

# INTERIM REPORT

中期業績報告

MIRAMAR HOTEL AND  
INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

Stock code 股份代號 71

2018

## Corporate Information

### Board of Directors

#### *Executive Directors*

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

#### *Independent Non-Executive Directors*

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

### Audit Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)  
 Dr David SIN Wai Kin  
 Mr WU King Cheong  
 Dr Patrick FUNG Yuk Bun  
 Mr Dominic CHENG Ka On

### Remuneration Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)  
 Mr LEE Ka Shing  
 Dr David SIN Wai Kin  
 Mr Richard TANG Yat Sun  
 Mr WU King Cheong

### Nomination Committee

Mr LEE Ka Shing (*Committee Chairman*)  
 Dr David SIN Wai Kin  
 Mr WU King Cheong  
 Dr Timpson CHUNG Shui Ming

### Chairman and CEO

Mr LEE Ka Shing

### Joint Company Secretaries

Mr Dickson LAI Ho Man  
 Mr Charles CHU Kwok Sun

### Auditors

KPMG

### Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
 MUFG Bank, Ltd.  
 Mizuho Bank, Ltd.  
 China Construction Bank (Asia) Corporation Limited  
 Sumitomo Mitsui Banking Corporation  
 Bank of Communications Co., Ltd.  
 Bank of China (Hong Kong) Limited  
 Hang Seng Bank Limited

### 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,  
 Tsimshatsui, Kowloon, Hong Kong

### Share Listing

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

### Website

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

## Chairman and CEO's Statement

Dear Shareholders,

On behalf of the Board of the Miramar Group (the "Group"), I am pleased to present my report of the operations of the Group, together with the financial performance for the six months ended 30 June 2018.

### CONSOLIDATED RESULTS

The Group's revenue for the six months ended 30 June 2018 (the "Reporting Period") amounted to approximately HK\$1,600 million, representing an increase of 3% compared to last corresponding period.

Profit for the reporting period increased by 11% to HK\$876 million (2017: HK\$792 million) while basic earnings per share recorded a decrease of 7% to HK\$1.25 (2017: HK\$1.34) compared to the last corresponding period. Taking into account the effect of the increased number of shares issued in the beginning of the reporting period pursuant to the bonus warrant scheme, basic earnings per share would have shown a growth in line with the Profit.

The underlying profit attributable to shareholders\* accounted for HK\$406 million which surged significantly by 22% compared to the last corresponding period. The underlying earnings per share (basic)\* were HK\$0.59, an increase of 4% compared to the last corresponding period (2017: HK\$0.57).

### INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of HK 24 cents per share in respect of the six months ended 30 June 2018 to shareholders listed on the Register of Members at the close of business on 28 September 2018 (Friday). Dividend warrants for the interim dividend will be dispatched by mail to shareholders on or about 16 October 2018.

### BUSINESS OUTLOOK

Hong Kong economy continued to flourish in the first half of 2018 fueling the strong rebound in tourism and retail market. Yet one might foresee an uncertainty in the second half of the year that generated by various factors including The Federal Reserve rate hikes in a year, the rising protectionism against global trade and Brexit, etc. With the Group's on-going solid financial position and adaptive business strategies, we are confident in preparing to respond favorably to the economic cycle.

Looking forward, the outlook of the Group's performance for the second half of 2018 will grow steadily with momentum. Management will continue not merely to enhance asset value and property portfolio, improve cost effectiveness and quality of service, but also proactively looking for suitable investment opportunities with a view of furnishing better returns to our shareholders and stakeholders.

\* Underlying profit attributable to shareholders and underlying earnings per share (basic) excluded the post-tax effects of the investment properties revaluation movements and other non-operating and non-recurring items such as net gain on disposal of a subsidiary

## APPRECIATION

I would like to take this opportunity to express my gratitude to the Board of Directors for their guidance, to all staff for their dedication and hard work, and to all our shareholders and customers for their continued support.

**Lee Ka Shing**

*Chairman and CEO*

Hong Kong, 17 August 2018

## Management Discussion and Analysis

### BUSINESS OVERVIEW

#### Hotels and Serviced Apartments Business

Revenue from hotels and serviced apartments of the Group increased by 12% to HK\$343 million during the reporting period, compared to corresponding period of last year. EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to HK\$130 million, representing an increase of approximately 20%.

Benefited from the increase in overall and overnight visitor arrivals to Hong Kong, the occupancy and the average room rate of The Mira Hong Kong and Mira Moon under our Group raised for the first six months of the year. In order to maintain our competitive edge, on top of further strengthening the development of the MICE (meetings, incentives, conferences and exhibitions) segment, we have also stretched to business with extended revenue such as the establishment of one-stop unique event planning service brand.

