

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



INTERIM REPORT

Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Directors

Dr Patrick FUNG Yuk Bun
 Mr Dominic CHENG Ka On

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Chairman and CEO

Dr LEE Ka Shing

Joint Company Secretaries

Mr Dickson LAI Ho Man
 Mr Charles CHU Kwok Sun

Auditors

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Financial Reporting Council
Ordinance

Principal Bankers

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

Share Registrar

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

Registered Office

15/F, Mira Place Tower A, 132 Nathan Road,
 Tsim Sha Tsui, Kowloon, Hong Kong

Share Listing

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

Website

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

Chairman and CEO's Statement

Dear shareholders,

On behalf of the Board of Directors of Miramar Hotel and Investment Company, Limited (the "Company"), I would like to present the report on the financial and operational performance of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2022 (the "period").

CONSOLIDATED RESULTS

The Group's revenue for the period amounted to HK\$591 million (2021: HK\$584 million), an increase of 1.2% against the corresponding period last year. Profit attributable to shareholders was HK\$204 million (2021: HK\$158 million) with a year-on-year increase of 29.2%. Excluding the revaluation loss on fair value of investment properties of HK\$6.8 million, the underlying profit attributable to shareholders increased by 9.2% to HK\$211 million (2021: HK\$193 million). The underlying earnings per share increased by 7.1%, year-on-year, to HK\$0.30 (2021: HK\$0.28).

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of HK21 cents per share in respect of the six months ended 30 June 2022 to shareholders listed on the Register of Members at the close of business on 27 September 2022 (Tuesday). The interim dividend is expected to be distributed to shareholders on 12 October 2022 (Wednesday).

OVERVIEW

The coronavirus disease ("Covid-19") pandemic, raging for more than two years, has dealt severe blows to the global economy and the local business environment. The pandemic situation gradually improved at the end of the year as the government and various sectors of the society proactively support citywide vaccination. However, overall business headed to a downward spiral again with the outbreak of the fifth-wave in the first quarter. As the pandemic came under control in the second quarter, and the government handed out the first batch of consumption voucher, consumption sentiment then recovered and people started coming out for consumption. The Group's hotels, food and beverage business and shopping malls seized the chance to entice more business, with the launch of the "MIRAcle Rewards", further drawing in shopper traffic and stimulating consumption. Yet, Hong Kong remained under the menace of this ever-mutable virus. The fifth-wave eventually took down the local GDP by 4.0% year-on-year in the first quarter, reversing the 6.4% growth registered in the full year of 2021. The Group's core businesses remained impeded by the social measures and travel restrictions imposed in Hong Kong and various other countries.

As such, the Group's core businesses were facing severe challenges in the first half-year. The Group's hotel segment continued to intensify its promotions targeting the local market and the demand for accommodation generated by the government's pandemic prevention measures, in an effort to lessen their impact on the Group's overall business. At the start of the year, the government re-tightened social distancing measures in view of the outbreak of the fifth-wave, including limiting the number of diners per table to two and banning dining-in services after 6 p.m., among others. These measures caused great difficulties to operations. The Group immediately re-allocated resources and launched the "MIRA CARE" initiatives — implementing a series of more stringent pandemic prevention measures at its shopping mall, hotels and restaurants, and distributing rapid antigen testing kits to its employees, tenants, customers and the community, thereby providing a safer accommodation, dining and shopping environment, and encouraging consumption. Regarding property rental business, the Group continued to provide rent concessions or lease restructuring to those tenants severely affected by the pandemic, in the spirit of riding over the difficulty together. These measures have kept occupancy rates high during the period, and supported a stable performance for the property rental segment. The Group's travel operation was still restrained by border closure and pandemic prevention policies in various countries, and recorded similar performance as last year. Meanwhile, the Group still continued to take steps to boost online marketing, strictly control costs and postpone non-urgent spending.

OUTLOOK

With the pandemic not yet brought under full control, most countries including Hong Kong still continued with varying degrees of pandemic measures, inducing considerable uncertainties and pressures on business operators and enterprises. Facing this challenging prospect, the Group will continue the adoption of proactive, prudent attitude and cost-efficient operating principal, and meet the difficulties with determination to enhance its overall competitiveness. The Group's business model features agility and stability. Its abundant cash resources and low debt to asset ratio will enable the Group to survive through successive economic cycles. The Group will actively look for investment opportunities and opportunely seize them to expand business, and will adjust strategies in response to changing market and trends, in order to achieve stable and sustainable performances and bring the best benefits to the Group and its shareholders.

