



Miramar Hotel and Investment Company, Limited
美麗華酒店企業有限公司

stock code 股份代號 71

interim
report

2014

中期業績報告

Corporate Information

Board of Directors

Executive Directors

Mr LEE Ka Shing (*Chairman and CEO*)
Mr Richard TANG Yat Sun
Mr 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

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

Chairman Statement

Dear Shareholders

On behalf of your Board, I am pleased to present my report on the operations of the Group for the six months ended 30 June 2014.

Turnover and Profit Attributable to Shareholders

For the six months ended 30 June 2014 (the “Reporting Period”), the Group’s turnover continued to grow, reaching approximately HK\$1,503 million, representing an increase of 7% compared to the six months ended 30 June 2013 (the “Last Corresponding Period”). Profit attributable to shareholders continued to grow steadily and, at HK\$708 million, was up 4% compared to the Last Corresponding Period. Excluding the net increase in fair value of the investment properties, underlying profit attributable to shareholders rose to HK\$246 million. Basic underlying earnings per share were HK\$0.43, representing an increase of 4% compared to the Last Corresponding Period.

Business Review

All the Group’s four core businesses – Property Rental, Hotel and Serviced Apartment, Food and Beverage, and Travel – delivered revenue growth in an economic environment characterized by subdued growth and influenced by China’s reforms and fiscal controls.

Property Rental Business

The Group’s Property Rental Business recorded a 6% increase in revenue to HK\$389 million, benefiting from its quality portfolio of tenants with long-term tenancy agreements and on-going efforts to improve tenant mix and property facilities.

The office leasing market remains relatively firm. Occupancy at Miramar Tower was stable and new leases recorded growth in rental. Miramar Shopping Centre and Mira Mall, while recording a slight drop in occupancy rates against a softened market, also recorded higher rents for new leases. The Group will continue to adjust the trade-mix of the malls with effective marketing activities to drive footfall.

Hotel and Serviced Apartment Business

The Hotel and Serviced Apartment Business responded well to the challenging business environment delivering revenue growth of 15% through a competitive pricing and customer acquisition strategy.

During the Reporting Period, the new Mira Moon design hotel recorded steady growth. The Group is planning to open its third hotel brand under the Mira Hotel Collection before the end of 2014.

Another highlight of the year is the fifth anniversary of The Mira Hong Kong, with celebratory promotional events spanning from May to September, which will increase occupancy rates and F&B sales, and promote brand awareness.

Food and Beverage Business

The Food and Beverage Business recorded revenue growth of 21% during the Reporting Period, amidst economic conditions characterized by high operating costs and tight supply of trained labor.

The Group's diversified dining establishments were strengthened with the opening of two new School Food Korean restaurants at high-traffic malls. A fourth outlet is planned for the Fourth Quarter of 2014.

The second Saboten was opened in Tsim Sha Tsui, and year round celebratory promotions commenced for the 40th anniversary of Tsui Hang Village.

Travel Business

The Group's Travel Business continued to grow and strengthen its market position, and recorded an increase in revenue of 4%. This was achieved by tapping into the growing demand for outbound overseas vacations and luxury travel such as cruises. The emerging online travel business continues to show satisfactory results, as more customers turn to the Internet for travel planning.

Business Outlook

The overall macro-economic environment has become more stable. The US recovery seems to gain momentum whilst the European markets remain weak. China's economy showed signs of stabilization and registered a GDP growth of 7.5% for the Second Quarter, bolstered by new government stimuli. The Group is confident of delivering sustainable healthy returns to its shareholders by continuing to adopt a prudent approach while maintaining operational flexibility.