#### Property Rental Business

The Group's property rental business recorded revenue of approximately HK\$457 million; EBITDA was approximately HK\$406 million, with 9% growth comparing to the last corresponding period.

The new brand image & position of Mira Place since 2017 rebranding campaign is well recognised by the market. To further enhance the distinctiveness of the mall, Mira Discovery Zone with about 20 unique designer brands was launched in the second quarter of the year, offering a vast array of choices and patronage experience. The refinement of tenant mix and utilisation of repartitioned layouts have also contributed to the increase in the average occupancy and the rental income returns as a whole.

#### Net increase in fair value of investment properties

The Group's investment property portfolio recorded a net increase in fair value of approximately HK\$434 million to a total value of HK\$14.54 billion as at 30 June 2018, which surged 3% comparing to last year, based on the professional assessment and evaluation made by an independent surveyor.

#### Food and Beverage Business

The Group's food and beverage business registered revenue of approximately HK\$164 million and EBITDA of approximately HK\$2.6 million during the reporting period.

The Group's food and beverage business overall has recorded slim profit. We will continue to review the brand compositions, business models and development strategies of the food and beverage business under the Group, aiming to strengthen the revenue drivers alongside our cost effective-oriented business philosophy. There are plans in further develop and establish more diversified dining concepts.

## Travel Business

During the reporting period, revenue from our travel business amounted to approximately HK\$636 million, similar to last corresponding period. EBITDA amounted to approximately HK\$30 million which representing a growth of 147%. Overall the Group outbound business has recorded remarkable performance.

## CORPORATE FINANCE

Adhering to a prudent principle, the Group has maintained its conservative financial policy. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was 0.1 % as at 30 June 2018 (31 December 2017: 0.1%).

The Group has its business operations primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure results from its operations in mainland China as well as with certain bank deposits which are denominated in RMB and USD, plus equity and bond investments which are denominated in USD and EUR. The majority of the Group's banking facilities are denominated in Hong Kong dollars. Interest on the bank loan is fixed rate in nature.

The Group is buttressed by a large cash pool to fund its development programs for the foreseeable future. As at 30 June 2018, total available credit facilities amounted to approximately HK\$1.3 billion (31 December 2017: approximately HK\$1.3 billion). As at 30 June 2018, consolidated net cash and bank balances were approximately HK\$4.7 billion (31 December 2017: approximately HK\$3.4 billion), of which HK\$3 million were secured borrowings (31 December 2017: approximately HK\$3 million).

## Consolidated Statement of Profit or Loss — Unaudited

For the six months ended 30 June 2018

	Note	For the six months ended	
		30 June 2018 HK\$'000	30 June 2017 HK\$'000
<b>Revenue</b>	3	<b>1,600,205</b>	1,558,690
Cost of inventories		(80,399)	(85,111)
Staff costs		(256,274)	(263,610)
Utilities, repairs and maintenance and rent		(100,648)	(107,395)
Tour and ticketing costs		(554,364)	(567,707)
<b>Gross profit</b>		<b>608,520</b>	534,867
Other revenue		58,026	41,770
Operating and other expenses		(107,038)	(103,310)
Depreciation		(51,493)	(55,529)
		<b>508,015</b>	417,798
Finance costs	4(a)	(631)	(6,503)
Share of profits less losses of associates		49	(78)
		<b>507,433</b>	411,217
Other non-operating net gain	4(b)	14,942	36,366
Net increase in fair value of investment properties	8	433,773	415,645
<b>Profit before taxation</b>	4	<b>956,148</b>	863,228
<b>Taxation</b>	5		
Current		(78,234)	(71,004)
Deferred		(1,521)	(169)
<b>Profit for the period</b>		<b>876,393</b>	792,055
<b>Attributable to:</b>			
Shareholders of the Company		855,918	780,445
Non-controlling interests		20,475	11,610
		<b>876,393</b>	792,055
<b>Earnings per share</b>			
Basic	7(a)	HK\$ 1.25	HK\$ 1.34
Diluted	7(b)	HK\$ 1.25	HK\$ 1.29

The notes on pages 12 to 29 form an integral part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 6(a).