ACKNOWLEDGEMENT

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

Lee Ka Shing
Chairman and CEO

Hong Kong, 17 August 2022

Management Discussion and Analysis

BUSINESS REVIEW

Hotels and Serviced Apartments Business

The local tourism and hotel industry have entered into a standstill for more than two and a half years no less due to the strict travel restrictions and immigration controls to contain Covid-19, both locally and overseas. During the period, Hong Kong recorded a low average of less than 13,000 arrivals per month, an utter contrast to that before the pandemic. Pursuing the same line of agile and multi-pronged operating strategy as last year, the Group paid particular regard to categories of customers seeking long stay, staycation and serving quarantine. To this end, the Group specially launched several long-stay plans, themed suitecation, and local staycation packages, in collaboration with Korea Tourism Organization and G.H. Mumm, among others. This led to a noticeable room revenue jump of HK\$13.4 million, an increase of 53.5%, for The Mira Hong Kong with an increase of 19.1% in the occupancy rate during the period. In sight of the new round of Consumption Voucher Scheme, the Group launched a series of promotions for selected accommodation, food and beverage and hydrotherapy spa packages, which further raised its hotel occupancy rate. However, towards the close of the first quarter up to the end of July, some renovation and asset upgrading projects were undertaken in Mira Moon, and revenue thus decreased by HK\$9.8 million, which offset most of increase in room revenue of The Mira Hong Kong. Besides, as the food and beverage business under the hotel segment continued to be dragged by the fifth wave of the pandemic, overall revenue from the hotel and serviced apartment business for the period decreased by 10.0% to HK\$107.9 million compared with the same period last year. Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded loss of HK\$13.7 million, loss has been widen by HK\$6.1 million compared to same period last year.

Property Rental Business

The fifth wave of the epidemic continued to hit various industries in Hong Kong early this year, especially the retail, catering and tourism industries were at the cusp of the hit. Hong Kong's GDP grew at an annual rate 6.4% last year, but this first quarter saw a drop of 4.0% from the prior period, lower than the pre-pandemic level. Two and a half years into the epidemic, rent level and vacancy rate turned stable in the local leasing market of office, retail and commercial shop. During the period, the Group continued to provide appropriate relief to tenants by way of lease restructuring and rent concessions. The Group's total revenue from property rental business was HK\$406.9 million, and EBITDA was HK\$349.6 million, both much the same as the prior half-year.

During this challenging period, the Group actively sought to improve customers' shopping experience and mall amenities, which included upgrading the membership program and mobile phone app. Staying in tune with the new consumption norm, the Group unveiled the "MIRAcle Shop & Dine" double reward scheme early in the year. Brands were invited to open pop-up stores and to run featured weekend market fair in order to enlarge target shopper groups and enhance service standards, thereby increasing competitiveness. Responding to the government's new round of Consumption Voucher Scheme, our shopping malls kicked off the "TWOgether Rewards" consumption reward and membership referral reward activities to stimulate footfall and consumption.

Change in Fair Value of Investment Properties

The Group's investment properties are stated at fair value and are reviewed on a semi-annual basis. The fair value of investment properties is determined with reference to the opinions obtained by the Group from an external professional surveyor firm (Cushman & Wakefield Limited). The fair value of the Group's total investment properties decreased by HK\$6.8 million during the period (2021: HK\$54 million). The book value of the overall investment properties as at 30 June 2022 was HK\$15.2 billion. The investment properties of the Group are held for long-term with the purpose of earning recurring income. The revaluation loss was non-cash in nature and had no substantive impact on the cash flow of the Group.

Food and Beverage Business

During the period, strict social distancing measures were imposed by the government to contain the fifth wave of the pandemic, which included a ban on evening dine-in at restaurants for 104 days, i.e. from 7 January to 20 April of the year, with the number of diners restricted to two, among others, leading to an inevitable, sharp drop in the total number of diners. The operating environment turned harsh, with no precedent; the food and beverage sector was seriously affected. At the beginning of this year, the Group launched two new restaurants featuring two completely new concept brands, the "Chinesology" (唐述) offering modernized Chinese cuisine and the "JAJA" offering new vegetarian propositions, successfully seizing those revival opportunities in the wake of the fifth wave of the pandemic to explore new markets. Besides, the Group continued to boost sales by offering dine-in discounts and takeaway and Mira eShop promotions and at the same time rolling out privileges to consumption vouchers to satisfy customers with different need.

Following the easing of government's social distancing measures, including to allow more diners per table, and evening dine-in, the Group's food and beverage business sharply jumped by 53% and 62% in May and June of the year, which significantly undid the severe dip in performance in the first four months of this year. During the period, revenue recorded HK\$65.2 million, while EBITDA recorded loss of HK\$6 million, compared with revenue of HK\$59.9 million and EBITDA loss of HK\$5.5 million respectively in the same period last year.

Travel Business

Under the onslaught of reversing waves and evolving virus variants, many countries and Hong Kong paid close attention to the development of the pandemic, hoping to strike a balance between economy and pandemic prevention, and are now prudently considering relaxing pandemic-induced immigration rules. As the relaxation of various countries has not arrived during the period, the tourism industry has not yet seen any sign of bounce-back, and the Group's business in travel segment still fell far short of the peak; revenue during the period was HK\$10.8 million, while EBITDA recorded loss of HK\$7.9 million, compared with revenue of HK\$0.7 million and EBITDA loss of HK\$7.8 million respectively in the same period last year. Should Hong Kong relax cross-border travel and allow people to exempt from quarantine upon entry, that opens the sky for aviation and brings flight travel back to normal, then a quick comeback of the travel business, together with high-flying performance, should be within arm's reach.

