

INTERIM REPORT

中 期 業 績 報 告

2017

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
美 麗 華 酒 店 企 業 有 限 公 司

Stock code 股份代號 71

Warrant code 認股權證代號 1437

Board of Directors

Executive Directors

Mr LEE Ka Shing (*Chairman and CEO*)

Mr Richard TANG Yat Sun

Dr Colin LAM Ko Yin

Mr Eddie LAU Yum Chuen

Mr Norman HO Hau Chong

Non-Executive Directors

Dr LEE Shau Kee

Dr Patrick FUNG Yuk Bun

Mr Dominic CHENG Ka On

Mr Alexander AU Siu Kee

Independent Non-Executive Directors

Dr David SIN Wai Kin (*Vice Chairman*)

Mr WU King Cheong

Dr Timpson CHUNG Shui Ming

Mr Howard YEUNG Ping Leung

Mr Thomas LIANG Cheung Biu

Audit Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)

Dr David SIN Wai Kin

Mr WU King Cheong

Dr Patrick FUNG Yuk Bun

Mr Dominic CHENG Ka On

Remuneration Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)

Mr LEE Ka Shing

Dr David SIN Wai Kin

Mr Richard TANG Yat Sun

Mr WU King Cheong

Nomination Committee

Mr LEE Ka Shing (*Committee Chairman*)

Dr David SIN Wai Kin

Mr WU King Cheong

Dr Timpson CHUNG Shui Ming

Chairman and CEO

Mr LEE Ka Shing

Corporate Secretary

Mr Charles CHU Kwok Sun

Auditors

KPMG

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mizuho Bank, Ltd.

China Construction Bank (Asia) Corporation Limited

Sumitomo Mitsui Banking Corporation

Bank of Communications Co., Ltd.

Bank of China (Hong Kong) Limited

Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wan Chai, Hong Kong

Registered Office

15/F, Mira Place Tower A, 132 Nathan Road,

Tsimshatsui, Kowloon, Hong Kong

Share and Warrant Listings

The Stock Exchange of Hong Kong Limited

(Stock Code: 71)

(Warrant Code: 1437)

Website

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

2 Chairman and CEO's Statement

Dear Shareholders,

On behalf of the Board of the Miramar Group (the "Group"), I am pleased to present my report of the operations of the Group, together with the financial performance for the six months ended 30 June 2017.

CONSOLIDATED RESULTS

The Group's revenue for the six months ended 30 June 2017 (the "Reporting Period") amounted to approximately HK\$1,559 million, representing an increase of 5% compared to last corresponding period.

Profit for the reporting period, at HK\$792 million, increased by 24% compared to the last corresponding period. The basic earnings per share were HK\$1.34, an increase of 24% compared to the last corresponding period (2016: HK\$1.08).

Excluding the net increase in fair value of investment properties of approximately HK\$416 million and the one-off net gain on disposal of a subsidiary with a property in Central of approximately HK\$32 million, the underlying profit attributable to shareholders surged significantly by 27% to approximately HK\$333 million. The basic underlying earnings per share were HK\$0.57, an increase of 27% compared to the last corresponding period (2016: HK\$0.45).

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of HK23 cents per share in respect of the six months ended 30 June 2017 to shareholders listed on the Register of Members at the close of business on Friday, 29 September 2017. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 17 October 2017.

BUSINESS OUTLOOK

The Group's financial position remained sound and the overall performance of the core business remained satisfactory. The outlook of the Group's performance for the second half of 2017 will grow steadily. Management will continue to enhance asset value and the quality of service, increase revenue and improve cost effectiveness.

Marking the 60th anniversary of the Group this year, we are determined in delivering continuous service excellence to customers. Management is resolved and will continue to furnish better returns to our shareholders and stakeholders.

Lee Ka Shing

Chairman and CEO

Hong Kong, 18 August 2017

BUSINESS OVERVIEW

Hotels and Serviced Apartments Business

During the reporting period, revenue from hotels and serviced apartments of the Group increased by 2% to HK\$307 million, compared to corresponding period of last year. EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to HK\$109 million, representing an increase of approximately 18%.

Benefiting from the rise in overnight visitor arrivals to Hong Kong, the occupancy rate of both The Mira Hong Kong and Mira Moon rose in the first half of 2017, which was similar to that among high-end hotels. The management of hotel segment has been relentlessly optimizing the operation of various departments, enhancing operational efficiency and maintaining competitiveness.

Property Rental Business

During the reporting period, the Group's property rental business recorded revenue of approximately HK\$421 million with modest growth in average occupancy rate; EBITDA was approximately HK\$374 million, at similar level as the last corresponding period.

Through years of planned enhancement, the Group has finally completed the hardware and software optimization and strategic integration for its four core properties, namely Miramar Shopping Centre, Mira Mall, Miramar Tower and The Mira Hong Kong. Since 2 June 2017, these properties have been rebranded as Mira Place, culminating to the establishment of a golden shopping and recreational landmark of 1.2 million square feet at the core of Tsim Sha Tsui.