## Consolidated Statement of Profit or Loss and Other Comprehensive Income — Unaudited

For the six months ended 30 June 2018

	For the six months ended	
	30 June 2018 HK\$'000	30 June 2017 HK\$'000
<b>Profit for the period</b>	<b>876,393</b>	<b>792,055</b>
<b>Other comprehensive income for the period (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:		
— changes in fair value	(3,015)	—
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	745	23,755
Reclassification adjustments for amounts transferred to profit or loss on disposal of a subsidiary	(16,589)	—
Available-for-sale securities:		
— changes in fair value	—	23,107
— transfer to profit or loss upon disposal	—	(4,114)
	<b>(18,859)</b>	<b>42,748</b>
<b>Total comprehensive income for the period</b>	<b>857,534</b>	<b>834,803</b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>838,781</b>	820,396
Non-controlling interests	<b>18,753</b>	14,407
<b>Total comprehensive income for the period</b>	<b>857,534</b>	<b>834,803</b>

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

The notes on pages 12 to 29 form an integral part of this interim financial report.



## Consolidated Statement of Financial Position — Unaudited

At 30 June 2018

		At 30 June 2018 HK\$'000	At 31 December 2017 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties	8	14,539,673	14,102,734
Other property, plant and equipment		259,500	305,955
		<b>14,799,173</b>	14,408,689
Interests in associates		844	801
Equity securities designated at FVOCI		97,619	—
Financial assets measured at FVPL		2,046	—
Available-for-sale securities		—	80,831
Deferred tax assets		6,261	5,994
		<b>14,905,943</b>	14,496,315
<b>Current assets</b>			
Inventories		123,101	126,254
Trade and other receivables	9	273,690	295,453
Financial assets measured at FVPL		63,950	—
Available-for-sale securities		—	43,767
Trading securities		—	6,052
Cash and bank balances		4,755,685	3,438,569
Tax recoverable		82	197
		<b>5,216,508</b>	3,910,292
<b>Current liabilities</b>			
Trade and other payables	10	(734,790)	(534,436)
Bank loan and overdrafts		(2,938)	(3,954)
Sales and rental deposits received		(251,282)	(196,214)
Tax payable		(83,204)	(39,548)
		<b>(1,072,214)</b>	(774,152)
<b>Net current assets</b>		<b>4,144,294</b>	3,136,140
<b>Total assets less current liabilities carried forward</b>		<b>19,050,237</b>	17,632,455

## Consolidated Statement of Financial Position — Unaudited (Continued)

At 30 June 2018

	At 30 June 2018 HK\$'000	At 31 December 2017 HK\$'000
<b>Total assets less current liabilities brought forward</b>	<b>19,050,237</b>	17,632,455
<b>Non-current liabilities</b>		
Deferred liabilities	(178,151)	(197,458)
Deferred tax liabilities	(275,912)	(275,427)
	<b>(454,063)</b>	(472,885)
<b>NET ASSETS</b>	<b>18,596,174</b>	17,159,570
<b>CAPITAL AND RESERVES</b>		
Share capital	2,227,024	1,384,869
Reserves	16,234,151	15,644,115
<b>Total equity attributable to shareholders of the Company</b>	<b>18,461,175</b>	17,028,984
<b>Non-controlling interests</b>	<b>134,999</b>	130,586
<b>TOTAL EQUITY</b>	<b>18,596,174</b>	17,159,570

The notes on pages 12 to 29 form an integral part of this interim financial report.

## Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 30 June 2018

	Attributable to shareholders of the Company									
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve (recycling) 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 2017</b>	695,826	(92,639)	105,580	304,827	7,184	—	14,118,589	15,139,367	139,267	15,278,634
<b>Changes in equity for the six months ended 30 June 2017:</b>										
Profit for the period	—	—	—	—	—	—	780,445	780,445	11,610	792,055
Other comprehensive income	—	—	20,958	—	18,993	—	—	39,951	2,797	42,748
Total comprehensive income	—	—	20,958	—	18,993	—	780,445	820,396	14,407	834,803
Final dividends declared in respect of the previous year (note 6(b))	—	—	—	—	—	—	(209,443)	(209,443)	—	(209,443)
Shares issued on exercise of warrants (note 11(a))	552,279	—	—	—	—	—	—	552,279	—	552,279
Share redemption of a subsidiary	—	—	—	—	—	—	—	—	(27,196)	(27,196)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(14,580)	(14,580)
<b>Balance at 30 June 2017 and 1 July 2017</b>	1,248,105	(92,639)	126,538	304,827	26,177	—	14,689,591	16,302,599	111,898	16,414,497
<b>Changes in equity for the six months ended 31 December 2017:</b>										
Profit for the period	—	—	—	—	—	—	738,800	738,800	12,473	751,273
Other comprehensive income	—	—	9,150	—	(15,298)	—	—	(6,148)	6,215	67
Total comprehensive income	—	—	9,150	—	(15,298)	—	738,800	732,652	18,688	751,340
Interim dividends declared in respect of the current year (note 6(a))	—	—	—	—	—	—	(143,031)	(143,031)	—	(143,031)
Shares issued on exercise of warrants (note 11(a))	136,764	—	—	—	—	—	—	136,764	—	136,764
<b>Balance at 31 December 2017</b>	1,384,869	(92,639)	135,688	304,827	10,879	—	15,285,360	17,028,984	130,586	17,159,570
<b>Impact on initial application of HKFRS 9 (note 2(a))</b>	—	—	—	—	(10,879)	10,217	662	—	—	—
<b>Adjusted Balance at 1 January 2018</b>	1,384,869	(92,639)	135,688	304,827	—	10,217	15,286,022	17,028,984	130,586	17,159,570
<b>Changes in equity for the six months ended 30 June 2018:</b>										
Profit for the period	—	—	—	—	—	—	855,918	855,918	20,475	876,393
Other comprehensive income	—	—	(14,122)	—	—	(3,015)	—	(17,137)	(1,722)	(18,859)
Total comprehensive income	—	—	(14,122)	—	—	(3,015)	855,918	838,781	18,753	857,534
Transfer upon disposal of equity securities designated at FVOCI	—	—	—	—	—	(207)	207	—	—	—
Final dividends declared in respect of the previous year (note 6(b))	—	—	—	—	—	—	(248,745)	(248,745)	—	(248,745)
Shares issued on exercise of warrants (note 11(a))	842,155	—	—	—	—	—	—	842,155	—	842,155
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(14,340)	(14,340)
<b>Balance at 30 June 2018</b>	2,227,024	(92,639)	121,566	304,827	—	6,995	15,893,402	18,461,175	134,999	18,596,174

The notes on pages 12 to 29 form an integral part of this interim financial report.

## Condensed Consolidated Cash Flow Statement — Unaudited

For the six months ended 30 June 2018

	For the six months ended	
	30 June 2018 HK\$'000	30 June 2017 HK\$'000
<b>Operating activities</b>		
Cash generated from operations	547,205	451,002
Dividend paid	—	(209,443)
Other cash flows arising from operating activities	(15,679)	(18,724)
<b>Net cash generated from operating activities</b>	<b>531,526</b>	<b>222,835</b>
<b>Investing activities</b>		
Payment for purchase of other property, plant and equipment	(5,575)	(48,840)
Payment for purchase of other financial assets	(65,857)	(12,834)
Proceeds from disposal of other financial assets	33,364	22,026
Proceeds from disposal of a subsidiary	—	146,059
Decrease in time deposits with maturity more than three months	981,399	25,930
Other cash flows arising from investing activities	(21,752)	(7,046)
<b>Net cash generated from investing activities</b>	<b>921,579</b>	<b>125,295</b>
<b>Financing activities</b>		
Proceeds from new bank loans	18,249	110,768
Repayment of bank loans	(18,294)	(839,424)
Proceeds from issue of new shares	842,155	552,279
Share redemption of a subsidiary	—	(27,196)
Other cash flow arising from financing activities	530	—
<b>Net cash generated from/(used in) financing activities</b>	<b>842,640</b>	<b>(203,573)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,295,745</b>	<b>144,557</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,641,488</b>	<b>1,458,085</b>
<b>Effect of foreign exchange rate changes</b>	<b>3,715</b>	<b>5,007</b>
<b>Cash and cash equivalents at 30 June</b>	<b>3,940,948</b>	<b>1,607,649</b>
<b>Analysis of the balances of cash and cash equivalents at 30 June</b>		
Cash and bank balances	4,755,685	2,991,369
Bank overdrafts	—	(2,301)
Less: Time deposits with maturity more than 3 months	(814,737)	(1,381,419)
	<b>3,940,948</b>	<b>1,607,649</b>

The notes on pages 12 to 29 form an integral part of this interim financial report.

