattoria Italiana, and Japanese restaurants of Hide-Chan Ramen (a popular Japanese Ramen restaurant), Saboten (a traditional Japanese pork cutlet restaurant) and its latest endeavour, a newly-opened Japanese sake bar, Zanzo. The Group opened two Cuisine Cuisine restaurants in Beijing and Wuhan catering to appetite for high-end Chinese cuisine.

Travel Business

The Group's Travel business resumed growth momentum with an increase of 6% in turnover to HK$1,119,800,000 in 2012, following a challenging operating environment in 2011. Its strategy to attract more long-haul visitors and expanded market share were key growth drivers. The Group's mass-market tour business enjoyed growth and contributed considerably to the Group's revenue. Segment EBITDA rose by 40% to HK$35,500,000 in 2012. The Group will step up its effort in advertising and promotion and continue to develop the long-haul tour segment.

Apparel Business

The Group extended its footing to growing opportunity across the border and diversified into the apparel business in 2011. The Group set up directly-managed DKNY Jeans retail stores in Shanghai and Beijing. It has a network of franchised stores in major cities across Mainland China by the end of 2012. Although Mainland China's slowing economic growth affected the retail sector, the Group will continue to enhance its distribution network with the aim to build its Apparel retailing into a solid business.

Business Outlook

Amidst uncertainties over the global economic recovery, it is expected that the momentum of Mainland China's economic growth to continue. Chinese people's rising income and the continuing enthusiasm of Mainland Chinese about visiting Hong Kong bode well for Hong Kong's retail and tourism sectors. The Group's core businesses are well-positioned to benefit from these favorable macroeconomic conditions.

We continue to enhance the quality of services offered by our hotel business. The Group's commercial properties have been enhanced through successful optimisation in recent years, particularly the Miramar Tower and Mira Mall. This move has bolstered their occupancy rates and rental rates and optimized tenant mix on a rolling basis. We will carefully evaluate new growth and acquisition opportunities to further drive the growth of the hotel and property rental business.

Under the leadership of an experienced management team and a well-defined road map for future growth, the Group will fully capitalize on market opportunities and continue to enhance its lifestyle business portfolio to generate sustainable returns.

LEE KA SHING
CEO

Hong Kong, 19 March 2013

The Board of Directors of Miramar Hotel and Investment Company, Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding year in 2011 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*3*	**2,973,859**	2,495,924
Cost of inventories		**(405,793)**	(220,017)
Staff costs		**(481,724)**	(397,058)
Utilities, repairs and maintenance and rent		**(163,308)**	(136,478)
Tour and ticketing costs		**(1,002,469)**	(954,171)
Gross Profit		**920,565**	788,200
Other revenue		**78,727**	52,020
Operating and other expenses		**(305,875)**	(215,444)
Depreciation and amortisation		**(131,693)**	(100,414)
		561,724	524,362
Finance costs	*4*	**(30,259)**	(15,659)
Share of profits less losses of associates		**(670)**	(531)
Share of profit/(loss) of a jointly controlled entity		**742**	(719)
		531,537	507,453
Reversal of provision for properties held for resale		**–**	2,278
Net gain on disposal of properties		**41,879**	–
Net realised and unrealised gains/(losses) on trading securities		**13,068**	(14,938)
Net increase in fair value of investment properties		**929,079**	914,580
Profit before taxation		**1,515,563**	1,409,373
Taxation	*5*		
– Current		**(79,038)**	(61,817)
– Deferred		**(28,946)**	(19,050)
Profit for the year carried forward		**1,407,579**	1,328,506

CONSOLIDATED INCOME STATEMENT (continued)

	Note	2012 HK$'000	2011 HK$'000
Profit for the year brought forward		**1,407,579**	1,328,506
Attributable to:			
Shareholders of the Company		**1,377,111**	1,325,310
Non-controlling interests		**30,468**	3,196
		1,407,579	1,328,506
Dividends attributable to the year:	6		
Interim dividend		**92,357**	86,585
Final dividend		**144,308**	132,763
		236,665	219,348
Earnings per share – basic and diluted	7	**HK$2.39**	HK$2.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 *HK$'000*	2011 *HK$'000*
Profit for the year	**1,407,579**	1,328,506
Other comprehensive income for the year (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	**6,504**	39,851
Changes in fair value of available-for-sale securities	**7,246**	1,108
	13,750	40,959
Total comprehensive income for the year	**1,421,329**	1,369,465
Attributable to:		
Shareholders of the Company	**1,389,971**	1,360,031
Non-controlling interests	**31,358**	9,434
Total comprehensive income for the year	**1,421,329**	1,369,465

