

# Annual Report 2021

Miramar Hotel and  
Investment Company, Limited  
Stock code 71





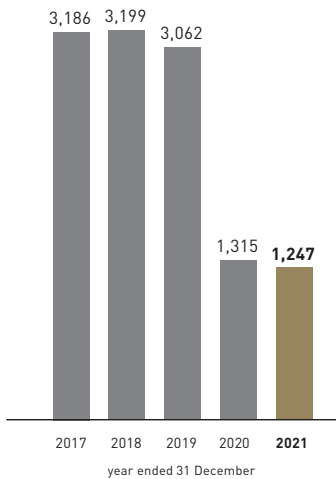


# Contents

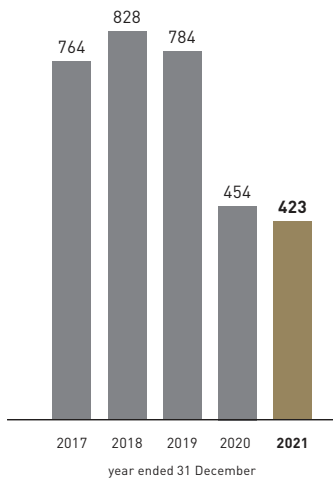
002	Financial Highlights
004	Chairman and CEO's Statement
009	Management Discussion and Analysis
025	Award Recognition
027	Environmental, Social and Governance Report
049	Biographical Details of Directors
053	Biographical Details of Senior Management
055	Corporate Governance Report
075	Principal Risks
077	Report of the Directors
102	Independent Auditor's Report
107	Consolidated Statement of Profit or Loss
108	Consolidated Statement of Profit or Loss and Other Comprehensive Income
109	Consolidated Statement of Financial Position
111	Consolidated Statement of Changes in Equity
113	Consolidated Cash Flow Statement
116	Notes to the Financial Statements
176	Group's Five-year Financial Summary
177	Group Properties
179	Notice of Annual General Meeting
184	Corporate Information

**Consolidated revenue**

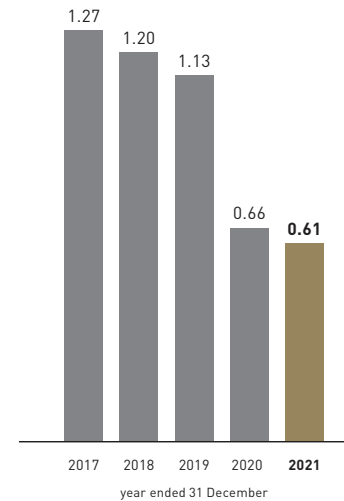
HK\$'million

**Underlying profit attributable to shareholders of the Company**

HK\$'million

**Underlying earnings per share**

HK\$

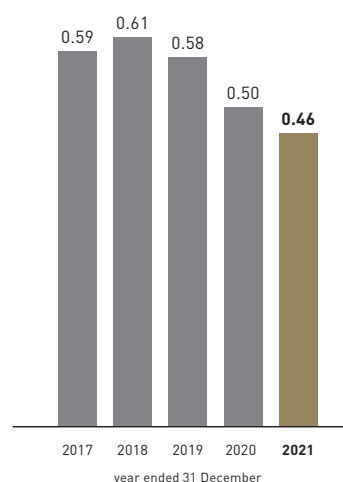
**For the year ended 31 December****2021****2020****HK\$'million****HK\$'million****Revenue**

Property rental	<b>814</b>	819
Hotels and serviced apartments	<b>286</b>	202
Food and beverage operation	<b>133</b>	120
Travel operation	<b>14</b>	174
<b>Consolidated revenue</b>	<b>1,247</b>	1,315
<b>Profit attributable to shareholders of the Company</b>	<b>330</b>	302
<b>Underlying profit attributable to shareholders of the Company (note)</b>	<b>423</b>	454

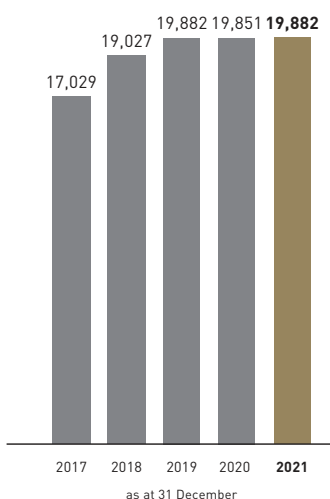
*Note:* Underlying profit attributable to shareholders and underlying earnings per share excluded the post-tax effects of the investment properties revaluation movements and other non-recurring items such as net gain on disposal of properties

**Dividend per share**

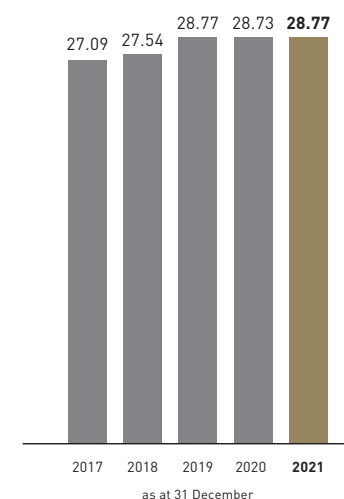
HK\$

**Consolidated net assets attributable to shareholders of the Company**

HK\$'million

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

HK\$

**Earnings per share****Underlying earnings per share (note)****Dividend per share****For the year ended 31 December**

	2021	2020
	HK\$	HK\$
Earnings per share	0.48	0.44
Underlying earnings per share (note)	0.61	0.66
Dividend per share	0.46	0.50

**At 31 December**

	2021	2020
	HK\$'million	HK\$'million

**Consolidated net assets attributable to shareholders of the Company**

	19,882	19,851
	HK\$	HK\$

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

	28.77	28.73
--	-------	-------

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



# Driving Progress Steadily

## Dear shareholders

On behalf of the Board of Directors of Miramar Hotel and Investment Company, Ltd. (the "Company"), I would like to present the report on the financial and operational performances of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "year").





# Chairman and CEO's Statement

## Consolidated Results

The Group's revenue for the year amounted to HK\$1,247 million (2020: HK\$1,315 million), a decrease of 5.1% against last year. Profit attributable to shareholders for the year was HK\$330 million (2020: HK\$302 million) with a year-on-year increase of 9.3%. The aforesaid outcome is mainly caused by the decrease in revaluation loss on fair value of investment properties compared with last year, and the increase in income attributable to the Group's hotel & serviced apartments business and food & beverage business compared with last year.

The underlying profit attributable to shareholders (excluding the net decrease in the fair value of investment properties by HK\$112 million (2020: net decrease of HK\$152 million) and the net gain on disposal of non-core properties of HK\$19 million (2020: Nil)) dropped by 6.8% to HK\$423 million, year-on-year (2020: HK\$454 million). The underlying earnings per share is HK\$0.61 (2020: HK\$0.66).

## Final Dividend

The Board recommends a final dividend of HK26 cents per share to the shareholders listed on the Register of Members at the close of business on 17 June 2022 (Friday). The proposed final dividend is expected to be distributed to shareholders on 8 July 2022 (Friday). Adding up with an interim dividend of HK20 cents per share paid on 13 October 2021, the total dividend payment for the whole year will be HK46 cents per share.

## Overview

More than two years have passed since the initial outbreak of covid-19 pandemic. Intermittent surges of the pandemic and emergences of variant strains have destabilized the global economy. Governments around the world have kept anti-pandemic measures up in response. Hong Kong's local economy rebounded slightly as the pandemic in its fourth wave then was put under control during the middle of last year, which successfully drove up overall consumption sentiments, bringing about a respectable business revival to the Group's hotel & serviced apartments and food & beverage operations. However, early in 2022, the outbreak of the fifth wave dealt a heavy blow to local economic and social functioning once again with the local government following up with the strictest ever social-distancing rules, afflicting the Group's businesses.





Overall, all of the Group's businesses continued to be constrained to varying degrees by the influences of such factors as covid-19 pandemic situation, social-distancing rules and the economic atmosphere. The Group has incessantly kept a close watch on the pandemic and swiftly adjusted its strategies and operations accordingly. Every endeavor has been made to initiate new sales models and product categories, including the launch of the Group's first consumption voucher reward across multiple businesses and pre-sale promotions at eShop. Following a series of marketing initiatives and activities, the hotel & serviced apartments business turned from loss to a profit and the food & beverage business recorded an increase in revenue. The property rental segment saw a slight drop in overall performance attributed to our continued reliefs to certain tenants seriously affected by the pandemic through rent concession or lease restructuring. Revaluation of the relevant properties continued to dip slightly.

## Outlook

Currently, Hong Kong comes under the impact of a rapid spread of variant strains, reversing the hard-to-come-by economic recovery and the slightly-improved business environment last year into a ditch of uncertainties, dragging down the pace of economic recovery. Faced with the recursive nature of the pandemic situation, the Group will, nonetheless, maintain a prudent and positive outlook, and firmly entrench our businesses in addressing to the various challenges. Meanwhile, the Group earnestly seeks various potential investment opportunities, and getting the team ready for business development. Personally, I have unwavering faith in Hong Kong as a resilient and versatile city. With the government support on citywide vaccination and swift implementation of relief measures, I believe that, with a solid foundation, ample resources and a professional team, the Group will swiftly grip the opportunity and stride together with Hong Kong on a recovery path as soon as the pandemic has come under control.

## Acknowledgement

I would like to take this opportunity to thank the Board of Directors for their support and guidance to the Group. On behalf of all the shareholders and the Board of Directors, I would like to extend my sincere gratitude to the management team and employees for their ongoing contributions to the Group.

## Lee Ka Shing

*Chairman and CEO*

Hong Kong, 18 March 2022





# Stylish Stay, Unrivalled Experience

## Hotel and Serviced Apartments Business

During the year, the hotel and serviced apartments business recorded a revenue of HK\$286 million, up by 41.8% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was HK\$4.6 million, a reversal from last year's loss of HK\$5.3 million.



# Hotels and Serviced Apartments Business

As the pandemic situation continued for more than two years, the hotel sector across the globe was hit to an extent never seen before. With the strictest quarantine measures and cross-border restrictions in place in Hong Kong, the number of visits to Hong Kong slumped by 97.4% to 0.09 million (2020: 3.57 million), while overnight visits fell by 93.4% to 0.09 million (2020: 1.36 million). Despite all sorts of limitations, the Group continued to actively explore the local market demand and launched themed staycation packages one after another, including an Australian-themed experience “Wanderful Australia” in collaboration with the Australian government, and the partnered Christmas campaign “The Aurora Of Festive MIRAcles” with the Finnish Tourist Board and Finnair. The aforesaid promotional efforts successfully improved the occupancy rate of The Mira Hong Kong Hotel. Meanwhile, against the background of immense demand for quarantine hotels, the Group’s Mira Moon Hotel continued to be commissioned as a designated quarantine hotel by the government, with an average occupancy rate of more than 70%.

The Group made agile adjustments to its strategies, which led to a rapid revenue growth of more than 40% in the hotel and serviced apartments business, and its EBITDA reversed from loss to profit. Faced with the onslaught of the pandemic’s fifth wave, the Group continued to strengthen cost control in adequate and enduring preparation for an uncertain future.





# Distinguish with Uniqueness, Set Trend with Style

## Property Rental Business

The revenue of our property rental business decreased to HK\$814 million, with EBITDA at HK\$697 million, down by 0.6% and 2.2% respectively, compared with last year.







# Property Rental Business

In the first half of 2021, with the pandemic retreating pandemic and the government releasing a consumption voucher scheme, Hong Kong's retail market improved moderately. Yet, the overall retail sector was still under pressure, either from operational difficulties, or from shrinking business, which went on to bring pressure to the local leasing business on rental adjustment and lease renewal. Hence, there was an absence of significant improvement in rental income and vacancy rate of commercial shops and buildings in core districts. During the period, the Group continued to provide targeted relief to certain tenants impacted by the pandemic in order to lessen pressures on their operations. At the same time, the Group launched various promotional activities to encourage customer consumption, increase footfall and boost sales, including consumption rebates, themed weekend pop-up markets and various festive events.

Along with increasing public awareness of environmental protection, our shopping malls also infused various green elements into its operational and strategic partnerships, including a rebranded loyalty programme with sustainable living concept; green pop-up markets; and the Gimme LiVe music festival embedded with music and environmental-friendly features. While various efforts were made to promote environmental protection, the Group also encourages shoppers to give back to society by collaborating with charities such as UNICEF and Food Angel. To further enhance the customers' experience, the mall invited a number of specialty brands and restaurants to join in, including Umegaoka Sushi No Midori Souhonten, Nuttea, and the first image concept store for men RICKYKAZAF.

## Change in Fair Value of Investment Properties

The Group's investment properties (mainly the Mira Place) are stated at fair value, and reviewed on a semi-annual basis. The fair value of investment properties is determined based on the opinions obtained by the Group from an independent professional surveyor firm (Cushman & Wakefield Limited). The prolonged impact of covid-19 adversely affected the overall economy and consumption propensity, and carried pressures onto the local rental market for shops and offices. During the year, the fair value of the Group's total investment properties decreased by HK\$112 million (2020: decreased by HK\$152 million). As at 31 December 2021, the book value of the overall investment properties was HK\$15.2 billion. The investment properties of the Group are held as long-term investment, to gain recurring income. The revaluation impairment is non-cash in nature, and has no substantive impact on the cash flow of the Group.





# Spectacular Dining, Sensational Ambience

## Food and Beverage Business

The Group's food and beverage business recorded revenue of HK\$133 million, up by 11.0%, compared with last year; EBITDA recorded loss of HK\$10.8 million for the year, which loss was reduced as compared with last year.





# Food and Beverage Business

Early last year, the government relaxed social distancing measures when the pandemic situation was under control. Consumption sentiment among citizens began to improve steadily, and dine-in business and reservation rate started to recover. With the launch of the “vaccine bubble” programme in April last year, the Group’s restaurants quickly adjusted its operational model to type C or D, and raised the upper limits on the maximum diners per table and the total capacity of the restaurants, as well as extending the operating hours, in order to capture the rising demands for dine-in services and festive celebrations. Meanwhile, the Group continued to stimulate sales through special offers for dine-in and takeaway and advance sales through Mira eShop. The Group also actively sought collaborative business opportunities, including joining hands with liquor wholesalers in launching festive hampers and wine tasting menus. In view of the potential of the local catering market, the Group closed two restaurants during the year, and actively preparing to introduce brand-new dining concepts to extend new markets and demographics. Thanks to the various agile sales strategies, the year’s revenue improved in comparison to last year.





# Be Prepared for Greater Journey

## Travel Business

Due to the resurgence in covid-19 cases, cross-border reopening was delayed indefinitely and there was yet no sign of the international tourism market recovering. Just like any other peers in the industry, the Group's travel business stayed in a standstill. Though the government had once announced the resumption of open-sea cruise travel in the middle of last year, it was once again called to a halt by early 2022, in view of the mutated virus widely spreading, overlaying the local tourism market with heavy dark clouds. The Group's travel business recorded revenue of HK\$13.5 million, down by 92.2% compared with HK\$173.7 million last year, and EBITDA recorded a loss of HK\$23.3 million, similar to that of last year. The management will continue to closely monitor the market situation, the latest border control measures and mandatory quarantine policies, and to strictly control costs and adjust operating strategy in a timely manner.





# Uphold to Diligence

## Operating and Other Expenses

Despite the discouraging outlook around the globe, the Group continued to strictly control costs and improve its operating efficiency. On the other hand, in accordance with the Hong Kong Accounting Standards, the Group is required to conduct regular assessments of its leased right-to-use assets, other properties, plant and equipment. Due to the enduring pandemic, the operating income derived from these assets is expected to decline, hence an impairment provision of HK\$31.6 million on the aforesaid assets was made during the year. Overall operating costs dropped to HK\$163.3 million (2020: HK\$165.8 million).

## Treasury Management and Financial Condition

As for the exchange-rate, interest-rate, liquidity and financing risks generated in the course of the daily operations, the Group exercised and managed in accordance with pre-established policies, and closely monitored the Group's financial condition and capital requirements to ensure solvency and accountability. In terms of foreign-exchange risk, as the Group is mainly based in Hong Kong running its businesses, the related cash flow, assets and liabilities are denominated in Hong Kong dollars. In terms of foreign-exchange risk, the majority of the risk was from assets and business operations in mainland China, and RMB and USD bank deposits. In terms of interest rate risk, as the Group's capital is mainly denominated in Hong Kong dollars and there is no borrowing, the main interest rate risk of the Group is the interest rate risk of Hong Kong dollar deposits; there is no interest rate risk associated with financing and borrowing.

The Group maintained a good liquidity position, with very mild liquidity risk. As of 31 December 2021, the Group's consolidated net cash was approximately HK\$5.2 billion (31 December 2020: HK\$5.0 billion), and no bank loan (31 December 2020: HK\$2.99 million). In terms of financing risk, as of 31 December 2021, the total banking facilities granted were approximately HK\$1.0 billion (31 December 2020: HK\$1.0 billion), of which nil was drawn (31 December 2020: 0.30%). Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was nil (31 December 2020: 0.02%). The Group is committed to a stable and healthy financial policy, with more than sufficient funds and credit lines secured, that would enable the Group to cope with any uncertain economic situation forthcoming, and to undertake business development plans of promising prospect.





# Embodying Dedication and Professionalism

## Miramar Group

- Top 10 Performers of 1st Greater China Hotel Business Sustainably Index, Centre for Business Sustainability, The Chinese University of Hong Kong
- ESG Care Prize 2021, SocietyNext Foundation
- FOOD-CO Save & Share Gold Partnership Awards 2019-2021, St. James' Settlement
- Grand Winner, Traditional Annual Report (Standard Treatment), ARC Awards 2021  
Winning project: FY2020 Annual Report
- Award of Distinction, Marketing/Promotion – Calendar, The 27th Communicator Awards  
Winning project: 2021 Miramar Group Calendar
- 15 Years Plus Caring Company Logo, The Hong Kong Council of Social Service
- Manpower Developer Award Scheme, Employees Retraining Board
- Family-friendly Good Employer, Labour Department

## Hotels and Serviced Apartments

### Mira Moon

- Travelers' Choice, 2021 Travelers' Choice Awards, TripAdvisor
- 2021 Loved By Guests Award, Hotels.com

### The Mira Hong Kong

- Travelers' Choice, 2021 Travelers' Choice Awards, TripAdvisor
- Experts' Choice Award 2021, Tripexpert
- Hong Kong's Leading Lifestyle Hotel 2021, World Travel Awards
- Hong Kong's Best Hotel Spa 2021, World Spa Awards
- Brides Favourite Decoration - Best Idea, Wedding Award 2021, Wedding Magazine
- Superb Wedding Banquet (Hotel) – Best Themed Wedding Venue, Wedding Award 2021, Wedding Magazine

## Cuisine Cuisine (The Mira Hong Kong)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2021
- Favourite Hotel Cantonese Restaurants, U Favourite Food Awards 2021, U Magazine

## WHISK (The Mira Hong Kong)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2021
- Favourite Western Restaurants, U Favourite Food Awards 2021, U Magazine

## Property Rental

### Mira Place 1, Mira Place 2 & Mira Place Tower A

- My Favorite Shopping Mall, Shopping Mall Awards 2020/2021, Hong Kong Economic Times
- My Favorite Shopping Mall Events, Shopping Mall Awards 2020/2021, Hong Kong Economic Times  
Winning project: SANTA CLAWS X'mas Party
- Silver Winner, Special Project - Holiday Event, Astrid Awards 2021  
Winning project: SANTA CLAWS X'mas Party

## Food and Beverage

### Cuisine Cuisine (ifc)

- Recommendation Restaurant, The Best of the Best Master Chef 2021
- Best Chinese Restaurant Wedding Banquet - HK Island (Western District), ESDlife Bridal Award 2021

### Tsui Hang Village (Tsim Sha Tsui)

- Recommended Restaurant, The MICHELIN Plate, Michelin Guide Hong Kong & Macau 2021
- Recommendation Restaurant, The Best of the Best Master Chef 2021



# Cultivating Green Living Style

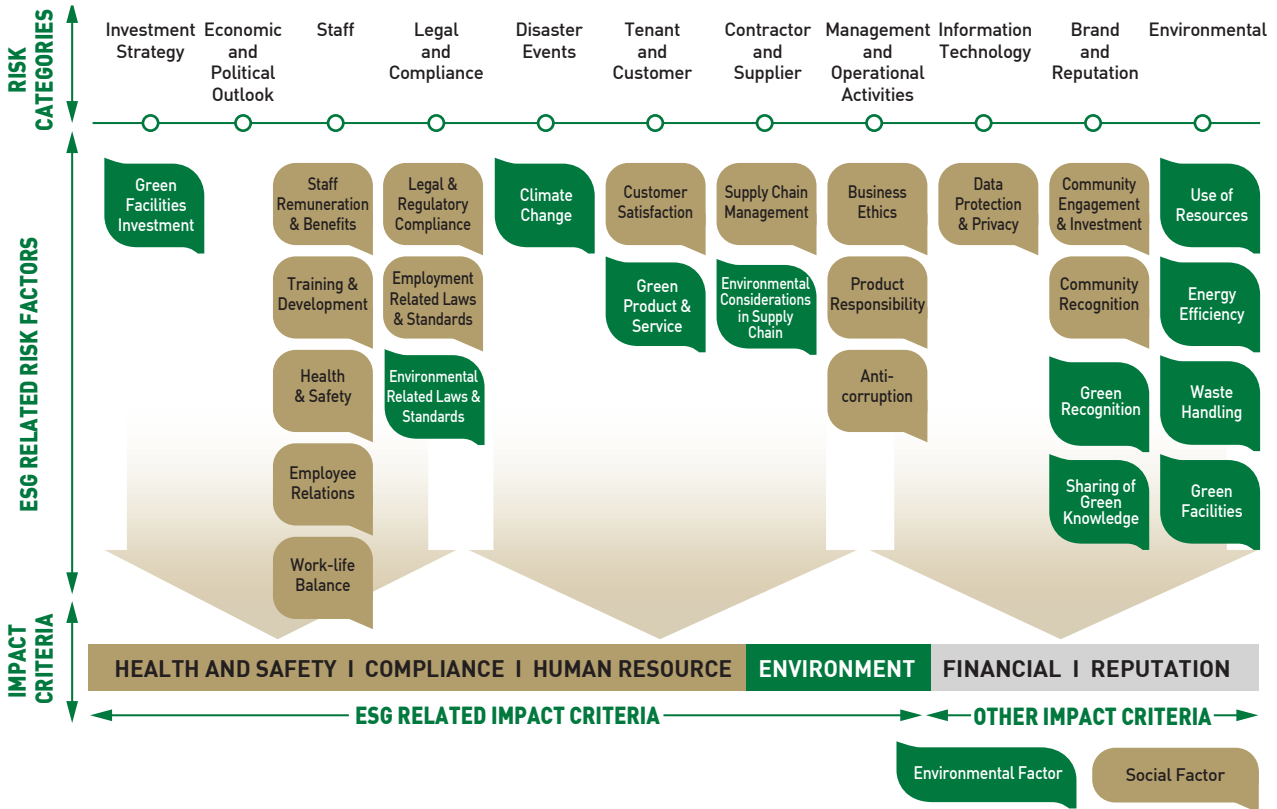
## Environmental, Social and Governance Report

Miramar Group believes that a sustainable business provides not only financial returns to investors, but also substantial benefits to stakeholders and the community we serve. The Group has honored its commitment as a responsible corporate citizen by actively engaging in environmental, social and livelihood issues.

### Our Governance

The Board of Directors (the “Board”) has overall responsibility for the Group’s Environmental, Social and Governance (“ESG”) strategy and reporting, including determining and evaluating ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

As described below, assessment of ESG-related risks, such as compliance, health and safety, human resources and environment, have been embedded into our risk management processes which include risk identification, risk assessment, risk treatment, monitoring and review processes. The result of the overall ESG performance and ESG-related risk assessment would be at least annually reported to the Board for review to ensure that the Group’s ESG strategy and goals are achieved. For details of the risk management system, please refer to the Section of “Risk Management and Internal Control” in pages 62 to 71.



### Reporting Scope & Principles

The scope of this Environmental, Social and Governance Report covers every material areas of our business operations, which we have reviewed and assessed with due consideration of our stakeholders including tenants, customers, guests, staff, contractors and suppliers, and the media, through materiality and self-assessment exercises. This Report mainly focuses on our Group’s Hong Kong business operations which represent 95%<sup>1</sup> of the Group’s business portfolio, and provides an overview of our Group’s efforts made on the environment, our employees, supply chain, products, health and safety, community, anti-corruption and corporate governance during the year ended 31 December 2021. This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The reporting principles of Materiality<sup>2</sup>, Quantitative<sup>3</sup>, Balance and Consistency<sup>4</sup> set a guide to underpin the development of this report, which aims to provide a balanced and meaningful presentation on our ESG performance to the stakeholders.

<sup>1</sup> Based on the Group’s annual revenue in 2021

<sup>2</sup> Materiality of ESG topics were identified based on the materiality assessment which engaged key stakeholders and was determined by the Board. For details, refer to page 29

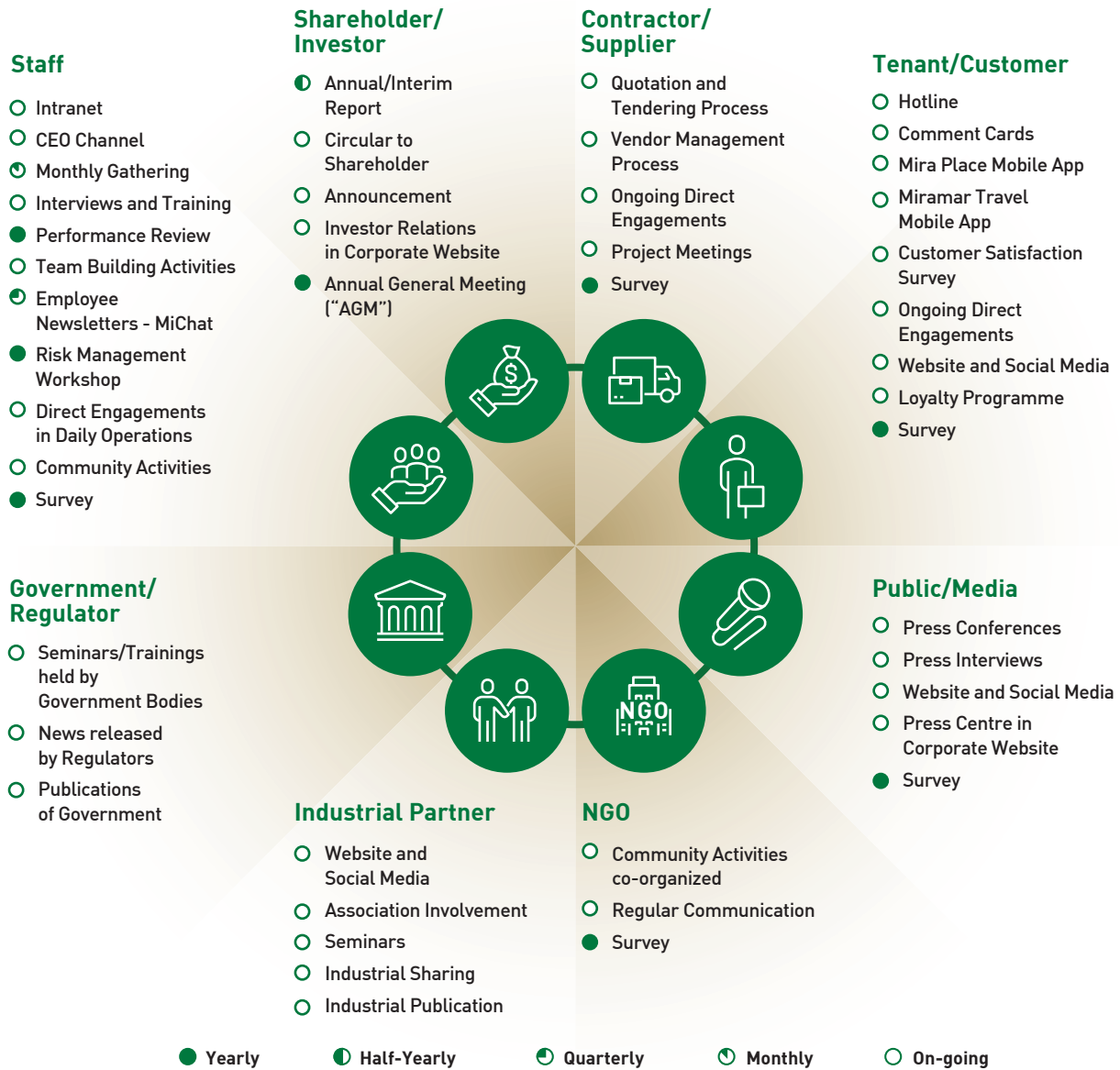
<sup>3</sup> A range of quantitative measurements were designed as indicators for evaluation and comparison on performance. Relevant information on the standards, methodologies, assumptions and source of conversion factors used for reporting of emissions/energy consumption has been disclosed

<sup>4</sup> Methodologies adopted for preparation of this report are consistent with last year, unless otherwise clearly stated

## Stakeholder Engagement

The Group regularly communicates with its stakeholders through different channels and collects their views and comments both formally and informally. This year, we continued to conduct the ESG survey as to engage different groups of key stakeholders and finally collected a total of 234 responses. The survey gave us a better understanding of stakeholders' concerns and expectations and provided a guiding light for our endeavors to pursue common goals of ESG with our stakeholders.

