



interim
report
2015
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

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 the Hon. LEE Shau Kee, GBM
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

Chief Executive Officer

Mr LEE Ka Shing

Chief Financial Officer

Mr Allen LIM Kean Kee

Joint Company Secretaries

Mr Allen LIM Kean Kee
Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

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

Share Registrar

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

Registered Office

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

Share Listing

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

Website

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

2 Chairman and CEO's Statement

Dear Shareholders

On behalf of the Board of the Miramar Group, I am pleased to present my report on our operations for the six months ended 30 June 2015.

Revenue and Profit Attributable to Shareholders and Basic Underlying Earnings per Share

For the six months ended 30 June 2015 (the "Reporting Period"), the Group's unaudited revenue grew to HK\$1,575 million, representing an increase of 5% compared to the six months ended 30 June 2014 (the "Last Corresponding Period"). Unaudited profit attributable to shareholders, at HK\$874 million, increased by 23% compared to the Last Corresponding Period. Excluding the increase in fair value of investment properties, unaudited underlying profit attributable to shareholders rose to HK\$453 million (after including a one-off net gain of HK\$122 million from the sale of 6 Knutsford Terrace). Basic underlying earnings per share were HK\$0.78, an increase of 84% compared to the Last Corresponding Period.

Bonus Warrants Issue

The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder 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 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015.

Business Overview

In the Reporting Period, the uncertainties in the business environment was characterized by continuing pressure on both the local and Mainland China's economic growth momentum, slow Eurozone economic recovery, Greek debt problem, strengthening of US Dollar and decreasing number of visitors to Hong Kong. The Group's ability to quickly adapt to changes in market conditions and a portfolio of businesses in different industries have served the Group well in an environment characterized by these uncertainties and volatility. The Group rose to these challenges by effectively managing cost, mitigating risk and continuing to enhance its products and services. All business lines recorded growth in revenue and profit except for Hotels and Serviced Apartments.

Property Rental Business

The Property Rental Business recorded healthy returns during the Reporting Period. Despite sluggish growth in mainland visitor arrivals and a weakening retail spending, rental reversion rates remained positive, recording an increase of 8% to HK\$420 million in revenue.

The multi-year phased Mall Repositioning Program is progressing well and is expected to significantly reinvigorate the visual landscape of Kimberley Road and Nathan Road into a Ginza-style shopping district, drawing an enriched profile of retailers and shoppers to Miramar Shopping Centre and Mira Mall. Miramar Tower continued to enjoy high occupancy rate with quality and stable tenants. Rental reversion rates were stable. The integration of the malls, Miramar Tower and the mall attached to The Mira Hong Kong into a more wholesome multi-use commercial complex enhanced the total appeal, and property value propositions to both our shoppers and tenants.

Hotels and Serviced Apartments Business

Hong Kong's hotel industry experienced its toughest year in a decade. The Group's two hotels, The Mira Hong Kong and Mira Moon, responded to these market challenges with resilience. They further sharpened sales and pricing strategies and continued to make inroads into MICE, leisure travel sectors and corporate clients. Online hotel marketing and channels were enhanced to attract free individual travellers (FIT) and direct bookings to our own website. New propositions and packages were offered to diners in our hotels; and events and banqueting offerings were carefully designed exclusively with flair to meet both corporate and individual preferences.

Food and Beverage Business

The Group's Food and Beverage business continued to perform well, having turned profitable last year. Revenue grew by a healthy 32%. Two new School Food outlets were opened in high-traffic malls during the Reporting Period, increasing the brand's total presence to six. The revamp of our Chinese flagship Cuisine Cuisine at ifc mall was well received by our customers and recorded growth in revenue. Our Banquet business continued to grow at outlets such as Tsui Hang Village, French Window Brasserie and Bar and Assaggio Trattoria Italiana. Overall, all restaurants under Mira Dining have benefited from continuous improvement in operations, quality of food and services, and price and menu adjustments in response to the changing tastes and trends of our customers.

4 Chairman and CEO's Statement

Travel Business

The macro environment has been favourable to our Travel Business, particularly for outbound traffic. The strong US Dollar and a general increase in the overall consumption power of Hong Kong and Mainland China citizens have translated to increase in outbound travels. During the Reporting Period, the business experienced increased demand from Hong Kong and Mainland China for overseas vacations and luxury cruise holidays. Japan, Australia and Europe are favoured destinations. As a result, the business recorded a growth of 56% over the Last Corresponding Period.