Operating and Other Expenses

In the midst of the pandemic and a battered economy, the Group continued to strictly control costs and improve operating efficiency. During the period, operating and other expenses decreased by HK\$12.6 million (15.1%) to HK\$70.9 million (2021: HK\$83.5 million), compared with the same period last year.

Treasury Management and Financial Condition

The Group manages the exposure to exchange rate, interest rate, liquidity and financing risks arising from the course of its daily operations in accordance with its established policies, and closely monitors its own financial position and requirements, to ensure solvency and commitment. In terms of exchange rate risk, as the Group mainly operates in Hong Kong with its related cash flows, assets and liabilities denominated in HKD. The primary exposure arises from assets and business operations in mainland China, UK, and bank deposits in RMB, GBP and USD. In terms of interest rate and liquidity risks, as the Group's capital is mainly denominated in HKD and there is no borrowings, the main interest rate risk of the Group is the interest rate risk of HKD deposits; there is no interest rate risk associated with financing and borrowing. As at 30 June 2022, the Group had a consolidated cash position of HK\$5.4 billion (31 December 2021: HK\$5.2 billion) and no loans (31 December 2021: nil). In terms of financing risk, as at 30 June 2022, the total amount of credit facilities available to the Group was HK\$1 billion (31 December 2021: HK\$1 billion), none of them have been utilised (31 December 2021: nil). Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was nil (31 December 2021: nil). The Group adopts a stable and healthy financial policy with more than sufficient funds and credit lines secured, that would enable the Group to cope with economic uncertainties in the foreseeable future and execute investment-effective business development plans when appropriate.

Consolidated Statement of Profit or Loss — Unaudited

For the six months ended 30 June 2022

		For the six months ended	
	Note	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Revenue	3	590,784	583,658
Cost of food and beverage		(36,906)	(36,096)
Staff costs	4(a)	(190,752)	(172,727)
Utilities, repairs and maintenance and rent		(48,562)	(47,960)
Tour and ticketing costs		(9,772)	1,790
Gross profit		304,792	328,665
Other revenue		52,623	32,376
Operating and other expenses		(70,857)	(83,462)
Depreciation		(27,602)	(32,223)
		258,956	245,356
Finance costs	4(b)	(918)	(1,003)
Share of profits less losses of associates		88	94
		258,126	244,447
Net gain on disposal of properties		—	18,696
Other non-operating net gain/(loss)	4(c)	595	(483)
Net decrease in fair value of investment properties	8(a)	(6,833)	(53,982)
Profit before taxation	4	251,888	208,678
Taxation	5		
Current		(43,046)	(45,931)
Deferred		(650)	(1,900)
Profit for the period		208,192	160,847
Attributable to:			
Shareholders of the Company		203,802	157,727
Non-controlling interests		4,390	3,120
		208,192	160,847
Earnings per share	7(a)		
Basic and diluted		HK\$0.29	HK\$0.23

The notes on pages 13 to 28 form an integral part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 6(a).

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

For the six months ended 30 June 2022

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Profit for the period	208,192	160,847
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity securities designated at fair value through other comprehensive income ("FVOCI"):		
— changes in fair value	(3,584)	10,438
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	(39,048)	7,069
	(42,632)	17,507
Total comprehensive income for the period	165,560	178,354
Attributable to:		
Shareholders of the Company	166,279	171,237
Non-controlling interests	(719)	7,117
Total comprehensive income for the period	165,560	178,354

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

The notes on pages 13 to 28 form an integral part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2022

		At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Investment properties	8(a)	15,186,262	15,219,649
Other property, plant and equipment	8(b)	204,824	201,443
		15,391,086	15,421,092
Interests in associates		982	894
Equity securities designated at FVOCI		26,790	39,840
Deferred tax assets		19,271	16,149
		15,438,129	15,477,975
Current assets			
Inventories		122,902	127,654
Trade and other receivables	9	185,462	165,261
Financial assets measured at fair value through profit or loss ("FVPL")		60,163	62,399
Cash and bank balances		5,428,874	5,247,852
Tax recoverable		908	896
		5,798,309	5,604,062
Current liabilities			
Trade and other payables	10	(487,968)	(303,489)
Rental deposits received		(113,225)	(99,306)
Contract liabilities		(48,485)	(58,146)
Lease liabilities		(31,060)	(39,109)
Tax payable		(46,526)	(26,840)
		(727,264)	(526,890)
Net current assets		5,071,045	5,077,172
Total assets less current liabilities carried forward		20,509,174	20,555,147

Consolidated Statement of Financial Position (Continued)