The channels to communicate with our stakeholders are summarized below.



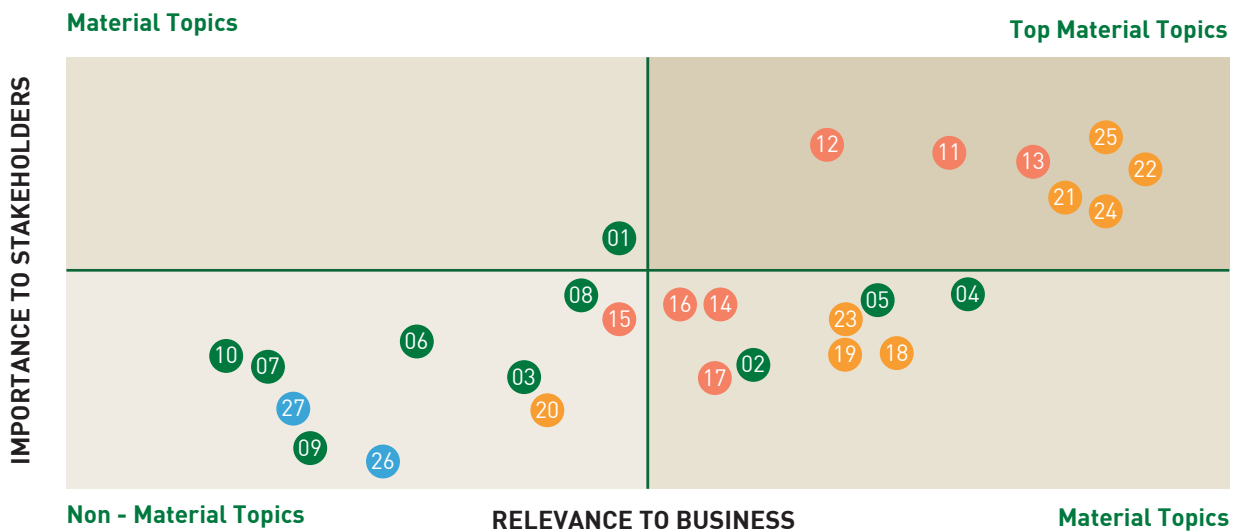
## Materiality Assessment

To identify the key ESG topics relevant to the Group, we have conducted a quantitative materiality assessment by inviting a wide range of stakeholders to participate in a "Stakeholder Engagement Survey". This survey focused on a number of ESG-related topics drawn from due consideration of the Listing Rules requirements, ESG's relevance to the Group and industry benchmarks. After having the Group's management to assess the relevance of each ESG topic with regard to our businesses, we invited stakeholders to rate the importance of each of the ESG topics.

The below matrix summarized the results of 234 survey returns from stakeholders. A total of 17 ESG topics have been identified to be of importance to the Group. The results provided insight to the Group in the process of planning business development and formulating operating strategy. The Group's activities related to each material topic are illustrated in the corresponding sections.



### Materiality Matrix





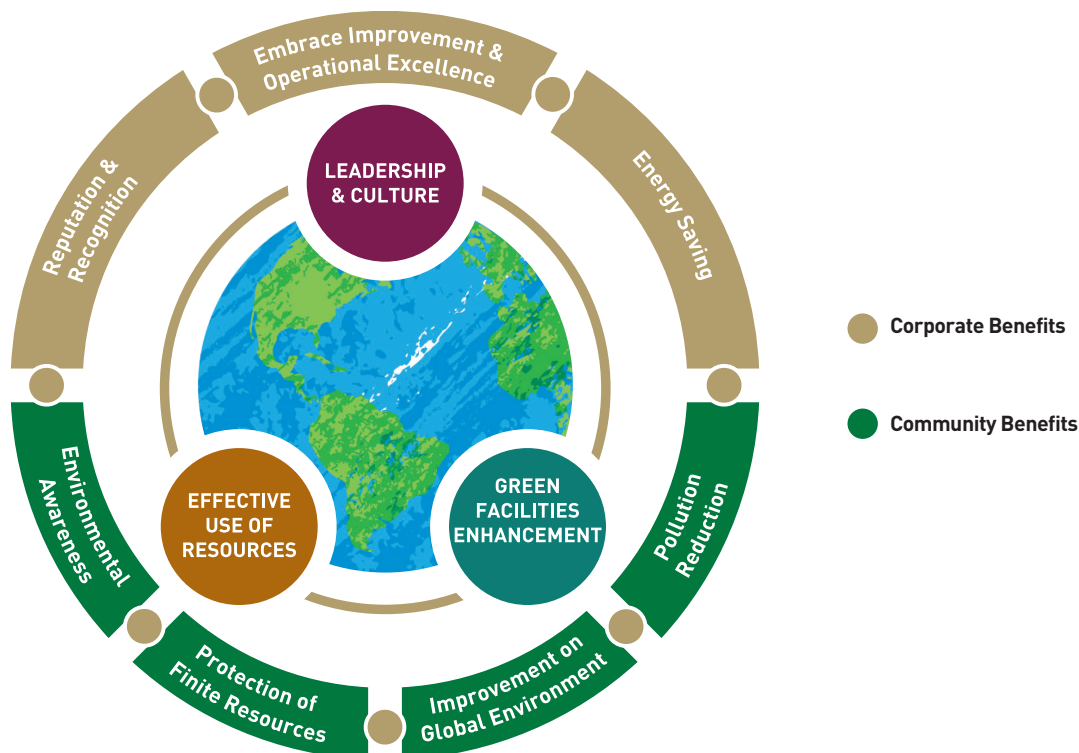
## Our Environment

<b>Material Topics</b>	<ol style="list-style-type: none"> <li>1. <b>Minimizing and Recycling of Waste in Daily Operation</b></li> <li>2. <b>Minimizing and Recycling of Food Waste</b></li> <li>4. <b>Energy Efficiency</b></li> <li>5. <b>Efficient Use of Water</b></li> </ol>
------------------------	---

The Group values the importance of environmental protection and has conducted self-assessment on all business operations which may have an impact on the environment. The self-assessment includes materiality and quantity of our greenhouse gas emissions, discharge of water, generation of hazardous and non-hazardous wastes, usage of packaging material and issues identified as related to climate change, etc. The self-assessment showed that the Group’s business operations have no direct relationship with the production of hazardous waste but are susceptible mainly to indirect emissions of greenhouse gases and air pollutants. Our self-assessment results are consistent with those from the materiality assessment that the effective use of resources such as electricity, water and careful management of non-hazardous waste are important aspects in the Group’s drive towards environmental protection. Besides, materials used and recycling of waste in daily operations such as cooking oil, paper and plastic bottles are under scrutiny. Climate change related issues have been considered in our risk management process and no major climate-related issues have a significant impact on our operations, which is consistent with our materiality assessment as well. Accordingly, the Group continues to focus on green activities to reduce energy consumption and minimize wastage, while maintaining awareness on climate-related issues.

### Our Green Approach

Our green approach includes development of “Leadership and Culture”, “Green Facilities Enhancement” and embeds them into our daily business operations to ensure “Effective Use of Resources”. With this approach, we enhanced individual health, corporate performance and helped foster a green community. The diagram illustrates the objectives of our green approach which serve as direction for exploring, designing, implementing and participating in every green activity.





## (I) Leadership & Culture

### *Environmental Policy*

Our Group's Environmental Policy was established and approved by the Board of Directors in 2016, which applies to every stage of business operations and pertains to our people and across our supply chain. We have given due consideration to the environmental issues in our corporate decision-making process and have been recognized as a market pioneer in actively implementing effective environmental protection programmes in business operations. We continued to improve our performance in environmental protection and outperform the compliance requirements of the applicable environmental laws and standards. For the year ended 31 December 2021, there was no non-compliance case noted in relation to environmental laws and regulations that had a significant impact on the Group, such as Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Hazardous Chemicals Control Ordinance, etc.

### *Green Committees*

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

### *Employee Involvement*

Besides the green tone from the top, the Group also enhances employee's awareness and commitment to environmental protection. Environmental protection training is included in our staff orientation programme. We encourage employees to pay due attention to energy-saving measures and explore new ideas on energy saving while performing their duties. In addition, we post notices to remind employees to turn off air-conditioning, lighting, personal computers and electrical appliances upon leaving their office or workplace. We also share our green experience, tips and achievements with staff via various channels such as our Employee Newsletter – MiChat, green workshops and events as to inspire and promote green-living style to our staff.

## (II) Green Facilities Enhancement & Efficient Use of Resources

### *Energy Efficiency*

---

Our self-assessment indicated that the major source of the Group's indirect greenhouse gas emissions was from electricity consumption in the course of providing air-conditioning and lighting to our rental properties and hotel premises. Small amounts of greenhouse gases were released through burning of town gas in kitchen operations of the hotel and food and beverage businesses and consumption of fuels from provision of car services in our travel business. In the past few years, the Group has made a wide range of investments towards reduction of greenhouse gas emissions, mainly through installation of green facilities to improve energy efficiency, and also took initiatives to implement green practices and promote green activities. The main investments and initiatives are as follows:

#### *Electricity*

##### *Chiller Plants*

The chiller plants conversion project at our shopping mall and office building, Mira Place 1 and Mira Place Tower A, was initiated in 2012. The project converted the old chiller plants to a more energy efficient and effective central water-cooled chillers and air-cooled oil-free chillers with variable frequency inverters for air-conditioning supply. A significant reduction in electricity consumption, by 38.8%, has been achieved in 2021 as compared with 2012. In addition, since 2015, we started to install more environmental-friendly R410A split-type air conditioners in our core properties to meet the Electrical & Mechanical Services Department ("EMSD") building energy efficiency requirements.

##### *Lighting*

Another major source of electricity consumption is provision of lighting in our properties and restaurants. The Group has started retrofitting the lighting system by LED-type lighting fixtures in common areas of Mira Place 1 and Mira Place Tower A since 2012, carried out phase by phase and integrated into the

Asset Enhancement Packages. Retrofit of lighting system in the carpark area and sport zone on the ground floor was completed in 2017. The whole project brought approximately 3% reduction in electricity consumption this year, as compared with 2012.

#### *Other Green Facilities Enhancement in Electricity Consumption*

Variable Voltage Variable Frequency (“VVF”) On-demand Controls for certain escalators in Mira Place 1 were installed in 2015 to optimize operation in different demand periods and reduce energy consumption. In addition, 2 purpose-built transparent LED TV walls were installed at the Facade of Mira Place for advertising activities which allow natural sunlight to penetrate into the mall which greatly reduces electricity consumption for lighting. In 2019, most Primary Air Handling Units of HVAC system at Mira Place 1 were upgraded to on-demand control models, which operate and adjust ventilation based on carbon dioxide level detected in the areas for energy saving, while optimizing indoor air quality.

#### *Smart Use of Facilities*

Besides hardware enhancement of green facilities in our major business operations, the Group recognizes smart use of facilities is important for effective saving of energy. We have signed up for the “Energy Saving Charter” and maintained the temperature in open areas within our properties at 24°C to 26°C. We will temporarily suspend part of the lift services during non-peak hours. In Mira Moon, the chiller plant will be manually stopped when outside temperature drops below 13°C. We installed motion sensors in hotel corridors and back-of-house areas, and set timer to control outdoor signage light, meanwhile, to honor our commitment to minimize light nuisance and energy wastage under the “External Lighting Charter”.

#### *Energy Saving Measures on Facilities Enhancement*

As electricity consumption is the major cause for indirect greenhouse gas emissions, we have set Key Performance Indicators (“KPIs”) in our energy monitoring system to keep track of energy-saving performance. Results of the major facilities improvement after completion of installation are summarized below.

Installations and Measures	Year of Implementation	Target Achievement (kWh) (No. of Years)	Saving Achieved in 2021 (kWh)	% of Achievement VS Target since Implementation
<b><i>Chiller Improvement Programme</i></b>				
<b>a</b> Central water-cooled chillers in Mira Place 1 and Mira Place Tower A	2015	23.95M (5 yrs)	8.37M	237.52%
<b>b</b> Central air-cooled oil-free chillers in Mira Place 1	2015	5.15M (5 yrs)	1.03M	137.52%
<b><i>Lighting Improvement Programme</i></b>				
<b>c</b> Replace the 50W halogen lamps by 7W LED lamps in Mira Place Tower A	2016	867,600 (5 yrs)	173,520	111.67%
<b>d</b> Remove 50W halogen lamps, 1200mm and 600mm T5 decorative florescent tubes and 1200mm T8 florescent tubes in ceiling recessed light fittings in Mira Place Tower A	2016	592,200 (5 yrs)	118,440	111.67%
<b>e</b> LED lighting systems for Asset Enhancement Package A & B Projects in Mira Place 1	2014/2015	992,000 (5 yrs)	198,400	134.80%
<b>f</b> LED lighting systems for Asset Enhancement Package C Project in Mira Place 1	2017	127,300 (5 yrs)	25,460	88.33%
<b>g</b> LED lighting systems for Mira Place Carpark	2017	243,400 (5 yrs)	48,680	100.00%
<b>h</b> LED lighting systems for Sport Zone in Mira Place 1	2017	865,800 (5 yrs)	173,160	91.67%
<b><i>Other Energy Saving Programme</i></b>				
<b>i</b> LED TV screens installed in Mira Place 1	2015/2016	111,600 (5 yrs)	22,320	121.67%
<b>j</b> VVF On-demand controls for escalators in Mira Place 1	2012	96,000 (5 yrs)	19,200	181.67%

### Towngas

In order to make more efficient use of towngas, our restaurants installed energy-efficient kitchen equipment, such as high-efficiency food steamers, which would save both towngas and water consumption. In addition, we also maintained regular cleaning programs on our major towngas consuming installations, such as boiler plants, to help maintain their efficiency.

### Vehicle Use

The Group's travel business operates 5 vehicles<sup>5</sup> for passenger transportation. To avoid unnecessary vehicle use and thus increased fuel consumption, control mechanisms are in place to ensure that the vehicles are for commercial purposes only. The Group encourages employees to use public transport for commuting between offices and outlets. In addition, our hotels also provide electric limousine services to guests for eco-friendly travelling experience. In support of initiatives on roadside air-quality improvement and greenhouse-gas emissions reduction, several electric-vehicle chargers have been installed in our carparks.

### Energy Consumption

With the implementation of various energy-saving programmes and promotion of smart use of the green facilities, our Greenhouse Gas ("GHG") emissions due to electricity consumption in 2021 was 14,189 tonnes, while other small-amount emissions, such as gas, diesel, unleaded petrol consumption was 5,229 tonnes. Data on our energy consumption and GHG emissions are shown in the below table:

#### A. Energy Consumption in Hong Kong Operations

	Overall	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
<b>Energy Consumption<sup>6</sup> (MWh)</b>					
Gas (incl. towngas, LPG)	11,610	N/A	7,708	3,902	N/A
<b>Intensity</b>	<b>9,848 kWh per \$1M Rev</b>	<b>N/A</b>	<b>63.50 kWh per guest night</b>	<b>11.48 kWh per cover</b>	<b>N/A</b>
Diesel	51.37	5.87	N/A	N/A	45.50
Unleaded Petrol	32.22	N/A	N/A	N/A	32.22
<b>Intensity</b>	<b>70.9 kWh per \$1M Rev</b>	<b>0.005 kWh per sq ft</b>	<b>N/A</b>	<b>N/A</b>	<b>15,544 kWh per vehicle</b>
Electricity	34,305	16,830	14,387	2,909	179
<b>Intensity</b>	<b>29,098 kWh per \$1M Rev</b>	<b>14.29 kWh per sq ft</b>	<b>118.52 kWh per guest night</b>	<b>8.56 kWh per cover</b>	<b>8.85 kWh per sq ft</b>

#### B. GHG Emissions<sup>7</sup> in Hong Kong Operations

	Overall	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
<b>Direct Emissions<sup>8</sup></b>					
Emissions (tonnes)	4,714	1,575	2,371	747	20.66
<b>Energy Indirect Emissions<sup>9</sup></b>					
Emissions (tonnes)	14,704	6,227	6,412	1,949	116.4
<b>Total Emissions</b>					
Emissions (tonnes)	19,418	7,802	8,783	2,696	137.1
<b>Intensity</b>	<b>16,470 kg per \$1M Rev</b>	<b>6.62 kg per sq ft</b>	<b>72.35 kg per guest night</b>	<b>7.93 kg per cover</b>	<b>6.78 kg per sq ft</b>

<sup>5</sup> Excluded rent-out vehicle which is not managed by our operations

<sup>6</sup> Energy consumption of various fuel types are computed with reference to the conversion factors available from the Towngas, Electrical and Mechanical Services Department and the energy conversion calculators provided by U.S. Energy Information Administration

<sup>7</sup> Quantification methodology and emission factors adopted in calculating the GHG emissions are referenced to Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition), 2020 Sustainability Reports of CLP, HK Electric and Towngas

<sup>8</sup> Direct GHG emissions include emissions from backup generators, refrigerants, boilers, cookers, vehicles and offsetting from newly-planted trees within our operations

<sup>9</sup> Indirect emissions include emissions generated due to the consumption of electricity and towngas within our operations

## Efficient Use of Water

Another focus towards environmental protection is efficient use of water. To minimize water consumption in our business operations, we apply water-efficient equipment in our various business operations. Most of the public toilets in our shopping centers have been equipped with automatic sensors at washing basins and urinals, and dual flush-system devices at water closets. Water aerators have been installed to shower facilities to reduce water flow in all guest rooms in our hotels. We also installed a 1,000-litre storage tank in the basement of Mira Place Carpark to collect discarded water from the fire-fighting system for future cleaning purposes. Due to our business nature, there is no issue on sourcing water.

### Water Consumption in Hong Kong Operations

	Overall	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
Consumption (m <sup>3</sup> )	442,681	81,640	296,486	64,555	N/A <sup>10</sup>
Intensity	375.49 m <sup>3</sup> per \$1M Rev	0.069 m <sup>3</sup> per sq ft	2.442 m <sup>3</sup> per guest night	0.190 m <sup>3</sup> per cover	N/A

## Minimizing and Recycling of Waste in Daily Operations

### Green Practice to Minimize Waste

We established green purchasing and practices across our business and back office operations to ease the burden to the environment. As such, exploring green and sustainable products is one of our missions during the vendor selection process. For example, we adopted environmental-friendly soybean ink, PEFC certified paper, eco-friendly cleaning chemicals, sourced sustainable seafood products provided by suppliers operating green fish farming, and applied FSC certified materials for our mall decorations.

In order to reduce the use of paper, we have maximized the use of internet technology to promote paperless operations which is also applied to our daily purchasing and tendering procedures, and set 2-sided black-&-white printing by default. This year, we have taken a step further to engage our customers in saving paper by launching the first box-free initiatives to encourage customers to pick up their CNY pudding orders without packaged boxes, in exchange for small gifts.

To provide for a green takeaway, we have implemented a series of programmes to reduce the use of single-use plastics in our restaurants — provision of paper straws; use of paper bags without lamination coating and environmental-friendly containers and utensils made of biodegradable materials such as bamboo pulp, sugarcane, etc. To reduce the distribution of plastic umbrella bags, our malls set up eco-friendly umbrella dryers at entrances in rainy days, and place carpets and electrical ground blowers to help drain wet floors. The “Umbrella Bags Reduction Accreditation Program” organized by Greeners Action gave us the Gold Award in recognition.

### Waste Recycling

We also established a comprehensive recycling program covering various types of wastes generated in our operations. For instance, recycling bins are provided at Mira Place Tower A, Mira Place 1 & 2 and The Mira Hong Kong for collecting paper, plastics, aluminum cans, glass containers and amenity bottles from guest rooms for recycling. We also joined the Christmas and Peach Blossom Trees Recycling Programmes organized by Environment Protection Department. A licensed recycler was engaged to manage the electronic wastes generated in the operations. The service has been further extended to our tenants of Mira Place Tower A, Mira Place 1 & 2 in early 2020 so as to promote proper treatment of electronic wastes and turn wastes to resources. This year, Mira Place have received the “Diamond Award” in the “Programme on Source Separation of Commercial and Industrial Waste Commendation Scheme” organized by Environmental Protection Department in recognition of our achievement in waste recycling.

<sup>10</sup> Our travel business operates in leased office premises in Hong Kong of which the water usage was very minimal and its supply was controlled by the respective building management, thus water consumption data is not available

### Cooking Oil

We have appointed a contractor with international sustainability and carbon certification to handle used cooking-oil in our hotels and restaurants. As a socially-responsible landlord, we encouraged the Food and Beverage ('F&B') tenants in our shopping mall to participate in such recycling programme. The appointed contractor can recycle the used cooking-oil into biodiesel fuel for vehicle/industrial use at its plant. During 2021, 17,806L of used cooking-oil has been collected.

### Food Wastage

Two food decomposer machines were installed in Mira Place 1 for handling food waste collected from F&B tenants and staff canteen. The decomposers use water and heat to biodegrade leftover food and turn the solidified leftovers into nutrient-rich water that can be disposed or diluted for use on lawns and flowerbeds. During 2021, 221,350kg of food waste has been handled.

Recycling Statistics on our Hong Kong Operations in 2021 are summarized below.



In 2021, the Municipal Solid Waste Charging Scheme has been passed in the Legislation Council and the Government has set up an 18-month preparation period before actual roll-out of the scheme. Upon our preliminary analysis, the cost implication to our business operations would be limited, and we would closely track the development to ensure full compliance. Meanwhile, we are further exploring new solutions to minimize wastes generated in our operations to ease the burden on the environments.

### Green Recognition

Our efforts at environmental protection have been highly regarded by various professional bodies, institutions and government bodies. ISO14001 certification has been accredited to Mira Place Tower A, Mira Place 1 and The Mira Hong Kong for successful implementation of the environmental management system, which demands environmental-friendly considerations on products and services. In the past few years, Miramar Group has been honored with various green awards and certificates, which include awards from Environmental Protection Department, Green Council, Hong Kong Quality Assurance Agency, CLP Power Hong Kong Limited, HK Q-Mark Council Federation, Federation of HK Industries, HK Institute of Facility Management, Chartered Association of Building Engineers and Friends of the Earth, etc. Further to the award of "Top Green Companies in Asia" at the Asia Corporate Excellence & Sustainability Awards organized by MORS Group in 2017, our Group was honored to be the recipient of "ESG Care Prize 2021" in the InnoESG Prize Series organized by SocietyNext Foundation and ranked Top 10 in the "1st Greater China Hotel Business Sustainability Index" launched by The Chinese University of Hong Kong Business School this year, which recognize our leading effort and constructive contribution toward building a sustainable future.

## Our People

<b>Top Material Topics</b>	<ul style="list-style-type: none"> <li>11. <b>Staff Remuneration and Benefits</b></li> <li>12. <b>Work-life Balance</b></li> <li>13. <b>Occupational Health and Safety</b></li> </ul>
<b>Material Topics</b>	<ul style="list-style-type: none"> <li>14. <b>Training and Development</b></li> <li>16. <b>Anti-discrimination, Equal Opportunity and Diversity in Employment</b></li> <li>17. <b>Child and Forced Labour</b></li> </ul>

The Group values employees as our most precious asset and is committed to providing all employees with a safe, healthy, equal-opportunity and non-discriminatory working environment. We are an “Equal Opportunity Employer”. We value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism in all our employees in a coordinated effort to achieve our Group’s Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner and provide continuous-learning environment and opportunities to our employees at all levels to help them grow and excel in productivity. There was no non-compliance case noted in relation to laws and regulations regarding employment, employee’s compensation, occupational safety and health, minimum wage and anti-discrimination that had a significant impact on the Group for the year ended 31 December 2021.

### (I) Employment, Remuneration and Benefits

We reward our employees with competitive remuneration packages, which include competitive compensation and benefits, such as medical and life insurance, dental benefit, marriage, maternity and paternity leaves, free meal, free sports and recreational facilities. The Group reviews its Remuneration and Benefits Programs on a regular basis to ensure the programs are in compliance with the latest laws, in line with market practice and in keeping with market conditions and levels of remuneration.

We have established strict compliance controls over the requirements under the labour law including prevention of use of child and forced labour and extended such expectations to our supply chain. As such, we checked the identity of every applicant in the recruitment process, performed job reference checking, and clearly delineated staff remuneration and benefits to the applicant before entering into employment contract. A set of policies and procedures on human resources matters has been well developed and without ambiguity. Our internal audit regularly reviews the established controls for further improvement, and rectification action will be taken immediately if any deficiency is identified.

The Group is honored to be the recipient of the “15 Years Plus Caring Company” award from The Hong Kong Council of Social Service, “Certificate of the Good Employer Charter” from Labour Department and “Good MPF Employer Award” from Mandatory Provident Fund Schemes Authority.

### (II) Anti-discrimination, Equal Opportunity and Diversity

The Group is staffed by a diverse group of employees, who provide us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. Our approach to the selection of candidates is consistent with the Board Diversity Policy which takes into account a range of diversity perspectives. These include but are not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Group ensures equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices. In protecting our employees from unfair or discriminative treatment, sexual harassment or any other sort of abuse, we have established policies and procedures and whistleblowing channels for employees to direct any grievances, which will be appropriately handled in a timely manner.

### Hong Kong Employee Statistics as of 31 December 2021

#### A. Number of Employees by Gender, Age Group, Employment Type and Employee Category

	Overall	Corporate	Property Rental	Hotels & Serviced Apartments	Food & Beverage	Travel
Staff Number	1,105	148	109	441	204	203
<b>By Gender</b>						
Male	642	61	82	248	133	118
Female	463	87	27	193	71	85
<b>By Age Group</b>						
Below 30	128	27	6	58	18	19
30 to 50	566	80	62	209	87	128
Over 50	411	41	41	174	99	56
<b>By Employment Type</b>						
Full Time	1,105	148	109	441	204	203
Part Time	0	0	0	0	0	0
<b>By Employee Category</b>						
Senior Managerial/Executives	35	20	4	6	1	4
Middle Management	166	49	16	56	20	25
Supervisory & General	904	79	89	379	183	174

#### B. Number of Employees & Turnover Rate by Gender and Age Group per Employee Category

	Overall	By Gender		By Age Group		
		Male	Female	Below 30	30-50	Over 50
Senior Managerial/Executives	35	24	11	0	15	20
Middle Management	166	96	70	0	106	60
Supervisory & General	904	522	382	128	445	331
<b>Total Number of Employees</b>	1,105	642	463	128	566	411
<b>Turnover Rate</b>	25.7%	22.0%	30.5%	50.0%	22.4%	21.3%

### (III) Occupational Health and Safety

We place the health and safety of our employees at the topmost priority of concern. A Hygiene & Health Safety Team has been formed to promote training to staff on hygiene and occupational safety awareness. All relevant staff is encouraged to take Occupational Health and Safety and First Aid courses. As of December 2021, there are 28 staff members with valid First Aid Certificate working in different outlets. First-aid arrangements at different workplaces are well established in accordance to legal requirements and are regularly inspected by our Hygiene & Safety Team. Standard Operating Procedures for prevention and handling of work injury have been established and communicated to staff as well. During the reporting year, 42 work injury cases accounting for 1,125 lost work-days were reported. There were no serious or fatal work injuries in the past 3 years.

We strive to provide a safe and secure workplace for our employees so as to maintain a low incident rate at work through improving our work process, facilities, equipment and systems. For example in our F&B outlets, food factory and Hotel premises, we have provided or sponsored our staff with appropriate personal protective equipment such as cut-resistant gloves and slip-resistant shoes, paved kitchen floors with anti-slip strips, and used anti-slip floor sanitizer, so as to prevent one of the most common accidents in F&B industry. Internal communication channel was also established for reporting safety non-conformity and sharing safety-related news. In addition, investigation and rectification would be conducted immediately after any incident of injury at workplace in an effort to avoid recurrence.



### Protecting Our Staff against COVID19

We have actively tied in with the government’s strategies to prevent and control the spreading of the disease and take every step for protecting our staff. During the year, we have rolled out the “Vaccination Encouragement” programme to support our staff to protect themselves against COVID-19. In the programme, we have invited a medical professor from Chinese University Hong Kong to hold a few seminars to share knowledge and information about the pandemic and vaccination with our staff. In addition, all eligible staff was entitled to 2 days of paid leave for one dose received and a special bonus as an appreciation. With our proactive encouragement, the Group’s overall vaccination rate achieved 88% in 2021. Besides, we have continuously adopted a series of preventive measures, such as regular update on health tips for our staff, providing adequate personal protection equipment, regular workplace sanitization, arranging A/B alternative site and social distancing measures in staff canteen, etc.