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

CONSOLIDATED BALANCE SHEET

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Fixed assets			
– Investment properties		**10,535,158**	9,653,219
– Other fixed assets		**844,641**	931,814
		11,379,799	10,585,033
Interest in associates		**2,102**	3,844
Interest in a jointly controlled entity		**7,692**	5,599
Available-for-sale securities		**250,234**	7,121
Deferred tax assets		**33,608**	22,746
		11,673,435	10,624,343
Current assets			
Properties under development for sale		**62,297**	239,767
Inventories		**184,634**	156,098
Trade and other receivables	*8*	**338,127**	320,073
Available-for-sale securities		**31,977**	30,939
Trading securities		**2,828**	79,277
Cash and bank balances		**1,992,253**	1,291,971
Tax recoverable		**15,924**	2,454
		2,628,040	2,120,579
Current liabilities			
Trade and other payables	*9*	**(520,661)**	(558,025)
Bank loans and overdrafts		**(965,513)**	(240,000)
Sales and rental deposits received		**(161,638)**	(129,085)
Tax payable		**(29,166)**	(24,006)
		(1,676,978)	(951,116)
Net current assets		**951,062**	1,169,463
Total assets less current liabilities carried forward		**12,624,497**	11,793,806

CONSOLIDATED BALANCE SHEET (continued)

	Note	2012 HK$'000	2011 HK$'000
Total assets less current liabilities brought forward		**12,624,497**	11,793,806
Non-current liabilities			
Bank loans		**(1,041,182)**	(1,423,323)
Deferred liabilities		**(117,239)**	(124,616)
Amount due to holders of non-controlling interests of a subsidiary	*10*	**(47,438)**	(55,666)
Deferred tax liabilities		**(218,152)**	(177,734)
		(1,424,011)	(1,781,339)
NET ASSETS		**11,200,486**	10,012,467
CAPITAL AND RESERVES			
Share capital		**404,062**	404,062
Reserves		**10,668,584**	9,503,518
Total equity attributable to shareholders of the Company		**11,072,646**	9,907,580
Non-controlling interests		**127,840**	104,887
TOTAL EQUITY		**11,200,486**	10,012,467

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The accounting policies used in the preparation of the financial statements are consistent with those used in the 2011 annual financial statements except the changes set out in note 2.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These include the amendments to HKAS 12, *Income taxes – deferred tax: recovery of underlying assets*, which the Group has already adopted in the prior period. None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER AND SEGMENT REPORTING

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's 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 investment	:	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 ownership and management	:	The operation of hotel 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 investment, property development and sales, hotel ownership and management, 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, food and beverage, travel and apparel operations.

(a) Segment results

Revenue and expense are allocated to the reportable segments with reference to sales generated by those segments and the expenses directly 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 a jointly controlled entity, other non-operating items and other corporate expenses.

3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

(a) Segment results (continued)

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 2012 and 2011 is set out below.

	2012						
	Property investment *HK$'000*	Property development and sales *HK$'000*	Hotel ownership and management *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							2,973,859
Reportable segment results (adjusted EBITDA)	586,433	(20,901)	233,611	(39,561)	35,476	(35,162)	759,896
Unallocated corporate expenses							(198,172)
							561,724
Finance costs							(30,259)
Share of profits less losses of associates							(670)
Share of profit of a jointly controlled entity							742
Net gain on disposal of properties							41,879
Net realised and unrealised gains on trading securities							13,068
Net increase in fair value of investment properties	929,079	–	–	–	–	–	929,079
Consolidated profit before taxation							1,515,563

3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

(a) Segment results (continued)

	2011						
	Property investment *HK$'000*	Property development and sales *HK$'000*	Hotel ownership and management *HK$'000*	Food and beverage operation *HK$'000*	Travel operation *HK$'000*	Apparel operation *HK$'000*	Total *HK$'000*
Revenue from external customers	566,418	44,734	534,109	227,941	1,054,820	67,902	2,495,924
Inter-segment revenue	–	–	2,494	6,457	–	–	8,951
Reportable segment revenue	566,418	44,734	536,603	234,398	1,054,820	67,902	2,504,875
Elimination of inter-segment revenue							(8,951)
Consolidated turnover							2,495,924
Reportable segment results (adjusted EBITDA)	490,974	(13,030)	206,527	(16,906)	25,419	(4,331)	688,653
Unallocated corporate expenses							(164,291)
							524,362
Finance costs							(15,659)
Share of profits less losses of associates							(531)
Share of loss of a jointly controlled entity							(719)
Reversal of provision for properties held for resale							2,278
Net realised and unrealised losses on trading securities							(14,938)
Net increase in fair value of investment properties	914,580	–	–	–	–	–	914,580
Consolidated profit before taxation							1,409,373

3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

(b) Geographical information

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

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The Hong Kong Special Administrative Region	**2,622,447**	2,321,796	**10,684,759**	9,881,663
The People's Republic of China	**178,752**	174,128	**704,834**	712,813
The United States of America	**172,660**	–	**–**	–
	2,973,859	2,495,924	**11,389,593**	10,594,476

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank advances and other borrowings repayable within five years	**26,247**	13,312
Other borrowing costs	**4,012**	2,347
	30,259	15,659

5. TAXATION

Taxation in the consolidated income statement represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**71,154**	58,303
(Over)/under-provision in respect of prior years	**(370)**	284
	70,784	58,587
Current tax – Overseas		
Provision for the year	**5,358**	5,499
Under/(over)-provision in respect of prior years	**2,896**	(2,269)
	8,254	3,230
Deferred tax		
Change in fair value of investment properties	**16**	404
Origination and reversal of temporary differences	**28,930**	18,646
	28,946	19,050
	107,984	80,867

Provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 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 2012 of HK$7,000 (2011: HK$10,000) is included in the share of profits less losses of associates.