At 30 June 2022

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Total assets less current liabilities brought forward	20,509,174	20,555,147
Non-current liabilities		
Deferred liabilities	(142,663)	(160,008)
Lease liabilities	(33,054)	(47,305)
Deferred tax liabilities	(305,360)	(305,648)
	<u>(481,077)</u>	<u>(512,961)</u>
NET ASSETS	20,028,097	20,042,186
CAPITAL AND RESERVES		
Share capital	11 2,227,024	2,227,024
Reserves	17,641,296	17,654,666
Total equity attributable to shareholders of the Company	19,868,320	19,881,690
Non-controlling interests	159,777	160,496
TOTAL EQUITY	20,028,097	20,042,186

The notes on pages 13 to 28 form an integral part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 — Unaudited

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2021	2,227,024	(92,639)	134,808	304,827	(13,840)	17,290,463	19,850,643	147,514	19,998,157
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	—	—	—	—	—	157,727	157,727	3,120	160,847
Other comprehensive income	—	—	3,072	—	10,438	—	13,510	3,997	17,507
Total comprehensive income	—	—	3,072	—	10,438	157,727	171,237	7,117	178,354
Transfer upon disposal of equity securities designated at FVOCI	—	—	—	—	(15,088)	15,088	—	—	—
Final dividends declared in respect of the previous year (note 6(b))	—	—	—	—	—	(193,469)	(193,469)	—	(193,469)
Balance at 30 June 2021 and 1 July 2021	2,227,024	(92,639)	137,880	304,827	(18,490)	17,269,809	19,828,411	154,631	19,983,042
Changes in equity for the six months ended 31 December 2021:									
Profit for the period	—	—	—	—	—	172,231	172,231	2,575	174,806
Other comprehensive income	—	—	10,251	—	8,989	—	19,240	3,290	22,530
Total comprehensive income	—	—	10,251	—	8,989	172,231	191,471	5,865	197,336
Transfer upon disposal of equity securities designated at FVOCI	—	—	—	—	(4,945)	4,945	—	—	—
Interim dividends declared in respect of the current year (note 6(a))	—	—	—	—	—	(138,192)	(138,192)	—	(138,192)
Balance at 31 December 2021	2,227,024	(92,639)	148,131	304,827	(14,446)	17,308,793	19,881,690	160,496	20,042,186
Balance at 1 January 2022	2,227,024	(92,639)	148,131	304,827	(14,446)	17,308,793	19,881,690	160,496	20,042,186
Changes in equity for the six months ended 30 June 2022:									
Profit for the period	—	—	—	—	—	203,802	203,802	4,390	208,192
Other comprehensive income	—	—	(33,939)	—	(3,584)	—	(37,523)	(5,109)	(42,632)
Total comprehensive income	—	—	(33,939)	—	(3,584)	203,802	166,279	(719)	165,560
Transfer upon disposal of equity securities designated at FVOCI	—	—	—	—	1,585	(1,585)	—	—	—
Final dividends declared in respect of the previous year (note 6(b))	—	—	—	—	—	(179,649)	(179,649)	—	(179,649)
Balance at 30 June 2022	2,227,024	(92,639)	114,192	304,827	(16,445)	17,331,361	19,868,320	159,777	20,028,097

The notes on pages 13 to 28 form an integral part of this interim financial report.

Condensed Consolidated Cash Flow Statement — Unaudited

For the six months ended 30 June 2022

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Operating activities		
Cash generated from operations	249,498	283,920
Interest received	15,610	13,619
Interest and other borrowing costs paid	—	(13)
Tax paid		
— Hong Kong Profits Tax	(20,858)	(21,787)
— Taxation outside Hong Kong	(2,514)	(4,395)
Net cash generated from operating activities	241,736	271,344
Investing activities		
Payment for purchase of other property, plant and equipment	(47,154)	(6,354)
Proceed from disposal of other property, plant and equipment	—	18,879
Net proceeds for disposal of other financial assets designated at FVOCI not held for trading purposes	9,464	30,076
Net proceeds for disposal of other financial assets measured at FVPL held for trading purposes	4,345	483
Increase in time deposits with maturity more than three months	(1,549,043)	(2,830,754)
Other cash flows arising from investing activities	(6,395)	(1,841)
Net cash used in from investing activities	(1,588,783)	(2,789,511)
Financing activities		
Repayment of bank loans	—	(2,861)
Capital element of lease rentals paid	(18,012)	(26,871)
Interest element of lease rentals paid	(918)	(992)
Net cash used in financing activities	(18,930)	(30,724)
Net decrease in cash and cash equivalents	(1,365,977)	(2,548,891)
Cash and cash equivalents at 1 January	2,954,360	4,276,107
Effect of foreign exchange rate changes	(2,044)	1,612
Cash and cash equivalents at 30 June	1,586,339	1,728,828
Analysis of the balances of cash and cash equivalents at 30 June		
Cash and bank balances	5,428,874	5,333,775
Less: Time deposits with maturity more than 3 months	(3,842,535)	(3,604,947)
	1,586,339	1,728,828

The notes on pages 13 to 28 form an integral part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 17 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

The financial information relating to the financial year ended 31 December 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has 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.