Net increase in fair value of investment properties

Thanks to the completion of the asset enhancement project and optimal integration of tenant mix, occupancy rate of our major investment properties saw an increase over the last corresponding period, further enhancing their asset value. The Group's investment property portfolio recorded a net increase in fair value of approximately HK\$416 million to a total value of HK\$13.7 billion as at 30 June 2017, an increase of 3%, as evaluated by an independent professional surveying firm.

Food and Beverage Business

Our food and beverage business recorded a middling revenue of HK\$195 million and EBITDA of approximately HK\$7 million respectively. Keen competition and high rental expenses led to drop in both revenue and EBITDA of our Korean food chain restaurants. Our Chinese restaurants such as Cuisine Cuisine and Tsui Hang Village have achieved satisfactory performance and contributed a stable income to the Group during the reporting period.

Travel Business

Revenue from travel segment increased by 18% to approximately HK\$636 million and EBITDA has doubled to approximately HK\$12 million, as compared to the corresponding period of last year.

4 Management Discussion and Analysis

CORPORATE FINANCE

The Group maintains its conservative financial policy with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was only 0.3% as at 30 June 2017 (31 December 2016: 5%).

The Group has its business operations primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure results from its business operations in mainland China, certain bank deposits denominated in RMB and USD, and equity and bond investments denominated in USD and EUR. The majority of the Group's banking facilities are denominated in Hong Kong dollars and interests on bank loans and borrowings are chargeable mainly on the basis of certain premiums over the Hong Kong Interbank Offered Rate, thus are floating rate in nature.

As the Group is buttressed by a large cash pool to fund its development programmes for the foreseeable future, we have terminated some credit arrangements as appropriate to reduce financial expenses during the period. At 30 June 2017, total available credit facilities amounted to approximately HK\$1.6 billion (31 December 2016: approximately HK\$2.7 billion), 1% (31 December 2016: 28%) of which have been utilised. At 30 June 2017, consolidated net cash and bank balances were approximately HK\$2.9 billion (31 December 2016: approximately HK\$2.1 billion), of which HK\$15 million were secured borrowings (31 December 2016: HK\$14 million).

Consolidated Statement of Profit or Loss — Unaudited

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For the six months ended 30 June 2017

	Note	For the six months ended	
		30 June 2017 HK\$'000	30 June 2016 HK\$'000
Revenue	2	1,558,690	1,484,535
Cost of inventories		(85,111)	(95,853)
Staff costs		(263,610)	(279,383)
Utilities, repairs and maintenance and rent		(97,750)	(101,561)
Tour and ticketing costs		(567,707)	(480,659)
Gross profit		544,512	527,079
Other revenue		41,770	37,136
Operating and other expenses		(112,955)	(118,473)
Depreciation		(55,529)	(85,773)
		417,798	359,969
Finance costs	3(a)	(6,503)	(9,477)
Share of profits less losses of associates		(78)	72
		411,217	350,564
Other non-operating net income/(loss)	3(b)	36,366	(11,555)
Net increase in fair value of investment properties	7	415,645	384,830
Profit before taxation	3	863,228	723,839
Taxation	4		
Current		(71,004)	(66,708)
Deferred		(169)	(15,758)
Profit for the period		792,055	641,373
Attributable to:			
Shareholders of the Company		780,445	622,995
Non-controlling interests		11,610	18,378
		792,055	641,373
Earnings per share			
Basic	6(a)	HK\$ 1.34	HK\$ 1.08
Diluted	6(b)	HK\$ 1.29	HK\$ 1.08

The notes on pages 11 to 25 form an integral part of this interim financial report. Details of dividends payable to shareholders of the Company are set out in note 5(a).

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

For the six months ended 30 June 2017

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Profit for the period	792,055	641,373
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	23,755	529
Available-for-sale securities:		
— changes in fair value	23,107	(15,491)
— transfer to profit or loss upon disposal	(4,114)	(297)
— transfer to profit or loss upon impairment	—	11,282
	42,748	(3,977)
Total comprehensive income for the period	834,803	637,396
Attributable to:		
Shareholders of the Company	820,396	619,018
Non-controlling interests	14,407	18,378
Total comprehensive income for the period	834,803	637,396

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

The notes on pages 11 to 25 form an integral part of this interim financial report.