## Notes to the Unaudited Interim Financial Report

### 1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 17 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 34. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

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

### (a) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained profits and reserves at 1 January 2018.

	HK\$'000
<b>Retained profits</b>	
Transferred from investment revaluation reserve (recycling) relating to:	
– financial assets now measured at FVPL	463
– financial assets now carried at amortised cost	40
– financial assets now designated at FVOCI	159
	159
Increase in retained profits at 1 January 2018	662
<b>Investment revaluation reserve (recycling)</b>	
Transferred to retained profits relating to:	
– financial assets now measured at FVPL	(463)
– financial assets now carried at amortised cost	(40)
– financial assets now designated at FVOCI	(159)
	(159)
	(662)
Transferred to investment revaluation reserve (non-recycling) relating to financial assets now designated at FVOCI	(10,217)
Decrease in investment revaluation reserve (recycling) at 1 January 2018	(10,879)
<b>Investment revaluation reserve (non-recycling)</b>	
Transferred from investment revaluation reserve (recycling) relating to financial assets now designated at FVOCI	10,217

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### (a) HKFRS 9, *Financial instruments* (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

#### (i) *Classification of financial assets*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Group’s financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 HK\$’000	Re- classification HK\$’000	HKFRS 9 carrying amount at 1 January 2018 HK\$’000
<b>Financial assets carried at amortised cost</b>			
Unlisted debt securities outside Hong Kong (note (i))	—	28,200	28,200
<b>Financial assets designated at FVOCI (non-recyclable)</b>			
Equity securities not held for trading (note (ii))	—	50,212	50,212
<b>Financial assets measured at FVPL</b>			
Equity securities not held for trading (note (ii))	—	2,419	2,419
Trading securities (note (iii))	6,052	—	6,052
Unlisted investment fund (note (iv))	—	43,767	43,767
	6,052	46,186	52,238
Financial assets classified as available-for-sale under HKAS 39 (notes (i), (ii) and (iv))	124,598	(124,598)	—

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### (a) HKFRS 9, *Financial instruments* (Continued)

#### (i) *Classification of financial assets (Continued)*

Notes:

- (i) Under HKAS 39, unlisted debt securities outside Hong Kong were classified as available-for-sale financial assets. It is classified as financial assets carried at amortised cost under HKFRS 9 as the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. The investment was fully amortised during the period.
- (ii) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as financial assets measured at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group designated some of its equity investments at FVOCI as they are held for strategic purposes.
- (iii) Trading securities were classified as financial assets at FVPL under HKAS 39. These securities continue to be measured at FVPL under HKFRS 9.
- (iv) Under HKAS 39, unlisted investment fund was classified as available-for-sale financial assets. It is classified as financial assets measured at FVPL under HKFRS 9 as the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling).

The measurement categories for the Group's other financial assets and financial liabilities remain the same.

#### (ii) *Credit losses*

Impairment based on the expected credit loss model on the Group's trade receivables have no significant financial impact on the Group's consolidated statement of profit or loss for the current accounting period.

### (b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*. Management has further assessed the impact of HKFRS 15 to the Group's travel operation and concluded that it has control to specified good or service before that good or service is transferred to a customer. On this basis, no change in the revenue recognition policy relating to the provision of services in the travel operation is considered to be necessary.

Accordingly, the adoption of HKFRS 15 has no significant financial impact on the Group's interim financial report.





### 3. REVENUE AND SEGMENT REPORTING (Continued)

	For the six months ended 30 June 2017					
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	Total HK\$'000
<b>Reportable segment revenue (revenue from external customers)</b>	420,618	307,319	195,081	635,672	—	1,558,690
<b>Reportable segment results (adjusted EBITDA)</b>	373,880	108,109	3,000	11,967	(238)	496,718
Unallocated corporate expenses						(78,920)
						417,798
Finance costs						(6,503)
Share of profits less losses of associates						(78)
Other non-operating net gain						36,366
Net increase in fair value of investment properties	415,645	—	—	—	—	415,645
<b>Consolidated profit before taxation</b>						<b>863,228</b>

#### 4. PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2018 HK\$'000	30 June 2017 HK\$'000
<b>(a) Finance costs</b>		
Interest on bank advances and other borrowings	619	2,212
Other borrowing costs	12	4,291
	<b>631</b>	<b>6,503</b>
<b>(b) Other non-operating net gain</b>		
Net gain on disposal of a subsidiary	(16,589)	(31,918)
Net gain on disposal of available-for-sale securities	—	(4,114)
Net realised and unrealised losses/(gains) on financial assets measured at FVPL		
— investments not held for trading	373	—
— trading securities	1,274	(334)
	<b>(14,942)</b>	<b>(36,366)</b>
<b>(c) Other items</b>		
Dividend and interest income	(40,393)	(20,491)
Reversal of provision for properties held for resale	(44)	(40)
(Reversal of)/provision for impairment loss on trade receivables	(4)	4

## 5. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended	
	30 June 2018 HK\$'000	30 June 2017 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	74,972	68,149
<b>Current tax – Overseas Taxation</b>		
Provision for the period	3,262	2,976
Over-provision in respect of prior years	–	(121)
	3,262	2,855
<b>Deferred tax</b>		
Change in fair value of investment properties	(3)	(2)
Origination and reversal of temporary differences	1,524	171
	1,521	169
	79,755	71,173

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2017: 16.5%) of the estimated assessable profits for the period.