### (IV) Staff Training and Development

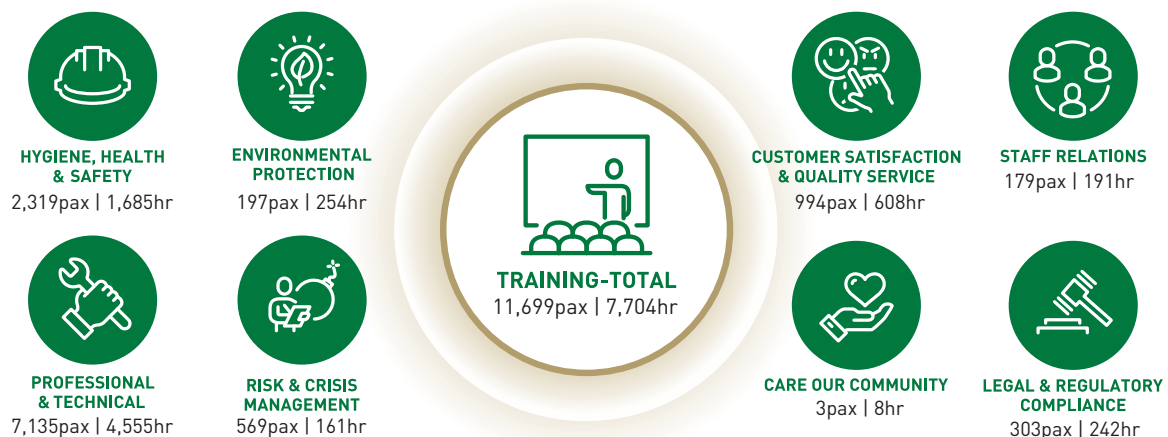
The Group offers comprehensive learning and development roadmaps for employees to advance their career achievements within the Group. These include provision of in-house and external training programmes in various aspects, such as professional and technical skills, industry knowledge, customer services, green practices, new laws and regulations, etc. We also offer sponsorship to encourage staff to pursue continuing education. To cope with the COVID-19 epidemic, a series of hygiene trainings has been provided to our staff based on their job nature, aimed at raising their awareness on personal hygiene and guarding against infection. At the same time, we have reinforced enhanced hygiene measures in business operations. To reduce transmission risks, instead of face-to-face trainings, alternative training approaches have been adopted wherever practicable, such as provision of self-learning packs, training videos, online tests, etc.

#### Hong Kong Staff Training Statistics in 2021

A. Ratio of Staff Trained, Total Attendance and Average Training Hours by Gender and Employee Category

	Overall	By Gender		By Employee Category		
		Male	Female	Supervisory & General	Middle Management	Senior Managerial/ Executives
Ratio of Staff Trained (As of 31/12/2021)	48%	47%	49%	46%	52%	69%
Total Attendance (pax)	11,699	3,341	8,358	10,701	926	72
Average Training Hours (hr)	6.97	3.85	11.30	7.42	5.61	1.72

B. Total Attendance and Total Training Hours per Training Topics



In recognition of our Group’s outstanding achievements in fostering an organizational culture conducive to manpower training, development and life-long learning, the Employees Retraining Board has awarded us the honour of “Manpower Developer” since 2011.

## (V) Work-life Balance

We encourage and support our staff to develop personal hobbies and interests outside of work to achieve work-life balance. The Group provides staff with free sports and recreational facilities such as snooker and cycling machine in leisure rooms and pantry, and also free booking of sport venues for maintaining healthy lifestyle in and outside office. In recent years, the Group organized several interactive DIY workshops to provide opportunities for our staff to put aside their work and have fun with their colleagues to create their own products such as eco-enzyme cleaners, natural lip balm, plant in a jar and CNY ornaments.

We understand that work-life balance is important to every employee, especially for employees with family responsibilities. In addition to the statutory requirements for maternity leave and paternity leave, the Group also provides employees with marriage and compassionate day-offs. In addition, as to support breastfeeding for working mothers, we provide lactation breaks and set up a nursing room in the workplace. This year, the Group has also been honored as “Breastfeeding Friendly Workplace” from UNICEF in the “Say Yes to Breastfeeding 2021/2022” campaign in recognition of our support to breastfeeding mother.

## (VI) Employee Relations

We care about employees and aim to build a positive and caring atmosphere in the workplace. This year, due to the COVID-19 pandemic, we have to reduce our regular employee activities, such as monthly team gathering for birthday celebrations, team building activities and annual Christmas party, etc. To share joy with our staff in the festive seasons, we had mooncakes giveaway to every staff in Mid-Autumn Festival, organized a Christmas gacha lucky draw with a range of fascinating gifts for festival celebration. In dispensing small gifts, our hotel management has even dressed up as Santa Claus to amaze our team members!

We value opinions from our staff and have established various communication channels to encourage open communication at all levels. For instance, we have established a CEO channel for staff to directly express their opinions to the Chairman and CEO. In addition, the management has regularly reached out to frontline staff to have a better understanding of their working environment so as to provide appropriate support.

## Our Supply Chain

<b>Top Material Topics</b>	<ul style="list-style-type: none"> <li>21. <b>Product Safety and Service Quality</b></li> <li>22. <b>Customer Satisfaction</b></li> <li>24. <b>Anti-corruption</b></li> <li>25. <b>Data Protection and Privacy</b></li> </ul>
<b>Material Topics</b>	<ul style="list-style-type: none"> <li>18. <b>Ethical and Responsible Procurement Practice</b></li> <li>19. <b>Respect and Protect Intellectual Property Rights</b></li> <li>23. <b>Responsible Marketing</b></li> </ul>

The Group places importance on green purchases and emphasizes local procurement wherever possible to support local businesses and reduce carbon emissions associated with transport and shipping. In 2021, local purchase accounted for over 97% of our total purchasing amount; geographical distribution of the active suppliers is described below.

Region	Hong Kong	United States	Mainland & Macau	Singapore	Others	Total
No. of Active Suppliers (%)	1,348 (97.4%)	20 (1.5%)	4 (0.3%)	3 (0.2%)	9 (0.6%)	1,384 (100%) <sup>11</sup>

<sup>11</sup> All vendors must have gone through our procurement process centrally handled by Group Procurement Department

Our supply chain management is effective at helping maintain high-standard compliance with legal and regulatory requirements. Supported by our risk management system, environmental and social risks along the supply chain, such as risks related to indirect emissions associated with shipping, food safety, data privacy and corruption, were comprehensively identified, regularly assessed, properly managed and monitored throughout the process. Our social, environmental and occupational health and safety standards are clearly stipulated in our vendor registration and tendering processes in which only qualified vendors are invited in every procurement exercise. These processes are independently reviewed and monitored to ensure that procurement activities are conducted in accordance with the Group's requirements. Besides, terms in every contract are stipulated with compliance requirements with relevant local legislation, such as minimum wage ordinance, environmental-related ordinances, competition law and labour law. Should any contractor or supplier be found in any serious non-compliance, they will be removed from the registered vendor list.

## Product Safety and Service Quality

---

### (I) Food Safety in F&B Business

The Group has hired professional hygiene teams to ensure food safety in our F&B operations. Our food hygiene control system is applied throughout the processes from food purchases to production, from preservation to catering. All food vendors are prequalified with assessment of high level of hygiene standard. Standard hygiene inspection procedures are also applicable to the food receiving procedures. On-site hygiene inspections and supplier audits are regularly conducted. Immediate rectification is requested when irregularity is identified. Recall procedures have been established to deal with food products with hygiene-related shortfall identified through customer complaints or our independent hygiene investigation. Our hygiene team is also responsible for daily monitoring of food safety as per alerts raised by the Centre for Food Safety. If any ingredients of our food products are proved as contaminated by the Centre for Food Safety, we will immediately stop using it and, where necessary, recall the food products for destruction.

During the pandemic, the Government imposed a series of hygienic and operational controls on the catering business with a view to arresting the transmission of COVID-19. The Group has established a monitoring mechanism to keep business operations closely updated on the relevant, changing regulatory requirements together with news on on-going developments. To provide a safe dining environment, all our restaurants have been registered in Type D mode of operation as at 31 Dec 2021 under the Government's vaccine bubble scheme, and all our restaurant staff members have completed the COVID-19 vaccination course. Our internal hygiene team has performed frequent on-site inspections to ensure compliance. Meanwhile, to support maintaining social distancing in the community, Mira Dining has devised a wide-variety takeaway menu, from seasonal food to holiday combo, to enable our guests to enjoy high-quality food when staying home with family. During the reporting period, the Group did not have any major incident of food recall due to food safety issue nor did it find any non-compliance case in relation to food safety laws and regulations that had a significant impact on the Group.

### (II) Quality Services in Property Management

The Group follows the ISO9001 and ISO14001 standards to ensure quality property management services in our office building and shopping mall. Key service providers in such services as cleansing, water supply and sewerage maintenance are required to adhere to our standards as stipulated in contract. During the pandemic, we have further strengthened our hygiene measures by increasing cleaning and disinfection frequency in common areas, public facilities and air conditioning filters, also installed with air purifying facilities. We strive to provide an excellent environment to our tenants and customers. Since 2013, we have been identified with "Good Class" to "Excellent Class" for our shopping malls and office tower in "Indoor Air Quality Certification Scheme" by Environmental Protection Department.

## Customer Satisfaction and Quality Controls

---

The Group strives to offer premium quality services and goods to customers and we believe that customer satisfaction and their comments are of paramount importance to business success and sustainability. This entails our maintaining stringent product safety standards and a focus on health and safety issues in operations. A wide range of feedback channels, such as mobile app, social media and comment cards, are established to invite comments from our stakeholders. Any complaint received will be handled by corresponding teams for following up, and all comments are analyzed for ways to further improvement.



To enhance customer satisfaction, the Group uses advanced technology to uplift our service quality. Such technological facilitations include but not limited to a Mira Place mobile app to provide visitors with up-to-date information about events and promotions in our malls, a virtual tour in our hotel website offering guests a 360° view of the hotel rooms and facilities, and a mobile app in our travel business offering customers an integrated platform experience for search, application and e-payment. We have also introduced Hong Kong's first innovative e-parking service at Mira Place with Internet of Things ("IoT") technology; the e-PARKING in Mira Place App simplifies parking process with a few clicks to perform parking reservation, parking navigation, search for parked car location and online payment. This innovative service is well recognized with awards in various industrial competitions, including "PC3 Platinum Brand 2019 - Smart Parking Service Award" by PC3 Magazine, "IT PRO Corporate Choice 2019 - CIO Choice Award" by ITO Magazine, "Hong Kong ICT Award 2019 - Smart Mobility (Smart Transportation) Silver Award" by the Innovation and Technology Bureau and "Retail Innovation Award 2019 - Best Retail Innovation (Application) Award - Market Potential & Performance" by the Hong Kong Retail Technology Industry Association. This year, our Group has further received "CXP Best Customer Experience Awards" from CXP Asia in recognition of our continual effort in enhancing customer experience through diversified offerings and ongoing optimizations of our services and products.

## Anti-corruption and Responsible Business Practice

---

### (I) Ethical Procurement & Marketing Practice

As a responsible corporation, the Group is committed to achieving the highest level of business ethics with due consideration for the impact of our business activities on our customers, business partners, society and the environment.

In our procurement process, we have established a fair vendor-selection system through vendor prequalification, competitive quotation and tendering processes, which covered assessment on company background, financial capability, skill set, necessary license, certification of industrial standard, sustainability of product offered, past performance, industrial experience and price comparison. Monitoring controls are in place to oversee the quality of their services and products, through performance review, complaint log, warning system, license validity checking and deregistration mechanism.

In our sales and marketing process, we stand up for the highest integrity in promoting and advertising our products and services in ways that do not mislead consumers. As such we have developed policies to ensure that menus in our restaurants should accurately reflect the actual products used. Nutrition labels for prepackaged food products will also be tested by accredited laboratory registered under Hong Kong Laboratory Accreditation Scheme ("HOKLAS") so as to ensure the food products correspond with the declared values on the nutrition labels. During the reporting period, there was no confirmed case of non-compliance with any laws and regulations in relation to advertising and labelling, such as Trade Descriptions Ordinance.

### (II) Intellectual Property Rights

We respect intellectual property and work hard to protect ours, while taking a variety of control measures to avoid unintentionally infringing the intellectual property rights of others. We review registration of trademarks and domains during the business development stage and register our own trademarks and domains to protect our business interest. All our registered trademarks and domains are maintained in a log for regular review and renewal. Protection terms of our intellectual property are included in our contract with our business partners. Also, use of all copyrighted assets, such as songs, artworks, photos, software, would be supported by valid agreement or license subscriptions. System restriction is also set up to prevent unauthorized installation of pirated software in company's computers. During the reporting period, there was no confirmed case of non-compliance with any laws and regulations in relation to intellectual property rights, such as Trade Marks Ordinance, Copyright Ordinance, and Patents Ordinance.

### (III) Anti-corruption

We strive to uphold the highest standard of business ethics and integrity. We do not tolerate any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. Expected professional conduct at the workplace is outlined in the Group's Code of Conduct, which requires all employees to

abide by anti-corruption regulations in Hong Kong. The Code of Conduct also lays down rules against soliciting or accepting any unfair advantages, our employees would receive the Code of Conduct upon their employment and are required to acknowledge their understanding on and commitment to abide by the code requirement. Risk assessment on and controls against corruption and malpractice are always included in the risk management processes while sufficient segregation of duties is always ensured in the design of sales and procurement approval processes. In addition, we provide regular trainings to business directors and staff regarding anti-corruption practice, and work with the Independent Commission Against Corruption (“ICAC”) to hold anti-corruption courses for key staff to further enhance their understanding of various issues of anti-corruption drives, and integrate relevant practices into our daily operations.

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

#### (IV) Data Protection and Privacy

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

#### (V) Legal and Regulatory Compliance

The Group is committed to achieving high standard of professional ethics, good corporate governance and compliance with all applicable rules and regulations in conducting businesses. We have established effective risk management and internal control processes to identify and manage new legal and regulatory requirements. Major risks and internal controls in regard to business, financial, legal and regulatory compliance are periodically reviewed and assessed. We have integrated our control and risk mitigation measures into our daily operations through policies and procedures. During the COVID-19 pandemic, we have been closely monitoring for updates on social distancing measures and other anti-epidemic measures enforced by the Government. The mode of operations of our various businesses were adjusted accordingly to ensure full compliance, and more importantly, to safeguard the health and safety of our employees and guests. During the reporting period, there was no non-compliance case in relation to the Prevention and Control of Disease Ordinance.

### Our Community

<b>Material Topics</b>	<b>No Material Topics identified in this Aspect</b>
------------------------	---

The Group has been actively assuming corporate social responsibility. We bring together knowledge, resources, experience and effort of our employees, business partners and community organizations to nurture the next generation, promote a harmonious community and care for our environment. Meanwhile, in the midst of the pandemic, the Group has further collaborated with various parties in unity to bring good to the community.

## (I) Fighting the Virus Together

Under the challenges and uncertainties brought by the successive, new variants of the coronavirus, Miramar strives to protect our community and further enhance our existing hygiene measures.

### *Our Hygiene Promise*

The safety of our products and services has always been our paramount concern in our operations. We have spared no effort in strengthening our hygiene protocols and upholding our hygiene commitments during the pandemic. Our hotels have launched the “Mira-Clean Promise” programme since last year to ensure that all rooms are cleaned in accordance with high standards of hygiene and infection prevention protocols. Our room attendants were arranged to receive trainings on cleaning and disinfection procedures. All cleaned rooms will be inspected by supervisor and sealed to ensure no one else enters the room before the guest



moves in. Moreover, one of our hotels, Mira Moon, was in the first batch of hotels participating in the “designated quarantine hotel scheme” in 2020 and has stayed in the scheme throughout the year for providing quarantine accommodation for overseas travellers to minimise the chance of them infecting the local community. Being a designated quarantine hotel, Mira Moon has maintained the highest hygiene standards and fulfilled strict infection-control requirements on the facilities and workflow design.

In addition, Mira Place has also taken every steps to enhance our shoppers’ experience and reduce transmission risks in our malls and office tower. Despite the application of innovative facilities and technology, such as nano-coating protection on frequently touched surfaces, smart cleaning robot, non-contact disinfection stations, Mira Place has further been installed with 3-layer air treatment units in the mall toilets for sterilizing virus and bacteria in such high-circulation areas. Our hotels and shopping malls have been recognized in the “Anti-Epidemic Hygiene Measures Certification Scheme” by Hong Kong Quality Assurance Agency.

### *Supporting the Challenged*

While the prolonged pandemic has brought severe impact on every sector of Hong Kong, Miramar Group has continued to walk through the tough time hand-in-hand with different walks of life this year. As a responsible landlord, we understand the difficulties faced by our tenants and provided various supports to them, such as rental assistance, deferred rental scheme and promotional support, especially for those in retail, food and beverage industries, and small and medium enterprises. Besides, in the wish to share our resources with people in need in our community, we have further donated 5,000 pieces of surgical masks to St. James’ Settlement for those underprivileged families this year. Besides supporting local community, The Mira has also supported the “Cook for India” event, which our Culinary Director has joined hands with other Hong Kong’s top Indian chefs to collaborate on a charity dinner, and all revenue from the event would be donated to UNICEF to assist those suffering from the COVID-19 crisis in India.

## (II) Nurturing the Next Generation

The development of the next generation is important to our future. We continue to invest our time, knowledge and resources to partner with various educational and creative institutions to provide opportunities for our next generation to develop their interests and potential.

### *Career Development*

Our Hotels have regularly organized career fairs, career seminars and hotel visits for students and interested parties for them to gain work experiences. We have also offered internship programs for local and overseas students to provide them with the opportunities to acquire knowledge and learn practical skills in the hospitality industry. In the past 3 years, we have trained up 44 interns and arranged hotel visits for 63 visitors.

### *Platform for Creativity*

Mira Place has continued to support local creativity by providing performance platform in our shopping malls. Same as previous years, Mira Place has continued to organize the “Gimme LiVe Music Festival” and themed of “RE-LIVE” this year. Besides providing a good arena for young singers to demonstrate their

talent, we have further partnered with the Joint School Music Association to launch a musical instruments recycling programme and all collected instruments would be donated to secondary and primary schools, low-income families and people in need. Through this programme, not only could the instrument “RE-LIVE”, but more youngsters could also have the opportunity to get inspired and enjoy playing music! Moreover, Mira Place has created a “Busking Night” stage to support passionate local buskers by providing a performance platform to realize their dreams and tell their stories through music on the stage. In addition, we provided discounted venues for the pop-up markets organized by Dreamcatcher, LocoLoco and Youth Employment Start in Mira Place to support local designers in presenting their handmade and creative products to the public.



### (III) Promoting Harmonious Community

The Group cares for vulnerable and minority groups and recognizes that understanding and fulfilling their needs means a great help for them. We maintain long-term relationship with various charity bodies and support their efforts by donation, sponsorship, providing venue for free or at discounted rates and partnering with various community groups to organize activities to help people in need.

#### *Expressing our Care*

Although the number of volunteer activities has been reduced due to the social distancing measures during the year, we have kept on exploring ways to express our care and promote social harmony. This year, Miramar has provided a range of support to the charity sales events organized by Cookie Smiles to raise funds for local charities, one of which is “Impact HK”, an NGO that provides holistic support to people experiencing homelessness. As such, Mira Place has acted as the venue sponsor for its Christmas Popup, and our Culinary Director has also collaborated with the city’s top chefs to design the gingerbread man cookie for the “Gingerbread for Good” Popup. In addition, Mira Dining has also supported the Tung Wah Hospital - Celebrity Chefs Charity Dinner, and our master chef has cooked his signature dishes in the event to raise funds for Tung Wah Hospital. Furthermore, we have invited trainers from the Hong Kong Fire Services Department to organize the “Press to shock - Save a life” CPR & AED Course this year, every participating staff member could be equipped with this life-saving skill to provide emergency help to the people in need.

#### *Supporting & Participation in Charity and Community Activities*

This year, our staff continued to participate in Red Cross Blood Donation Day, ORBIS World Sight Day and Community Chest Dress Casual Day. As a step forward to promote blood donation, Mira Place has provided venue and marketing supports to the blood donation event of Hong Kong Red Cross this year, despite our own staff, we have further encouraged our retail and office tenants to join the event. Besides, Mira Place has organized “Gift for Good” event, which provided a platform for our customers to redeem charity vouchers with their membership points and the vouchers amount has been donated to UNICEF. In addition, during the “A Journey of Sharing” event period, the mall has made donation to Food Angel on a portion of our members’ spending in our mall’s restaurants.

### (IV) Care of Environment

We value the importance of environmental protection and strive to minimize undesirable impact on the environment for the community’s well-being. We are constantly involved in various activities organized by different environmental protection organizations.

#### *Take Actions*

Since 2013, our hotels have been collaborating with Food Angel and Foodlink Foundation to donate leftover food to people in need. In 2021, we have donated over 492kg of leftover food to Food Angel and Foodlink Foundation. Mira Dining has supported different festival food collection campaigns hosted by FOOD-CO since 2017 in response to the “Save & Share” culture. During the year, we have donated a total of 2,224 pieces of festive food items, including Chinese New Year puddings, rice dumplings and moon cakes, to Conservative Baptist Bradbury Social Service Centre, the Against Elderly Abuse of Hong Kong, Pok Oi Hospital Wai Yin Association Family Multiple Intelligences Centre, People’s Talents Bank Project, etc., through FOOD-CO.

### Take the Leadership

We have continuously engaged in various campaigns organized by different environmental protection organizations such as Earth Hour of WWF, Hong Kong No Air-Con Night of Green Sense, Green Power Hike of Green Power, and Hong Kong Green Shop Alliance of Hong Kong Green Building Council to promote environmental conservation. In addition, the Group has continued to organize events to share practical tips on sustainable lifestyles with our employees. We held an eco-enzyme cleaners workshop to share the concept of upcycling by using fruit skins to make our own green and harmless detergent. Also, we organized “Mira Collection Point” to collect reusable items from our team members and look for new owners to give the items a second life.

This year, The Mira has closely supported Food Made Good (“FMG”) in a range of events to foster sustainable food system in our community. As such, we have designed a sustainable dish for the “One Planet Plate” worldwide restaurant campaign featured “Low Carbon Footprint” and “Source Seafood Sustainably”, and further demonstrated the dish in the FMG Sustainable Living Workshop to inspire our younger generation on the importance of local and sustainable sourcing. We have also put our expertise to good account by sharing our sustainability concept with the industry. For instance, our Culinary Director has promoted sourcing of cage-free eggs in consideration of their nutritional value as well as animal welfare at the FMG Sustainability Breakfast Series. Last but not least, The Mira has also sponsored our venues to support FMG holding its Sustainability Breakfast Series and FMG Award Ceremony. Besides the collaboration with FMG, The Mira through our master chef have also supported Hong Kong Organic Resource Centre’s media cocktail event to promote the use of organic food with specially designed dishes made of organic ingredients for the event.



## ESG REPORTING GUIDE CONTENT INDEX

Aspect	Disclosure	Related Section / Remark	Page
<b>Mandatory Disclosure Requirements</b>			
<b>Governance &amp; Reporting</b>	Governance Structure	Our Governance	28
	Reporting Principles (Materiality, Quantitative, Consistency)	– Reporting Scope & Principles – Materiality Assessment	28 29
	Reporting Boundary	Reporting Scope & Principles	28
<b>Comply or Explain Provision</b>			
<b>A1 - Emissions</b>	General Disclosure	Our Environment	31
	<b>KPI A1.1</b> Types of emissions and respective emissions data	It is not material based on our assessment	N/A
	<b>KPI A1.2</b> Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Our Environment – Energy Consumption	34
	<b>KPI A1.3</b> Total hazardous waste produced and, where appropriate, intensity	It is not material based on our assessment	N/A
	<b>KPI A1.4</b> Total non-hazardous waste produced and, where appropriate, intensity	Our Environment – Minimizing and Recycling of Waste in Daily Operations	35
	<b>KPI A1.5</b> Description of emissions target set and steps taken to achieve them	Our Environment – Energy Efficiency	32
	<b>KPI A1.6</b> Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	<b>Hazardous Waste</b> It is not material based on our assessment <b>Non-hazardous Waste</b> Our Environment – Minimizing and Recycling of Waste in Daily Operations	N/A 35



## ESG REPORTING GUIDE CONTENT INDEX

Aspect	Disclosure	Related Section / Remark	Page
<b>A2 - Use of Resources</b>	General Disclosure	Our Environment	31
	<b>KPI A2.1</b> Direct and/or indirect energy consumption by type in total and intensity	Our Environment – Energy Consumption	34
	<b>KPI A2.2</b> Water consumption in total and intensity	Our Environment – Efficient Use of Water	35
	<b>KPI A2.3</b> Description of energy use efficiency target set and steps taken to achieve them	Our Environment – Energy Efficiency	32
	<b>KPI A2.4</b> Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	<b>Sourcing Water</b> No issue in sourcing water <b>Water Efficiency Initiatives</b> Our Environment – Efficient Use of Water	N/A 35
	<b>KPI A2.5</b> Total packaging material used for finished products, and if applicable, with reference to per unit produced	It is not material based on our assessment	N/A
<b>A3 - The Environment and Natural Resources</b>	General Disclosure	Our Environment	31
	<b>KPI A3.1</b> Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Our operations do not have significant impact on the environment and natural resources	N/A
<b>A4 - The Climate Change</b>	General Disclosure	Our Environment	31
	<b>KPI A4.1</b> Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	There is no significant impact from any climate-related issues on our Group	N/A
<b>B1 - Employment</b>	General Disclosure	Our People	37
	<b>KPI B1.1</b> Total workforce by gender, employment type, age group and geographical region	Our People – Anti-discrimination, Equal Opportunity and Diversity	37
	<b>KPI B1.2</b> Employee turnover rate by gender, age group and geographical region		
<b>B2 - Health and Safety</b>	General Disclosure	Our People	37
	<b>KPI B2.1</b> Number and rate of work-related fatalities occurred in each of the past three years including the reporting year		
	<b>KPI B2.2</b> Lost days due to work injury	Our People – Occupational Health and Safety	38
	<b>KPI B2.3</b> Description of occupational health and safety measures adopted, and how they are implemented and monitored		
<b>B3 - Development and Training</b>	General Disclosure	Our People	37
	<b>KPI B3.1</b> The percentage of employees trained by gender and employee category	Our People – Staff Training and Development	39
	<b>KPI B3.2</b> The average training hours completed per employee by gender and employee category		
<b>B4 - Labour Standards</b>	General Disclosure	Our People	37
	<b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour	Our People – Employment, Remuneration and Benefits	37
	<b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered		



## ESG REPORTING GUIDE CONTENT INDEX

Aspect	Disclosure	Related Section / Remark	Page
<b>B5 - Supply Chain Management</b>	General Disclosure	Our Supply Chain	40
	<b>KPI B5.1</b> Number of suppliers by geographical region		
	<b>KPI B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Our Supply Chain	40
	<b>KPI B5.3</b> Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored		
<b>B5 - Supply Chain Management</b>	<b>KPI B5.4</b> Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Our Environment – Minimizing and Recycling of Waste in Daily Operations Our Supply Chain – Ethical Procurement & Marketing Practice	35 42
	<b>B6 - Product Responsibility</b>	General Disclosure	Our Supply Chain
<b>B6 - Product Responsibility</b>	<b>KPI B6.1</b> Percentage of total products sold or shipped subject to recalls for safety and health reasons	Our Supply Chain – Product Safety and Service Quality	41
	<b>KPI B6.2</b> Number of products and service related complaints received and how they are dealt with	Our Supply Chain – Product Safety and Service Quality  All product and service complaints have been followed up properly through our complaint handling mechanism. There was no record of substantiated and significant complaint related to our products and service in 2021	41
	<b>KPI B6.3</b> Description of practices relating to observing and protecting intellectual property rights	Our Supply Chain – Intellectual Property Rights	42
	<b>KPI B6.4</b> Description of quality assurance process and recall procedures	Our Supply Chain – Product Safety and Service Quality	41
	<b>KPI B6.5</b> Description of consumer data protection and privacy policies, and how they are implemented and monitored	Our Supply Chain – Data Protection and Privacy	43
	<b>B7 - Anti-corruption</b>	General Disclosure	Our Supply Chain
<b>B7 - Anti-corruption</b>	<b>KPI B7.1</b> Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases		
	<b>KPI B7.2</b> Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Our Supply Chain – Anti-corruption	42
	<b>KPI B7.3</b> Description of anti-corruption training provided to directors and staff		
<b>B8 - Community Investment</b>	General Disclosure	Our Community	43
	<b>KPI B8.1</b> Focus areas of contribution	It is not material based on our assessment	N/A
	<b>KPI B8.2</b> Resources contributed to the focus area		

## Biographical Details of Directors

### **Dr LEE Ka Shing**, GBS, JP, DSSc (Hon)

Aged 50. Dr Lee was appointed director of the Company in 2004 and has been actively involved in formulating the Group's corporate development strategies and directions. On 1 August 2006, he was appointed as Managing Director of the Company, with the title changed to Chief Executive Officer on 7 June 2012. On 12 June 2014, Dr Lee was re-designated as the Chairman and Chief Executive Officer. 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 is also a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in Canada. He is 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, all of which are listed companies. He is also a Vice Chairman of Henderson Development Limited ("Henderson Development") and a director of Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer"). Dr Lee is a Committee Member of the 13th Beijing Committee of the Chinese People's Political Consultative Conference. He was awarded the Gold Bauhinia Star (GBS) by the Government of the Hong Kong Special Administrative Region in 2021. He is a member of The Court of The Hong Kong Polytechnic University and a member of the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. Henderson Land, Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, 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 2021. He is also a director of certain subsidiaries of the Company. He is the son of Dr Lee Shau Kee, a substantial shareholder of the Company.