3. 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 income from property rental, hotels and serviced apartments, 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 the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, other non-operating items and other corporate expenses.

3. REVENUE AND SEGMENT REPORTING (Continued)

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

	For the six months ended 30 June 2022					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	
Reportable segment revenue (revenue from external customers) (Note)	406,896	107,940	65,188	10,760	—	590,784
Reportable segment results (adjusted EBITDA)	349,602	(13,722)	(6,010)	(7,936)	(72)	321,862
Unallocated net corporate expenses						(62,906)
						258,956
Finance costs						(918)
Share of profits less losses of associates						88
Other non-operating net gain						595
Net decrease in fair value of investment properties	(6,833)	—	—	—	—	(6,833)
Consolidated profit before taxation						251,888

3. REVENUE AND SEGMENT REPORTING (Continued)

	For the six months ended 30 June 2021					
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment revenue (revenue from external customers) (Note)	403,171	119,911	59,898	678	—	583,658
Reportable segment results (adjusted EBITDA)	351,053	(7,616)	(5,463)	(7,841)	(69)	330,064
Unallocated net corporate expenses						<u>(84,708)</u>
						245,356
Finance costs						(1,003)
Net gain on disposal of properties						18,696
Share of profits less losses of associates						94
Other non-operating net loss						(483)
Net decrease in fair value of investment properties	(53,982)	—	—	—	—	<u>(53,982)</u>
Consolidated profit before taxation						<u>208,678</u>

Note: Except for property rental income of HK\$406,896,000 (six months ended 30 June 2021: HK\$403,171,000) which falls within the scope of HKFRS 16, *Leases*, all of the remaining revenue from contracts with customers falls within the scope of HKFRS 15, *Revenue from contracts with customers*.

4. PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
(a) Staff costs		
Contributions to defined contribution retirement plan	7,636	7,022
Salaries, wages and other benefits	183,116	165,705
	<u>190,752</u>	<u>172,727</u>
(b) Finance costs		
Interest on bank loan	—	11
Interest on lease liabilities	918	992
	<u>918</u>	<u>1,003</u>
(c) Other non-operating net (gain)/loss		
Net realised and unrealised (gain)/loss on financial assets measured at FVPL	(595)	483
(d) Other items		
Dividend and interest income	(16,195)	(12,838)
Reversal of provision for property held for resale	(44)	(43)
Government subsidies (<i>Note</i>)	(28,626)	(7,451)
Impairment loss of trade receivables	—	34
Impairment loss on other property, plant and equipment	—	21,304

Note: Being the subsidies received/receivable from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China which are included in "Other revenue" during the period.

5. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	41,517	43,649
Current tax – Taxation outside Hong Kong		
Provision for the period	1,529	2,282
	<u>43,046</u>	<u>45,931</u>
Deferred tax		
Change in fair value of investment properties	4	(90)
Origination and reversal of temporary differences	646	1,990
	<u>650</u>	<u>1,900</u>
	<u>43,696</u>	<u>47,831</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2021: 16.5%) of the estimated assessable profits for the period.

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

Share of associates' taxation for the period of HK\$13,000 (six months ended 30 June 2021: HK\$14,000) is included in the share of profits less losses of associates.

6. DIVIDENDS

(a) Dividends attributable to the interim period

	For the six months ended	
	30 June	30 June
	2022	2021
	HK\$'000	HK\$'000
Interim dividends declared after the interim period of HK21 cents per share (six months ended 30 June 2021: HK20 cents per share)	145,102	138,192

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 during the interim period

	For the six months ended	
	30 June	30 June
	2022	2021
	HK\$'000	HK\$'000
Final dividends in respect of the previous financial year, approved during the following interim period, of HK26 cents per share (six months ended 30 June 2021: HK28 cents per share) (<i>Note</i>)	179,649	193,469

Note: 2021 final dividends and 2020 final dividends were paid on 8 July 2022 and 8 July 2021 respectively.

7. EARNINGS PER SHARE

(a) Basic and diluted earning per share

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK\$203,802,000 (six months ended 30 June 2021: HK\$157,727,000) and 690,959,695 shares (six months ended 30 June 2021: 690,959,695 shares) in issue during the interim period.

There were no potential ordinary shares in existence during the six months ended 30 June 2022 and 2021, and hence diluted earnings per share is the same as the basic earnings per share.

7. EARNINGS PER SHARE (Continued)

(b) Underlying earnings per share

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

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Profit attributable to shareholders of the Company	203,802	157,727
Changes in fair value of investment properties during the period	6,833	53,982
Effect of deferred tax on changes in fair value of investment properties	4	(90)
Net gain on disposal of properties	—	(18,696)
	<hr/>	<hr/>
Underlying profit attributable to shareholders of the Company	210,639	192,923
	<hr/>	<hr/>
Underlying earnings per share	HK\$0.30	HK\$0.28

8. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Investment properties

Investment properties of the Group were revalued at 30 June 2022 and 31 December 2021. The valuations were carried out by an external firm of surveyors, Cushman & Wakefield Limited, who have among its staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The fair value of investment properties is based on income capitalisation approach which capitalised the net income of the properties under the existing tenancies and upon reversion after expiry of current leases. During the period, the net decrease in fair value of investment properties was HK\$6,833,000 (six months ended 30 June 2021: HK\$53,982,000).