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 period of HK\$12,000 (six months ended 30 June 2017: HK\$4,000) is included in the share of profits less losses of associates.

## 6. DIVIDENDS

### (a) Dividends attributable to the interim period

	For the six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
Interim dividends declared after the interim period of HK24 cents per share (six months ended 30 June 2017: HK23 cents per share)	<b>165,830</b>	142,243

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

The interim dividend paid of HK\$143,031,000 for the six months ended 30 June 2017 was calculated based on HK23 cents per share and the total number of issued shares as at the dividend pay-out date.

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

	For the six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
2016 final dividends approved and paid during 2017 interim period, of HK34 cents per share	—	209,443

Final dividends of HK36 cents per share in respective of the year ended 31 December 2017 of HK\$248,745,000 were approved during the six months ended 30 June 2018 and paid on 9 July 2018.

## 7. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK\$855,918,000 (six months ended 30 June 2017: HK\$780,445,000) and the weighted average of 684,610,497 shares (six months ended 30 June 2017: 583,229,624 shares) in issue during the interim period, calculated as follows:

*Weighted average number of shares (basic)*

	For the six months ended	
	30 June 2018	30 June 2017
Issued shares at 1 January	628,577,818	577,537,634
Effect of exercised bonus warrants ( <i>note 11(b)</i> )	56,032,679	5,691,990
	<u>684,610,497</u>	<u>583,229,624</u>
Weighted average number of shares at 30 June	<u>684,610,497</u>	<u>583,229,624</u>

### (b) Diluted earnings per share

For the six months ended 30 June 2018, the calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK\$855,918,000 (six months ended 30 June 2017: HK\$780,445,000) and the weighted average of 685,399,682 shares (six months ended 30 June 2017: 602,882,769 shares), calculated as follows:

*Weighted average number of shares (diluted)*

	For the six months ended	
	30 June 2018	30 June 2017
Weighted average number of shares (basic) at 30 June	684,610,497	583,229,624
Effect of exercise of bonus warrants ( <i>note 11(b)</i> )	789,185	19,653,145
	<u>685,399,682</u>	<u>602,882,769</u>
Weighted average number of shares (diluted) at 30 June	<u>685,399,682</u>	<u>602,882,769</u>

## 8. INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 30 June 2018 and 31 December 2017. The valuations were carried out by an independent firm of surveyors, Cushman & Wakefield Limited, who have among its staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. 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 current leases. During the period, the net increase in fair value of investment properties was HK\$433,773,000 (six months ended 30 June 2017: HK\$415,645,000).

## 9. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2018 HK\$'000	At 31 December 2017 HK\$'000
Within 1 month	64,585	69,782
1 month to 2 months	4,461	7,430
Over 2 months	14,486	19,455
	<hr/>	<hr/>
Trade receivables (net of allowance for doubtful debts)	83,532	96,667
Other receivables, deposits and prepayments	190,158	198,786
	<hr/>	<hr/>
	<b>273,690</b>	<b>295,453</b>

At 30 June 2018, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK\$16,927,000 (at 31 December 2017: HK\$13,715,000) which is expected to be recovered after one year.

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

## 10. TRADE AND OTHER PAYABLES

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

	At 30 June 2018 HK\$'000	At 31 December 2017 HK\$'000
Due within 3 months or on demand	123,287	83,499
Due after 3 months but within 6 months	20,319	43,271
Trade payables	143,606	126,770
Other payables and accrued charges	246,073	311,822
Amounts due to holders of non-controlling interests of subsidiaries ( <i>note (i)</i> )	92,054	91,524
Amounts due to associates ( <i>note (ii)</i> )	4,312	4,320
Dividend payable ( <i>note 6(b)</i> )	248,745	—
	<b>734,790</b>	<b>534,436</b>

*Note:*

- (i) Except for the amount of HK\$19,264,000 (at 31 December 2017: HK\$18,840,000), which is unsecured, interest bearing at a rate of 6% per annum and repayable within one year, all of the remaining amounts are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Amounts due to associates are unsecured, interest-free and repayable on demand.