LEE KA SHING
Chairman and CEO

Hong Kong, 18 August 2014

Consolidated Income Statement – Unaudited

	Note	For the six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Turnover	2	1,503,111	1,407,754
Cost of inventories		(111,682)	(97,219)
Staff costs		(270,131)	(255,738)
Utilities, repairs and maintenance and rent		(95,754)	(83,875)
Tour and ticketing costs		(524,805)	(504,199)
Gross profit		500,739	466,723
Other revenue		46,770	40,397
Operating and other expenses		(130,806)	(128,313)
Depreciation		(80,652)	(70,827)
		336,051	307,980
Finance costs	3(a)	(17,083)	(13,197)
Share of profits less losses of associates		107	59
Share of (loss)/profit of a joint venture		(1,242)	422
		317,833	295,264
Net gain on disposal of properties		–	38,783
Net gain/(loss) on trading securities/ available-for-sale securities		10,644	(2,410)
Net increase in fair value of investment properties	7	461,835	443,328
Profit before taxation	3	790,312	774,965
Taxation	4		
– Current		(67,660)	(51,117)
– Deferred		(530)	(36,332)
Profit for the period		722,122	687,516
Attributable to:			
Shareholders of the Company		707,859	680,356
Non-controlling interests		14,263	7,160
		722,122	687,516
Interim dividend declared after the interim period end	5(a)	98,129	98,129
Earnings per share – basic and diluted	6	HK\$1.23	HK\$1.18
Interim dividend per share	5(a)	HK\$0.17	HK\$0.17

The notes on pages 10 to 23 form an integral part of this interim financial 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).

Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit for the period	722,122	687,516
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	659	(1,382)
Available-for-sale securities		
– changes in fair value	(6,519)	(11,677)
– transfer to profit or loss upon disposal	(8,609)	–
	(14,469)	(13,059)
Total comprehensive income for the period	707,653	674,457
Attributable to:		
Shareholders of the Company	693,416	667,282
Non-controlling interests	14,237	7,175
Total comprehensive income for the period	707,653	674,457

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

The notes on pages 10 to 23 form an integral part of this interim financial report.

Consolidated Balance Sheet

	Note	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Non-current assets			
Fixed assets	7		
– Investment properties		11,615,415	11,078,791
– Other fixed assets		1,030,270	1,067,255
		<u>12,645,685</u>	12,146,046
Interests in associates		1,936	1,816
Interest in a joint venture		9,462	10,017
Available-for-sale securities		331,541	407,529
Deferred tax assets		2,774	2,774
		<u>12,991,398</u>	12,568,182
Current assets			
Inventories		134,288	152,195
Trade and other receivables	8	274,522	304,729
Available-for-sale securities		34,589	33,940
Trading securities		5,241	7,238
Cash and bank balances		2,978,098	2,874,785
Tax recoverable		15,582	22,155
		<u>3,442,320</u>	3,395,042
Current liabilities			
Trade and other payables	9	(546,869)	(616,420)
Bank loans and overdrafts		(1,603,606)	(798,127)
Sales and rental deposits received		(171,962)	(185,888)
Tax payable		(82,031)	(39,412)
		<u>(2,404,468)</u>	(1,639,847)
Net current assets		<u>1,037,852</u>	1,755,195
Total assets less current liabilities carried forward		<u>14,029,250</u>	14,323,377

Consolidated Balance Sheet (continued)

	<i>Note</i>	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Total assets less current liabilities brought forward		14,029,250	14,323,377
Non-current liabilities			
Bank loans		(844,661)	(1,691,652)
Deferred liabilities		(150,122)	(126,789)
Deferred tax liabilities		(233,131)	(232,601)
		(1,227,914)	(2,051,042)
NET ASSETS		12,801,336	12,272,335
CAPITAL AND RESERVES			
Share capital: nominal value		–	404,062
Other statutory capital reserve		–	287,628
Share capital and statutory capital reserve	10	691,690	691,690
Other reserves		11,981,627	11,444,063
Total equity attributable to shareholders of the Company		12,673,317	12,135,753
Non-controlling interests		128,019	136,582
TOTAL EQUITY		12,801,336	12,272,335

The notes on pages 10 to 23 form an integral part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 – unaudited