(b) Right-of-use assets (included in "other property, plant and equipment")

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for use of operation outlets and therefore recognised the additions to right-of-use assets of HK\$2,284,000 (six months ended 30 June 2021: HK\$32,064,000) and the lease modification of HK\$6,285,000 (six months ended 30 June 2021: nil). Depreciation charges and impairment losses related to the right-of-use assets of HK\$14,698,000 and nil (six months ended 30 June 2021: HK\$16,236,000 and HK\$785,000) respectively are recognised during the period. The net book value of the Group's right-of-use assets at the end of the reporting period is HK\$45,750,000 (31 December 2021: HK\$64,449,000).

8. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets (included in “other property, plant and equipment”) (Continued)

The leases of operation outlets contain variable lease payment terms that are based on sales generated from the operation outlets and minimum annual lease payment terms that are fixed. These payment terms are common in operation outlets in Hong Kong where the Group operates. During the six months ended 30 June 2022, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed and variable lease payments paid/payable to landlord and COVID-19 rent concessions received from landlord for the period is summarised below:

	For the six months ended 30 June 2022		
	Fixed payments HK\$'000	Variable payments HK\$'000	COVID-19 rent concessions HK\$'000
Operation outlets	288	1	(1,685)
	For the six months ended 30 June 2021		
	Fixed payments HK\$'000	Variable payments HK\$'000	COVID-19 rent concessions HK\$'000
Operation outlets	1,521	2	(6,296)

The Group has early adopted the Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, and has applied the practical expedient introduced by this amendment to all eligible rent concessions received by the Group since 2021.

9. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 1 month	30,348	18,740
1 to 2 months	8,601	3,851
Over 2 months	39,159	24,033
	<hr/>	<hr/>
Trade receivables (net of loss allowance)	78,108	46,624
Other receivables, deposits and prepayments	107,354	118,637
	<hr/>	<hr/>
	185,462	165,261

At 30 June 2022, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK\$8,593,000 (31 December 2021: HK\$8,686,000) which is expected to be recovered after one year.

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

10. TRADE AND OTHER PAYABLES

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

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 3 months or on demand	18,944	15,374
Over 3 months but within 6 months	13,418	9,571
Trade payables	32,362	24,945
Other payables and accrued charges	199,023	201,644
Amounts due to holders of non-controlling interests of subsidiaries (<i>note (a)</i>)	72,656	72,622
Amounts due to associates (<i>note (b)</i>)	4,278	4,278
Dividend payable (<i>note 6(b)</i>)	179,649	—
	487,968	303,489

Note:

(a) Amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) Amounts due to associates are unsecured, interest-free and repayable on demand.

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

11. SHARE CAPITAL

Issued share capital

	2022		2021	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January and 30 June/31 December	690,959,695	2,227,024	690,959,695	2,227,024

12. EMPLOYEE RETIREMENT SCHEME

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

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

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

The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Scheme. The portion of voluntary employer's contributions which the employees are not entitled during leaving which will be forfeited and can be used by the Group to reduce the future contributions. The total amount utilised during the six months ended 30 June 2022 was HK\$60,000 (six months ended 30 June 2021: HK\$15,000) and the balance available to be utilised as at 30 June 2022 was nil (31 December 2021: nil).

Employees of subsidiaries in the People's Republic of China (the "PRC") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. Those subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The only obligation of the Group with respect to these retirement schemes is to make the required contributions under the defined contribution retirement schemes. No forfeited contributions was used by the employers to reduce the existing level of contributions for the six months ended 30 June 2022 (six month ended 30 June 2021: nil). The balance available to be utilised as at 30 June 2022 was nil (31 December 2021: nil).

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

(i) Fair value hierarchy

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

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

	Fair value at 30 June 2022 HK\$'000	Fair value measurements as at 30 June 2022		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Financial assets:</i>				
Equity securities designated at FVOCI:				
— Listed equity securities in Hong Kong	26,790	26,790	—	—
Financial assets measured at FVPL:				
— Unlisted investment fund	59,342	—	59,342	—
— Listed equity securities in Hong Kong	821	821	—	—

13. 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 2021 HK\$'000	Fair value measurements at 31 December 2021		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
<i>Financial assets:</i>				
Equity securities designated at FVOCI:				
— Listed equity securities in Hong Kong	39,840	39,840	—	—
Financial assets measured at FVPL:				
— Unlisted investment fund	61,444	—	61,444	—
— Listed equity securities in Hong Kong	955	955	—	—