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

Aged 92. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration 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 was awarded an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is the Chairman of Myer Jewelry Manufacturer Limited. He is also a director of certain subsidiaries of the Company.

### **Dr Patrick FUNG Yuk Bun**

Aged 74. Dr Fung was appointed director of the Company in 1985. He is currently a member of the Audit Committee of the Company. He obtained his MBA degree from the University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) in 1976 and was appointed a director of the Bank in 1980, Chief Executive in 1992, and then Chairman and Chief Executive in April 1996. Dr Fung is currently the Chairman of OCBC Wing Hang Bank Limited. He is an executive director of King Fook Holdings Limited, which is a listed company.

Dr Fung is an honorary member of the Court and Adjunct Professor with the Faculty's School of Accounting and Finance of the Hong Kong Polytechnic University, a Vice President of the Hong Kong Institute of Bankers and a member of Board of Governors of The Hang Seng University of Hong Kong. He is also a director of certain subsidiaries of the Company.

**Mr Dominic CHENG Ka On**

Aged 72. Mr Cheng was appointed director of the Company in 1985. He is currently also a member of the Audit Committee of the Company and serves as director of certain subsidiaries of the Company. He has extensive practical experience in corporate management and is also the Managing Director of the Onflo International Group of Companies.

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

Aged 69. 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. Mr Tang is currently the Chairman and Managing Director of Richcom Company Limited. He is also the Chairman of King Fook Holdings Limited and an independent non-executive director of The Wharf (Holdings) Limited, both of them are listed companies. He is a director of various private business enterprises, an advisor of Tang Shiu Kin and Ho Tim Charitable Fund and a Steward of The Hong Kong Jockey Club. He was formerly an independent non-executive director of Wheelock and Company Limited from October 2012 until its delisting in July 2020. He was also formerly an independent non-executive director of Hang Seng Bank Limited, a listed company, until his retirement on 10 May 2018. He is also a director of certain subsidiaries of the Company.

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

Aged 70. Dr Lam was appointed director of the Company in 1993. He holds a Bachelor of Science (Honours) degree from The University of Hong Kong and has over 48 years' experience in banking and property development. Dr Lam was awarded the Silver Bauhinia Star (SBS) by the Government of the Hong Kong Special Administrative Region in 2017. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015 and a degree of Doctor of Business Administration honoris causa by The Hong Kong University of Science and Technology in 2021. 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. Dr Lam is the Chairman of Hong Kong Ferry (Holdings) Company Limited, the Vice Chairman of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited as well as a non-executive director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Dr Lam is a director of Henderson Development, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2021. He is also a director of certain subsidiaries of the Company.

**Mr Eddie LAU Yum Chuen**

Aged 75. Mr Lau was appointed director of the Company in 1996. He has over 50 years' experience in banking, finance and investment. He is a non-executive director of Hong Kong Ferry (Holdings) Company Limited, which is a listed company. He previously served as an executive director of Henderson Land, a listed company, until his retirement on 8 June 2020. He is also a director of certain subsidiaries of the Company.

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

Aged 66. 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 39 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, all of which are listed companies. He is also a director of certain subsidiaries of the Company.

**Mr Howard YEUNG Ping Leung**

Aged 65. Mr Yeung was appointed director of the Company in 2000 and was re-designated as independent non-executive director of the Company in December 2012. He has extensive experience in the businesses of property development, hotel operation and jewelry. He is also an independent non-executive director of New World Development Company Limited and SJM Holdings Limited, both of them are listed companies.

**Mr Thomas LIANG Cheung Bui**, BA, MBA

Aged 75. Mr Liang was appointed director of the Company in 2004 and was re-designated as independent non-executive director of the Company in December 2012. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from Columbia University. Mr. Liang has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Mr Liang is a member of the Council of The Chinese University of Hong Kong with effect from 15 April 2015 and is a member of the Board of Governors, The Hang Seng University of Hong Kong with effect from 16 November 2015. He is also a Director and Group Chief Executive of Wideland Investors Limited, a member of the Board of Trustees of Wei Lun Foundation Limited and an independent non-executive director of New World Development Company Limited, which is a listed company.

**Mr WU King Cheong**, BBS, JP

Aged 71. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is the Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an independent non-executive director of Henderson Land, Henderson Investment, Hong Kong Ferry (Holdings) Company Limited and Yau Lee Holdings Limited, all of which are listed companies. Henderson Land has discloseable interests in the shares of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 December 2021.

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

Aged 75. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director on 7 November 2005, and re-designated again as an independent non-executive director of the Company on 1 December 2020. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and



Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Mr Au was an executive director and the Chief Financial Officer of Henderson Land, a listed company, from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a non-executive director of Henderson Land on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an independent non-executive director of Henderson Land until his retirement on 2 June 2015. Since 13 December 2018, Mr Au has been appointed again as an independent non-executive director of Henderson Land. Currently, Mr Au is an independent non-executive director of Henderson Investment and Wharf Real Estate Investment Company Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of Henderson Land, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. 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 2021.

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

Aged 70. Dr Chung was appointed as an independent non-executive director of the Company in 2006. Dr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong, and was awarded a Doctor of Social Sciences honoris causa by the City University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants. He is a member of the National Committee of the 10th, 11th, 12th and 13th Chinese People's Political Consultative Conference. He is a Pro-Chancellor of the City University of Hong Kong. Currently, Dr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd., all of which are listed on The Stock Exchange of Hong Kong Limited. Formerly, Dr Chung was the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously an independent director of China Everbright Bank Company Limited and China State Construction Engineering Corporation Limited (both listed on the Shanghai Stock Exchange). He previously served as an independent non-executive director of China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and Glorious Sun Enterprises Limited, all are listed companies, until 21 June 2019, 9 June 2020 and 2 June 2021 respectively.

## Biographical Details of Senior Management

### Mr Alan CHAN Chung Yee

Aged 55. Mr. Chan was appointed as Chief Operations Officer in December 2021. Mr Chan holds a Master Degree of Practising Accounting and a Master Degree of Business Law from Monash University, Australia. He is a fellow of the Hong Kong Institute of Certified Public Accountants, CPA Australia, the Chartered Governance Institute (with “Chartered Secretary” and “Chartered Governance Professional” designations), the Hong Kong Chartered Governance Institute, the Hong Kong Institute of Directors and the Hong Kong Securities and Investment Institute. Mr Chan is also a Certified Management Accountant of the Institute of Certified Management Accountants, Australia, a member of the Chartered Bankers Institute (with “Chartered Banker” designation), the Chartered Institute of Logistics and Transport in Hong Kong, and a “Certified Banker” of the Hong Kong Institute of Bankers. Mr Chan has 32 years of management and corporate governance experience for several listed companies in various industries including tourism, passenger transport and real estates in China, in which 14 years of directorate experience for 3 listed companies in the capacity of independent non-executive director and chairman of Audit Committee. Between 2009 and 2011, Mr Chan was appointed as a member of Board of Review (Inland Revenue) of the HKSAR. He became an elected member of the Election Committee of the HKSAR in 2021. Mr Chan is a standing member of the Guangdong’s Association for Promotion of Cooperation between Guangdong, Hong Kong & Macau since 2009, a member of the China Overseas Friendship Association and a member of Friends of Hong Kong Association since 2019.

### Mr Dickson LAI Ho Man

Aged 48. Mr Lai joined the Group in September 2016 as Director of Group Finance and was appointed as joint company secretary in June 2018. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He holds a Bachelor of Arts Degree in Accountancy from the Hong Kong Polytechnic University and a Master of Business Administration from University of Birmingham. Mr Lai has over 24 years of experience in auditing, finance, accounting as well as financial management. He began his career with auditing in KPMG Hong Kong. Prior to joining the Group, he was the Chief Financial Officer and Company Secretary of Bi Feng Tang (Group) Holdings Limited. He also worked as a senior executive for a number of listed and private Hong Kong and PRC companies.

### Mr Alexander Otto WASSERMANN

Aged 49. Mr Wassermann joined the Group in October 2019 as Business Unit Head of Hotels and Serviced Apartments. Mr Wassermann is a seasoned hotelier with over 22 years of international experience in the hospitality industry spanning Germany, Middle East, United States, China and Hong Kong. He has held senior management roles for luxury hotel groups worldwide including Hilton Hotels & Resorts, Mövenpick Hotels & Resorts and InterContinental Hotels Group. Prior to joining the Group, he was the General Manager in InterContinental Grand Stanford Hong Kong.

### Mr Dennis HOUNG Chi Tung

Aged 54. Mr Houg joined the Group in October 2013 as Assistant Director — Project and Planning, and has been appointed as Acting Head of Asset Management in May 2021. He is a Registered Professional Surveyor (RPS) (Building Surveying), Authorized Person in Hong Kong and Chartered Project Management Surveyor. Mr Houg holds a Bachelor’s Degree of Building Surveying in The Hong Kong Polytechnic University and is a member of Royal Institution of Chartered Surveyors (MRICS), Hong Kong Institute of Surveyors (MHKIS). Mr Houg has over 20 years of experience in the project planning and management in asset management. Prior to joining the Group, Mr Houg was the Assistant General Manager (Project and Planning Department) of The Link Management Limited.

**Ms Liza LEUNG Ka May**

Aged 59. Ms Leung joined the Group in May 2006 as Director of Human Resources of Administration, Miramar Travel. She is the Acting Director, Group Human Resources & Administration. Ms Leung is a member of the Hong Kong Institute of Human Resource Management (“IHRM”), she has nearly 31 years of experience in human resources and administration in the Greater China Region. Her past duties included a full spectrum of functions covering human resources management, training and development, and general administration. Prior to joining the Group, she held senior management positions in recognized companies focusing on travel, hotels, securities and retail, etc.

**Ms Lucy CHEUNG Shui Yung**

Aged 44. Ms Cheung joined the Group in June 2021 as Director of Group Marketing & Corporate Communications. Lucy holds a Bachelor of Business Administration in Marketing & Management of Organizations from The Hong Kong University of Science and Technology. She brings with her a wealth of more than 20 years of experience in strategic sales and marketing, branding, product and business development, client relationship management and communications. Prior to joining us, she has held management positions in renowned groups and companies including Dairy Farm Co., Ltd, HK01.com, Café de Coral Group, Lei Garden Restaurant Group, Maxim’s Caterers Group and Vitasoy International Group etc.

**Mr Calvin LEE Kang Hung**

Aged 56. Mr Lee joined the Group in November 2016 as Assistant Director of Group Procurement. Mr Lee holds a Master Degree of Logistics and Supply Chain from University of Lancaster; he has nearly 30 years of extensive experience in procurement, logistics and supply chain in Greater China Region. Prior to joining the Group, he held management positions in recognized companies focusing on packaging industry, food manufacturing, quick service restaurant and retail, etc.

**Mr Aaron AU Zee Lay**

Aged 49. Mr Au joined the Group in July 2021 as Assistant Director of Group Information and Technology. He holds a Bachelor of Science in Computer Science with Electronic Engineering from The University College London and a Master of Analysis, Design and Management of Information System from the London School of Economics and Political Science. He joins us with more than 20 years of experience in a wide range of industries such as travel, telecommunications, e-commerce, investment and social media.

**Ms Sara SUEN Yuet Ling**

Aged 37. Ms Suen joined the Group in February 2011, and has been promoted as Assistant Director of Audit, Risk & Corporate Services in October 2020. She holds a Bachelor’s Degree of Business Administration in Accounting and Economics from the Hong Kong University of Science and Technology, International Certificate in Enterprises Risk Management and she is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms Suen has many years’ experience in auditing and risk management. Prior to joining the Group, Ms Suen worked at Moore Stephens Associates Limited.

**Mr Alex LEE Chun Ting**

Aged 65. Mr Lee joined the Group in May 2008 as General Manager, Miramar Travel. He was also concurrently appointed as Director of Marketing Strategy and Development — Hospitality in August 2021. Mr Lee is currently held a role as Outbound Committee of the Travel Industry Council of Hong Kong and Honorary Treasurer of the Hong Kong Outbound Tour Operators’ Association. He was also a Committee of the Hong Kong Association of China Travel Organisers Ltd from 2011 to 2021. Mr Lee has a rich experience with more than 35 years in travel industry.



## Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 December 2021, with the exception that roles of the chairman and the chief executive officer of the Company have not been segregated. Dr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Dr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

### Board of Directors

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

#### Executive Directors

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

#### Non-Executive Directors

Dr Patrick FUNG Yuk Bun  
Mr Dominic CHENG Ka On

#### 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 Bui  
Mr Alexander AU Siu Kee

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

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee up to 31 December 2022; Dr David Sin Wai Kin, Mr Thomas Liang Cheung Bui, Dr Timpson Chung Shui Ming and Mr Howard Yeung Ping Leung are up to 31 December 2023; Dr Patrick Fung Yuk Bun up to 31 December 2024; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.



In accordance with Articles 77, 78 and 79 of the Articles of Association or the Corporate Governance Code under the Listing Rules, Mr Eddie Lau Yum Chuen, Mr Thomas Liang Cheung Biu, Dr David Sin Wai Kin, Mr Richard Tang Yat Sun and Mr Howard Yeung Ping Leung shall retire by rotation at the forthcoming 2022 Annual General Meeting and, being eligible, have offered themselves for re-election. The Nomination Committee has considered each of them based on merit and having regard to their experience, skills and expertise (as shown in Biographical Details of Directors) as well as the company's board diversity policy and nomination policy, recommended to the Board that each of them are eligible for re-election.

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 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, and Mr Alexander Au Siu Kee has been non-executive directors of the Company prior to his re-designation as independent non-executive directors on 1 December 2020, 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 of the Company or any of its subsidiaries. Though Mr Alexander Au Siu Kee has the following non-executive directorships with the following core connected persons of the Company which may be regarded as falling within the factors affecting independence as specified in Rule 3.13(7) of the Listing Rules:

- (a) Mr Au is a non-executive director of Hong Kong Ferry (Holdings) Company Limited ("HK Ferry") which involves no executive or management functions and he does not have any involvement in the management or executive function of HK Ferry. The Board considers that such non-executive directorship would not have any bearings on his independence.
- (b) Mr Au is currently the chairman and non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"). Mr Au has not taken part in the day-to-day management of HSAM and has had no executive role. The Board considers that as Mr Au only plays a non-executive role in HSAM, such non-executive role has no bearings on his independence.

Even though Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu and Mr Howard Yeung Ping Leung have been serving as director of the Company for more than 9 years, they have been able to provide objective and independent views to the Company during their tenure of office. The Nomination Committee were of the view that the long service of Dr Sin, Mr Liang and Mr Yeung would not affect their exercise of independent judgement and, with their long-tenured directorship, they are able to provide invaluable experience, continuity, and stability to the Board, as well as a historical perspective that is indispensable in determining the Company's strategy. The Board, through the assessment and recommendation by the Nomination Committee, is satisfied that Dr Sin, Mr Liang and Mr Yeung possess the required character, integrity and experience to fulfill the role of an independent non-executive director and considers Dr Sin, Mr Liang and Mr Yeung as independent for the purpose of acting as an independent non-executive director of the Company.

The Board concurs with the view and recommendation of the Nomination Committee that Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu and Mr Howard Yeung Ping Leung are considered as independent and is satisfied that they have the required character, integrity and experience to continue fulfilling the role of an independent non-executive director, and thus recommends them for re-election at the 2022 Annual General Meeting.

The Board makes broad policy decisions and has delegated the responsibility to the Chief Executive Officer for corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. The key function of the Chairman is the management of the Board. The day-to-day management and operation of the Company's businesses are delegated to the senior management. The Board has the following matters specifically reserved for its approval:

1. Major acquisitions and disposals, and joint ventures;
2. Major project investments, and major capital expenditure programmes;
3. Annual budgets, and business and financial plans;
4. Financial statements, dividend distributions, capital structure, treasury policy, and accounting policy;
5. Remuneration policy and terms of employment of the senior executive team; and
6. Public announcements as required under the Listing Rules.

During the year ended 31 December 2021, 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 (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the Corporate Governance 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 Dr Lee Ka Shing, Mr Richard Tang Yat Sun, Dr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen and Mr Norman Ho Hau Chong. The General Purpose Committee operates with delegated authority from the Board.

## Remuneration Committee

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

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

## Audit Committee

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

The Audit Committee met six times during the year ended 31 December 2021. The major work performed by the Audit Committee included reviewing the Group's internal controls, risk management, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions, approving the remunerations and terms of engagement of the external auditors and making recommendation to the Board on the re-appointment of auditors.

## Nomination Committee

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

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

The Nomination Committee met once during the year ended 31 December 2021. It has discussed and reviewed the composition of the Board; assessed the independence of all independent non-executive directors; recommended to the Board for approval the re-election of all the retiring Directors at the Annual General Meeting

## Nomination Policy

Our Board has adopted a Nomination Policy, which stated that Nomination Committee will consider the candidates based on merit having regard to the experience, skills and the diversity perspectives set out in the Board Diversity Policy of the Company. The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director (“INED”) and will be holding his/her seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board. The candidate must satisfy the Board and The Stock Exchange of Hong Kong Limited that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company. For candidate to be nominated as an independent non-executive director, it must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board.

On making recommendation, the Nomination Committee may submit the candidate’s personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting.

## Board Diversity Policy

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

Currently, there are no female directors on the board. Given the importance of gender diversity, the Nomination Committee will identify and recommend to the Board at least one female candidate for consideration for appointment as a Director no later than 31 December 2024. The Board concurs with the view and recommendations of the Nomination Committee to identify suitable female candidates to join the Group and select the Group’s female executives to have training to serve as directors.



## Dividend Policy

The dividend policy of the Company is to allow its shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. Pursuant to the Dividend Policy, the Board may propose/declare the payment of dividend after taking into account the following factors:

- (1) the actual and expected financial performance of the Company and its subsidiaries;
- (2) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (3) the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- (4) the current and future operations, liquidity position and capital requirements of the Group; and
- (5) any other factors that the Board deems appropriate.

## Attendance Record of the Meetings

The number of meetings held by the Board, the Committees and the Company during the year ended 31 December 2021 and the attendance of directors are set out in the table below:

Directors	Meetings attended/held				2021 Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<b>Executive Directors</b>					
Dr LEE Ka Shing	4/4	N/A	1/1	1/1	1/1
Mr Richard TANG Yat Sun	4/4	N/A	1/1	N/A	1/1
Dr Colin LAM Ko Yin	4/4	N/A	N/A	N/A	1/1
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A	N/A	1/1
Mr Norman HO Hau Chong	4/4	N/A	N/A	N/A	1/1
<b>Non-Executive Directors</b>					
Dr Patrick FUNG Yuk Bun	4/4	6/6	N/A	N/A	1/1
Mr Dominic CHENG Ka On	4/4	6/6	N/A	N/A	1/1
<b>Independent Non-Executive Directors</b>					
Dr David SIN Wai Kin	4/4	6/6	1/1	1/1	1/1
Mr WU King Cheong	4/4	6/6	1/1	1/1	1/1
Dr Timpson CHUNG Shui Ming	4/4	6/6	1/1	1/1	1/1
Mr Howard YEUNG Ping Leung	4/4	N/A	N/A	N/A	1/1
Mr Thomas LIANG Cheung Biu	4/4	N/A	N/A	N/A	1/1
Mr Alexander AU Siu Kee	4/4	N/A	N/A	N/A	1/1

## Accountability and Audit

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

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 102 to 106 of this Annual Report.

## Directors' Training

During the year ended 31 December 2021, the directors have participated in continuous professional development to develop and refresh their knowledge and skills in the following manner:

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

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

B: reading materials relevant to the directors' duties and responsibilities and/or the Group's financial status



## Risk Management and Internal Control

Effective risk management is an essential and integral part of the Group’s effort at achieving strategic objectives and sustainable development. Our risk management takes a holistic approach, blending seamlessly into business strategy, and operational and financial management. The management continuously implements, reviews and updates risk management directives to cope with the fast-changing environment, and regularly reports on implementation activities to the board who oversees the risk management team to ensure robust risk management framework and effective systems are in place to identify, evaluate and manage key risks faced by the Group. Throughout 2021, key risks and its momentum have been reported to the Board and there were no matters of concern identified in the financial, operational and compliance controls which might have significant impact to the Group. The existing risk management and internal control systems remain appropriate and effective.

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



Our risk management and internal control framework is integrated into daily operations and continuously applied under cycles of review, implementation, monitoring, and updating. During the year, there were no changes to the adopted framework but improvements have been made to ensure effectiveness of risk management activities. Details can be found in below sections.

### 1st Line of Defence — Operational Management and Internal Controls

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

Key Group Policies and Procedures that apply to all employees:

- **Whistleblowing Policy** provides a proper reporting channel for employees to raise genuine concerns about malpractice or suspected wrongdoing.
- **Inside Information Policy** ensures inside information of the Group is to be kept in strict confidence or otherwise disseminated to the public in a timely manner in accordance with the applicable laws and regulations.



- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transactions in order to comply with the Listing Rules requirements.
- **Code of Conduct** stipulates the Group policy on matters of personal conduct and relationships.
- **Approval Authority** sets clear authority limits on business decision and daily operations.
- **Operational Policies and Procedures** are set in respect of each business and functional unit to provide guidelines on daily operations within the corporate governance framework. During the year, the Group has strengthened some of the key controls to cope with the changes in regulatory requirements and operational environment.

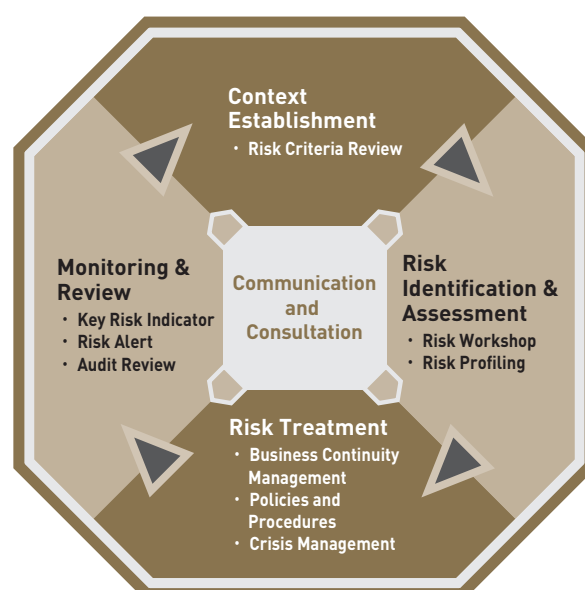
## **2nd Line of Defence — Risk Management and Corporate Services**

Risk Management and Corporate Services Department (“RM&CS”) has direct access to the management and Audit Committee.

The key functions include:

- Establish and maintain an appropriate and effective risk management system to continuously identify, evaluate and monitor risks with a view to helping business and functional units achieve business objectives;
- Support management in assessing and responding to emerging risks;
- Lead in modifying control procedures to deal with identified and/or potential irregularities at the business and functional units;
- Assist in developing and updating policies and procedures to ensure that key control and monitoring procedures over compliance and risk management have been integrated into daily operations; and
- Report key risks and advise on mitigating strategies to the management and Audit Committee on a regular basis.

With reference to the globally recognized risk management framework, COSO ERM and ISO 31000, the Group’s risk management process includes risk identification, risk assessment, risk treatment and risk monitoring, which is continuously and consistently applied across the Group involving communication and consultation with the various stakeholders. An integrated top-down and bottom-up approach is adopted in the whole risk management process, to afford a more comprehensive view into every level of management and operations. The risk management process is designed to manage and monitor the risks, but not eliminate all risks.





## Highlights of key Risk Management Activities

### *Emerging Risk and Crisis Management*

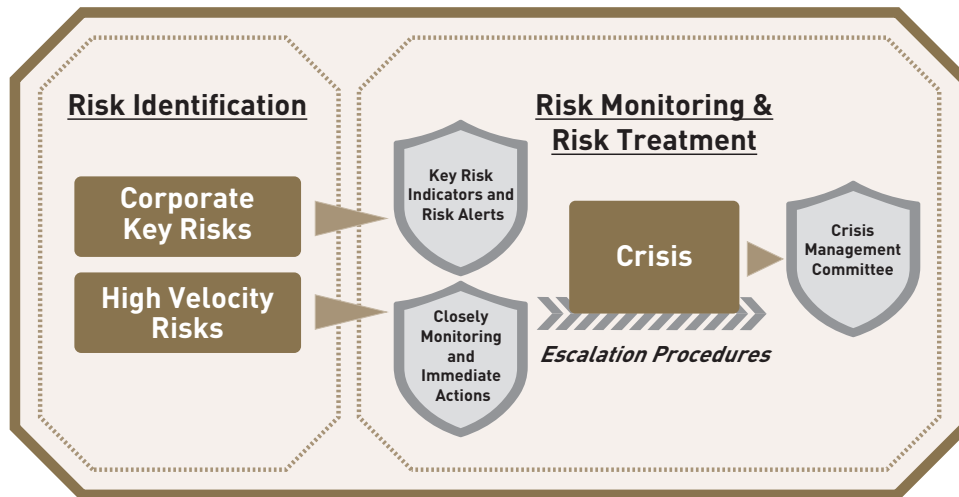
In 2021, the sporadic emergence of new variants of the COVID-19 virus brought heightened uncertainty into the pandemic situation. Thankfully, our crisis management system proved robust and adequate. To safeguard public health and safety, the government has regularly made adjustments to a series of control measures, launched vaccination programmes and devised vaccine bubble arrangements. Upon every update, the Group's risk management department analyzed the information and reported to the crisis management committee, which is composed of our senior management and key employees across all business units and functional departments. Critical decisions have been centrally made by the committee ensuring a right balance between business performance and preventive measures. Once the information and decisions are cascaded down, front-line staff would promptly adjust their operational procedures in order to comply with the related regulatory requirements and, at the Group's direction, all units would take coordinated actions in line with the Group's strategy. Please refer to pages 27 to 48 "Environmental, Social and Governance" section for more details on our responses to the pandemic.

### *Risk Management Culture*

The Group believes that an ingrained risk culture is core to effective risk management. Key risk management activities such as business continuity management ("BCM") and crisis management are introduced into the orientation program for new joiners, to promote awareness of possible risks and its mitigation measures in their daily operations. In addition, annual risk management workshop has been regularly conducted to enhance risk awareness among executives and key team members. In 2021, due to the COVID-19 pandemic, risk management workshop has been continuously organized in e-format to minimize transmission risk; only the newly-joined team heads have been arranged classroom trainings with appropriate hygiene measures and social distancing. In workshops, we not only recap the risk management system adopted by the Group, but also shared experiences on how our crisis management mechanism functioned amid the pandemic. A quiz also has been arranged after the workshop to ensure that all attendees got the key message and the response rate was 100%. Besides, we have integrated risk management activities into daily operations and regularly reviewed and tested the effectiveness of the implemented mitigation measures. Results of a series of drills pursuant to the annual BCM plan were discussed, evaluated and adjusted to ensure the plan can eventually be executed in an efficient and effective manner.

### *Monitoring on Key Risks and High Velocity Risk Events*

To identify key risks to the Group, each possible risk event is assessed and prioritized based on its likelihood and impact. Besides, we have also adopted and implemented assessment of "Risk Velocity" to identify risk events that would rapidly affect the Group. Accordingly, the Group could establish more effective monitoring and control measures based on the nature of the various risk events. The Group has established key risk indicators to monitor key risks to the Group. Risk alerts based on periodic analysis on the risk indicators would be provided to business management so that they could administer corresponding responses in a timely manner. In addition, risk events identified with high velocity, such as events involving health and safety, social unrest, media, system failure and natural disasters, would be controlled and monitored by embedding risk mitigation measures into day-to-day operations. The Group monitors such risk events on a daily basis and takes immediate actions to minimize impact to the Group.



### **3rd Line of Defence — Internal Audit**

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

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

### **Audit Committee and the Management**

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

The Audit Committee receives regular reports from Internal Audit Department and Risk Management & Corporate Services Department. The reports include key activities conducted and issues that arose during the period covered. The Audit Committee and the management regularly discuss the nature and impact of the issues and risks to see whether appropriate mitigation measures are in place and whether further action is needed. The management is tasked with ensuring adequate resources to support implementation of the decisions. Annually, the management would confirm to the Board on the status of risk management and internal control systems in respect of their effectiveness, design, implementation and monitoring. Like any others, our systems could only provide reasonable but not absolute assurance against material misstatement, misstep or loss.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2021 and discussed with the Assistant Director of Audit, Risk & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial reporting of the Group.



## External Auditors

The external auditors further supplement the 3rd Line of Defence process by obtaining an understanding of internal controls in the course of their audit work. The external auditors would independently communicate with the Audit Committee on any significant deficiencies in internal controls.