Business Outlook

Whilst the business environment is highly competitive and the global economy is expected to remain uncertain, the Group will seek and seize any market opportunities by adhering to a prudent business development strategy. The Group will also optimize each of our core businesses by deploying prudent and flexible operational strategies. Barring unforeseeable circumstances, we expect the overall business will maintain steady growth during the second half of the financial year, except that the Hotels and Serviced Apartments Business will continue to be under adverse circumstance with occupancy and average room rates under pressure.

LEE KA SHING

Chairman and CEO

Hong Kong, 19 August 2015

		For the six months ended 30 June	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	2	1,574,661	1,503,111
Cost of inventories		(98,488)	(111,682)
Staff costs		(281,109)	(270,131)
Utilities, repairs and maintenance and rent		(99,916)	(95,754)
Tour and ticketing costs		(522,524)	(524,805)
Gross profit		572,624	500,739
Other revenue		52,674	46,770
Operating and other expenses		(128,309)	(130,806)
Depreciation		(65,695)	(80,652)
		431,294	336,051
Finance costs	3(a)	(20,026)	(17,083)
Share of profits less losses of associates		78	107
Share of loss of a joint venture		(759)	(1,242)
		410,587	317,833
Net gain on disposal of properties		122,139	–
Net gain on trading securities/available-for-sale securities		12,984	10,644
Increase in fair value of investment properties	7	421,564	461,835
Profit before taxation	3	967,274	790,312
Taxation	4		
– Current		(69,988)	(67,660)
– Deferred		(3,202)	(530)
Profit for the period		894,084	722,122
Attributable to:			
Shareholders of the Company		874,189	707,859
Non-controlling interests		19,895	14,263
		894,084	722,122
Interim dividend declared after the interim period end	5(a)	115,447	98,129
Earnings per share – basic and diluted	6	HK\$1.51	HK\$1.23
Interim dividend per share	5(a)	HK\$0.20	HK\$0.17

The notes on pages 11 to 24 form an integral part of this interim report. Details of dividends payable to shareholders of the Company attributable to the profit for the interim period are set out in note 5(a).

6 Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	894,084	722,122
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	497	659
Available-for-sale securities		
– changes in fair value	17,796	(6,519)
– transfer to profit or loss upon disposal	(11,452)	(8,609)
	6,841	(14,469)
Total comprehensive income for the period	900,925	707,653
Attributable to:		
Shareholders of the Company	881,030	693,416
Non-controlling interests	19,895	14,237
Total comprehensive income for the period	900,925	707,653

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

The notes on pages 11 to 24 form an integral part of this interim report.

	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Non-current assets		
Investment properties	7 12,399,257	11,905,710
Property, plant and equipment	633,512	702,787
	13,032,769	12,608,497
Interest in associates	1,724	1,640
Interest in a joint venture	5,416	5,854
Available-for-sale securities	258,933	277,355
Deferred tax assets	3,747	3,428
	13,302,589	12,896,774
Current assets		
Inventories	131,543	132,769
Trade and other receivables	8 262,763	270,664
Available-for-sale securities	34,919	34,337
Trading securities	13,806	11,396
Cash and bank balances	3,244,948	3,534,476
Tax recoverable	603	15,851
	3,688,582	3,999,493
Non-current assets classified as held for sale	-	350,929
	3,688,582	4,350,422
Current liabilities		
Trade and other payables	9 (469,789)	(535,111)
Bank loans and overdrafts	(732,750)	(1,544,784)
Sales and rental deposits received	(243,969)	(218,138)
Tax payable	(80,729)	(39,224)
	(1,527,237)	(2,337,257)
Net current assets	2,161,345	2,013,165
Total assets less current liabilities carried forward	15,463,934	14,909,939

8 Consolidated Statement of Financial Position (Continued)

	At	At
	30 June	31 December
	2015	2014
<i>Note</i>	HK\$'000	HK\$'000
	(unaudited)	(audited)
Total assets less current liabilities brought forward	15,463,934	14,909,939
Non-current liabilities		
Bank loans	(1,044,187)	(1,161,585)
Deferred liabilities	(148,986)	(175,083)
Amounts due to holders of non-controlling interests of a subsidiary	(39,845)	(38,687)
Deferred tax liabilities	(245,634)	(242,113)
	(1,478,652)	(1,617,468)
NET ASSETS	13,985,282	13,292,471
CAPITAL AND RESERVES		
Share capital	691,690	691,690
Reserves	13,159,634	12,463,318
Total equity attributable to shareholders of the Company	13,851,324	13,155,008
Non-controlling interests	133,958	137,463
TOTAL EQUITY	13,985,282	13,292,471

The notes on pages 11 to 24 form an integral part of this interim report.