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

(b) Fair values of financial assets and liabilities carried at other than fair value

The fair values of receivables, bank balances and other current assets, payables and accruals and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2022 and 31 December 2021. Amounts due to associates and holders of non-controlling interests of subsidiaries are unsecured and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report were as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Future expenditure:		
Contracted for acquisition of property, plant and equipment	16,523	16,834
Authorised but not contracted for acquisition of property, plant and equipment	11,820	18,210
	28,343	35,044

15. 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 2022	30 June 2021
	HK\$'000	HK\$'000
Property agency fee payable to a subsidiary of the Group's ultimate holding company (<i>note (a)</i>)	1,500	1,500
Travel and ticketing income (received from)/refund to subsidiaries and associates of the Group's ultimate holding company (<i>note (a)</i>)	(257)	34
Management fee income from a subsidiary of the Group's ultimate holding company (<i>note (b)</i>)	(366)	(331)
Hotel and catering service income from subsidiaries and associates of the Group's ultimate holding company (<i>note (c)</i>)	(550)	(311)
Rental and building management fee income from:		
– an entity controlled by a director for leasing of:		
• certain units of 18th Floor, Mira Place Tower A	(6,696)	(10,755)
• Office Units 1706–1707, Mira Place Tower A	–	(1,895)
– a subsidiary of the Group's ultimate holding company for leasing of:		
• Shops 501–03, 505–06, Mira Place 1	(16,859)	(17,324)
• B109–113, Mira Place 1	(6,455)	(97)
• Shop 312, Mira Place 1	–	(1,164)
– an associate of the Group's ultimate holding company for leasing of:		
• Office Units 901–904 and 918, Mira Place Tower A	(70)	–
Cash rental paid to:		
– an associate of the Group's ultimate holding company for the leasing of Shop Nos. 3101–3107 and certain floor space of ifc Mall (<i>note (d)</i>)	9,380	9,646
– a subsidiary of the Group's ultimate holding company for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong (<i>note (e)</i>)	1,584	3,387
Professional consultancy and management services income from an associate of the Group's ultimate holding company (<i>note (f)</i>)	(223)	(123)

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

15. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

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

The Group's travel division provides agency services to certain subsidiaries and associates of the Group's ultimate holding company in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The net amounts due to these companies as at 30 June 2022 amounted to HK\$7,530,000 (31 December 2021: HK\$6,044,000) are unsecured, interest free and have no fixed terms of repayment.

- (b) The management fee income from a subsidiary of the Group's ultimate holding company for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the period the service provided. The amount due from this company as at 30 June 2022 amounted to HK\$187,000 (31 December 2021: HK\$48,000) is unsecured, interest free and has no fixed terms of repayment.

- (c) The Group's hotel division provides hotel and catering services to certain subsidiaries and associates of the Group's ultimate holding company in respect of hotel and outside catering services and food and beverage services under similar terms it provides to other customers. The amounts due from these companies as at 30 June 2022 amounted to HK\$8,000 (31 December 2021: HK\$646,000) are unsecured, interest free and have no fixed terms of repayment.

- (d) The amount represented rental, building management fee, air-conditioning charges and other outgoings paid to an associate of the Group's ultimate holding company during the period. The amount due to this company as at 30 June 2022 represented unpaid rental fee amounted to HK\$4,866,000 (The amount due from this company as at 31 December 2021 represented prepaid rental fee amounted to HK\$1,610,000) is unsecured, interest free, and has no fixed terms of repayment.

- (e) The amount represented rental, building management fee and other outgoings paid to a subsidiary of the Group's ultimate holding company during the period. The amount due from this company as at 30 June 2022 represented prepaid rental fee amounted to HK\$Nil (31 December 2021: HK\$823,000) and is unsecured, interest free and has no fixed terms of repayment.

- (f) The consultancy and management services income from an associate of the Group's ultimate holding company for the provision of consultancy and management services to parking facilities, was calculated at a certain percentage of direct operating expenses incurred from the operation of that parking facilities for the period the service provided. The amount due from this company in relation to the fee as at 30 June 2022 amounted to HK\$160,000 (31 December 2021: HK\$124,000) and is unsecured, interest free and has no fixed terms of repayment.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed on Tuesday, 27 September 2022, during which no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 26 September 2022.