## Mitigation Measures and Evaluation Findings

During the year, the risk management process assessed 11 different categories of risk in respect of their occurrence likelihood and impact on our financial performance, reputation, health and safety, legal and rules compliance, staffing and environmental effects. They are summarized as follows:

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Investment Strategy	Return on acquisitions/ investments/business developments could turn out to fall short of expectations due to uncontrollable external factors and may result in financial loss	<ul style="list-style-type: none"> <li>– Investment decisions are supported by detailed integration plan and business strategies with management approval</li> <li>– Potential projects/ investments are subject to extensive due diligence review by in-house specialists and external advisors</li> <li>– Continuing monitoring and review of all aspects of development, planning and progress by experienced managers</li> <li>– Controls over projects/ investments are independently reviewed by Internal Audit</li> </ul>	Medium (Slow)	↔ Under the current investment plan and control procedures, the risk is well under control
Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong; adverse changes in economic and political environments could have a direct or indirect impact on the Group's earnings	<ul style="list-style-type: none"> <li>– Establishment of risk indicators to constantly evaluate the economic environment it operates in and enable prompt response to any changes</li> <li>– Continuing monitoring of changes in the political agenda in Hong Kong and mainland China</li> <li>– Periodical review of marketing strategies to steer to changes in the economic and political outlook</li> <li>– Closely monitoring of business performance with a view to optimizing business strategies</li> </ul>	Medium to High (Slow)	↑ Hong Kong's economy is affected by the epidemic situation, which is still full of uncertainties due to the COVID-19 variants. The risk level maintains to increase

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Staff	Our core businesses are in people intensive industries. Risk related to employee issues, such as health and safety and loss of key staff, would affect the Group's ability to deliver on its strategies	<ul style="list-style-type: none"> <li>– Heighten staff's vigilance and take preventive measures during the pandemic</li> <li>– Maintain succession plans for key positions</li> <li>– Regular review on the competitiveness of our compensation and benefit arrangement</li> <li>– Provide development platform and comprehensive trainings to staff</li> <li>– Hygiene &amp; Health Safety Teams have been formed to regularly review and assess the work environment and to ensure compliance with the relevant legal requirements</li> <li>– Standard Operating Procedures for prevention and handling of work injury have been established</li> </ul>	Medium (Rapid to Very Rapid)	<p>↑</p> <p>It is generally expected that the human resources costs are on the rebound compared with last year. Moreover, the risks of staff's health and safety are still in place due to the unstable pandemic situation</p>
Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss	<ul style="list-style-type: none"> <li>– Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements</li> <li>– The requirements are closely monitored by RM&amp;CS and relevant departments</li> <li>– Risk alert of new regulatory and legal requirements to the relevant business management to assess impact and ensure compliance</li> <li>– Encourage staff to attend seminar to update on relevant knowledge</li> <li>– Establish related policies and procedures to provide clear guidelines to staff</li> <li>– Regular independent review by Internal Audit Department to ensure compliance</li> </ul>	Low to Medium (Slow)	<p>↔</p> <p>Although there are new legal and regulatory requirements which may increase compliance costs, the impact would not be significant</p>



Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Disaster Events	Major disaster events, including extreme weather events, terrorist attack and outbreak of contagious diseases such as COVID-19, Avian Flu, SARS, Ebola would impact on our business operations, inflict damage to assets and company reputation, and reduce our earnings	<ul style="list-style-type: none"> <li>– Emergency Procedures, Business Continuity Management and Crisis Management are in place to minimize impact on business operations during disaster events</li> <li>– A series of preventive measures have been adopted during the pandemic</li> <li>– Risk indicators on contagious diseases are closely monitored and preventive measures are carried out to minimize impact from disaster events</li> <li>– Drills on business continuity are conducted on an annual basis to ensure effectiveness</li> <li>– Comprehensive insurance coverage is in place for property assets, business interruption and third-party liabilities</li> </ul>	Medium to High (Rapid to Very Rapid)	<p>↑</p> <p>The COVID-19 variants brought a devastating impact on the public health and affected the Group's operations and business performance</p>
Tenant and Customer	Loss of income due to loss of major tenants, customer dissatisfaction over our products/services, etc. Changes in customer/guest spending and dining propensity, competition from online shopping, and decline in spending on luxury goods and out-dining	<ul style="list-style-type: none"> <li>– Continuously monitor guest feedbacks for further improvement</li> <li>– Enhance marketing and promotion to attract customers</li> <li>– Active engagement with current tenants/guests as part of marketing strategies</li> <li>– Keep continuously updated on market trends and make corresponding revisions to strategy</li> <li>– Increase regular cleaning and disinfection frequencies in our shopping malls and office tower since the outbreak of pandemic</li> <li>– Deploy new disinfection facilities to provide our shoppers and tenants with a clean and safe environment</li> </ul>	Medium to High (Rapid)	<p>↑</p> <p>Unfavorable changes in spending and dining habits of customer/guest have directly affected our retail tenants, especially during the pandemic. Also, working from home may become a new normal which may affect our rental business performance. The risk is expected to increase</p>

Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Contractor and Supplier	Engagement with problematic supply chain of key products, substandard contractors/suppliers and food hygiene incidents may cause financial and reputational loss	<ul style="list-style-type: none"> <li>– All vendors are required to go through the well-established pre-qualification mechanism</li> <li>– Closely monitoring of the performance of contractors/suppliers</li> <li>– Mechanism of picking out and deregistering problematic vendors from the list is in place</li> <li>– Closely monitoring by internal hygiene teams for food safety</li> </ul>	Low (Rapid to Very Rapid)	↔ Under continuous monitoring procedures supplemented with crisis management mechanism, the risk level remains unchanged
Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. credit risks, contractual risks, abusive use of discount, cash misappropriation, fraud committed in collaboration with external parties, loss/degradation of physical assets, etc.	<ul style="list-style-type: none"> <li>– Approval authority has been set up and well communicated among all staff</li> <li>– Policies and procedures on key controls have been established and published on intranet</li> <li>– Monitoring procedures, e.g. preparation of aging report/stocktaking/cash count by Group Finance, are in place</li> <li>– Regular repair and maintenance performed by internal team/contractors</li> <li>– Whistleblowing channel has been set up</li> <li>– Internal Audit conducts independent review on a regular basis</li> </ul>	Low (Slow)	↔ Under the existing control and monitoring procedures, the risk level remains unchanged



Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Information Technology ("IT")	Business operations may be adversely affected and sensitive information may be leaked out under Cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure	<ul style="list-style-type: none"> <li>– Enforce security measures such as periodic change of password, updating antivirus and firewall protection</li> <li>– Establish information technology security policy on use of information technology equipment and installation of application software</li> <li>– Business continuity plan and disaster recovery plan on major information technology systems have been formulated and can be quickly applied to ensure business continuity</li> <li>– Recovery drills are conducted periodically to ensure its effectiveness</li> </ul>	Low to Medium (Rapid to Very Rapid)	↔ The Group IT team stays alert with IT security issues and the risk level remains unchanged
Brand and Reputation	The Group's brand and reputation may be affected by negative public attention which could result in significant decline in our tenant and customer base, and subsequent financial loss	<ul style="list-style-type: none"> <li>– Guidelines on handling media enquiries to all level of staff have been established</li> <li>– Continuous monitoring of media coverages, with actions taken where necessary</li> <li>– Crisis management mechanism is in place with the formation of Crisis Management Committee</li> <li>– Spokesperson hierarchy and principles of corporate communications are in place</li> </ul>	Low to Medium (Very Rapid)	↔ Marketing team closely monitors various media channels, social platforms and incidents, and when necessary escalates to the Crisis Management Committee promptly. The risk level broadly remains unchanged



Risk Categories	Key Risks	Key Measures in Risk Mitigations	Risk Level (Risk Velocity)	Risk Momentum
Environmental	Threats of adverse effects on the environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations; negative impact on the operations resulting from climate change, e.g. supply chain disruption, food source, etc.	<ul style="list-style-type: none"> <li>- Environmental Policy have been established</li> <li>- Environmental Committees have been set up to enhance environmental protection</li> <li>- Environmental trainings are provided to staff</li> <li>- Green purchasing practices are followed and sufficient vendor pool is maintained</li> <li>- Closely monitoring of energy usage</li> <li>- A series of Energy Saving Plan, e.g. upgrade of chiller plant, use of LED light bulbs, have been implemented</li> <li>- Promote awareness of environmental protection among guests, e.g. no provision of plastic straw, use of biodegradable materials, etc.</li> </ul>	Low (Slow)	<p>↔</p> <p>The nature of Group businesses and operations has very minimal impact on the environment. The risk level remains at a low level</p>

Risk Momentum: (↑) Risk level increased; (↓) Risk level decreased; or (↔) Risk level unchanged



## Auditors' Remuneration

During the year ended 31 December 2021, 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:

	<b>Remuneration HK\$'000</b>
Audit services	2,525
Non-audit services:	
Interim review	450
Other services	187
	<hr/>
	3,162

## 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 2021.

## Communication with Shareholders

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](http://www.hkex.com.hk) and the Company's website at [www.miramar-group.com](http://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 any other general meeting 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 a general meeting

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 a general meeting.

The request:

- (i) must state the general nature of the business to be dealt with at the general meeting;
- (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting;
- (iii) may consist of several documents in like form;
- (iv) may be sent in hard copy form (to the Company's registered office, which is situated at 15/F Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Joint Company Secretaries) 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 a general meeting within 21 days after the date on which they become subject to the requirement and the general meeting so called must be held on a date not more than 28 days after the date of the notice convening the general meeting.

Pursuant to Section 568 of the Companies Ordinance, if the Directors do not do so, the shareholders who requested the general meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting. The general meeting 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 a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the general meeting by reason of the failure of the Directors duly to call the general meeting.

### (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 Joint Company Secretaries whose contact details are as follows:

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

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



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

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

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

The request:

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

**Amendments to the Articles of Association**

At the AGM held on 7 June 2021, a special resolution was passed to adopt a new articles of association of the Company for the purpose to provide flexibility to the Company in relation to the conduct of general meetings. The amendment to the existing Articles of Association is mainly to allow (but not require) general meetings to be held as a hybrid meeting where Shareholders may attend by electronic means in addition to as a physical meeting where Shareholders attend in person. Details of which were set out in the Company’s circular dated 27 April 2021. The new Articles of Association of the Company took effect on 7 June 2021, which are available on the websites of the Company and The Stock Exchange of Hong Kong Limited.

## Principal Risks

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

### 1. Economic Downturn and Investment Uncertainty

The Group's core businesses and investments are mainly in Hong Kong and susceptible to, amongst others, elements that impact consumer and investor confidence, retail spending, property prices, interest rates and visitor arrivals. After 2 years of economic contraction due to the year-long social unrest and coronavirus pandemic, Hong Kong economy has rebounded visibly in 2021 along with the improvement of local epidemic situation. However, some business sectors, notably tourism remained severe. Towards the end of 2021, the omicron variant has spread to the local community and triggered the 5th wave of outbreak with thousands of cases reported per day. The local economy is expected to take a further hit. Making the year ahead especially challenging for the Group's businesses are such uncertainties as possible emergency of new coronavirus variants, global pandemic situation, China-US relations and geopolitical conflict in Eastern Europe. We would closely monitor the economic environment the Group operates in, and constantly evaluate and take appropriate actions to mitigate these risks and adjust our strategies and operations where appropriate.

### 2. Disaster Event

Emergent infectious diseases, together with Hong Kong being an international city with high mobility, increase the risk of epidemic outbreaks in the community, like Covid-19 in these two years. Global warming and climate change increase the frequency of natural disaster events, such as super typhoon, earthquake and flooding. Depending on the severity, duration and locality, they could severely disrupt the Group's business operations and cause damages to our properties. The Group has established a Crisis Management Team and devised comprehensive Business Continuity Management blueprints in an effort to minimize disruption to business operations, damage to assets and harm to personnel, on top of taking every preventive measures within our scope. Crisis management procedures have been regularly reviewed and annual drills on Business Continuity Plan are conducted to identify areas for improvement. The Group regularly conducts risk assessment, and has taken out comprehensive insurance, covering its properties, business operations and third-party liabilities.



### 3. Human Resources

Most of the Group's core businesses are in the people-intensive service industry, in which retention of key and skillful staff is always a challenge to our effort to maintain high quality standard. The Group keeps pace with labour market trends to ensure our employment terms are reasonable and competitive. In addition, staff vocational skills development is continuously supported through our education allowance scheme and training programme. Besides, providing and maintaining a safe and healthy working environment to our staff is our top priority, especially during times of pandemic. During the year, we have rolled out the "Vaccination Encouragement" programme, including holding vaccination seminars, granting of vaccination leaves and incentives, as to support our staff to protect themselves against COVID-19. Besides, we have continuously adopted a series of preventive measures, such as A/B alternative site and working-from-home arrangement, provision of adequate personal protective equipment, enhancing hygiene training, regular workplace sanitization, and social distancing measures in staff canteen. The Group closely monitors the latest development of the pandemic, and communicates openly and oftentimes with our staff regarding the latest information and their concerns, to ensure everyone is on the same page.

### 4. Legal and Compliance

The Group is committed to complying with the relevant legal and regulatory requirements. Compliance costs are expected to go up due to the imposition of new standards and requirements by government and regulatory bodies. These arise from engagement of external consultants for advice and staff training, and for establishment/update of policies and procedures in response to the new requirements. The Group routinely seeks advice from regulatory bodies and external advisors on any upcoming new requirements to ensure compliance.

## Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2021.

### Principal Activities

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

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2021 are set out in note 9 to the financial statements.

### Group Profit

The profit of the Group for the year ended 31 December 2021 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 107 to 175.

### Dividends

An interim dividend of HK20 cents per share (2020: HK22 cents per share) was paid on 13 October 2021. The directors now recommend the payment of a final dividend of HK26 cents per share (2020: HK28 cents per share) in respect of the year ended 31 December 2021 to shareholders whose names are on the Register of Members as at 17 June 2022. Subject to the approval to be obtained at the 2022 Annual General Meeting, the proposed final dividend is expected to be distributed to shareholders on 8 July 2022.

### Business Review and Performance

The business review of the Group for the year ended 31 December 2021 and the discussion on the Group's future business development are set out in the sections headed "Chairman and CEO's Statement" and "Management Discussion and Analysis". Description of the principal risks and uncertainties facing the Group are set out in the section headed "Principal Risks". Particulars of important events affecting the Group since the end of the financial year end (if any) are provided in "Chairman and CEO's Statement" and "Management Discussion and Analysis". An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 2 and 3 of this Annual Report. Discussion on the Company's environmental policies and performance, relationships with employees, customers, suppliers and other stakeholders as well as compliance with relevant laws and regulations are in the sections headed "Environmental, Social and Governance Report". The Chairman and CEO's Statement, the Management Discussion and Analysis, the Financial Highlights, the Environmental, Social and Governance Report, the Principal Risks and the Corporate Governance Report form part of this report.

### Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2021 are set out on pages 152 to 153.



## 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 2021, none of the directors, their close associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's number of issued shares, had an interest in any of the five largest customers and suppliers. The Directors do not consider any one employee, customer, supplier and others to be influential to the Group.

## Directors

The directors who held office during the year ended 31 December 2021 and up to the date of this report were:

### Executive Directors

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

### Non-Executive Directors

Dr Patrick FUNG Yuk Bun  
Mr Dominic CHENG Ka On

### 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 Bui  
Mr Alexander AU Siu Kee

In accordance with Articles 77, 78 and 79 of the Company's Articles of Association or the Corporate Governance Code under the Listing Rules, Mr Eddie Lau Yum Chuen, Mr Thomas Liang Cheung Bui, Dr David Sin Wai Kin, Mr Richard Tang Yat Sun and Mr Howard Yeung Ping Leung shall retire by rotation at the forthcoming 2022 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.

A list of directors of the subsidiaries of the Company during the year ended 31 December 2021 and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.



## Directors' Service Contracts

No director proposed for re-election at the forthcoming 2022 Annual General Meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

## Management Contracts

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

## Disclosure of Interests

### Directors' Interests in Shares

At 31 December 2021, 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:

### Ordinary Shares

#### Long Positions

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Ka Shing	–	–	–	345,999,980 <i>(note 2)</i>	50.08%
	Dr David SIN Wai Kin	4,989,600	–	–	–	0.72%
	Dr Patrick FUNG Yuk Bun	–	–	–	10,356,412 <i>(note 3)</i>	1.50%
	Mr Dominic CHENG Ka On	9,329,568	4,800	–	–	1.35%
	Mr Richard TANG Yat Sun	150,000	–	13,490,280 <i>(note 4)</i>	–	1.97%
	Mr Thomas LIANG Cheung Bui	–	2,218,000 <i>(note 5)</i>	–	–	0.32%
Henderson Development Limited	Dr LEE Ka Shing	–	–	–	8,190 (Ordinary A Shares) <i>(note 7)</i>	100%
	Dr LEE Ka Shing	–	–	–	3,510 (Non-voting B Shares) <i>(note 7)</i>	100%
	Dr LEE Ka Shing	–	–	–	15,000,000 (Non-voting Deferred Shares) <i>(note 7)</i>	30%



Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Percentage	
					Other Interests (shares)	of total issued shares
Henderson Land Development Company Limited	Dr LEE Ka Shing	–	–	–	3,509,782,778 <i>(note 7)</i>	72.50%
	Mr Thomas LIANG Cheung Biu	–	1,019,968 <i>(note 8)</i>	–	–	0.02%
Henderson Investment Limited	Dr LEE Ka Shing	–	–	–	2,110,868,943 <i>(note 9)</i>	69.27%
Cherry Well Limited	Dr LEE Ka Shing	–	–	–	8 <i>(note 9)</i>	80%
Domax Investment Limited	Dr LEE Ka Shing	–	–	–	8 <i>(note 9)</i>	80%
Fortune Max Properties Limited	Dr LEE Ka Shing	–	–	–	8 <i>(note 9)</i>	80%
Masterlines Development Limited	Dr LEE Ka Shing	–	–	–	800 <i>(note 9)</i>	80%
Prospect King Limited	Dr LEE Ka Shing	–	–	–	37,000,000 <i>(note 9)</i>	66.67%
Wealth Team Development Limited	Mr Norman HO Hau Chong	–	1 <i>(note 10)</i>	98 <i>(note 10)</i>	–	9.90%

Save as disclosed above, as at 31 December 2021, none of the directors or the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Ka Shing in the shares, underlying shares and debentures of the associated corporations of the Company which are solely derived from his deemed interests in Henderson Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited and/or the Company and not from any separate personal interests of his own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 13 of Appendix 16 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Apart from the foregoing, at no time during the year ended 31 December 2021 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' Interest

The Company has been notified of the following interests in the Company's issued shares at 31 December 2021, amounting to 5% or more of the shares in issue:

### Ordinary Shares

#### Long Positions

<b>Substantial shareholders</b>	<b>Ordinary shares held</b>	<b>Percentage of total issued shares</b>
Dr LEE Shau Kee	345,999,980 <i>(note 1)</i>	50.08%
Dr LEE Ka Shing	345,999,980 <i>(note 2)</i>	50.08%
Rimmer (Cayman) Limited ("Rimmer")	345,999,980 <i>(note 6)</i>	50.08%
Riddick (Cayman) Limited ("Riddick")	345,999,980 <i>(note 6)</i>	50.08%
Hopkins (Cayman) Limited ("Hopkins")	345,999,980 <i>(note 6)</i>	50.08%
Henderson Development Limited ("Henderson Development")	345,999,980 <i>(note 7)</i>	50.08%
Henderson Land Development Company Limited ("Henderson Land")	345,999,980 <i>(note 7)</i>	50.08%
Aynbury Investments Limited ("Aynbury")	345,999,980 <i>(note 7)</i>	50.08%
Higgins Holdings Limited ("Higgins")	120,735,300 <i>(note 7)</i>	17.47%
Multiglade Holdings Limited ("Multiglade")	128,658,680 <i>(note 7)</i>	18.62%
Threadwell Limited ("Threadwell")	96,606,000 <i>(note 7)</i>	13.98%

#### Persons other than substantial shareholders

Mr CHONG Wing Cheong	68,910,652	9.97%
----------------------	------------	-------

Save as disclosed above, as at 31 December 2021, 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 345,999,980 shares, which are duplicated in the interests described in Notes 2, 6 and 7.
- (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 6, Dr Lee Ka Shing is taken to be interested in 345,999,980 shares, which are duplicated in the interests described in Notes 1, 6 and 7, 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) All these shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.
- (5) These 2,218,000 shares, of which 1,080,000 shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary and the remaining of 1,138,000 shares were held by his spouse.
- (6) 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 345,999,980 shares are duplicated in the interests described in Notes 1, 2 and 7.
- (7) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 345,999,980 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 345,999,980 shares are duplicated in the interests described in Notes 1, 2 and 6.
- (8) These shares were owned by the spouse of Mr Thomas Liang Cheung Biu.
- (9) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Shing is taken to be interested in these shares by virtue of the SFO.
- (10) These shares of which 98 shares were held through corporations in which Mr Norman Ho Hau Chong owned more than 30% of the issued shares and the remaining 1 share was held by his spouse.



## Connected Transaction and Continuing Connected Transactions

The Group has the following connected and continuing connected transactions during the year ended 31 December 2021:

- (1) (a) On 14 November 2018, a tenancy agreement (the “Tenancy Agreement”) was entered into between Shahdan Limited (“Shahdan”) as landlord and Union Medical Centre Limited (“Union Medical”) as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises : Units 1801–18 on the 18th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Three years, commencing from 1 February 2019 to 31 January 2022 (both days inclusive).

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK\$2,051,176.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK\$304,904.60; and

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

Usage : To be used as a clinic only.

Union Medical is a company indirectly controlled by the private trusts of the family of Dr Lee Shau Kee, a substantial shareholder of the Company. Accordingly, Union Medical is a connected person of the Company thereby rendering the Tenancy Agreement a continuing connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Units 1808–11 was surrendered by signing an Agreement for Partial Surrender on 30 August 2019. Units 1801–07 and 1812-18 has expired on 31 January 2022, and was renewed under the agreement as listed under the following paragraph (1)(b)

- (1) (b) On 9 November 2021, a tenancy agreement (the “Renewed Tenancy Agreement”) 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 1801–07 and 1812–18 on 18th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Three years, commencing from 1 February 2022 to 31 January 2025 (both days inclusive). Both the landlord and the tenant shall have the right to early terminate this tenancy agreement by giving a notice of not less than one month to the other party.

Rent-free period : No rent shall be payable by the tenant for the initial period of 74 days starting from and inclusive of the lease commencement date provided that the management fee and air-conditioning charges, government rates and other outgoings shall still be paid by the tenant during the rent-free period.

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK\$1,469,000.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK\$237,978.00; 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.

User : To be used as a clinic only to be staffed by any combination of the specialist physicians specializing in Surgery, Cardiology, Urology, Chest Specialist, Orthopaedics, Obstetrics & Gynaecology, Ophthalmology, and Ear, Nose, Throat Surgery, Plastic and Cosmetic Surgery, Dermatology & Surgery, Health Check, Endoscopy Clinic, IVF Laboratory & Reproductive Medicine Centre, Child Assessment Clinic, Medical Imaging Centre, Dental Clinic, Internal Medicine, Conference Room.

Union Medical is a connected person of the Company thereby rendering the Renewed Tenancy Agreement a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.



- (1) (c) On 25 July 2019, a lease (the “1706–1707 Lease”) was entered into between Shahdan as landlord and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Premises : Units 1706–1707 on the 17th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : Two years and five months, commencing from 1 September 2019 to 31 January 2022 (both days inclusive).

Rent and other charges : The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) (payable in advance on the 1st day of each month) during the term is HK\$268,445.00;

The aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by Shahdan or its designated property manager) (payable in advance on the 1st day of each month) is HK\$41,026.50; and

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

Usage : To be used as a clinic only to be staffed by the specialist in consultation services for reproductive medicine.

Union Medical is a connected person of the Company thereby rendering the 1706–1707 Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Such premises was surrendered by signing a Surrender Agreement on 25 June 2021.

- (2) On 4 July 2019, Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant entered into a sub-lease with IFC Development Limited as landlord for a short term of two months (from 7 July 2019 to 6 September 2019) (the “Short Term Sub-Lease”) as the parties were unable to reach consensus on the rent for a further term of three years following the expiry of the three-year sub-lease in respect of the ifc Premises (as defined below) on 6 July 2019. On 4 December 2019, the parties have reached consensus on the rent for a longer sub-lease and the parties together with MTR Corporation Limited (“MTRC”) (being the lessor of the head lease dated 16 September 2003 entered into between MTRC as lessor and IFC Development Limited as lessee in respect of the ifc Premises) entered into a sub-lease (the “New Sub-Lease”) for a further term of two years and ten months (from 7 September 2019 to 6 July 2022). The Short Term Sub-Lease was a de minimis transaction for the Company under Chapter 14A of the Listing Rules. Details of the terms and conditions are set out as follows:

Premises	:	Shop Nos. 3101–3107 on Level Three of ifc Mall (the “ifc Premises”).
Term	:	Two months from 7 July 2019 to 6 September 2019 (both days inclusive) in respect of the Short Term Sub-Lease and two years and ten months from 7 September 2019 to 6 July 2022 (both days inclusive) in respect of the New Sub-Lease.
Rent	:	A basic rent (the “Basic Rent”) payable on a monthly basis during the Short Term Sub-Lease is HK\$1,117,970.00 per calendar month and during the New Sub-Lease is HK\$1,038,115.00 per calendar month for the first six months and HK\$1,117,970.00 per calendar month for the seventh to thirty-fourth months (all exclusive of rates, air-conditioning and management charges, promotional levy, utility and other charges and all other outgoings (if any)), plus the additional rent calculated as the excess of 11% of the gross amount of all sums billed or received in the course of the tenant’s business conducted at the ifc Premises and all other income deriving from or in respect of the ifc Premises excluding 10% service charges (the “Gross Receipts”) against the Basic Rent under the Short Term Sub-Lease or the New Sub-Lease (as the case may be) (the “Turnover Rent”) per calendar month.
Payment term	:	The Basic Rent shall be payable in advance by the tenant to the landlord on the first day of each calendar month. The Turnover Rent (if applicable) shall be payable by the tenant to the landlord on the fifteenth day of the following month.
Rental deposit	:	A rental deposit in the sum of HK\$4,967,630.40 (equivalent to the aggregate of the highest pre-determined Basic Rent, air-conditioning and management charges, government rates (or, if applicable, provisional rates) and promotional levy currently payable in respect of the ifc Premises for three months) is payable by the tenant to the landlord and subject to the terms of the New Sub-Lease, and is refundable to the tenant without interest within forty-five days after the expiry or sooner determination of the New Sub-Lease and delivery of vacant possession of the ifc Premises.



- Other charges : The aggregate of air-conditioning and management charges and promotional levy payable by the tenant in advance on the first day of each calendar month in respect of the New Sub-Lease shall be HK\$491,906.80 per month (subject to revision from time to time).
- Option to renew sub-lease : Subject to the New Sub-Lease, the tenant has an option to renew the New Sub-Lease for a further term of three years from the expiry of the New Sub-Lease on 6 July 2022 (the "Initial Term") by giving the landlord prior written notice not earlier than seven months but not later than six months before the expiry of the Initial Term and provided that the monthly basic rent for the renewed term shall be further agreed between the parties which shall not be less than HK\$1,117,970.00 per calendar month. The parties to the New Sub-Lease will enter into a renewal sub-lease upon the tenant exercising the renewal option.
- Break clause : If the average of the Gross Receipts of the tenant for any 12 consecutive calendar months is less than HK\$500.00 per square foot per calendar month (i.e. approximately HK\$7,985,500.00 per calendar month based on approximately 15,971 square feet lettable area), the landlord shall have the right to terminate the New Sub-Lease by giving not less than 90 days' written notice to the tenant.

As the landlord is an associate of Henderson Land Development Company Limited ("Henderson Land"), which in turn is a holding company of the Company, the landlord is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Short Term Sub-Lease and the New Sub-Lease constituted a one-off connected transaction and a continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

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



Rent : A base rent of HK\$1,320,000.00 per month (the “Base Rent”) plus the Additional Rent, which is calculated in the following manner:

Additional Rent

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

- (i) where the Gross Annual Room Revenue is less than or equal to HK\$80,000,000.00, the amount of the Additional Rent payable shall be 22.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (ii) where the Gross Annual Room Revenue is more than HK\$80,000,000.00 but less than or equal to HK\$100,000,000.00, the amount of the Additional Rent payable shall be 25% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (iii) where the Gross Annual Room Revenue is more than HK\$100,000,000.00 but less than or equal to HK\$130,000,000.00, the amount of the Additional Rent payable shall be 27.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year; or
- (iv) where the Gross Annual Room Revenue is more than HK\$130,000,000.00, the amount of the Additional Rent payable shall be 30% of the Gross Annual Room Revenue exceeding HK\$15,840,000.00 for the Relevant Year.