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	404,062	287,628	(91,086)	139,168	304,827	11,803	10,016,244	11,072,646	127,840	11,200,486
Changes in equity for the six months ended 30 June 2013:										
Profit for the period	-	-	-	-	-	-	680,356	680,356	7,160	687,516
Other comprehensive income	-	-	-	(1,397)	-	(11,677)	-	(13,074)	15	(13,059)
Total comprehensive income	-	-	-	(1,397)	-	(11,677)	680,356	667,282	7,175	674,457
Final dividend approved in respect of the previous year (note 5(b))	-	-	-	-	-	-	(144,308)	(144,308)	-	(144,308)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(2,515)	(2,515)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(15,000)	(15,000)
At 30 June 2013 and 1 July 2013	404,062	287,628	(91,086)	137,771	304,827	126	10,552,292	11,595,620	117,500	11,713,120
Changes in equity for the six months ended 31 December 2013:										
Profit for the period	-	-	-	-	-	-	597,533	597,533	16,991	614,524
Other comprehensive income	-	-	-	14,179	-	26,550	-	40,729	3,860	44,589
Total comprehensive income	-	-	-	14,179	-	26,550	597,533	638,262	20,851	659,113
Interim dividend declared in respect of the current period (note 5(a))	-	-	-	-	-	-	(98,129)	(98,129)	-	(98,129)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,769)	(1,769)
At 31 December 2013 and 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 dividend 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 10)	287,628	(287,628)	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(22,800)	(22,800)
At 30 June 2014	691,690	-	(91,086)	152,635	304,827	11,548	11,603,703	12,673,317	128,019	12,801,336

The notes on pages 10 to 23 form an integral part of this interim financial report.

Condensed Consolidated Cash Flow Statement – Unaudited

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Operating activities		
Cash generated from operations	347,883	359,204
Dividend paid	(155,852)	(144,308)
Other cash flows arising from operating activities	(18,861)	(19,544)
Net cash generated from operating activities	173,170	195,352
Investing activities		
Payment for purchase of other fixed assets	(92,063)	(34,099)
Proceeds from disposal net off payment for purchase of available-for-sale securities	68,820	(21,448)
Other cash flows arising from investing activities	(334,865)	(190,608)
Net cash used in investing activities	(358,108)	(246,155)
Financing activities		
Proceeds from new bank loans	4,704,285	3,522,667
Repayment of bank loans	(4,752,732)	(3,206,892)
Other cash flows arising from financing activities	(5,893)	(6,136)
Net cash (used in)/generated from financing activities	(54,340)	309,639
Net (decrease)/increase in cash and cash equivalents	(239,278)	258,836
Cash and cash equivalents at 1 January	1,076,863	591,224
Effect of foreign exchange rate changes	104	(223)
Cash and cash equivalents at 30 June	837,689	849,837
Analysis of the balances of cash and cash equivalents at 30 June		
Cash and bank balances	2,978,098	2,482,896
Bank overdrafts	(8,299)	(10,566)
Less: Time deposits with maturity more than 3 months	(2,132,110)	(1,622,493)
	837,689	849,837

The notes on pages 10 to 23 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2013 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and one new Interpretation 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 impact on the Group’s financial statements and the Group has not applied any new standard or interpretation that is not yet effective for 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.

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 Company and the Group since the 2013 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 28. 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 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 March 2014.

2 Turnover and segment reporting

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's board and senior 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
Hotel and serviced apartment	:	The operation of hotel and serviced apartment 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, hotel and serviced apartment, food and beverage operation and travel operation. Turnover represents rental income and income from hotel, 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 directly incurred by those segments. The measure used for reporting segment results is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and share of (loss)/profit of a joint venture, other non-operating items and other corporate expenses.

2 Turnover and segment reporting (continued)

Information regarding the Group's reportable segments as provided to the Group's board and senior management for the purpose of resource allocation and assessment of segment performance for the period is set out below.

	For the six months ended 30 June 2014					
	Property rental HK\$'000	Hotel and serviced apartment HK\$'000	Food and beverage operation (note) HK\$'000	Travel operation HK\$'000	Others (note) HK\$'000	Total HK\$'000
Revenue from external customers	388,918	331,886	167,287	595,199	19,821	1,503,111
Inter-segment revenue	-	970	3,328	-	-	4,298
Reportable segment revenue	388,918	332,856	170,615	595,199	19,821	1,507,409
Elimination of inter-segment revenue						(4,298)
Consolidated turnover						<u>1,503,111</u>
Reportable segment results (adjusted EBITDA)	337,805	109,735	(6,181)	20,867	(12,757)	449,469
Unallocated corporate expenses						(113,418)
Finance costs						336,051
Share of profits less losses of associates						(17,083)
Share of loss of a joint venture						107
Net gain on trading securities/ available-for-sale securities						(1,242)
Net increase in fair value of investment properties	461,835	-	-	-	-	10,644
Consolidated profit before taxation						<u>461,835</u>
						<u>790,312</u>

