

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2016.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on pages 151 to 152.

Business Review

The business review of the Group for the year ended 31 December 2016 is set out on pages 10 to 47 and pages 69 to 86.

Group Profit

The consolidated income statement is set out on page 92 and shows the profit of the Group for the year ended 31 December 2016.

Dividends

An interim dividend of 4.00 HK cents per share was paid to shareholders on 9 September 2016.

The Directors recommend the declaration of a final dividend at the rate of 6.90 HK cents per share, payable on Wednesday, 24 May 2017 to those persons registered as shareholders of the Company on Monday, 15 May 2017, being the record date for determining the entitlement of shareholders to the proposed final dividend.

Reserves

The reserves of the Group and of the Company during the year are set out in Notes 26 and 34(a) to the consolidated financial statements respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$0.6 million (2015: HK\$0.8 million).

Directors

The Board as at 31 December 2016 comprised eight Directors: Mr Fok Kin Ning, Canning (Chairman and a Non-executive Director); Mr Lui Dennis Pok Man (Deputy Chairman and a Non-executive Director); Mr Wong King Fai, Peter (Executive Director); two Non-executive Directors, namely, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic (Mr Ma Lai Chee, Gerald is Alternate Director to Mr Lai Kai Ming, Dominic); and three Independent Non-executive Directors, namely, Mr Cheong Ying Chew, Henry, Dr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna.

Report of the Directors

During the year ended 31 December 2016 and up to the date of this report, the following changes to the Board composition took place:

- (i) On 1 August 2016, Mrs Chow Woo Mo Fong, Susan retired as Non-executive Director.
- (ii) On 1 January 2017,
 - (a) Mr Wong King Fai, Peter retired as Executive Director and Chief Executive Officer & Group Managing Director;
 - (b) Mr Frank John Sixt resigned as Non-executive Director; and Mr Lai Kai Ming, Dominic ceased to act as Alternate Director to Mr Frank John Sixt;
 - (c) Mr Woo Chiu Man, Cliff was appointed as Executive Director and Chief Executive Officer;
 - (d) Ms Edith Shih was appointed as Non-executive Director; and
 - (e) Mr Lai Kai Ming, Dominic was appointed as Alternate Director to Mr Fok Kin Ning, Canning and Ms Edith Shih.

Mr Wong King Fai, Peter, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

The Board would like to record its appreciation for the services of Mr Wong King Fai, Peter, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt to the Group during their tenure and is pleased to welcome Mr Woo Chiu Man, Cliff and Ms Edith Shih to the Board.

In accordance with Code Provision A.4.2 contained in Appendix 14 of the Listing Rules and Article 83(3) of the Articles of Association, Mr Woo Chiu Man, Cliff and Ms Edith Shih, who are appointed to fill the casual vacancies, will retire at the next following general meeting (i.e. the forthcoming annual general meeting) and, being eligible, offer themselves for re-election.

In accordance with Code Provision A.4.2 contained in Appendix 14 of the Listing Rules and Article 84 of the Articles of Association, Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic and Mr Cheong Ying Chew, Henry will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company received confirmations from the Independent Non-executive Directors of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 48 to 50.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation, other than statutory compensation.