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

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



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

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

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

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

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

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

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

- Rent-free period : Three respective rent free periods for a total of 6 months during the Term as follows:
- (i) the 3rd and 4th months of the Term (i.e. commencing from 21 January 2014 to 20 March 2014 (both days inclusive));
  - (ii) the 15th and 16th months of the Term (i.e. commencing from 21 January 2015 to 20 March 2015 (both days inclusive)); and
  - (iii) the 27th and 28th months of the Term (i.e. commencing from 21 January 2016 to 20 March 2016 (both days exclusive));
- during which the Tenant shall not be obliged to pay the Base Rent but shall pay the rates, all outgoings and utility charges in respect of the Premises.
- The Gross Annual Room Revenue received by the Tenant during each of the rent-free periods will be counted for the purpose of calculation of the Additional Rent for that relevant year of the Term and the Tenant shall also pay to the Landlord the Food and Beverage Charges during the rent-free periods.
- Usage : To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.
- Commencement of business at the Premises : The Tenant shall commence business as a hotel at the Premises on or before 21 November 2013.
- Opening contribution : The Landlord shall contribute a sum in a total amount of HK\$9.7 million towards the actual cost incurred by the Tenant in setting up a first class design hotel at the Premises and such Opening Contribution shall be paid by the Landlord to the Tenant within 60 days after signing of the Mira Moon Lease Agreement by the Tenant.
- Transfer of restaurant licence: At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure to assign or transfer the general restaurant licence and the liquor licence or related licences (collectively the "Licences") for operating the then existing Food and Beverage Outlets at the Premises to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. The Tenant shall not transfer or assign the Licences to any person or corporation for consideration or otherwise during the Term without the consent of the Landlord. All charges relating to the aforesaid assignment or transfer of the Licences shall be borne by the Landlord.



Transfer of hotel licence : At the expiration or sooner determination of the Term, the Tenant shall at the request of the Landlord assign or transfer or procure and ensure the assignment or transfer of the hotel licence used in the operation of the Premises as a hotel (the "Hotel Licence") to the Landlord or such person or corporation nominated by the Landlord without any consideration, compensation or payment. Without the consent of the Landlord, the Tenant or the holder of the Hotel Licence shall not transfer or assign the Hotel Licence to any person or corporation for consideration or otherwise. All charges relating to the aforesaid assignment or transfer of the Hotel Licence shall be borne by the Landlord.

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

- (4) (a) On 31 July 2020, Shahdan entered into the following agreements with Henderson Property Agency Limited ("HPAL") which constituted continuing connected transactions for the Company:
- (i) A tenancy agreement (the "Tenancy Agreement") entered into between Shahdan as landlord and HPAL as tenant; and
  - (ii) A licence agreement (the "Pillar Signage Licence Agreement") entered into between Shahdan as licensor and HPAL as licensee.

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

#### Details of the Tenancy Agreement

- Premises : Shops 501–506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
- Term : Three years commencing from 5 August 2020 to 4 August 2023, both days inclusive. Both the landlord and the tenant shall have the right to early terminate this tenancy agreement by giving a notice of not less than three months to the other party after 4 August 2022
- Rent and other charges : (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$2,260,000.00;
- (b) Government rates (subject to Government's review) is HK\$100,000.00 per month;
- (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK\$435,885.70; and
- (d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK\$45,200.00 subject to periodic review by Shahdan.

#### Details of the Pillar Signage Licence Agreement

- Pillar Signage Licence Area : Pillar Signage near Shop No. G02 on the Ground Floor of Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
- Term : Three years commencing from 5 August 2020 to 4 August 2023, both days inclusive, subject to the right of early termination. The licensor shall have the right to early terminate this license agreement by giving one month's prior notice to the licensee and repossess the Pillar Signage Licence Area without any compensation to the licensee.
- Licence fee and other charges : (a) The licence fee (exclusive of electricity charges but inclusive of management fee, air-conditioning charge and rates) payable for the whole term is HK\$1,100.00;
- (b) Electricity charges, and ongoing maintenance cost (if any) shall be borne by the licensee during the Licence Period.
- User : To be used for advertising the trade name of the licensee only.

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



- (4) (b) On 29 June 2020, a lease (the “312 Lease”) was entered into between Shahdan as landlord and HPAL as tenant, whereby Shahdan agreed to let to HPAL the premises upon the terms as detailed below:

Premises : Shop 312, 3/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

Term : One year commencing from 2 July 2020 and expiring on 1 July 2021, both days inclusive, or the 7th day(s) from the date of notification by the Landlord or its solicitor that the vacant possession of the Premises is ready for delivery (“Lease Commencement Date”).

Rent and other charges : (a) rent payable on a monthly basis (exclusive of management fee and air-conditioning charges, government rates and promotion contribution) during the term is HK\$157,633.00;

(b) Government rates (subject to Government’s review) is HK\$7,550.00 per month;

(c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK\$33,135.10;

(d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK\$3,152.66 subject to periodic review by Shahdan;

(e) Extra chilled water supply costs may be charged by Shahdan to HPAL for additional chilled water supply required by HPAL which is beyond the specified normal daily chilled water supply hours; and

(f) Licence of certain area at the Premises being obtained by the Tenant from the Landlord at a licence fee of HK\$1.00 (exclusive of management fee and air-conditioning charges, government rates and other outgoings) during the term. Such Licence shall commence and co-terminate on the same date as that of the New Tenancy Agreement.

User : To be used for property agency.

As HPAL is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a holding company of the Company, therefore HPAL is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the 312 Lease constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

- (4) (c) On 25 May 2021, a lease (the “Shops B109–113 Lease”) was entered into between Shahdan as landlord and HPAL as tenant, whereby Shahdan agreed to let to HPAL the premises upon the terms as detailed below:

- Premises : Shops B109–113, B1/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
- Term : One year and nine months and seventeen days, commencing from 15 June 2021 and expiring on 31 March 2023, both days inclusive, or the 7th day(s) from the date of written notification by the Landlord or its solicitor that the vacant possession of the Premises is ready for delivery (“Lease Commencement Date”).
- Rent-free period : No rent shall be payable by the tenant for the initial period of one and a half months starting from and inclusive of the Lease Commencement Date provided that the management fee and air-conditioning charges, government rates and promotion contribution and other outgoings shall still be paid by the tenant during the rent-free period.
- Rent and other charges : (a) rent payable on a monthly basis (exclusive of management fee and air-conditioning charges, government rates and promotion contribution) during the term is HK\$890,000.00;
- (b) Government rates (subject to Government’s review) is HK\$44,500.00 per month;
- (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK\$163,934.80;
- (d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK\$17,800.00 subject to periodic review by Shahdan; and
- (e) Extra chilled water supply costs may be charged by Shahdan to HPAL for additional chilled water supply required by HPAL which is beyond the specified normal daily chilled water supply hours.
- User : To be used for property agency.

HPAL is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Shops B109-113 Lease constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.



- (5) (a) On 6 November 2019, Whirlwind Security Limited (“Whirlwind”), a wholly-owned subsidiary of the Company as consultant entered into a car park consultancy agreement with E. M. Parking Limited (“E. M. Parking”) as service user (the “Agreement”). Details of the terms and conditions are set out as follows:

Services : The consultant shall provide professional consultancy advice and manage and operate all parking spaces from B3 Floor to 6th Mezzanine Floor of H Zentre, 15 Middle Road, Tsimshatsui, Kowloon, Hong Kong (the “Property”) (including all the ramps, drive ways and roadways providing access thereto and egress therefrom) and the Parking Service Centre on 1st Floor (the “Parking Facility”) which are owned by Henderson Land Development Company Limited (“Henderson Land”) and its subsidiaries.

Term : Two years commencing from 1 August 2019 to 31 July 2021 (both days inclusive).

Consideration and payment of Costs-on-Account : The service user shall pay a monthly fee at the rate of 10% of the Direct Operating Expenses (as defined below) (the “Consultancy Fee”) to the consultant as consideration for the provision of services under the Agreement. All costs and expenses relating to the management and operation of the Parking Facility and any other costs and expenses as may be agreed between the parties from time to time (the “Direct Operating Expenses”) shall also be borne by the service user. The costs-on-account deposited by the service user with the consultant quarterly to the consultant’s designated bank account in such amount as may be mutually agreed between the parties for the payment of the Direct Operating Expenses (the “Costs-on-Account”) will be used by the consultant to pay for the Direct Operating Expenses as and when needed. Any remaining Costs-on-Account shall be refunded to the service user by the consultant within fourteen business days after the expiration or sooner determination of the Agreement.

Payment mechanism : The consultant will collect, on behalf of the service user, the revenue from all services or sources derived from or upon the Parking Facility (whether by cash or credit) (the “Gross Revenue”) (including all charges and fees prescribed by the service user for the parking of motor vehicles in the Parking Facility). Thereafter, the consultant will deposit the Gross Revenue actually received by the consultant to the service user’s designated bank account within fourteen business days after its submission of a monthly financial report to the service user. The service user will then deposit the amount of the monthly Consultancy Fee to the consultant’s designated bank account within fourteen business days after submission of the monthly financial report by the consultant.



- Termination : The Agreement may be terminated:
- (i) if the service user or the consultant is in material breach of any of its obligations under the Agreement;
  - (ii) forthwith without notice if either party is unable to pay its debts, make a composition with or general assignment for the benefit of its creditors, has an order made or an effective resolution passed for its winding-up, has possession taken by an encumbrance of, or a receiver appointed over, the whole or any substantial part of its assets or cease to carry on the whole or substantially the whole of its business; or
  - (iii) by either party by serving the other party a three months' advance written notice.

As the service user is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a holding company of the Company, the service user is an associate of Henderson Land and thus a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Agreement constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Such continuing connected transaction has expired on 31 July 2021, and was renewed under the agreement as listed under the following paragraph 5(b).

- (5) (b) On 30 July 2021, Whirlwind as consultant entered into a car park consultancy agreement with E. M. Parking as service user (the "New Agreement"). Details of the terms and conditions are set out as follows:

Services : The consultant shall provide professional consultancy advice and manage and operate all parking spaces from B3 Floor to 6th Mezzanine Floor of H Zentre, 15 Middle Road, Tsimshatsui, Kowloon, Hong Kong (the "Property") (including all the ramps, drive ways and roadways providing access thereto and egress therefrom) and the Parking Service Centre on 1st Floor (the "Parking Facility") which are owned by Henderson Land and its subsidiaries.

Term : Two years commencing from 1 August 2021 to 31 July 2023 (both days inclusive).



- Consideration and payment of Costs-on-Account : The service user shall pay the Consultancy Fee and Incentive Fee (if any) (as defined below) to the consultant as consideration for the provision of services under the New Agreement. All costs and expenses relating to the management and operation of the Parking Facility and any other costs and expenses as may be agreed between the parties from time to time (the "Direct Operating Expenses") shall also be borne by the service user. The costs-on-account deposited by the service user with the consultant quarterly to the consultant's designated bank account in such amount as may be mutually agreed between the parties for the payment of the Direct Operating Expenses (the "Costs-on-Account") will be used by the consultant to pay for the Direct Operating Expenses as and when needed. Any remaining Costs-on-Account shall be refunded to the service user by the consultant within fourteen business days after the expiration or sooner determination of the New Agreement.
- Consultancy Fee : A monthly fee at the rate of 12% of the Direct Operating Expenses.
- Incentive Fee : The incentive fee is calculated as follows:
- (i) where the Monthly Gross Revenue does not exceed HK\$2,000,000.00, incentive fee is 3% on the Monthly Gross Revenue over HK\$1.2 million;
  - (ii) where the Monthly Gross Revenue exceeds HK\$2,000,000.00, incentive fee is HK\$24,000.00 plus 4% on the Monthly Gross Revenue over HK\$2 million;
- provided that the aggregate amount of the Consultancy Fee and Incentive Fee payable to the consultant by the service user in any particular month shall not exceed HK\$90,000.00.
- Payment mechanism : The service user will deposit the amount of the monthly Consultancy Fee and Incentive Fee (if any) to the consultant's designated bank account within fourteen business days after submission of the monthly financial report by the consultant.

- Termination : The Agreement may be terminated:
- (i) if the service user or the consultant is in material breach of any of its obligations under the New Agreement;
  - (ii) forthwith without notice if either party is unable to pay its debts, make a composition with or general assignment for the benefit of its creditors, has an order made or an effective resolution passed for its winding-up, has possession taken by an encumbrance of, or a receiver appointed over, the whole or any substantial part of its assets or cease to carry on the whole or substantially the whole of its business; or
  - (iii) by either party by serving the other party a three months' advance written notice.

The service user is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the New Agreement constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

### **Annual review of Continuing Connected Transactions**

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

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

The independent non-executive directors confirmed the above based mainly on the confirmation offered by the Company's Assistant Director of Audit, Risk & Corporate Services.

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 2021.



## Directors' Interests in Transactions, Arrangements or Contracts

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

## Directors' and Management Emoluments

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

## Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2021 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' Interests in Competing Business

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

1. Dr Lee Ka Shing and Dr Colin Lam Ko Yin are also directors of Henderson Development and Henderson Land which, through their subsidiaries, are also engaged in the businesses of property investment and other related services.
2. Dr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen and Mr Norman Ho Hau Chong are also directors of Hong Kong Ferry (Holdings) Company Limited ("HK Ferry"), the principal activities of this group include property development and property investment.
3. Dr Lee Ka Shing is also treated to have deemed interest in Henderson Development, Henderson Land and HK Ferry by virtue of the Securities and Futures Ordinance, Chapter 571.

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

## Permitted Indemnity Provision

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

## Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 December 2021 amounted to HK\$4,991,597,000 (2020: HK\$4,653,216,000).

## Charitable Donations

Donations made by the Group during the year ended 31 December 2021 amounted to HK\$16,000 (2020: HK\$46,000).

## Investment Properties, Other Property, Plant and Equipment

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

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

During the year ended 31 December 2021, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## Shares Issued and Share Capital

Details of the share capital during the year ended 31 December 2021 are set out in note 22(b) to the financial statements.

## Equity-linked Agreements

For the year ended 31 December 2021, the Company has not entered into any equity-linked agreement, which will or may result in the Company issuing shares.

## Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2021 are set out in note 19 to the financial statements.

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

The Company and its subsidiaries have not issued, during the year ended 31 December 2021, any debt securities, convertible securities or options.



## Borrowing Cost Capitalisation

No borrowing cost was capitalised by the Company and its subsidiaries during the year ended 31 December 2021 (2020: HK\$Nil).

## Public Float

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

## Group's Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 176.

## Group Properties

Particulars of the major properties and property interests of the Group are shown on pages 177 to 178.

## Employees

As at 31 December 2021, the Group had a total of 1,138 full-time employees, including 1,105 employed in Hong Kong, 22 employed in The People's Republic of China and 11 employed in Overseas. The Group is the "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner. The Group develops a performance-driven culture and adopts Total Rewards Management for talent attraction, employee recognition and retention. The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the programme is in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration.

## Training and Development

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

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

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

## Audit Committee

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2021 and discussed with the Assistant Director of Audit, Risk & Corporate Services and independent external auditors regarding matters on auditing, internal control, risk management and financial report of the Group.

## Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming 2022 Annual General Meeting.

## Forward-Looking Statements

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

By Order of the Board

**LEE KA SHING**

*Chairman and CEO*

Hong Kong, 18 March 2022



## **Independent auditor's report to the members of Miramar Hotel and Investment Company, Limited**

*(Incorporated in Hong Kong with limited liability)*

### **Opinion**

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 107 to 175, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### **Basis for opinion**

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

### **Key audit matter**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



## Key audit matter (Continued)

### Valuation of investment properties

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

#### The Key Audit Matter

The fair value of the Group's investment properties as at 31 December 2021 totalled HK\$15.22 billion which represented 72% of the Group's total assets as at that date.

The fair value of the Group's investment properties as at 31 December 2021 was assessed by the board of directors based on valuations prepared by an external firm of surveyors. The net decrease in fair value of investment properties recorded in the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to HK\$112 million.

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

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

#### How the matter was addressed in our audit

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

- obtaining and inspecting the valuation report prepared by the external firm of surveyors engaged by the Group on which the directors' assessment of valuation of investment properties was based;
- assessing the qualifications of the external surveyors and their experience in the properties being valued and considering their objectivity;
- with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with the external surveyors, without the presence of management, their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuations by comparing capitalisation rates and prevailing market rents with available market data; and
- comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external surveyors with underlying contracts and related documentation, on a sample basis.



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

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

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

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

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

## **Responsibilities of the directors for the consolidated financial statements**

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Tak Kei.

### **KPMG**

Certified Public Accountants

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

18 March 2022

## Consolidated statement of profit or loss

for the year ended 31 December 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Revenue</b>	9	<b>1,247,025</b>	1,314,605
Cost of food and beverage		<b>(86,260)</b>	(68,911)
Staff costs	3(a)	<b>(360,558)</b>	(382,991)
Utilities, repairs and maintenance and rent		<b>(103,092)</b>	(91,742)
Tour and ticketing costs		<b>(7,857)</b>	(145,170)
<b>Gross profit</b>		<b>689,258</b>	625,791
Other revenue		<b>55,375</b>	192,235
Operating and other expenses	3(d)	<b>(163,274)</b>	(165,836)
Depreciation	10(a)	<b>(66,511)</b>	(89,806)
		<b>514,848</b>	562,384
Finance costs	3(b)	<b>(2,235)</b>	(3,320)
Share of profits less losses of associates	12	<b>180</b>	202
		<b>512,793</b>	559,266
Net gain on disposal of properties		<b>18,696</b>	–
Other non-operating net gain	3(c)	<b>3,413</b>	1,055
Net decrease in fair value of investment properties	10(a)	<b>(112,143)</b>	(152,016)
<b>Profit before taxation</b>	3	<b>422,759</b>	408,305
<b>Taxation</b>			
Current	4(a)	<b>(90,317)</b>	(91,983)
Deferred	4(a)	<b>3,211</b>	(7,383)
<b>Profit for the year</b>		<b>335,653</b>	308,939
<b>Attributable to:</b>			
Shareholders of the Company		<b>329,958</b>	301,899
Non-controlling interests		<b>5,695</b>	7,040
		<b>335,653</b>	308,939
<b>Earnings per share</b>			
Basic	8(a)	<b>HK\$0.48</b>	HK\$0.44
Diluted	8(a)	<b>HK\$0.48</b>	HK\$0.44

The notes on pages 116 to 175 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 7(a).



## Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
<b>Profit for the year</b>	<b>335,653</b>	308,939
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity securities designated at fair value through other comprehensive income ("FVOCI"):		
– changes in fair value	<b>19,427</b>	1,454
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	<b>20,610</b>	65,615
	<b>40,037</b>	67,069
<b>Total comprehensive income for the year</b>	<b>375,690</b>	376,008
<b>Attributable to:</b>		
Shareholders of the Company	<b>362,708</b>	356,050
Non-controlling interests	<b>12,982</b>	19,958
<b>Total comprehensive income for the year</b>	<b>375,690</b>	376,008

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

The notes on pages 116 to 175 form part of these financial statements.

## Consolidated statement of financial position

at 31 December 2021

	<i>Note</i>	<b>2021</b> HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Investment properties	10(a)	<b>15,219,649</b>	15,293,694
Other property, plant and equipment	10(a)	<b>201,443</b>	244,827
		<b>15,421,092</b>	15,538,521
Interests in associates	12	<b>894</b>	783
Equity securities designated at FVOCI	13	<b>39,840</b>	78,961
Financial assets measured at fair value through profit or loss ("FVPL")	13	–	1,406
Deferred tax assets	21(b)(ii)	<b>16,149</b>	12,267
		<b>15,477,975</b>	15,631,938
<b>Current assets</b>			
Inventories	14	<b>127,654</b>	122,618
Trade and other receivables	15	<b>165,261</b>	175,584
Financial assets measured at FVPL	13	<b>62,399</b>	61,533
Cash and bank balances	16(a)	<b>5,247,852</b>	5,050,300
Tax recoverable	21(a)	<b>896</b>	3,665
		<b>5,604,062</b>	5,413,700
<b>Current liabilities</b>			
Trade and other payables	17	<b>(303,489)</b>	(297,909)
Bank loan	19	–	(2,993)
Rental deposits received	17	<b>(99,306)</b>	(76,729)
Contract liabilities	17	<b>(58,146)</b>	(75,276)
Lease liabilities	18	<b>(39,109)</b>	(42,788)
Tax payable	21(a)	<b>(26,840)</b>	(19,437)
		<b>(526,890)</b>	(515,132)
<b>Net current assets</b>		<b>5,077,172</b>	4,898,568
<b>Total assets less current liabilities</b>		<b>20,555,147</b>	20,530,506

**Consolidated statement of financial position** (Continued)

at 31 December 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Total assets less current liabilities brought forward</b>		<b>20,555,147</b>	20,530,506
<b>Non-current liabilities</b>			
Deferred liabilities	<i>20</i>	<b>(160,008)</b>	(185,402)
Lease liabilities	<i>18</i>	<b>(47,305)</b>	(44,376)
Deferred tax liabilities	<i>21(b)(ii)</i>	<b>(305,648)</b>	(302,571)
		<b>(512,961)</b>	(532,349)
<b>NET ASSETS</b>		<b>20,042,186</b>	19,998,157
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>22(b)</i>	<b>2,227,024</b>	2,227,024
Reserves		<b>17,654,666</b>	17,623,619
<b>Total equity attributable to shareholders of the Company</b>		<b>19,881,690</b>	19,850,643
<b>Non-controlling interests</b>		<b>160,496</b>	147,514
<b>TOTAL EQUITY</b>		<b>20,042,186</b>	19,998,157

Approved and authorised for issue by the board of directors on 18 March 2022.

**LEE KA SHING**  
*Chairman and CEO*

**COLIN LAM KO YIN**  
*Director*

The notes on pages 116 to 175 form part of these financial statements.



## Consolidated statement of changes in equity

for the year ended 31 December 2021

Attributable to shareholders of the Company									
Note	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2020</b>	2,227,024	(92,639)	82,111	304,827	(2,340)	17,362,547	19,881,530	163,976	20,045,506
<b>Changes in equity for 2020:</b>									
Profit for the year	-	-	-	-	-	301,899	301,899	7,040	308,939
Other comprehensive income	-	-	52,697	-	1,454	-	54,151	12,918	67,069
Total comprehensive income	-	-	52,697	-	1,454	301,899	356,050	19,958	376,008
Transfer upon disposal of equity securities designated at FVOCI	13	-	-	-	(12,954)	12,954	-	-	-
Final dividends approved in respect of the previous year	7(b)	-	-	-	-	(234,926)	(234,926)	-	(234,926)
Interim dividends declared in respect of the current year	7(a)	-	-	-	-	(152,011)	(152,011)	-	(152,011)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(36,420)	(36,420)
<b>Balance at 31 December 2020</b>	2,227,024	(92,639)	134,808	304,827	(13,840)	17,290,463	19,850,643	147,514	19,998,157

**Consolidated statement of changes in equity** (Continued)

for the year ended 31 December 2021

	Attributable to shareholders of the Company									
	Note	Share capital	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2021</b>		2,227,024	(92,639)	134,808	304,827	(13,840)	17,290,463	19,850,643	147,514	19,998,157
<b>Changes in equity for 2021:</b>										
Profit for the year		-	-	-	-	-	329,958	329,958	5,695	335,653
Other comprehensive income		-	-	13,323	-	19,427	-	32,750	7,287	40,037
Total comprehensive income		-	-	13,323	-	19,427	329,958	362,708	12,982	375,690
Transfer upon disposal of equity securities designated at FVOCI	13	-	-	-	-	(20,033)	20,033	-	-	-
Final dividends approved in respect of the previous year	7(b)	-	-	-	-	-	(193,469)	(193,469)	-	(193,469)
Interim dividends declared in respect of the current year	7(a)	-	-	-	-	-	(138,192)	(138,192)	-	(138,192)
<b>Balance at 31 December 2021</b>		2,227,024	(92,639)	148,131	304,827	(14,446)	17,308,793	19,881,690	160,496	20,042,186

The notes on pages 116 to 175 form part of these financial statements.

## Consolidated cash flow statement

for the year ended 31 December 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Operating activities</b>			
Profit before taxation		<b>422,759</b>	408,305
Adjustments for:			
Dividend income from listed securities	<i>3(e)</i>	<b>(3,794)</b>	(3,632)
Bank interest income	<i>3(e)</i>	<b>(20,278)</b>	(76,192)
Net gain on disposal of properties		<b>(18,696)</b>	–
Net (gain)/loss on disposal of other property, plant and equipment	<i>3(e)</i>	<b>(12)</b>	909
Loss allowance for trade receivables	<i>3(e)</i>	<b>34</b>	785
Reversal of provision for properties held for resale	<i>3(e)</i>	<b>(86)</b>	(420)
Depreciation	<i>10(a)</i>	<b>66,511</b>	89,806
Finance costs	<i>3(b)</i>	<b>2,235</b>	3,320
Share of profits less losses of associates	<i>12</i>	<b>(180)</b>	(202)
Net realised and unrealised losses on financial assets measured at FVPL	<i>3(c)</i>	<b>(3,413)</b>	(1,055)
Net decrease in fair value of investment properties	<i>10(a)</i>	<b>112,143</b>	152,016
Impairment loss on other property, plant and equipment	<i>3(d)</i>	<b>31,603</b>	34,237
Exchange differences		<b>(6,871)</b>	5,887
<b>Operating profit before changes in working capital</b>		<b>581,955</b>	613,764
(Increase)/decrease in inventories		<b>(1,508)</b>	1,927
Decrease in trade and other receivables		<b>7,527</b>	48,981
Decrease in amounts due from associates		<b>69</b>	2
Decrease in amounts due to associates		<b>(11)</b>	(7)
Increase/(decrease) in trade and other payables		<b>2,616</b>	(99,150)
Increase/(decrease) in rental deposits received		<b>22,577</b>	(12,925)
Decrease in contract liabilities		<b>(17,130)</b>	(106,622)
(Decrease)/increase in deferred liabilities		<b>(25,394)</b>	3,496
Net proceeds/(payments) for purchase and disposal of other financial assets held for trading purposes		<b>20,109</b>	(74)
<b>Cash generated from operations carried forward</b>		<b>590,810</b>	449,392

**Consolidated cash flow statement** (Continued)

for the year ended 31 December 2021

	<b>2021</b>	2020
<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Cash generated from operations brought forward</b>	<b>590,810</b>	449,392
Interest received	<b>23,040</b>	78,010
Interest and other borrowing costs paid	<b>(13)</b>	(345)
Dividends paid	<b>(331,661)</b>	(386,937)
Dividends paid to non-controlling interests	–	(36,420)
Tax paid		
– Hong Kong Profits Tax	<b>(72,453)</b>	(209,049)
– Overseas tax	<b>(7,692)</b>	(5,472)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>202,031</b>	(110,821)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Investing activities</b>		
Payment for purchase of investment properties	<b>(16,231)</b>	(9,835)
Payment for purchase of other property, plant and equipment	<b>(8,021)</b>	(39,649)
Net proceeds for disposal of other financial assets not held for trading purposes	<b>43,970</b>	17,365
Proceeds from disposal of other property, plant and equipment	<b>47</b>	24
Proceeds from disposal of properties	<b>18,879</b>	–
Dividend income received from listed securities	<b>3,794</b>	3,632
Increase in time deposits with maturity more than three months	<b>(1,519,299)</b>	(439,018)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,476,861)</b>	(467,481)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Financing activities</b>		
Proceeds from new bank loans	<i>16(b)</i> –	11,138
Repayment of bank loans	<i>16(b)</i> <b>(2,861)</b>	(11,125)
Repayment of advances from holders of non-controlling interests of subsidiaries	<i>16(b)</i> –	(5,953)
Capital element of lease rentals paid	<i>16(b)</i> <b>(48,392)</b>	(60,882)
Interest element of lease rentals paid	<i>16(b)</i> <b>(2,224)</b>	(2,975)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(53,477)</b>	(69,797)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

## Consolidated cash flow statement (Continued)

for the year ended 31 December 2021

	<i>Note</i>	<b>2021</b>	2020
		<b>HK\$'000</b>	HK\$'000
<b>Net decrease in cash and cash equivalents</b>		<b>(1,328,307)</b>	(648,099)
<b>Cash and cash equivalents at 1 January</b>		<b>4,276,107</b>	4,917,465
<b>Effect of foreign exchange rate changes</b>		<b>6,560</b>	6,741
<b>Cash and cash equivalents at 31 December</b>		<b>2,954,360</b>	4,276,107
<b>Analysis of the balances of cash and cash equivalents at 31 December</b>			
Cash and bank balances	<i>16(a)</i>	<b>5,247,852</b>	5,050,300
Less: Time deposits with maturity more than three months		<b>(2,293,492)</b>	(774,193)
		<b>2,954,360</b>	4,276,107

The notes on pages 116 to 175 form part of these financial statements.



## Notes to the financial statements

### 1 Significant accounting policies

#### (a) Statement of compliance

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

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

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

- investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(h)); and
- financial assets measured at FVPL or designated as FVOCI (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 Group has applied the amendments to HKFRS16, *Covid-19 related rent concessions beyond 30 June 2021*, issued by the HKICPA to these financial statements for the current accounting period.

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS is discussed below:

#### *Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 10(e)). There is no impact on the opening balance of equity at 1 January 2021.

### (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.



## 1 Significant accounting policies (Continued)

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

For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at non-controlling interests' proportionate share of the subsidiary's net identifiable assets. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) or (o) depending on the nature of the liability.