Share of a jointly controlled entity's taxation for the year ended 31 December 2012 of HK$34,000 (2011: HK$Nil) is included in the share of profit/loss of a jointly controlled entity.

6. DIVIDENDS

Dividends attributable to the year

	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$0.16 per share (2011: HK$0.15 per share)	**92,357**	86,585
Final dividend proposed after the balance sheet date of HK$0.25 per share (2011: HK$0.23 per share)	**144,308**	132,763
	236,665	219,348

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

7. 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$1,377,111,000 (2011: HK$1,325,310,000) and 577,231,252 shares (2011: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2012 and 2011, and hence diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date:

	2012	2011
	HK$'000	*HK$'000*
Current	**94,840**	60,797
Less than 1 month past due	**12,270**	15,085
1 – 2 months past due	**7,096**	4,510
Over 2 months past due	**18,415**	13,344
	37,781	32,939
Trade receivables	**132,621**	93,736
Other receivables	**205,506**	226,337
	338,127	320,073

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK$31,044,000 (2011: HK$10,499,000) which is expected to be recoverable after more than one year.

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

9. TRADE AND OTHER PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
Due within 3 months or on demand	**89,443**	88,925
Due after 3 months but within 6 months	**20,075**	16,048
Trade payables	**109,518**	104,973
Other payables	**324,784**	357,042
Amounts due to holders of non-controlling interests of subsidiaries *(see note 10)*	**75,886**	91,598
Amounts due to associates *(note)*	**10,473**	4,412
	520,661	558,025

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.

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

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK$47,438,000 (2011: HK$55,666,000), which is interest bearing at 6.14% (2011: 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$4,304,000 (2011: HK$Nil), which is interest bearing at 6.14% (2011: Nil) per annum and repayable within one year, all the amounts due to holders of non-controlling interest of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 6 June 2013 at 12:00 noon. The Notice of AGM will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company, and despatched to shareholders on or about 23 April 2013.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of 25 Hong Kong cents per share in respect of the year ended 31 December 2012 to shareholders listed on the Register of Members at the close of business on 17 June 2013. Subject to the approval to be obtained at the AGM, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 27 June 2013.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 4 June 2013 to 6 June 2013, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to determine members who are entitled to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 3 June 2013.

In addition, the Register of Members of the Company will also be closed from 14 June 2013 to 17 June 2013, 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 Thursday, 13 June 2013.

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 19% as at 31 December 2012 (2011: 17%).

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

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 2012, total available facilities amounted to approximately HK$2.7 billion (2011: approximately HK$2.1 billion), and 74% of that (2011: 78%) were utilised. At 31 December 2012, consolidated net borrowings were approximately HK$0.06 billion (2011: HK$0.43 billion), of which HK$0.08 billion was secured borrowings (2011: none).

EMPLOYEES

The performance achieved by the Company in 2012 was a reflection of the hard work, dedication and professionalism of employees that we have across various businesses. As at 31 December 2012, the Company had total full-time employees of approximately 2,210, including 1,655 employees in Hong Kong, 555 employees in the People's Republic of China and the United States of America. It is the policy of the Company to remunerate employees to support the achievement of the Company mission, vision and strategies. The Company offers externally competitive and internally equitable remuneration packages to attract, retain and motivate qualified employees. Our remuneration packages are administered based on the principle of Pay for Performance which is implemented through performance management system, performance-based salary administration and discretionary bonus schemes.

TRAINING & DEVELOPMENT

To support the development of our employees, we adopted a "S.E.E." development approach (see, experience and exposures). It is a planned and systematic approach, enabling our employees at different levels to see the future development of the organization, experience and being involved in the process of business strategy formulation and performance management, together with diversified exposures to develop their leadership skills. Besides, with the continuous efforts of people development, we have been accredited the Grand Prize Award 2012, ERB Manpower Developer, by Employee Retraining Board. We will continue to focus on building a highly effective team through communication and coaching to enhance productivity for business.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2012, other than code provision A.6.7 of the CG code.

In respect of code provision A.6.7 of the CG Code, all non-executive directors (including independent non-executive directors) attended the annual general meeting of the Company held on 7 June 2012 except one non-executive director and one independent non-executive director due to other business engagement.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2012 and discussed with internal audit executives and independent auditors matters on auditing, internal control and financial reports of the Group.

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

During the year ended 31 December 2012, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2012.

By Order of the Board
LEE SHAU KEE
Chairman

Hong Kong, 19 March 2013

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