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



## 11. SHARE CAPITAL

### (a) Issued share capital

	2018		2017	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	<b>628,577,818</b>	<b>1,384,869</b>	577,537,634	695,826
Shares issued on exercise of warrants	<b>62,381,877</b>	<b>842,155</b>	51,040,184	689,043
At 30 June/31 December	<b>690,959,695</b>	<b>2,227,024</b>	628,577,818	1,384,869

### (b) Bonus warrants

On 10 June 2015, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five shares held on the record date (i.e. 30 June 2015). 115,446,250 units of warrants were issued on 20 July 2015. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HK\$13.50 per share (subject to adjustments). The warrants are exercisable at any time during a period of thirty months commencing from the date of issue of the warrants (i.e. 20 July 2015). Details of the bonus warrants were disclosed in the Company's announcements dated 10 June 2015 and 16 July 2015 and the Company's circular dated 20 July 2015.

During the period, 62,381,877 units (year ended 31 December 2017: 51,040,184 units) of warrants were exercised to subscribe for an aggregate of 62,381,877 shares (year ended 31 December 2017: 51,040,184 shares) in the Company. The new shares rank pari passu in all respects with the existing shares of the Company. On 19 January 2018 (the end of the warrants' exercisable period), the remaining 1,717,807 units of outstanding warrants expired and any subscription rights attached to these warrants which have not been exercised were lapsed (at 31 December 2017: 64,099,684 units of warrants remained outstanding).

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets measured at fair value

#### (i) Fair value hierarchy

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 30 June	Fair value measurements as at 30 June 2018 categorised into		
	2018	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurement</b>				
<i>Financial assets:</i>				
Equity securities designated at FVOCI:				
— Listed equity securities in Hong Kong	80,476	80,476	—	—
— Listed equity securities outside Hong Kong	17,143	17,143	—	—
Financial assets measured at FVPL:				
— Unlisted investment funds	57,128	—	57,128	—
— Listed equity securities in Hong Kong	6,822	6,822	—	—
— Listed equity securities outside Hong Kong	2,046	2,046	—	—

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

## (a) Financial assets measured at fair value (Continued)

## (i) Fair value hierarchy (Continued)

	Fair value at 31 December 2017 HK\$'000	Fair value measurements as at 31 December 2017 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurement</b>				
<i>Financial assets:</i>				
Available-for-sale securities ( <i>note</i> ):				
— Listed equity securities in Hong Kong	34,548	34,548	—	—
— Listed equity securities outside Hong Kong	18,083	18,083	—	—
— Unlisted debt security outside Hong Kong	28,200	—	28,200	—
— Unlisted investment funds	43,767	—	43,767	—
Trading securities:				
— Listed equity securities in Hong Kong	6,052	6,052	—	—

*Note:* Available-for-sale financial assets were reclassified to financial assets measured at FVPL, designated at FVOCI or carried at amortised cost upon the adoption of HKFRS 9 at 1 January 2018 (see note 2(a)).

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2017: Nil). 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.

## (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted investment funds is represented by the reported fair value of their net assets.

At 31 December 2017, the fair value of unlisted debt securities outside Hong Kong in Level 2 was determined by a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or debt instrument as an asset.

## 12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

### (b) 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 30 June 2018 and 31 December 2017. Amounts due to associates and holders of non-controlling interests of subsidiaries are unsecured and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

## 13. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2018 not provided for in the interim financial report were as follows:

	At 30 June 2018 HK\$'000	At 31 December 2017 HK\$'000
<b>Future expenditure relating to properties:</b>		
Contracted for	1,345	7,673
Authorised but not contracted for	8,357	—
	<hr/> 9,702	<hr/> 7,673

## 14. MATERIAL RELATED PARTY TRANSACTIONS

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

	For the six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
Property agency fee payable to a subsidiary of the Group's major shareholder ( <i>note (a)</i> )	1,500	1,500
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder ( <i>note (a)</i> )	(7,456)	(7,185)
Management fee income from a subsidiary of the Group's major shareholder ( <i>note (b)</i> )	(372)	(327)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder ( <i>note (c)</i> )	(745)	(1,202)
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre	–	(1,019)
– an entity controlled by a director for leasing of Office Units 1706–1707 and Whole of 18th Floor, Mira Place Tower A	(14,545)	(14,447)
– a subsidiary of the Group's major shareholder for leasing of Shop 501–03 and 505–06, Mira Place 1	(16,055)	(14,096)
Rental and building management fee payable to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101–3107 and certain floor space of ifc Mall	8,416	8,416
– 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 (d)</i> )	8,325	8,531

\* All of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## 14. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

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

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 at the period end amounted to HK\$20,043,000 (at 31 December 2017: HK\$18,806,000) 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 period the service provided. The amount due from this company at the period end amounted to HK\$129,000 (at 31 December 2017: HK\$49,000) is unsecured, interest free and has no fixed terms of repayment.