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 is shown as follows:

Mr Norman Ho Hau Chong was appointed as an independent non-executive director of SJM Holdings Limited, a listed company, on 15 June 2022.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

At 30 June 2022, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares

Long Positions

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

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Henderson Development Limited	Dr LEE Ka Shing	—	—	—	8,190 (Ordinary A Shares) <i>(note 7)</i>	100%
	Dr LEE Ka Shing	—	—	—	3,510 (Non-voting B Shares) <i>(note 7)</i>	100%
	Dr LEE Ka Shing	—	—	—	15,000,000 (Non-voting Deferred Shares) <i>(note 7)</i>	30%
Henderson Land Development Company Limited	Dr LEE Ka Shing	—	—	—	3,509,782,778 <i>(note 7)</i>	72.50%
	Mr Thomas LIANG Cheung Biu	—	1,019,968 <i>(note 8)</i>	—	—	0.02%
Henderson Investment Limited	Dr LEE Ka Shing	—	—	—	2,110,868,943 <i>(note 9)</i>	69.27%
Cherry Well Limited	Dr LEE Ka Shing	—	—	—	8 <i>(note 9)</i>	80%
Domax Investment Limited	Dr LEE Ka Shing	—	—	—	8 <i>(note 9)</i>	80%
Fortune Max Properties Limited	Dr LEE Ka Shing	—	—	—	8 <i>(note 9)</i>	80%
Masterlines Development Limited	Dr LEE Ka Shing	—	—	—	800 <i>(note 9)</i>	80%
Prospect King Limited	Dr LEE Ka Shing	—	—	—	37,000,000 <i>(note 9)</i>	66.67%
Wealth Team Development Limited	Mr Norman HO Hau Chong	—	1 <i>(note 10)</i>	98 <i>(note 10)</i>	—	9.90%

Save as disclosed above, as at 30 June 2022, none of the directors or the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Ka Shing in the shares, underlying shares and debentures of the associated corporations of the Company which are solely derived from his deemed interests in Henderson Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited and/or the Company and not from any separate personal interests of his own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 41(2) of Appendix 16 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Apart from the foregoing, at no time during the six months ended 30 June 2022 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' and Others' Interest

The Company has been notified of the following interests in the Company's issued shares at 30 June 2022, amounting to 5% or more of the shares in issue:

Ordinary Shares

Long Positions

Substantial shareholders	Ordinary Shares Held	Percentage of total issued shares
Dr LEE Shau Kee	345,999,980 <i>(note 1)</i>	50.08%
Dr LEE Ka Shing	345,999,980 <i>(note 2)</i>	50.08%
Rimmer (Cayman) Limited ("Rimmer")	345,999,980 <i>(note 6)</i>	50.08%
Riddick (Cayman) Limited ("Riddick")	345,999,980 <i>(note 6)</i>	50.08%
Hopkins (Cayman) Limited ("Hopkins")	345,999,980 <i>(note 6)</i>	50.08%
Henderson Development Limited ("Henderson Development")	345,999,980 <i>(note 7)</i>	50.08%
Henderson Land Development Company Limited ("Henderson Land")	345,999,980 <i>(note 7)</i>	50.08%
Aynbury Investments Limited ("Aynbury")	345,999,980 <i>(note 7)</i>	50.08%
Higgins Holdings Limited ("Higgins")	120,735,300 <i>(note 7)</i>	17.47%
Multiglade Holdings Limited ("Multiglade")	128,658,680 <i>(note 7)</i>	18.62%
Threadwell Limited ("Threadwell")	96,606,000 <i>(note 7)</i>	13.98%
Persons other than substantial shareholders		
Mr CHONG Wing Cheong	68,910,652	9.97%

Save as disclosed above, as at 30 June 2022, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 345,999,980 shares, which are duplicated in the interests described in Notes 2, 6 and 7.
- (2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 6, Dr Lee Ka Shing is taken to be interested in 345,999,980 shares, which are duplicated in the interests described in Notes 1, 6 and 7, by virtue of the SFO.
- (3) All these shares were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.
- (4) All these shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.
- (5) These 2,218,000 shares, of which 1,080,000 shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary and the remaining of 1,138,000 shares were held by his spouse.
- (6) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 345,999,980 shares are duplicated in the interests described in Notes 1, 2 and 7.
- (7) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 345,999,980 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 345,999,980 shares are duplicated in the interests described in Notes 1, 2 and 6.

- (8) These shares were owned by the spouse of Mr Thomas Liang Cheung Biu.
- (9) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Shing is taken to be interested in these shares by virtue of the SFO.
- (10) These shares of which 98 shares were held through corporations in which Mr Norman Ho Hau Chong owned more than 30% of the issued shares and the remaining 1 share was held by his spouse.

EMPLOYEES

As at 30 June 2022, the Group had a total of 1,117 full-time employees, including 1,088 employed in Hong Kong, 22 employed in The People's Republic of China and 7 employed in Overseas. The Group is the "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner. The Group develops a performance-driven culture and adopts Total Rewards Management for talent attraction, employee recognition and retention. The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the programme is in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration.

TRAINING AND DEVELOPMENT

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

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

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

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG 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 2022 with the exception that roles of the chairman and the chief executive officer of the Company have not been segregated. Dr. Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Dr. Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the six months ended 30 June 2022 and discussed with representative of Audit, Risk & Corporate Services department and independent external auditors regarding matters on internal control, risk management 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 report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

By Order of the Board

LEE KA SHING

Chairman and CEO

Hong Kong, 17 August 2022



**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 7 to 28 which comprises the consolidated statement of financial position of Miramar Hotel and Investment Company, Limited as of 30 June 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

17 August 2022

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