2 Turnover and segment reporting (continued)

	For the six months ended 30 June 2013					
	Property rental HK\$'000	Hotel and serviced apartment HK\$'000	Food and beverage operation (note) HK\$'000	Travel operation HK\$'000	Others (note) HK\$'000	Total HK\$'000
Revenue from external customers	366,948	287,874	138,226	572,163	42,543	1,407,754
Inter-segment revenue	–	813	3,133	–	–	3,946
Reportable segment revenue	366,948	288,687	141,359	572,163	42,543	1,411,700
Elimination of inter-segment revenue						(3,946)
Consolidated turnover						<u>1,407,754</u>
Reportable segment results (adjusted EBITDA)	319,062	104,349	(3,939)	20,691	(37,726)	402,437
Unallocated corporate expenses						<u>(94,457)</u>
						307,980
Finance costs						(13,197)
Share of profits less losses of associates						59
Share of profit of a joint venture						422
Net gain on disposal of properties						38,783
Net loss on trading securities						(2,410)
Net increase in fair value of investment properties	443,328	–	–	–	–	<u>443,328</u>
Consolidated profit before taxation						<u>774,965</u>

Note: During the period, the financial results of businesses in the process of cessation are grouped and reported to the Group's board and senior management under "Others" segment. These were previously grouped and reported under "Property development and sales", "Food and beverage operation" and "Apparel operation" respectively. Comparative figures have been restated in conformity with current period's presentation.

3 Profit before taxation

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

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
(a) <i>Finance costs</i>		
Interest on bank advances and other borrowings repayable within five years	14,106	10,853
Other borrowing costs	2,977	2,344
	17,083	13,197
(b) <i>Other items</i>		
Dividend and interest income	(29,368)	(24,957)
Reversal of provision for properties held for resale	-	(1,200)
(Reversal of)/impairment loss on trade receivables	(74)	2,798
Net realised and unrealised (gain)/loss on trading securities	(2,035)	2,410
Net gain on disposal of available-for-sale securities	(8,609)	-
	(38,086)	(21,949)

4 Taxation

Taxation in the consolidated income statement represents:

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	64,661	49,797
Over-provision in respect of prior years	(637)	(22)
	<hr/>	<hr/>
	64,024	49,775
Current tax – Overseas Taxation		
Provision for the period	3,636	1,261
Under-provision in respect of prior years	–	81
	<hr/>	<hr/>
	3,636	1,342
Deferred tax		
Origination and reversal of temporary differences	530	36,332
	<hr/>	<hr/>
	68,190	87,449

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2013: 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 2013: HK\$3,000) 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 2013: HK\$83,000) is included in the share of (loss)/profit of a joint venture.

5 Dividends

(a) Dividends attributable to the interim period:

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interim dividend declared after the interim period of 17 Hong Kong cents per share (six months ended 30 June 2013: 17 Hong Kong cents per share)	98,129	98,129

The interim dividend declared after the interim period has not been recognised as a liability at the balance sheet date.

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

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 27 Hong Kong cents per share (six months ended 30 June 2013: 25 Hong Kong cents per share)	155,852	144,308

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\$707,859,000 (six months ended 30 June 2013: HK\$680,356,000) and 577,231,252 shares (six months ended 30 June 2013: 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 2014 and 2013, and hence diluted earnings per share is the same as the basic earnings per share.

7 Fixed assets

Investment properties

Investment properties of the Group were revalued at 30 June 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 net increase in fair value of investment properties was HK\$461,835,000 (six months ended 30 June 2013: HK\$443,328,000).

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 balance sheet date:

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
0 to 1 month	64,285	71,902
1 month to 2 months	10,678	15,867
Over 2 months	23,235	19,235
Trade receivables (net of allowance for doubtful debts)	98,198	107,004
Other receivables, deposits and prepayments	176,324	197,725
	274,522	304,729

At 30 June 2014 and 31 December 2013, 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 balance sheet date:

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Due within 3 months or on demand	68,187	79,482
Due after 3 months but within 6 months	17,534	21,784
Trade payables	85,721	101,266
Other payables	327,761	379,880
Amounts due to holders of non-controlling interests of subsidiaries (note (i))	118,015	122,474
Amounts due to associates (note (ii))	15,372	12,800
	546,869	616,420

At 30 June 2014 and 31 December 2013, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

Notes:

- (i) Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$44,113,000 (at 31 December 2013: HK\$48,408,000), which is interest bearing at 6.4% (at 31 December 2013: 6.4%) per annum and repayable 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.
- (ii) Amounts due to associates are unsecured, interest-free and repayable on demand.