Consolidated Statement of Changes in Equity

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for the six months ended 30 June 2015 – unaudited

	Attributable to shareholders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000			Total HK\$'000
At 1 January 2014	404,062	287,628	(91,086)	151,950	304,827	26,676	11,051,696	12,135,753	136,582	12,272,335
Changes in equity for the six months ended 30 June 2014:										
Profit for the period	-	-	-	-	-	-	707,859	707,859	14,263	722,122
Other comprehensive income	-	-	-	685	-	(15,128)	-	(14,443)	(26)	(14,469)
Total comprehensive income	-	-	-	685	-	(15,128)	707,859	693,416	14,237	707,653
Final dividends approved in respect of the previous year (note 5(b))	-	-	-	-	-	-	(155,852)	(155,852)	-	(155,852)
Transition to no-par value regime on 3 March 2014 (note 11)	287,628	(287,628)	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(22,800)	(22,800)
At 30 June 2014 and 1 July 2014	691,690	-	(91,086)	152,635	304,827	11,548	11,603,703	12,673,317	128,019	12,801,336
Changes in equity for the six months ended 31 December 2014:										
Profit for the period	-	-	-	-	-	-	592,916	592,916	14,589	607,505
Other comprehensive income	-	-	-	(10,375)	-	(2,721)	-	(13,096)	(3,270)	(16,366)
Total comprehensive income	-	-	-	(10,375)	-	(2,721)	592,916	579,820	11,319	591,139
Interim dividends declared in respect of the current period (note 5(a))	-	-	-	-	-	-	(98,129)	(98,129)	-	(98,129)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,875)	(1,875)
At 31 December 2014 and at 1 January 2015	691,690	-	(91,086)	142,260	304,827	8,827	12,098,490	13,155,008	137,463	13,292,471
Changes in equity for the six months ended 30 June 2015:										
Profit for the period	-	-	-	-	-	-	874,189	874,189	19,895	894,084
Other comprehensive income	-	-	-	497	-	6,344	-	6,841	-	6,841
Total comprehensive income	-	-	-	497	-	6,344	874,189	881,030	19,895	900,925
Final dividends approved in respect of the previous year (note 5(b))	-	-	-	-	-	-	(184,714)	(184,714)	-	(184,714)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(23,400)	(23,400)
At 30 June 2015	691,690	-	(91,086)	142,757	304,827	15,171	12,787,965	13,851,324	133,958	13,985,282

The notes on pages 11 to 24 form an integral part of this interim financial report.

10 Condensed Consolidated Cash Flow Statement – Unaudited

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Operating activities		
Cash generated from operations	444,273	347,883
Dividend paid	(184,714)	(155,852)
Other cash flows arising from operating activities	(20,542)	(18,861)
Net cash generated from operating activities	239,017	173,170
Investing activities		
Payment for purchase of property, plant and equipment	(57,395)	(92,063)
Proceeds from disposal net off payment for purchase of available-for-sale securities	35,156	68,820
Proceeds from disposal of properties	432,000	–
Other cash flows arising from investing activities	(400,196)	(334,865)
Net cash generated from/(used in) investing activities	9,565	(358,108)
Financing activities		
Proceeds from new bank loans	4,028,735	4,704,285
Repayment of bank loans	(4,957,966)	(4,752,732)
Other cash flows arising from financing activities	–	(5,893)
Net cash used in financing activities	(929,231)	(54,340)
Net decrease in cash and cash equivalents	(680,649)	(239,278)
Cash and cash equivalents at 1 January	1,662,178	1,076,863
Effect of foreign exchange rate changes	(922)	104
Cash and cash equivalents at 30 June	980,607	837,689
Analysis of the balances of cash and cash equivalents at 30 June		
Cash and bank balances	3,244,948	2,978,098
Bank overdrafts	(775)	(8,299)
Less: Time deposits with maturity more than 3 months	(2,263,566)	(2,132,110)
	980,607	837,689

The notes on pages 11 to 24 form an integral part of this interim financial report.

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 authorized for issue on 19 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (collectively, the “Group”). None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

The 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 2014 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 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 review report to the Board of Directors is included on page 30. 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 2014 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 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

12 Notes to the Unaudited Interim Financial Report

1. Basis of preparation (Continued)

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 section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2. 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 operation 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 rental income and income from hotels, food and beverage, travel and other operations.