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

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

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

### (e) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. 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)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.



## 1 Significant accounting policies (Continued)

### (e) Associates (continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate (after applying the expected credit loss model to such other long-term interests where applicable (see note 1(k)(i)).

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

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

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

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

### (f) Goodwill

Goodwill represents the excess of:

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

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

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

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



## 1 Significant accounting policies (Continued)

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

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 23(e). These investments are subsequently accounted for as follows, depending on their classification.

#### (i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(u)(v)).
- FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### (ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(u)(iv).

## 1 Significant accounting policies (Continued)

### (h) Investment property

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

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

### (i) Other property, plant and equipment

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

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- hotel property; and
- machinery, furniture, fixtures and equipment including right-of-use assets arising from leases of underlying plant and equipment (see note 1(j)).

Freehold land is stated at cost less impairment losses (see note 1(k)).

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

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

- leasehold land and right-of-use assets are depreciated over the remaining term of the lease;
- freehold land is not depreciated;
- buildings including hotel property situated on leasehold land are depreciated over the unexpired term of the lease; and
- machinery, furniture, fixtures and equipment 4–14 years

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



## 1 Significant accounting policies (Continued)

### (j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(k)(ii)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(h).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 1(g)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## 1 Significant accounting policies (Continued)

### (j) Leased assets (continued)

#### (i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as if negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

The rental income from operating leases is recognised in accordance with note 1(u)(i).

### (k) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, amounts due from associates and loans to associates, which are held for the collection of contractual cashflow which represent solely payments of principle and interest) and lease receivables.

Other financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and unlisted investment fund, are not subject to the ECL assessment.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).



## 1 Significant accounting policies (Continued)

### (k) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments and lease receivables (continued)

Measurement of ECLs (continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

## 1 Significant accounting policies (Continued)

### (k) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments and lease receivables (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.



## 1 Significant accounting policies (Continued)

### (k) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments and lease receivables (continued)

##### Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 90 days past due or the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### (ii) Impairment of other non-current assets

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

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- goodwill; and
- investments in subsidiaries and associates in the Company's statement of financial position.

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

- 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.



## 1 Significant accounting policies (Continued)

### (k) Credit losses and impairment of assets (continued)

#### (ii) Impairment of other non-current assets (continued)

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

#### (iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill 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.

### (l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.



## 1 Significant accounting policies (Continued)

### (l) Inventories (continued)

#### (i) Consumable stores

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

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

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

#### (ii) Property development

Properties held for resale are carried at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. 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. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

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.

### (m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(k)(i)).

### (n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(w)).

## 1 Significant accounting policies (Continued)

### (o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### (p) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(m)).

### (q) 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. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(k)(i).

### (r) Employee benefits

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.

### (s) Income tax

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

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

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



## 1 Significant accounting policies (Continued)

### (s) Income tax (continued)

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

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

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

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

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

## 1 Significant accounting policies (Continued)

### (s) Income tax (continued)

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.

### (t) Provisions and contingent liabilities and onerous contracts

#### (i) Provisions and contingent liabilities

Provisions are recognised when the Group 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.



## 1 Significant accounting policies (Continued)

### (t) Provisions and contingent liabilities and onerous contracts (continued)

#### (ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

### (u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are 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. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Building management fee and air-conditioning charges are recognised when relevant services are provided.

- (ii) Revenue arising from the sale of properties held for resale is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(p)).
- (iii) Income from hotel, food and beverage, travel operations and management services is recognised when the relevant services are provided.
- (iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

## 1 Significant accounting policies (Continued)

### (u) Revenue and other income (continued)

- (v) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(k)(i)).
- (vi) Government subsidies are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Subsidies that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

### (v) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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.

### (w) Borrowing costs

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



## 1 Significant accounting policies (Continued)

### (x) Related parties

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

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

### (y) 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.



## 1 Significant accounting policies (Continued)

### (y) Segment reporting (continued)

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 judgements on valuation of investment properties.

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

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

## 3 Profit before taxation

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

	2021 HK\$'000	2020 HK\$'000
<b>(a) Staff costs</b>		
Contributions to defined contribution retirement plan	15,026	17,574
Salaries, wages and other benefits	345,532	365,417
	<u>360,558</u>	<u>382,991</u>

The Group's Hong Kong employees participate in a defined contribution provident fund scheme as defined in the Occupational Retirement Schemes Ordinance (Cap. 426) (the "ORSO Scheme") or in another defined contribution scheme registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) ("MPFO") (the "MPF Scheme").

Contributions to the ORSO Scheme are made by the participating employers ranging from 5%–11% of, and by the employees at 5%–11% of the employees' basic monthly salaries. The portion of employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

**3 Profit before taxation** (Continued)

No employees of the Group were eligible to join the ORSO Scheme on or after 1 December 2000.

The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Scheme. The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions.

The total amount so utilised for the year ended 31 December 2021 was HK\$768,000 (2020: HK\$292,000) and the balance available to be utilised as at 31 December 2021 was HK\$0 (as at 31 December 2020: HK\$534,000).

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>(b) Finance costs</b>		
Interest on bank loan	11	23
Interest on amounts due to holders of non-controlling interests of a subsidiary	–	322
Interest on lease liabilities ( <i>note 16(b)</i> )	<b>2,224</b>	2,975
	<b>2,235</b>	3,320
<b>(c) Other non-operating net gain</b>		
Net realised and unrealised gains on financial assets measured at FVPL	<b>(3,413)</b>	(1,055)
<b>(d) Operating and other expenses</b>		
Advertising and promotion expenses	<b>18,864</b>	22,490
Commission and agency fee	<b>15,710</b>	13,679
Cleaning expenses	<b>25,526</b>	23,292
Credit card commission fee	<b>6,927</b>	5,842
Impairment loss on other property, plant and equipment ( <i>note 10(f)</i> )	<b>31,603</b>	34,237
Legal and professional fee	<b>16,968</b>	17,205
Others	<b>47,676</b>	49,091
	<b>163,274</b>	165,836

### 3 Profit before taxation (Continued)

	2021 HK\$'000	2020 HK\$'000
<b>(e) Others</b>		
Auditors' remuneration	3,329	3,297
Net foreign exchange (gain)/loss	(7,235)	2,657
Net (gain)/loss on disposal of other property, plant and equipment	(12)	909
Rentals receivable from investment properties less direct outgoings of HK\$40,684,000 (2020: HK\$39,836,000)	(696,101)	(688,257)
Other rental income less direct outgoings of HK\$7,489,000 (2020: HK\$6,785,000)	(70,223)	(84,518)
Dividend income from listed securities	(3,794)	(3,632)
Bank interest income	(20,278)	(76,192)
Loss allowance for trade receivables	34	785
Reversal of provision for properties held for resale	(86)	(420)
Government subsidies ( <i>Note</i> )	(8,010)	(83,510)
Depreciation charge of other properties leased for own use ( <i>note</i> <i>10(a)</i> )	36,044	50,257
	<hr/>	<hr/>

*Note:* Being the subsidies received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region and which are included in "other revenue" during the current and prior years.

### 4 Taxation in the consolidated statement of profit or loss

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

	2021 HK\$'000	2020 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	84,616	85,229
(Over)/under – provision in respect of prior years	(813)	182
	<hr/>	<hr/>
	83,803	85,411
<b>Current tax – Taxation outside Hong Kong</b>		
Provision for the year	6,514	6,572
	<hr/>	<hr/>
	90,317	91,983
	<hr/>	<hr/>

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Deferred tax</b>		
Change in fair value of investment properties	<b>(171)</b>	45
Origination and reversal of temporary differences	<b>(3,040)</b>	7,338
	<b>(3,211)</b>	7,383
	<b>87,106</b>	99,366

Provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

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

Share of associates' taxation for the year ended 31 December 2021 of HK\$27,000 (2020: HK\$23,000) is included in the share of profits less losses of associates.

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>422,759</b>	408,305
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	<b>69,092</b>	67,405
Tax effect of non-deductible expenses	<b>26,797</b>	38,669
Tax effect of non-taxable income	<b>(16,547)</b>	(34,729)
Tax effect of unused tax losses not recognised in the year	<b>12,293</b>	29,456
Tax effect of tax losses not recognised in prior years utilised this year	<b>(3,716)</b>	(1,617)
(Over)/under-provision in prior years	<b>(813)</b>	182
Actual tax expense	<b>87,106</b>	99,366

## 5 Directors' emoluments

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

	2021				
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Dr Lee Ka Shing	100	–	–	–	100
Mr Richard Tang Yat Sun	100	–	–	–	100
Dr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
<b>Non-executive directors</b>					
Dr Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
<b>Independent non-executive directors</b>					
Dr David Sin Wai Kin	350	–	–	–	350
Mr Wu King Cheong	350	–	–	–	350
Dr Timpson Chung Shui Ming	350	–	–	–	350
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
Mr Alexander Au Siu Kee	50	–	–	–	50
	<b>2,150</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,150</b>

**5 Directors' emoluments** (Continued)

	2020				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive directors</b>					
Dr Lee Ka Shing	100	–	–	–	100
Mr Richard Tang Yat Sun	100	–	–	–	100
Dr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
<b>Non-executive directors</b>					
Dr Patrick Fung Yuk Bun	300	–	–	–	300
Mr Dominic Cheng Ka On	300	–	–	–	300
<b>Independent non-executive directors</b>					
Dr David Sin Wai Kin	350	–	–	–	350
Mr Wu King Cheong	350	–	–	–	350
Dr Timpson Chung Shui Ming	350	–	–	–	350
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Bui	50	–	–	–	50
Mr Alexander Au Siu Kee (re-designated from non-executive director to independent non-executive director with effective from 1 December 2020)	50	–	–	–	50
	2,150	–	–	–	2,150

## 6 Emoluments of five highest paid individuals and senior management

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

No directors of the Company were included in the five individuals with the highest emoluments (2020: Nil). The aggregate of the emoluments in respect of the five (2020: five) individuals are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and benefits in kind	14,152	13,829
Discretionary bonuses	3,849	5,293
Retirement scheme contributions	625	550
	<u>18,626</u>	<u>19,672</u>

The emoluments of the five (2020: five) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2021	2020
<b>Emolument band*</b>		
HK\$0–HK\$1,000,000	–	–
HK\$1,000,001–HK\$2,000,000	–	–
HK\$2,000,001–HK\$3,000,000	1	–
HK\$3,000,001–HK\$4,000,000	3	3
HK\$4,000,001–HK\$5,000,000	1	2
	<u>5</u>	<u>5</u>

### (b) Emoluments of senior management

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

	Number of individuals	
	2021	2020
<b>Emolument band*</b>		
HK\$0–HK\$1,000,000	8	4
HK\$1,000,001–HK\$2,000,000	1	3
HK\$2,000,001–HK\$3,000,000	2	–
HK\$3,000,001–HK\$4,000,000	–	1
	<u>11</u>	<u>8</u>

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



## 7 Dividends

### (a) Dividends attributable to the year

	2021 HK\$'000	2020 HK\$'000
Interim dividend declared and paid of HK20 cents per share (2020: HK22 cents per share)	<b>138,192</b>	152,011
Final dividend proposed after the end of the reporting period of HK26 cents per share (2020: HK28 cents per share)	<b>179,649</b>	193,469
	<b>317,841</b>	345,480

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

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

	2021 HK\$'000	2020 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK28 cents per share (2020: HK34 cents per share)	<b>193,469</b>	234,926



## 8 Earnings per share

### (a) Basic and diluted earnings per share

For the year ended 31 December 2021, the calculation of earnings per share of HK\$0.48 (2020: HK\$0.44) is based on the profit attributable to shareholders of the Company of HK\$329,958,000 (2020: HK\$301,899,000) and 690,959,695 shares (2020: 690,959,695 shares) in issue during the year.

There were no potential ordinary shares in existence during the current and prior years, hence diluted earnings per share is the same as the basic earnings per share.

### (b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, underlying earnings per share is additionally calculated based on the profit attributable to shareholders of the Company after excluding the effects of changes in fair value of investment properties and other non-recurring items. A reconciliation of profit is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company	<b>329,958</b>	301,899
Changes in fair value of investment properties during the year	<b>112,143</b>	152,016
Effect of deferred tax on changes in fair value of investment properties	<b>(171)</b>	45
Net gain on disposal of properties	<b>(18,696)</b>	–
	<hr/>	<hr/>
Underlying profit attributable to shareholders of the Company	<b>423,234</b>	453,960
	<hr/>	<hr/>
Underlying earnings per share	<b>HK\$0.61</b>	HK\$ 0.66



## 9 Revenue and segment reporting

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

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

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

## 9 Revenue and segment reporting (Continued)

### (a) Segment results

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

Information regarding the Group’s reportable segments as provided to the Group’s board and senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

	2021					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	
<b>Reportable segment revenue (revenue from external customers) (Note)</b>	<b>814,497</b>	<b>286,243</b>	<b>132,813</b>	<b>13,472</b>	<b>–</b>	<b>1,247,025</b>
<b>Reportable segment results (adjusted EBITDA)</b>	<b>697,003</b>	<b>4,635</b>	<b>(10,759)</b>	<b>(23,288)</b>	<b>(344)</b>	<b>667,247</b>
Unallocated net corporate expenses						<b>(152,399)</b>
						<b>514,848</b>
Finance costs						<b>(2,235)</b>
Net gain on disposal of properties						<b>18,696</b>
Share of profits less losses of associates						<b>180</b>
Other non-operating net gain						<b>3,413</b>
Net decrease in fair value of investment properties	<b>(112,143)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(112,143)</b>
<b>Consolidated profit before taxation</b>						<b>422,759</b>

**9 Revenue and segment reporting** (Continued)**(a) Segment results** (continued)

	2020					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	
<b>Reportable segment revenue (revenue from external customers) (Note)</b>	819,396	201,845	119,695	173,669	–	1,314,605
<b>Reportable segment results (adjusted EBITDA)</b>	712,989	(5,315)	(11,508)	(23,084)	(1,220)	671,862
Unallocated net corporate expenses						(109,478)
						562,384
Finance costs						(3,320)
Share of profits less losses of associates						202
Other non-operating net gain						1,055
Net decrease in fair value of investment properties	(152,016)	–	–	–	–	(152,016)
<b>Consolidated profit before taxation</b>						<u>408,305</u>

*Note:* Except for property rental income of HK\$814,497,000 (2020: HK\$819,396,000) which falls within the scope of HKFRS 16 Leases, all of the remaining revenue from contracts with customers falls within the scope of HKFRS 15, *Revenue from contracts with customers*.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that it does not disclose the i) aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, and ii) information about when the Group expects to recognise as revenue, as the Group's contracts with customers generally have an original expected duration of one year or less.

**(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's non-current assets other than financial instruments and deferred tax assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the asset, in case of interests in associates, the location of operations.

## 9 Revenue and segment reporting (Continued)

### (b) Geographical information (continued)

	Revenue from external customers		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
The Hong Kong Special Administrative Region	1,178,953	1,255,930	14,639,795	14,755,967
The PRC	68,072	58,675	745,643	726,286
The United Kingdom	–	–	36,548	57,051
	<b>1,247,025</b>	1,314,605	<b>15,421,986</b>	15,539,304

## 10 Investment properties, other property, plant and equipment

### (a) Reconciliation of carrying amount

	Other property, plant and equipment						Total HK\$'000
	Investment properties HK\$'000	Hotel HK\$'000	Land and buildings <sup>^</sup> HK\$'000	Other properties leased for own use carried at cost HK\$'000	Others* HK\$'000	Sub-total HK\$'000	
<b>Cost or valuation:</b>							
At 1 January 2021	15,293,694	140,221	63,895	191,290	1,506,313	1,901,719	17,195,413
Additions	9,789	–	30	47,643	15,995	63,668	73,457
Disposals	–	–	(332)	(3,992)	(29,589)	(33,913)	(33,913)
Exchange adjustments	19,273	–	15	–	756	771	20,044
Deficit on revaluation	(112,143)	–	–	–	–	–	(112,143)
Reclassification	9,036	–	–	–	(9,036)	(9,036)	–
At 31 December 2021	15,219,649	140,221	63,608	234,941	1,484,439	1,923,209	17,142,858
<b>Representing:</b>							
Cost	–	140,221	63,608	234,941	1,484,439	1,923,209	1,923,209
Valuation–2021	15,219,649	–	–	–	–	–	15,219,649
	15,219,649	140,221	63,608	234,941	1,484,439	1,923,209	17,142,858
<b>Accumulated depreciation:</b>							
At 1 January 2021	–	105,150	5,460	127,356	1,418,926	1,656,892	1,656,892
Charge for the year	–	1,917	65	36,044	28,485	66,511	66,511
Impairment loss	–	–	20,519	11,084	–	31,603	31,603
Written back on disposals	–	–	(162)	(3,992)	(29,554)	(33,708)	(33,708)
Exchange adjustments	–	–	–	–	468	468	468
At 31 December 2021	–	107,067	25,882	170,492	1,418,325	1,721,766	1,721,766
<b>Carrying amount:</b>							
At 31 December 2021	15,219,649	33,154	37,726	64,449	66,114	201,443	15,421,092

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

<sup>^</sup> Land and buildings comprise leasehold land, freehold land and buildings held for own use.

**10 Investment properties, other property, plant and equipment** (Continued)**(a) Reconciliation of carrying amount** (continued)

	Other property, plant and equipment						
	Investment properties HK\$'000	Hotel HK\$'000	Land and buildings <sup>^</sup> HK\$'000	Other properties leased for own use carried at cost HK\$'000	Others* HK\$'000	Sub-total HK\$'000	Total HK\$'000
<b>Cost or valuation:</b>							
At 1 January 2020	15,371,179	140,221	60,732	205,274	1,506,661	1,912,888	17,284,067
Additions	6,957	–	1,304	2,130	29,220	32,654	39,611
Disposals	–	–	–	(16,114)	(10,170)	(26,284)	(26,284)
Exchange adjustments	46,700	–	1,859	–	1,476	3,335	50,035
Deficit on revaluation	(152,016)	–	–	–	–	–	(152,016)
Reclassification	20,874	–	–	–	(20,874)	(20,874)	–
At 31 December 2020	15,293,694	140,221	63,895	191,290	1,506,313	1,901,719	17,195,413
<b>Representing:</b>							
Cost	–	140,221	63,895	191,290	1,506,313	1,901,719	1,901,719
Valuation–2020	15,293,694	–	–	–	–	–	15,293,694
	15,293,694	140,221	63,895	191,290	1,506,313	1,901,719	17,195,413
<b>Accumulated depreciation:</b>							
At 1 January 2020	–	103,233	5,407	57,707	1,386,802	1,553,149	1,553,149
Charge for the year	–	1,917	53	50,257	37,579	89,806	89,806
Impairment loss	–	–	–	30,984	3,253	34,237	34,237
Written back on disposals	–	–	–	(11,592)	(9,966)	(21,558)	(21,558)
Exchange adjustments	–	–	–	–	1,258	1,258	1,258
At 31 December 2020	–	105,150	5,460	127,356	1,418,926	1,656,892	1,656,892
<b>Carrying amount:</b>							
At 31 December 2020	15,293,694	35,071	58,435	63,934	87,387	244,827	15,538,521

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

<sup>^</sup> Land and buildings comprise leasehold land, freehold land and buildings held for own use.

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

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

#### (i) Fair value hierarchy

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

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

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

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2021 and 2020. The valuations were carried out by a firm of surveyors, Cushman & Wakefield Limited, 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 external surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

**10 Investment properties, other property, plant and equipment** (Continued)**(b) Fair value measurement of investment properties** (continued)*(ii) Information about Level 3 fair value measurements*

	<b>Valuation techniques</b>	<b>Unobservable inputs Range of capitalisation rates</b>
Investment properties	Income capitalisation approach	
In Hong Kong		
– Retail		2.8% to 6.0% (2020: 3.0% to 6.0%)
– Office		4.1% (2020: 4.1%)
In the PRC		
– Retail		8.5% (2020: 8.5%)
– Serviced apartment		7.0% (2020: 7.0%)

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

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

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

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

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

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

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Land and buildings in Hong Kong:		
– long leases	<b>145</b>	145
– medium term leases	<b>14,617,559</b>	14,707,454
Land and buildings outside Hong Kong:		
– medium term leases	<b>748,707</b>	733,160
– freehold	<b>57,067</b>	57,051
	<b>15,423,478</b>	15,497,810



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

- (d) The Group leases out properties under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenant's sales receipts. Future minimum lease income under non-cancellable operating leases is disclosed in note 25.

The total variable lease income recognised in the consolidated statement of profit or loss for the year are HK\$9,809,000 (2020: HK\$6,392,000).

### (e) Right-of-use assets

The Group has obtained the right to use other properties as its operating outlets through tenancy agreements. 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.

The Group leased a number of operating outlets which contain variable lease payment terms that are based on sales generated from the operating outlets and minimum annual lease payment terms that are fixed. These payment terms are common in operating outlets in Hong Kong where the Group operates. During the year, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amounts of fixed and variable lease payments and COVID-19 rent concessions for the year are summarised below:

	<b>Year ended 31 December 2021</b>		
	<b>Fixed payments HK\$'000</b>	<b>Variable payments HK\$'000</b>	<b>COVID-19 rent concessions HK\$'000</b>
Operating outlets	<b>927</b>	<b>505</b>	<b>(10,384)</b>
	<b>Year ended 31 December 2020</b>		
	<b>Fixed payments HK\$'000</b>	<b>Variable payments HK\$'000</b>	<b>COVID-19 rent concessions HK\$'000</b>
Operating outlets	4,001	132	(14,274)

As disclosed in note 1(c), the Group has adopted the Amendment to HKFRS 16 and has applied the practical expedient to all eligible rent concessions received by the Group.



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

### (f) Impairment loss on other property, plant and equipment

Indicators of impairment are identified in certain hotel, food and beverage outlets, travel branches and a freehold land for which each hotel/outlet/travel segment/land is identified as a single cash-generating unit ("CGU").

During the year, in view of the loss sustained by certain hotel, food and beverage outlets and travel segment and decline in valuation of a freehold land due to COVID-19, management considered indicators of impairment of other property, plant and equipment associated with these CGUs existed at 31 December 2021 and performed an impairment assessment thereon. Based on the impairment assessment conducted by management, impairment losses of HK\$31,603,000 (2020: HK\$34,237,000) were recognised in profit or loss during the year ended 31 December 2021. The aggregate recoverable amounts of certain food and beverage outlets, a hotel and a freehold land amounted to HK\$51,650,000, HK\$28,574,000 and HK\$36,548,000, respectively. Apart from the above, the recoverable amounts of the remaining impaired other property, plant and equipment of the remaining food and beverage outlet and the travel segment were minimal.

The recoverable amount is determined based on the higher of value-in-use and the fair value less costs of disposal. For certain hotel, food and beverage outlets and travel branches, the estimate of recoverable amounts were based on value-in-use calculations by adopting discounted cash flow forecast of each CGU with pre-tax discounted rate of 6.5% (2020: 5.5%) per annum. For the freehold land, the estimate of recoverable amount were based on its fair value less costs of disposal with capitalisation rate of 9%.

## 11 Investments in subsidiaries

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

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

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			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
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

## 11 Investments in subsidiaries (Continued)

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
YMT Travel Limited	Hong Kong	Hong Kong	HK\$3,500,000	53.8%	–	100%	Travel agency
Merry King Resources Limited	Hong Kong	Hong Kong	HK\$1,000	100%	–	100%	Restaurant operation
Mira Moon Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Hotel operation
Miramar East Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	–	100%	Property rental
Miramar Finance Limited	Hong Kong	Hong Kong	HK\$100,000	100%	100%	–	Finance
Miramar Hotel and Property Management Company Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Property management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK\$10,000,000	100%	100%	–	Travel agency
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Hotel management
Miramar Travel Limited	Hong Kong	Hong Kong	HK\$13,000,000	53.8%	53.8%	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	–	Property rental
Randall Resources Limited	Hong Kong	The PRC	HK\$100	100%	–	100%	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK\$200,000	100%	100%	–	Property rental
Smart Faith Investments Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	–	Restaurant operation
Strong Profit Resources Limited	Hong Kong	The PRC	HK\$10,000	70%	–	100%	Property rental and sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK\$500,000	100%	100%	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	–	Property rental
World Eagle Resources Limited	Hong Kong	Hong Kong	HK\$2	100%	–	100%	Restaurant operation
美利物業管理(上海)有限公司*	The PRC	The PRC	US\$5,000,000	100%	–	100%	Property rental and management
上海恒美酒店管理有限公司*	The PRC	The PRC	US\$200,000	100%	–	100%	Hotel management
上海上美置業有限公司 Shanghai Shangmei Property Co. Limited.**	The PRC	The PRC	US\$13,000,000	51.4%	–	68.6%	Property rental

\* Companies not audited by KPMG

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

**12 Interests in associates**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>18,339</b>	18,159
Amounts due from associates	<b>637</b>	706
Loans to associates	<b>25,940</b>	25,940
	<b>44,916</b>	44,805
Less: Impairment loss	<b>(44,022)</b>	(44,022)
	<b>894</b>	783

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

\* Not audited by KPMG

Aggregate information of associates that are not individually material:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<b>894</b>	783
Aggregate amounts of the Group's share of those associates'		
– Profit from continuing operations	<b>180</b>	202
– Total comprehensive income	<b>180</b>	202

### 13 Other financial assets

	2021 HK\$'000	2020 HK\$'000
<b>Non-current</b>		
<i>Equity securities designated at FVOCI (note)</i>		
Listed equity securities in Hong Kong	39,840	70,064
Listed equity securities outside Hong Kong	–	8,897
	<b>39,840</b>	78,961
<i>Financial assets measured at FVPL</i>		
Listed securities outside Hong Kong	–	1,406
	<b>39,840</b>	80,367
<b>Sub-total</b>	<b>39,840</b>	80,367
<b>Current</b>		
<i>Financial assets measured at FVPL</i>		
Listed equity securities in Hong Kong	955	6,104
Unlisted investment fund	61,444	55,429
	<b>62,399</b>	61,533
<b>Sub-total</b>	<b>62,399</b>	61,533
<b>Total</b>	<b>102,239</b>	141,900
Market value of listed equity securities	<b>40,795</b>	86,471

Note: The Group designated the following equity securities at FVOCI at 1 January 2018 or acquisition date as they are held for strategic purposes and the fair value of each investment at 31 December 2021 is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>Equity securities classified as financial assets designated at FVOCI</b>		
China Construction Bank Corporation	16,200	17,670
China Everbright International Limited	11,581	8,103
Bank of China Limited	5,620	5,300
Alibaba Group Holding Limited	3,567	–
Fosun International Limited	1,682	2,436
SH Electric	1,190	–
HKT Trust and HKT Limited	–	12,072
Tencent Holdings	–	11,280
SHS China Resources Power Holding Ltd	–	8,350
Facebook	–	5,930
China Literature	–	3,042
Visa	–	2,968
Zhongan online	–	1,810
	<b>39,840</b>	78,961
<b>At 31 December</b>	<b>39,840</b>	78,961

Dividends received from these investments during the year of HK\$3,482,000 (2020: HK\$3,324,000) were recognised in profit or loss. During the year, the Group disposed several equity investments at a total consideration of HK\$64,110,000 for strategic purpose (2020: HK\$17,365,000) and the gain previously accumulated in the investment revaluation reserve (non-recycling) in other comprehensive income of HK\$20,033,000 (2020: HK\$12,954,000) is transferred to retained profits.

**14 Inventories**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Consumable stores	<b>9,971</b>	8,378
Properties held for resale	<b>117,683</b>	114,240
	<b>127,654</b>	122,618

**15 Trade and other receivables**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>54,222</b>	56,097
Less: loss allowance ( <i>note 23(a)</i> )	<b>(7,598)</b>	(9,856)
	<b>46,624</b>	46,241
Other receivables, deposits and prepayments	<b>118,637</b>	129,343
	<b>165,261</b>	175,584

At 31 December 2021 and 2020, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK\$8,686,000 (2020: HK\$9,365,000) which is expected to be recovered after one year.

Included in trade and other receivables are trade debtors (net of loss allowance) with the following ageing analysis, based on the invoice date (or date of revenue recognition, if earlier), as at the end of the reporting period:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within 1 month	<b>18,740</b>	14,635
1 month to 2 months	<b>3,851</b>	4,503
Over 2 months	<b>24,033</b>	27,103
	<b>46,624</b>	46,241

The Group's credit policy and credit risk arising from trade receivables are set out in note 23(a).

## 16 Cash and bank balances and other cash flow information

### (a) Cash and bank balances

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Deposits with banks and other financial institutions	<b>5,056,538</b>	4,854,066
Cash at bank and in hand	<b>191,314</b>	196,234
	<b>5,247,852</b>	5,050,300

Cash and bank balances at 31 December 2021 include HK\$87,291,000 equivalent (2020: HK\$69,738,000 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.