10 Share capital and statutory capital reserve

As at 31 December 2013, 577,231,252 ordinary shares, with par value of HK\$0.70 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of “authorised share capital” and “par value” no longer exist. The amount standing to the credit of the share premium account on 3 March 2014 has become part of the Company’s share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Movements of the company’s ordinary shares are set out below:

	At 30 June 2014		At 31 December 2013	
	No. of shares	Amount HK\$’000	No. of shares	Amount HK\$’000
Ordinary shares, issued and fully paid:				
At 1 January	577,231,252	404,062	577,231,252	404,062
Transition to no-par value regime on 3 March 2014	–	287,628	–	–
At 30 June/31 December	<u>577,231,252</u>	<u>691,690</u>	<u>577,231,252</u>	<u>404,062</u>

11 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 balance sheet date 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

11 Fair value measurement of financial instruments (continued)**(a) Financial assets measured at fair value (continued)**(i) *Fair value hierarchy (continued)*

	Fair value at 30 June 2014 HK\$'000	Fair value measurements as at 30 June 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	53,129	53,129	–	–
– Listed equity securities in overseas	115,396	115,396	–	–
– Unlisted debt securities in overseas	163,016	–	163,016	–
– Unlisted investment fund	34,589	–	34,589	–
Trading securities:				
– Listed securities in Hong Kong	5,241	5,241	–	–

	Fair value at 31 December 2013 HK\$'000	Fair value measurements as at 31 December 2013 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	61,865	61,865	–	–
– Listed equity securities in overseas	94,490	94,490	–	–
– Unlisted debt securities in overseas	251,174	–	251,174	–
– Unlisted investment fund	33,940	–	33,940	–
Trading securities:				
– Listed securities in Hong Kong	7,238	7,238	–	–

11 Fair value measurement of financial instruments (continued)

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

(i) Fair value hierarchy (continued)

During the six months ended 30 June 2014, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3 (at 31 December 2013: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date 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 fund is represented by the reported net asset value.

(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 2014 and 31 December 2013. 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.

12 Capital commitments

Capital commitments outstanding at 30 June 2014 not provided for in the interim financial report were as follows:

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Contracted for	146,476	173,743
Authorised but not contracted for	162,565	124,994
	<hr/> 309,041	<hr/> 298,737

13 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	
	2014 HK\$'000	2013 HK\$'000
Property agency fee expenses to a subsidiary of the Group's major shareholder (<i>note (a)</i>)	1,500	1,250
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder (<i>note (a)</i>)	(9,295)	(7,911)
Management fee income from affiliated companies of the Group's major shareholder (<i>note (b)</i>)	(104)	(639)
Hotel and catering service income from subsidiaries of the Group's major shareholder (<i>note (c)</i>)	(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*	(1,625)	(1,604)
– an associate of the Group's major shareholder for leasing of Office Units 1801-08, 1812-16 and 1817-18, Miramar Tower*	(9,057)	(7,135)
– a subsidiary of the Group's major shareholder for leasing of Shop 503A-C and 501-02, Miramar Shopping Centre and Office Units 609-12, Miramar Tower* (<i>note (d)</i>)	(9,623)	(9,571)
– a subsidiary of the Group's major shareholder for leasing of Shop 3013, Portion of Podium Roof and Fan Room, Miramar Shopping Centre* (<i>note (e)</i>)	(6,002)	(5,302)
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*	7,688	6,828
– 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	3,611
– 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 (f)</i>)	5,703	–
	<hr/> 5,703	–

* These transactions also constitute continuing connected transactions as defined under the Listing Rules.

13 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 amounts due to these companies at the period end amounted to HK\$3,928,000 (at 31 December 2013: HK\$2,045,000).