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

3. Profit before taxation

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

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank advances and other borrowings repayable within five years	17,238	14,106
Other borrowing costs	2,788	2,977
	20,026	17,083
(b) Other items		
Dividend and interest income	(36,286)	(29,368)
Reversal of provision for properties held for resale	(207)	–
Reversal of impairment loss on trade receivables	–	(74)
Net realised and unrealised gain on trading securities	(1,531)	(2,035)
Net gain on disposal of available-for-sale securities	(11,453)	(8,609)

4. Taxation

Taxation in the consolidated income statement represents:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	67,183	64,661
Over-provision in respect of prior years	–	(637)
	67,183	64,024
Current tax – Overseas Taxation		
Provision for the period	2,811	3,636
Over-provision in respect of prior years	(6)	–
	2,805	3,636
Deferred tax		
Origination and reversal of temporary differences	3,202	530
	73,190	68,190

4. Taxation (Continued)

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) of the estimated assessable profits for the period.

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

Share of associates' taxation for the period of HK\$4,000 (six months ended 30 June 2014: HK\$4,000) is included in the share of profits less losses of associates.

Share of a joint venture's taxation for the period of HK\$Nil (six months ended 30 June 2014: HK\$Nil) is included in the share of loss of a joint venture.

5. Dividends

(a) Dividends attributable to the interim period:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividends declared after the interim period of 20 Hong Kong cents per share (six months ended 30 June 2014: 17 Hong Kong cents per share)	115,447	98,129

The interim dividend declared after the interim 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 interim period:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Final dividends in respect of the previous financial year, approved and paid during the interim period, of 32 Hong Kong cents per share (six months ended 30 June 2014: 27 Hong Kong cents per share)	184,714	155,852

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$874,189,000 (six months ended 30 June 2014: HK\$707,859,000) and 577,231,252 shares (six months ended 30 June 2014: 577,231,252 shares) in issue during the interim period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 June 2015 and 2014, and hence diluted earnings per share is the same as the basic earnings per share.

7. Investment properties

Investment properties of the Group were revalued at 30 June 2015 and 31 December 2014. The valuations were carried out by an independent firm of surveyors, DTZ, who have among its staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property 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 increase in fair value of investment properties was HK\$421,564,000 (six months ended 30 June 2014: HK\$461,835,000).

8. Trade and other receivables

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

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
0 to 1 month	56,082	59,263
1 month to 2 months	8,620	13,682
Over 2 months	17,237	15,459
	<hr/>	<hr/>
Trade receivables (net of allowance for doubtful debts)	81,939	88,404
Other receivables, deposits and prepayments	180,824	182,260
	<hr/>	<hr/>
	262,763	270,664

At 30 June 2015 and 31 December 2014, all of the trade and other receivables are expected to be recovered within one year.

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

9. Trade and other payables

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

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Due within 3 months or on demand	57,212	96,283
Due after 3 months but within 6 months	31,491	17,768
	<hr/>	
Trade payables	88,703	114,051
Other payables	304,243	344,210
Amounts due to holders of non-controlling interests of subsidiaries (<i>note 10</i>)	72,488	72,488
Amount due to an associate (<i>note</i>)	4,355	4,362
	<hr/>	
	469,789	535,111
	<hr/>	

Note: Amount due to an associate are unsecured, interest-free and repayable on demand.

At 30 June 2015 and 31 December 2014, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

10. Amounts due to holders of non-controlling interests of a subsidiary

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$38,687,000 (at 31 December 2014: HK\$38,687,000), which is interest bearing at 6% (at 31 December 2014: 6%) per annum and not expected to be settled within one year, all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

11. Share capital

	At 30 June 2015		At 31 December 2014	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	577,231,252	691,690	577,231,252	404,062
Transition to no-par value regime on 3 March 2014 (<i>note</i>)	–	–	–	287,628
At 30 June/31 December	577,231,252	691,690	577,231,252	691,690

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

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). The warrants would be issued in registered form. Each warrant would entitle 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 would be exercisable at any time during a period of thirty months commencing from the date of issue of the warrants (i.e. 20 July 2015).

On 20 July 2015, a circular containing further details of the bonus warrants issue, also being the prospectus document relating to the bonus warrants issue, was despatched to the shareholders. Dealings in the warrants commenced on 21 July 2015. The warrants would be traded in board lots of 1,000 units and each board lot of the warrant would entitle the holders thereof to subscribe an aggregate of up to 1,000 shares.