- (c) The Group's hotel division provides hotel and catering services to certain subsidiaries of the Group's major shareholder under similar terms it provides to other customers. The amounts due from these companies at the period end amounted to HK\$137,000 (at 31 December 2017: HK\$1,290,000) are unsecured, interest free and have no fixed terms of repayment.

- (d) The amount due to this company at the period end amounted to HK\$114,000 (at 31 December 2017: HK\$180,000) is unsecured, interest free and has no fixed terms of repayment.

## 15. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

## CLOSURE OF REGISTERS OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed on Friday, 28 September 2018, during which no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders of the Company must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 27 September 2018.

## CHANGES IN THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

1. Mr Richard Tang Yat Sun retired as independent non-executive director of Hang Seng Bank Limited on 10 May 2018.
2. Mr Alexander Au Siu Kee was appointed as the Chairman of the Audit Committee of The Independent Schools Foundation Limited on 31 May 2018.

## DISCLOSURE OF INTERESTS

### Directors' interests in shares

At 30 June 2018, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	—	—	336,173,980 <i>(note 1)</i>	—	48.65%
	Mr LEE Ka Shing	—	—	—	336,173,980 <i>(note 2)</i>	48.65%
	Dr David SIN Wai Kin	4,989,600	—	—	—	0.72%
	Dr Patrick FUNG Yuk Bun	—	—	—	10,391,412 <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%

Save as disclosed above, as at 30 June 2018, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

Apart from the foregoing, at no time during the six months ended 30 June 2018 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

The Company has been notified of the following interests in the Company's issued shares at 30 June 2018, amounting to 5% or more of the shares in issue:

Substantial shareholders	Ordinary Shares held	Percentage of total issued shares
Dr LEE Shau Kee	336,173,980 <i>(note 1)</i>	48.65%
Mr LEE Ka Shing	336,173,980 <i>(note 2)</i>	48.65%
Rimmer (Cayman) Limited ("Rimmer")	336,173,980 <i>(note 6)</i>	48.65%
Riddick (Cayman) Limited ("Riddick")	336,173,980 <i>(note 6)</i>	48.65%
Hopkins (Cayman) Limited ("Hopkins")	336,173,980 <i>(note 6)</i>	48.65%
Henderson Development Limited ("Henderson Development")	336,173,980 <i>(note 7)</i>	48.65%
Henderson Land Development Company Limited ("Henderson Land")	336,173,980 <i>(note 7)</i>	48.65%
Aynbury Investments Limited ("Aynbury")	336,173,980 <i>(note 7)</i>	48.65%
Higgins Holdings Limited ("Higgins")	120,735,300 <i>(note 7)</i>	17.47%
Multiglade Holdings Limited ("Multiglade")	118,832,680 <i>(note 7)</i>	17.20%
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%
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Save as disclosed above, as at 30 June 2018, 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 336,173,980 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, Mr Lee Ka Shing is taken to be interested in 336,173,980 shares, which are duplicated in the interests described in Notes 1, 6 and 7, by virtue of the SFO.
- (3) Of these shares, 10,112,052 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 336,173,980 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 336,173,980 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 336,173,980 shares are duplicated in the interests described in Notes 1, 2 and 6.



## EMPLOYEES

As at 30 June 2018, the Group had a total of about 1,599 full-time employees, including 1,563 employed in Hong Kong and 36 employed in The People's Republic of China. 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.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions as 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") during the six months ended 30 June 2018, with the exception of one deviation that roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. Mr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Mr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

## AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the period ended 30 June 2018 and discussed with Director of Internal Audit, Director of Risk Management & Corporate Services and independent external auditors regarding matters on internal control, risk management and financial report of the Group.

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

During the period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## FORWARD-LOOKING STATEMENTS

This interim 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, 17 August 2018



**Review report to the Board of Directors of  
Miramar Hotel and Investment Company, Limited**

*(Incorporated in Hong Kong with limited liability)*

## **INTRODUCTION**

We have reviewed the interim financial report set out on pages 6 to 29 which comprises the consolidated statement of financial position of Miramar Hotel and Investment Company, Limited as of 30 June 2018 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2018 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

*Certified Public Accountants*

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

17 August 2018

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