- (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\$4,866,000 (at 31 December 2013: HK\$6,740,000).
- (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\$668,000 (at 31 December 2013: HK\$1,915,000).
- (d) The amount due from this company at the period end amounted to HK\$171,000 (at 31 December 2013: HK\$11,000).
- (e) The amount due from this company at the period end amounted to HK\$20,000 (at 31 December 2013: HK\$333,000).
- (f) The amount due to this company at the period end amounted to HK\$65,000 (at 31 December 2013: HK\$1,943,000).

Other Information

Interim Dividend

The Directors declare the payment of an interim dividend of 17 Hong Kong cents per share in respect of the six months ended 30 June 2014 to shareholders listed on the Register of Members at the close of business on 6 October 2014. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 17 October 2014.

Closure of the Register of Members

The Register of Members of the Company will be closed from 30 September 2014 to 6 October 2014, both dates inclusive. In order to qualify for the interim dividend for the period, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 29 September 2014.

Disclosure of Interests

Directors' interests in shares

As at 30 June 2014, 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 Bui	–	1,080,000 <i>(note 5)</i>	–	–	0.19%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	–	–	–	2%
Strong Guide Property Limited	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 2014, 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 2014 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 2014, 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 2014, 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) All these shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary.
- (6) These 2 shares in Strong Guide Property Ltd 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 20% as at 30 June 2014 (at 31 December 2013: 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 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 2014, total available facilities amounted to approximately HK\$3.1 billion (at 31 December 2013: approximately HK\$3.0 billion), and 79% of that (at 31 December 2013: 83%) were utilised. At 30 June 2014, consolidated net cash were approximately HK\$0.49 billion (at 31 December 2013: HK\$0.34 billion), of which HK\$0.02 billion was secured borrowings (at 31 December 2013: none).

Employee

As at 30 June 2014, the Group had a total of about 2,130 full-time employees, including 1,850 employed in Hong Kong and 280 employed in The People's Republic of China. It is the policy of the Group to remunerate employees in a manner that supports the achievement of the Company's mission, vision and strategic objective. To attract and retain high caliber manpower, the Group reviews its remuneration policies regularly in light of legislation, industry practice and market condition to ensure our staff are remunerated fairly in terms of their roles and responsibilities, merit and competencies within the organization and at an appropriate level for markets in which they operate in. The Group adopts a performance-driven culture that our employees are rewarded progressively through the comprehensive performance-based discretionary bonus scheme.

Training and Development

We regard employees as our greatest asset. We are committed to providing an environment in which our employees at all levels can excel and grow. With the implementation of the Performance Management System it enhances the alignment of individual performance with corporate values, business goals and objectives. All team members have been engaged and knowing what is expected with alignment between company and individual goals to achieve the greatest benefit for individual and the company.

Continuous learning opportunities are a cornerstone of employee workplace fulfillment and development pathways. At the beginning of 2014, an extensive learning and development needs discussion was carried out with business leaders. A comprehensive Learning and Development Roadmap was then developed for employees at all levels, essential general capabilities and functional capabilities like organization and business knowledge, technical skills, customer services skills, language ability, people management and personal effectiveness were identified and relevant learning solutions have been rolling out throughout the year. With the continuous efforts of people development, we have been awarded by the Employees Retraining Board with renewed honour of Manpower Developer in 2014.

Corporate Governance

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2014, 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.

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:

- i) Dr Timpson Chung Shui Ming was appointed as an independent non-executive director of Jinmao Investments and Jinmao (China) Investments Holdings Limited, a listed company, on 25 March 2014.
- ii) Dr Patrick Fung Yuk Bun retired as an independent non-executive director of The Link Management Limited, the manager of The Link Real Estate Investment Trust, with effect from 1 August 2014. The Link Real Estate Investment Trust is listed on the Hong Kong Stock Exchange. Dr Fung was re-designated from the Chairman and Chief Executive to the Non-executive Chairman of Wing Hang Bank, Limited with effect from 18 August 2014.

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.

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.

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 18 August 2014

Review Report to the Board of Directors



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 4 to 23 which comprises the consolidated balance sheet of Miramar Hotel and Investment Company, Limited as of 30 June 2014 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated 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 2014 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

18 August 2014

Miramar Hotel and Investment Company, Limited
15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong
美麗華酒店企業有限公司 香港九龍尖沙咀彌敦道 132 號美麗華大廈 15 樓

www.miramar-group.com