Details of the bonus warrants are disclosed in the Company's announcements dated 10 June 2015 and 16 July 2015 and the Company's circular dated 20 July 2015.

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 the Group's 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 2015 HK\$'000	Fair value measurements as at 30 June 2015 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Financial assets:</i>				
Available-for sale securities:				
– Listed equity securities in Hong Kong	112,005	112,005	–	–
– Listed equity securities in overseas	47,299	47,299	–	–
– Unlisted debt securities in overseas	67,707	–	67,707	–
– Unlisted investment funds	66,841	–	66,841	–
Trading securities:				
– Listed securities in Hong Kong	13,806	13,806	–	–

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 2014 HK\$'000	Fair value measurements as at 31 December 2014 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Financial assets:</i>				
Available-for sale securities:				
– Listed equity securities in Hong Kong	58,013	58,013	–	–
– Listed equity securities in overseas	93,517	93,517	–	–
– Unlisted debt securities in overseas	125,825	–	125,825	–
– Unlisted investment fund	34,337	–	34,337	–
Trading securities:				
– Listed securities in Hong Kong	11,396	11,396	–	–

During the six months ended 30 June 2015, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3 (at 31 December 2014: Nil). The Group's policy is to recognised 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 debt securities in overseas in Level 2 is determined by a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or debt instrument as an asset.

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

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 receivable, 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 2015 and 31 December 2014. Amounts due from/(to) associates, a joint venture 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 2015 not provided for in the interim financial report were as follows:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Contracted for	108,172	152,706
Authorised but not contracted for	52,905	74,511
	161,077	227,217

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	
	2015 HK\$'000	2014 HK\$'000
Property agency fee expenses 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>)	(8,514)	(9,295)
Management fee income from affiliated companies of the Group's major shareholder (<i>note (b)</i>)	(373)	(104)
Hotel and catering service income from subsidiaries of the Group's major shareholder (<i>note (c)</i>)	(268)	(2,984)
Rental and building management fee income from:		
– a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Miramar Shopping Centre*	(2,077)	(1,625)
– an associate of the Group's major shareholder for leasing of Office Whole of 18th Floor, Miramar Tower*	(10,506)	(9,057)
– a subsidiary of the Group's major shareholder for leasing of Shop 503A-C and 501-02, Miramar Shopping Centre* (<i>note (d)</i>)	(14,078)	(9,623)
– a subsidiary of the Group's major shareholder for leasing of Shop 3013, Portion of Podium Roof and Fan Room, Miramar Shopping Centre*	(4,918)	(6,002)
Rental and building management fee expenses to:		
– an associate of the Group's major shareholder for the leasing of Shop Nos. 3101-3107 and certain floor space of ifc Mall*	8,010	7,688
– a subsidiary of the Group's major shareholder for the leasing of Units Nos. 201-05, West Tower, Beijing World Financial Centre, Beijing, the Peoples' Republic of China*	–	1,238
– 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>)	8,742	5,703

* These transactions also constitute continuing connected transactions as defined under 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 its 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\$8,203,000 (at 31 December 2014: HK\$5,938,000).

- (b) The management fee income from affiliated companies of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the period the service provided. The net amounts due from these companies at the period end amounted to HK\$69,000 (at 31 December 2014: HK\$229,000).
- (c) The Group's hotel division provides hotel and food and beverage services to certain subsidiaries of the Group's major shareholder under similar terms it provides to other customers. The amount due from these companies at the period end amounted to HK\$50,000 (at 31 December 2014: HK\$2,099,000).
- (d) The amount due from this company at the period end amounted to HK\$60,000 (at 31 December 2014: HK\$144,000).
- (e) The amount due to this company at the period end amounted to HK\$146,000 (at 31 December 2014: HK\$142,000).

Interim Dividend

The Directors declare the payment of an interim dividend of 20 Hong Kong cents per share in respect of the six months ended 30 June 2015 to shareholders listed on the Register of Members at the close of business on 7 October 2015. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 20 October 2015.

Closure of Register of Members and Register of Warrantholders

The Register of Members and the Register of Warrantholders of the Company will be closed from Wednesday, 30 September 2015 to Wednesday, 7 October 2015, both days inclusive, during which period no transfers of shares or warrants will be registered. In order to qualify for the above interim dividend, (i) in the case of shareholders, all transfer documents, accompanied by the relevant share certificates or (ii) in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and subscription moneys, must be lodged for registration with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 29 September 2015.