**16 Cash and bank balances and other cash flow information** (Continued)**(b) Reconciliation of liabilities arising from financing activities**

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

	<b>Lease liabilities HK\$'000 (note 18)</b>	<b>Bank loan HK\$'000 (note 19)</b>	<b>Amounts due to holders of non-controlling interests of subsidiaries HK\$'000 (note 17)</b>	<b>Total HK\$'000</b>
<b>At 1 January 2020</b>	149,709	2,727	78,547	230,983
<b>Changes from financing cash flows:</b>				
Repayment of advances from holders of non-controlling interests of subsidiaries	–	–	(5,953)	(5,953)
Capital element of lease rentals paid	(60,882)	–	–	(60,882)
Interest element of lease rentals paid	(2,975)	–	–	(2,975)
Proceeds from new bank loans	–	11,138	–	11,138
Repayment of bank loans	–	(11,125)	–	(11,125)
Total changes from financing cash flows	(63,857)	13	(5,953)	(69,797)
<b>Exchange adjustments</b>	–	253	(119)	134
<b>Other changes</b>				
Interest on lease liabilities (note 3(b))	2,975	–	–	2,975
Increase in liabilities from entering into new leases during the year	2,130	–	–	2,130
Decrease in lease liabilities from early termination of lease during the year	(200)	–	–	(200)
Decrease in lease liabilities from lease modification during the year	(3,593)	–	–	(3,593)
<b>At 31 December 2020</b>	87,164	2,993	72,475	162,632



**16 Cash and bank balances and other cash flow information** (Continued)**(b) Reconciliation of liabilities arising from financing activities** (continued)

	<b>Lease liabilities HK\$'000 (note 18)</b>	<b>Bank loan HK\$'000 (note 19)</b>	<b>Amounts due to holders of non-controlling interests of subsidiaries HK\$'000 (note 17)</b>	<b>Total HK\$'000</b>
<b>At 1 January 2021</b>	87,164	2,993	72,475	162,632
<b>Changes from financing cash flows:</b>				
Capital element of lease rentals paid	(48,392)	–	–	(48,392)
Interest element of lease rentals paid	(2,224)	–	–	(2,224)
Repayment of bank loans	–	(2,861)	–	(2,861)
Total changes from financing cash flows	(50,616)	(2,861)	–	(53,477)
<b>Exchange adjustments</b>	–	(132)	147	15
<b>Other changes</b>				
Interest on lease liabilities (note 3(b))	2,224	–	–	2,224
Increase in liabilities from entering into new leases during the year	47,642	–	–	47,642
<b>At 31 December 2021</b>	86,414	–	72,622	159,036

**(c) Total cash outflow for leases**

Amounts included in the cash flow statement for leases related to lease rental paid comprise the following:

	<b>2021 HK\$'000</b>	2020 HK\$'000
Within operating cash flows	<b>(1,432)</b>	(4,133)
Within financing cash flows	<b>(50,616)</b>	(63,857)
	<b>(52,048)</b>	(67,990)



## 17 Trade and other payables, rental deposits received and contract liabilities

	2021 HK\$'000	2020 HK\$'000
<b>Trade and other payables</b>		
Trade payables	24,945	33,274
Other payables and accrued charges	201,644	187,871
Amounts due to holders of non-controlling interests of subsidiaries (see note (i))	72,622	72,475
Amounts due to associates (note (ii))	4,278	4,289
	<u>303,489</u>	<u>297,909</u>
<b>Rental deposits received</b>	<u>99,306</u>	76,729
<b>Contract liabilities (note (iii))</b>	<u>58,146</u>	75,276

Notes:

- (i) Amounts due to the holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Amounts due to associates are unsecured, interest-free and repayable on demand.
- (iii) The revenue recognised during the year included in the contract liabilities balance at the beginning of the year amounted to HK\$75,276,000 (2020: HK\$181,898,000).

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

Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as at the end of the reporting period:

	2021 HK\$'000	2020 HK\$'000
Due within 3 months or on demand	15,374	2,356
Due after 3 months but within 6 months	9,571	30,918
	<u>24,945</u>	<u>33,274</u>

## 18 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2021		2020	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	39,109	40,743	42,788	44,402
After 1 year but within 2 years	30,271	31,067	23,835	24,619
After 2 years but within 5 years	17,034	17,278	20,541	20,923
	<b>47,305</b>	<b>48,345</b>	44,376	45,542
	<b>86,414</b>	<b>89,088</b>	87,164	89,944
Less: total future interest expenses		(2,674)		(2,780)
Present value of lease liabilities		<b>86,414</b>		87,164

## 19 Bank loan

At 31 December 2021, the bank loan was secured as follows:

	2021 HK\$'000	2020 HK\$'000
Secured bank loan	—	2,993

Bank loan at 31 December 2020 was charged at prevailing market rates and fully repaid during the year.

The effective interest rate per annum on bank loan was 0.8% for the year ended 31 December 2020.

At 31 December 2021, banking facilities of HK\$388,097,000 (2020: HK\$387,640,000) were secured by the Group's investment in listed equity securities with an aggregate carrying value of HK\$39,840,000 (2020: HK\$80,367,000). None of these facilities were utilised as at 31 December 2021 (2020: banking facilities of HK\$2,993,000 were utilised).



## 20 Deferred liabilities

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

## 21 Taxation in the consolidated statement of financial position

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

	2021 HK\$'000	2020 HK\$'000
Provision for Hong Kong Profits Tax for the year	84,616	85,229
Provisional Hong Kong Profits Tax paid	<u>(61,254)</u>	<u>(73,208)</u>
	23,362	12,021
Balance of Hong Kong Profits Tax provision relating to prior years	227	227
Overseas tax payable	<u>2,355</u>	<u>3,524</u>
	<u>25,944</u>	<u>15,772</u>
<b>Representing:</b>		
Tax recoverable	(896)	(3,665)
Tax payable	<u>26,840</u>	<u>19,437</u>
	<u>25,944</u>	<u>15,772</u>

## 21 Taxation in the consolidated statement of financial position (Continued)

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

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

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

	<b>Depreciation allowances in excess of related depreciation HK\$'000</b>	<b>Revaluation of properties HK\$'000</b>	<b>Future benefit of tax loss HK\$'000</b>	<b>Total HK\$'000</b>
<b>Deferred tax arising from:</b>				
At 1 January 2020	203,703	74,464	(2,868)	275,299
Charged to profit or loss	13,831	45	(6,493)	7,383
Exchange adjustments	2,578	5,044	–	7,622
<hr/>				
At 31 December 2020 and 1 January 2021	220,112	79,553	(9,361)	290,304
Charged to profit or loss	8,238	(171)	(11,278)	(3,211)
Exchange adjustments	312	2,094	–	2,406
<hr/>				
At 31 December 2021	228,662	81,476	(20,639)	289,499

#### (ii) Reconciliation to the consolidated statement of financial position

	<b>2021 HK\$'000</b>	2020 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>(16,149)</b>	(12,267)
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>305,648</b>	302,571
	<hr/> <b>289,499</b>	<hr/> 290,304

### (c) Deferred tax assets/liabilities not recognised

The Group has not recognised deferred tax assets of HK\$95,122,000 (2020: HK\$106,647,000) in respect of accumulated tax losses of HK\$572,180,000 (2020: HK\$628,614,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2021.

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.

**21 Taxation in the consolidated statement of financial position** (Continued)**(c) Deferred tax assets/liabilities not recognised** (continued)

At 31 December 2021, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to HK\$95,207,000 (2020: HK\$76,059,000). Deferred tax liabilities of HK\$4,760,000 (2020: HK\$3,803,000) have not been recognised in respect of tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and the directors are of the opinion that the profits will not be distributed in the foreseeable future.

**22 Total equity****(a) Movements in components of equity**

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

*The Company*

	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>Balance at 1 January 2020</b>	2,227,024	1,019,874	300,000	3,687,634	7,234,532
<b>Changes in equity for 2020:</b>					
Profit and total comprehensive income for the year	–	–	–	1,052,519	1,052,519
Final dividends approved in respect of the previous year ( <i>note 7(b)</i> )	–	–	–	(234,926)	(234,926)
Interim dividends declared in respect of the current year ( <i>note 7(a)</i> )	–	–	–	(152,011)	(152,011)
<b>Balance at 31 December 2020</b>	<u>2,227,024</u>	<u>1,019,874</u>	<u>300,000</u>	<u>4,353,216</u>	<u>7,900,114</u>

## 22 Total equity (Continued)

### (a) Movements in components of equity (continued)

*The Company (continued)*

	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>Balance at 1 January 2021</b>	<b>2,227,024</b>	<b>1,019,874</b>	<b>300,000</b>	<b>4,353,216</b>	<b>7,900,114</b>
<b>Changes in equity for 2021:</b>					
Profit and total comprehensive income for the year	–	–	–	<b>670,042</b>	<b>670,042</b>
Final dividends approved in respect of the previous year (note 7(b))	–	–	–	<b>(193,469)</b>	<b>(193,469)</b>
Interim dividends declared in respect of the current year (note 7(a))	–	–	–	<b>(138,192)</b>	<b>(138,192)</b>
<b>Balance at 31 December 2021</b>	<b>2,227,024</b>	<b>1,019,874</b>	<b>300,000</b>	<b>4,691,597</b>	<b>8,238,495</b>

### (b) Share capital

*Issued share capital*

	2021		2020	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January and 31 December	<b>690,959,695</b>	<b>2,227,024</b>	690,959,695	2,227,024

### (c) Nature and purpose of reserves

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

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

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

The investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)).

**22 Total equity** (Continued)**(d) Capital management**

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

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

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, including lease liabilities), less cash and bank balances. Total equity attributable to shareholders of the Company comprises issued share capital and reserves attributable to equity shareholders of the Company.

The adjusted net debt-to-equity ratios at 31 December 2021 and 2020 are as follows:

	<i>Note</i>	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Bank loan	19	–	2,993
Lease liabilities	18	<b>86,414</b>	87,164
Less: Cash and bank balances	16(a)	<b>(5,247,852)</b>	(5,050,300)
<b>Net cash</b>		<b>(5,161,438)</b>	(4,960,143)
<b>Total equity attributable to shareholders of the Company</b>		<b>19,881,690</b>	19,850,643
<b>Net debt-to-shareholders' equity ratio</b>		<b>N/A</b>	N/A

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



## 23 Financial risk management and fair values

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

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

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with sound credit ratings.

There is no significant concentration of credit risk within the Group.

#### *Trade receivables*

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 past due are generally requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on the Group's historical credit loss experience and patterns, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions at the reporting date. As at 31 December 2021 and 2020, the Group considered its exposure to credit risk and ECLs for trade receivables is not significant and did not provide any loss allowance in respect of trade receivables except for specific loss allowances of HK\$7,598,000 (2020: HK\$9,856,000). The following table provides information about the Group's exposure to credit risk and specific loss allowances for trade receivables:

	2021		2020	
	Gross carrying amount HK\$'000	Specific loss allowance HK\$'000	Gross carrying amount HK\$'000	Specific loss allowance HK\$'000
Current	18,740	–	14,635	–
Less than 1 month past due	3,851	–	4,503	–
1 to 2 months past due	1,105	–	3,087	–
Over 2 months past due	30,526	7,598	33,872	9,856
	<b>54,222</b>	<b>7,598</b>	56,097	9,856

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

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

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

	Contractual undiscounted cash flow			Total HK\$'000	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		
<b>At 31 December 2021</b>					
Trade and other payables	226,589	–	–	226,589	226,589
Amounts due to associates	4,278	–	–	4,278	4,278
Amounts due to holders of non-controlling interests of subsidiaries	72,622	–	–	72,622	72,622
Lease liabilities	40,743	31,067	17,278	89,088	86,414
Rental deposits received	99,306	–	–	99,306	99,306
Deferred liabilities	–	102,627	57,381	160,008	160,008
	<b>443,538</b>	<b>133,694</b>	<b>74,659</b>	<b>651,891</b>	<b>649,217</b>

	Contractual undiscounted cash flow			Total HK\$'000	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		
<b>At 31 December 2020</b>					
Trade and other payables	221,145	–	–	221,145	221,145
Amounts due to associates	4,289	–	–	4,289	4,289
Amounts due to holders of non-controlling interests of subsidiaries	72,475	–	–	72,475	72,475
Bank loan	2,998	–	–	2,998	2,993
Lease liabilities	44,402	24,619	20,923	89,944	87,164
Rental deposits received	76,729	–	–	76,729	76,729
Deferred liabilities	–	86,046	99,356	185,402	185,402
	<b>422,038</b>	<b>110,665</b>	<b>120,279</b>	<b>652,982</b>	<b>650,197</b>

## 23 Financial risk management and fair values (Continued)

### (c) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for trading and non-trading purposes (see note 13).

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

At 31 December 2021, it is estimated that an increase/decrease of 5% (2020: 5%) in the market value of the Group's listed securities, with all other variables held constant, the Group's profit after tax would have increased/decreased by HK\$40,000 (2020: HK\$314,000). The Group's total equity would have increased/decreased by HK\$2,032,000 (2020: HK\$4,262,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in market value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's listed investments would change in accordance with the market values, and that all other variables remain constant. The analysis is performed on the same basis for 2020.

### (d) Foreign currency risk

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

The Group has no significant exposure to foreign currency risk as substantially all the transactions are either denominated in the functional currency of the entity or in United States dollars, where Hong Kong dollars is pegged to United States dollars, the resulting currency risk is considered insignificant.

**23 Financial risk management and fair values** (Continued)**(e) Fair value measurement***(i) Financial assets measured at fair value*

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

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

	Fair value at 31 December 2021 HK\$'000	Fair value measurements at 31 December 2021		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
Equity securities designated at FVOCI:				
– Listed equity securities in Hong Kong	39,840	39,840	–	–
Financial assets measured at FVPL:				
– Unlisted investment fund	61,444	–	61,444	–
– Listed equity securities in Hong Kong	955	955	–	–
	Fair value at 31 December 2020 HK\$'000	Fair value measurements at 31 December 2020		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

**Recurring fair value measurements***Assets:*

Equity securities designated at FVOCI:				
– Listed equity securities in Hong Kong	70,064	70,064	–	–
– Listed equity securities outside Hong Kong	8,897	8,897	–	–
Financial assets measured at FVPL:				
– Unlisted investment fund	55,429	–	55,429	–
– Listed equity securities in Hong Kong	6,104	6,104	–	–
– Listed securities outside Hong Kong	1,406	1,406	–	–

## 23 Financial risk management and fair values (Continued)

### (e) Fair value measurement (continued)

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

During the years ended 31 December 2021 and 2020, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted debt securities outside Hong Kong in Level 2 was determined by a present value technique that took 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 fair value of their net assets.

#### (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 2021 and 2020. Amounts due from/(to) subsidiaries, associates and holders of non-controlling interests of subsidiaries are unsecured, interest free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose fair values.

## 24 Capital commitments

Capital commitments outstanding at 31 December 2021 not provided for in the financial statements were as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Future expenditure relating to properties:</b>		
Contracted for	<b>16,834</b>	12,924
Authorised but not contracted for	<b>18,210</b>	98
	<b>35,044</b>	13,022



## 25 Operating lease commitments

At 31 December 2021, the total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2021 HK\$'000	2020 HK\$'000
Within 1 year	569,191	608,084
After 1 year but within 2 years	299,421	419,900
After 2 years but within 3 years	119,380	168,015
After 3 years but within 4 years	22,118	37,908
After 4 years but within 5 years	13,121	6,092
After 5 years	762	–
	<b>1,023,993</b>	<b>1,239,999</b>

## 26 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:

	2021 HK\$'000	2020 HK\$'000
Property agency fee payable to a subsidiary of the Group's major shareholder ( <i>note (a)</i> )	3,000	3,000
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder ( <i>note (a)</i> )	(237)	(463)
Management fee income from a subsidiary of the Group's major shareholder ( <i>note (b)</i> )	(723)	(747)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder ( <i>note (c)</i> )	(2,749)	(1,804)
Rental and building management fee income from:		
– an entity controlled by a director for leasing of Office Units 1706–1707 and units 1801–07 and 1812–18, Mira Place Tower A	(23,418)	(25,252)
– a subsidiary of the Group's major shareholder for leasing of Shops 312, 501–03, 505–06, B109–113 and Pillar Signage and short term lease of G/F Entrance, Mira Place 1	(40,687)	(34,789)
Cash rental paid to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101–3107 and certain floor space of ifc Mall ( <i>note (d)</i> )	19,337	17,632
– a subsidiary of the Group's major shareholder for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong ( <i>note (e)</i> )	8,048	7,034
Professional consultancy and management services income from an associate of the Group's major shareholder ( <i>note (f)</i> )	(336)	(246)

## 26 Material related party transactions (Continued)

All of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in paragraphs headed “Continuing Connected Transactions” in the Report of the Directors as set out in the Company’s annual report for the year ended 31 December 2021.

### Notes:

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

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

The net amounts due to these companies as at 31 December 2021 amounted to HK\$6,044,000 (2020: HK\$3,048,000) are unsecured, interest-free and have no fixed terms of repayment.

- (b) The management fee income from a subsidiary of the Group’s major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the year the service provided. The amount due from this company as at 31 December 2021 amounted to HK\$48,000 (2020: HK\$44,000) is unsecured, interest-free and has no fixed terms of repayment.
- (c) The Group provides hotel and catering services to certain subsidiaries and associates of the Group’s major shareholder in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amounts due from these companies as at 31 December 2021 amounted to HK\$646,000 (2020: HK\$17,000) are unsecured, interest-free and have no fixed terms of repayment.
- (d) The amount represented rental, building management fee, air-conditioning charges and other outgoings paid to an associate of the Group’s major shareholder during the year. The amount due from this company as at 31 December 2021 represented prepaid rental fee of HK\$1,610,000 (2020: HK\$1,610,000) and is unsecured, interest free and have no fixed term of repayment.
- (e) The amount represented rental, building management fee and other outgoings paid to a subsidiary of the Group’s major shareholder during the year. The amount due from this company as at 31 December 2021 represented prepaid rental fee of HK\$823,000 (2020: amount due to this company represented unsettled rental fee HK\$2,000) and is unsecured, interest free and have no fixed terms of repayment.
- (f) The consultancy and management services income from an associate of the Group’s major shareholder for the provision of consultancy and management services to parking facilities, was calculated at a certain percentage of direct operating expenses incurred from the operation of that parking facilities for the year service provided. The amount due from this company as at 31 December 2021 represented advance consultancy and management fee of HK\$124,000 (2020: HK\$42,000) and is unsecured, interest free and have no fixed terms of repayment.
- (g) Remuneration for key management personnel is disclosed in notes 5 and 6.

**27 Company-level statement of financial position**

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,924</b>	38,200
Interests in subsidiaries	11	<b>3,558,738</b>	3,334,993
		<b>3,573,662</b>	3,373,193
<b>Current assets</b>			
Inventories		<b>449</b>	417
Trade and other receivables		<b>13,486</b>	12,085
Cash and bank balances		<b>4,963,306</b>	4,826,656
		<b>4,977,241</b>	4,839,158
<b>Current liabilities</b>			
Trade and other payables		<b>(49,587)</b>	(52,352)
Deposits received		<b>(927)</b>	(789)
Lease liabilities		<b>(9,885)</b>	(33,084)
		<b>(60,399)</b>	(86,225)
<b>Net current assets</b>		<b>4,916,842</b>	4,752,933
<b>Total assets less current liabilities</b>		<b>8,490,504</b>	8,126,126
<b>Non-current liability</b>			
Amounts due to subsidiaries		<b>(252,009)</b>	(226,012)
<b>NET ASSETS</b>		<b>8,238,495</b>	7,900,114
<b>CAPITAL AND RESERVES</b>			
Share capital	22(a)	<b>2,227,024</b>	2,227,024
Reserves		<b>6,011,471</b>	5,673,090
<b>TOTAL EQUITY</b>		<b>8,238,495</b>	7,900,114

Approved and authorised for issue by the board of directors on 18 March 2022.

**LEE KA SHING**  
*Chairman and CEO*

**COLIN LAM KO YIN**  
*Director*



## 28 Non-adjusting events after the reporting period

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

## 29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before intended Use</i>	1 January 2022
Amendment to HKAS 37, <i>Onerous Contracts – Cost of Fulfilling Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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



## Group's Five-year Financial Summary

	2021 HK\$'million	2020 HK\$'million	2019 HK\$'million	2018 HK\$'million	2017 HK\$'million
<b>Results (for the years ended 31 December)</b>					
Revenue	1,247	1,315	3,062	3,199	3,186
Profit attributable to shareholders of the Company	330	302	1,288	1,624	1,519
<b>Assets and liabilities (as at 31 December)</b>					
Investment properties and other property, plant and equipment	15,421	15,539	15,731	15,134	14,409
Interests in associates	1	1	1	4	1
Available-for-sale securities – non-current	–	–	–	–	80
Equity securities designated at FVOCI	40	79	95	92	–
Financial assets measured at FVPL	–	1	2	2	–
Deferred tax assets	16	12	8	6	6
Net current assets	5,077	4,898	4,763	4,400	3,136
Total assets less current liabilities	20,555	20,530	20,600	19,638	17,632
Bank loans — non-current	–	–	–	–	–
Deferred liabilities	(160)	(185)	(182)	(177)	(197)
Lease liabilities	(47)	(44)	(88)	–	–
Amounts due to holders of non-controlling interests of a subsidiary	–	–	–	(12)	–
Deferred tax liabilities	(306)	(303)	(284)	(278)	(275)
<b>Net assets</b>	<b>20,042</b>	<b>19,998</b>	<b>20,046</b>	<b>19,171</b>	<b>17,160</b>
<b>Capital and reserves</b>					
Share capital	2,227	2,227	2,227	2,227	1,385
Reserves	17,655	17,624	17,655	16,800	15,644
Total equity attributable to shareholders of the Company	19,882	19,851	19,882	19,027	17,029
Non-controlling interests	160	147	164	144	131
<b>Total equity</b>	<b>20,042</b>	<b>19,998</b>	<b>20,046</b>	<b>19,171</b>	<b>17,160</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Per share data</b>					
Earnings — basic	0.48	0.44	1.86	2.36	2.52
Dividends attributable to the year	0.46	0.50	0.58	0.61	0.59
Net assets value attributable to shareholders of the Company	28.77	28.73	28.77	27.54	27.09

## Group Properties

at 31 December 2021

### Major properties held for investment and/or own use

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

**Group Properties** (Continued)

at 31 December 2021

Location	Lot number	Use	Lease	Group's interest (%)
<b>Outside Hong Kong</b>				
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

### PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE AGM

In view of the ongoing COVID-19 outbreak, mass gatherings would potentially impose a risk in terms of the spread of the virus. For the safety of our shareholders, staff and stakeholders, **the Company encourages shareholders, instead of attending the AGM physically, to attend and vote at the AGM by electronic means or appoint the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM** by completing and returning the form of proxy accompanying the circular of the Company dated 27 April 2022 in accordance with the instructions printed thereon.

Shareholders and other persons attending the AGM physically please note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the AGM, including:

- (a) body temperature screening;
- (b) scanning the “LeaveHomeSafe” venue QR code and complying with the requirements of the “Vaccine Pass Direction”;
- (c) wearing of surgical face masks; and
- (d) no distribution of corporate gifts or refreshments, for which please accept our sincere apologies.

For the safety of the attendees present at the AGM physically, the Company reserves the right to deny entry into or require any person to leave the AGM venue if such person:

- (i) is having a body temperature of over 37.5 degree Celsius;
- (ii) refuses to comply with any of the above precautionary measures;
- (iii) has any flu-like symptoms; or
- (iv) is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine.

The Company seeks the understanding and cooperation of all shareholders to minimize the risk of spreading COVID-19.

**NOTICE IS HEREBY GIVEN THAT** the Annual General 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 Tuesday, 7 June 2022 at 12:00 noon (the “AGM”) to transact the following business:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditor for the year ended 31 December 2021.
2. To declare a Final Dividend.
3. To re-elect retiring Directors.
4. To re-appoint Auditor and authorise the Directors to fix the Auditor’s 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 the AGM.”

(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 the AGM 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 the AGM provided that such number of additional shares shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares during the Relevant Period).”

By Order of the Board

**CHU KWOK SUN**

*Corporate Secretary*

Hong Kong, 27 April 2022

*Registered Office:*

15/F, Mira Place Tower A

132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

*Notes:*

- (1) The above Meeting will be a hybrid meeting. Shareholders have the option of attending, participating and voting at the meeting by visiting the website at <https://meetings.computershare.com/MiramarAGM2022> (the “Online Platform”). Shareholders attending the above Meeting using the Online Platform will also be counted towards the quorum and they will be able to cast their votes and submit questions through the Online Platform. Login details to access the Online Platform are included in the Company’s notification letter to Shareholders sent together with the circular of the Company dated 27 April 2022. Subject to the development of the COVID-19 pandemic, the Company may be required to change the meeting arrangements for the Meeting at short notice. Shareholders are advised to check the Company’s website ([www.miramar-group.com](http://www.miramar-group.com)) and HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) for further announcement(s) and update(s) on such arrangements and/or further special measures to be taken.
- (2) At the above Meeting, the Chairman will exercise his power under Article 56 of the Articles of Association to put each of the resolutions to be voted by way of a poll.
- (3) A Shareholder of the Company (the “Shareholder(s)”) entitled to attend, speak and vote at the above Meeting is entitled to appoint one proxy or more proxies to attend and speak and on a poll, to vote instead of him at the Meeting, and separate proxies may be appointed by a Shareholder to represent the respective number of shares held by the Shareholder as specified in the relevant proxy form. A proxy need not be a Shareholder. Form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power of attorney or authority) must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited (the “Company’s Registrar”) at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the Meeting or any adjournment or postponement thereof or, in the case of poll taken more than 48 hours after it was demanded, not less than 24 hours (excluding any part of a day that is a public holiday) before the time appointed for the taking of the poll.



- (4) For the purpose of determining Shareholders who are entitled to attend and vote at the above Meeting, the Register of Members of the Company will be closed from Wednesday, 1 June 2022 to Tuesday, 7 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled for attending the above Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 31 May 2022.
- (5) For the purpose of determining Shareholders who qualify for the proposed final dividend, the Register of Members of the Company will be closed from Monday, 13 June 2022 to Friday, 17 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 June 2022. The proposed final dividend will be paid to Shareholders whose names appear on the Register of Members of the Company on Friday, 17 June 2022.
- (6) Concerning item no. 3 above, Mr Eddie Lau Yum Chuen, Mr Thomas Liang Cheung Bui, Dr David Sin Wai Kin, Mr Richard Tang Yat Sun and Mr Howard Yeung Ping Leung will retire from office and, being eligible, have offered themselves for re-election at the above Meeting.
- (7) Details relating to re-election of the above retiring directors and the Ordinary Resolution (B) (including the relevant explanatory statement) of item no. 5 above are set out in Appendices I and II to the circular of the Company dated 27 April 2022.
- (8) Concerning Ordinary Resolutions (A) and (C) of item no. 5 above, approvals are being sought from Shareholders, as a general mandate in compliance with Sections 140 and 141 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on the Stock Exchange, that in the event it becomes desirable for the Company to issue any new shares of the Company, the directors are given flexibility and discretion to allot and issue new shares up to 20 per cent. of the total number of the issued shares as at the date of passing of Ordinary Resolution (A) of item no. 5 above plus the aggregate number of shares bought back by the Company pursuant to the general mandate approved in Ordinary Resolution (B) of item no. 5 above. Save as disclosed (if any), the directors, however, have no immediate plans to issue any new shares of the Company under the said mandate being sought.
- (9) If item no. 2 above is approved, the final dividend will be paid to Shareholders of the Company on Friday, 8 July 2022.
- (10) If a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by a super typhoon, or black rainstorm warning signal is in force at any time between 8:30 a.m. and 12:00 noon on the day of the above Meeting, the above Meeting will be adjourned or postponed. The Company will post an announcement on the Company's website ([www.miramar-group.com](http://www.miramar-group.com)) and the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify Shareholders of the date, time and place of the adjourned or postponed meeting.  
  
The above Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders should decide on their own whether they would attend the above Meeting under bad weather conditions bearing in mind their own situations.
- (11) Please indicate in advance, not less than 1 week before the time appointed for holding the above Meeting, if Shareholders, because of disabilities, need special arrangements to participate in the above Meeting. Any such request should be made in writing to the Company's Registrar by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or via online submission at [https://www.computershare.com/hk/en/online\\_feedback](https://www.computershare.com/hk/en/online_feedback). The Company will endeavour to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.
- (12) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.



## Corporate Information

### Board of Directors

#### *Executive Directors*

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

#### *Non-Executive Directors*

Dr Patrick FUNG Yuk Bun  
Mr Dominic CHENG Ka On

#### *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  
Mr Alexander AU Siu Kee

### 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 LEE Ka Shing  
Dr David SIN Wai Kin  
Mr Richard TANG Yat Sun  
Mr WU King Cheong

### Nomination Committee

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

### Chairman and CEO

Dr LEE Ka Shing

### Joint Company Secretaries

Mr Dickson LAI Ho Man  
Mr Charles CHU Kwok Sun

### Auditors

KPMG  
*Certified Public Accountants*  
*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*

### Principal Bankers

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

### Share Registrar

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

### Registered Office

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

### Share Listing

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

### Website

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

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

[www.miramar-group.com](http://www.miramar-group.com)