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), changes in the information of Directors of the Company required to be disclosed are shown as follows:

- i) Mr Lee Ka Shing was re-designated as the chairman and managing director of Henderson Investment Limited on 1 July 2015.
- ii) Dr Lee Shau Kee stepped down from the positions of the chairman and managing director of Henderson Investment Limited on 1 July 2015 and remains as an executive director.
- iii) Mr Alexander Au Siu Kee retired as independent non-executive director of Henderson Land Development Company Limited on 2 June 2015. He was appointed as an independent non-executive director of Henderson Investment Limited on 1 July 2015.
- iv) Mr Thomas Liang Cheung Biu is a member of the Council of The Chinese University of Hong Kong with effect from 15 April 2015.

Disclosure of Interests

Directors' interests in shares

As at 30 June 2015, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	-	-	260,239,250 <i>(note 1)</i>	-	45.08%
	Mr LEE Ka Shing	-	-	-	260,239,250 <i>(note 2)</i>	45.08%
	Dr David SIN Wai Kin	4,158,000	-	-	-	0.72%
	Dr Patrick FUNG Yuk Bun	-	-	-	8,426,710 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	-	-	1.35%
	Mr Richard TANG Yat Sun	125,000	-	11,241,900 <i>(note 4)</i>	-	1.97%
	Mr Thomas LIANG Cheung Biu	-	2,218,000 <i>(note 5)</i>	-	-	0.38%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	-	-	-	2%
Strong Guide Property Limited (in members' voluntary liquidation)	Dr LEE Shau Kee	-	-	2 <i>(note 6)</i>	-	100%
	Mr LEE Ka Shing	-	-	-	2 <i>(note 6)</i>	100%

Save as disclosed above, as at 30 June 2015, 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 2015 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial shareholders and others

As at 30 June 2015, the interests of every shareholder in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholders	Ordinary shares held	Percentage of total issued shares
Dr LEE Shau Kee	260,239,250 <i>(note 1)</i>	45.08%
Mr LEE Ka Shing	260,239,250 <i>(note 2)</i>	45.08%
Rimmer (Cayman) Limited ("Rimmer")	260,239,250 <i>(note 7)</i>	45.08%
Riddick (Cayman) Limited ("Riddick")	260,239,250 <i>(note 7)</i>	45.08%
Hopkins (Cayman) Limited ("Hopkins")	260,239,250 <i>(note 7)</i>	45.08%
Henderson Development Limited ("Henderson Development")	260,239,250 <i>(note 8)</i>	45.08%
Henderson Land Development Company Limited ("Henderson Land")	260,239,250 <i>(note 8)</i>	45.08%
Aynbury Investments Limited ("Aynbury")	260,239,250 <i>(note 8)</i>	45.08%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 8)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 8)</i>	13.71%
Threadwell Limited ("Threadwell")	80,505,000 <i>(note 8)</i>	13.95%
Persons other than substantial shareholders		
Mr CHONG Wing Cheong	57,594,210	9.98%

Save as disclosed above, as at 30 June 2015, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

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

Corporate Finance

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 13% as at 30 June 2015 (at 31 December 2014: 21%).

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

Majority of the Group's financing facilities obtained are denominated in Hong Kong dollars and interests on bank loans and borrowings are chargeable mainly based on certain interest margin over the Hong Kong Interbank Offer Rate which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 June 2015, total available facilities amounted to approximately HK\$3.3 billion (at 31 December 2014: approximately HK\$3.8 billion), and 54% of that (at 31 December 2014: 72%) were utilised. At 30 June 2015, consolidated net cash were approximately HK\$1.43 billion (at 31 December 2014: HK\$0.79 billion), of which HK\$0.03 billion was secured borrowings (at 31 December 2014: HK\$0.01 billion).

Employee

As at 30 June 2015, the Group had a total of about 1,970 full-time employees, including 1,859 employed in Hong Kong and 111 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 in all of our Employees in supporting 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 talents attraction, employee recognition and retention. The Group regularly reviews its Remuneration and Benefits Program on the basis of the relevant laws, and keeps in line with market practice, market conditions and market 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 performance. The Group strives to continuously develop a comprehensive Learning and Development Roadmap including the provision of in-house and external training programs 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 programs, 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 organizational culture conducive to manpower training and development as well as life-long learning.

Corporate Governance

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2015, 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 2015 and discussed with internal audit executives and independent auditors matters on internal control and financial reports 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, 19 August 2015



**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 5 to 24 which comprises the consolidated statement of financial position of Miramar Hotel and Investment Company, Limited as of 30 June 2015 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and the 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 2015 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

19 August 2015

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