Consolidated Statement of Financial Position

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At 30 June 2017

		At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Non-current assets			
Investment properties	7	13,731,103	13,401,850
Other property, plant and equipment		364,043	411,895
		14,095,146	13,813,745
Interests in associates		1,762	1,789
Available-for-sale securities		165,102	152,038
Deferred tax assets		5,656	4,843
		14,267,666	13,972,415
Current assets			
Inventories		122,431	119,403
Trade and other receivables	8	292,581	294,905
Available-for-sale securities		32,224	30,756
Trading securities		6,219	11,492
Cash and bank balances		2,991,369	2,865,966
Tax recoverable		91	91
		3,444,915	3,322,613
Current liabilities			
Trade and other payables	9	(478,530)	(553,545)
Bank loans and overdrafts		(17,532)	(387,900)
Sales and rental deposits received		(236,539)	(221,575)
Tax payable		(84,313)	(44,999)
		(816,914)	(1,208,019)
Net current assets		2,628,001	2,114,594
Total assets less current liabilities carried forward		16,895,667	16,087,009

8 Consolidated Statement of Financial Position (Continued)

At 30 June 2017

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Total assets less current liabilities brought forward	16,895,667	16,087,009
Non-current liabilities		
Bank loans	—	(352,300)
Deferred liabilities	(189,208)	(168,980)
Amounts due to holders of non-controlling interests of a subsidiary	(25,127)	(23,772)
Deferred tax liabilities	(266,835)	(263,323)
	(481,170)	(808,375)
NET ASSETS	16,414,497	15,278,634
CAPITAL AND RESERVES		
Share capital	1,248,105	695,826
Reserves	15,054,494	14,443,541
Total equity attributable to shareholders of the Company	16,302,599	15,139,367
Non-controlling interests	111,898	139,267
TOTAL EQUITY	16,414,497	15,278,634

The notes on pages 11 to 25 form an integral part of this interim financial report.

Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 30 June 2017

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	691,721	(91,086)	120,444	304,827	3,419	13,153,714	14,183,039	146,825	14,329,864
Changes in equity for the six months ended 30 June 2016:									
Profit for the period	—	—	—	—	—	622,995	622,995	18,378	641,373
Other comprehensive income	—	—	529	—	(4,506)	—	(3,977)	—	(3,977)
Total comprehensive income	—	—	529	—	(4,506)	622,995	619,018	18,378	637,396
Final dividends approved in respect of the previous year (note 5(b))	—	—	—	—	—	(196,344)	(196,344)	—	(196,344)
Shares issued on exercise of warrants (note 11(a))	3,368	—	—	—	—	—	3,368	—	3,368
Acquisition of additional interests in a subsidiary	—	(1,553)	—	—	—	—	(1,553)	1,553	—
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(32,700)	(32,700)
At 30 June 2016 and 1 July 2016	695,089	(92,639)	120,973	304,827	(1,087)	13,580,365	14,607,528	134,056	14,741,584
Changes in equity for the six months ended 31 December 2016:									
Profit for the period	—	—	—	—	—	653,724	653,724	12,797	666,521
Other comprehensive income	—	—	(15,393)	—	8,271	—	(7,122)	(7,586)	(14,708)
Total comprehensive income	—	—	(15,393)	—	8,271	653,724	646,602	5,211	651,813
Interim dividends declared in respect of the current year (note 5(a))	—	—	—	—	—	(115,500)	(115,500)	—	(115,500)
Shares issued on exercise of warrants (note 11(a))	737	—	—	—	—	—	737	—	737
At 31 December 2016	695,826	(92,639)	105,580	304,827	7,184	14,118,589	15,139,367	139,267	15,278,634
At 1 January 2017	695,826	(92,639)	105,580	304,827	7,184	14,118,589	15,139,367	139,267	15,278,634
Changes in equity for the six months ended 30 June 2017:									
Profit for the period	—	—	—	—	—	780,445	780,445	11,610	792,055
Other comprehensive income	—	—	20,958	—	18,993	—	39,951	2,797	42,748
Total comprehensive income	—	—	20,958	—	18,993	780,445	820,396	14,407	834,803
Final dividends declared in respect of the previous year (note 5(b))	—	—	—	—	—	(209,443)	(209,443)	—	(209,443)
Shares issued on exercise of warrants (note 11(a))	552,279	—	—	—	—	—	552,279	—	552,279
Share redemption of a subsidiary	—	—	—	—	—	—	—	(27,196)	(27,196)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(14,580)	(14,580)
At 30 June 2017	1,248,105	(92,639)	126,538	304,827	26,177	14,689,591	16,302,599	111,898	16,414,497

The notes on pages 11 to 25 form an integral part of this interim financial report.

10 Condensed Consolidated Cash Flow Statement — Unaudited

For the six months ended 30 June 2017

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Operating activities		
Cash generated from operations	451,002	410,229
Dividend paid	(209,443)	(196,344)
Other cash flows arising from operating activities	(18,724)	(44,288)
	<hr/>	<hr/>
Net cash generated from operating activities	222,835	169,597
	<hr/>	<hr/>
Investing activities		
Payment for purchase of other property, plant and equipment	(48,840)	(53,457)
Proceeds from disposal net off payment for purchase of available-for-sale securities	9,192	61,129
Proceeds from disposal of a subsidiary	146,059	—
Other cash flows arising from investing activities	18,884	(701,185)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	125,295	(693,513)
	<hr/>	<hr/>
Financing activities		
Proceeds from new bank loans	110,768	942,814
Repayment of bank loans	(839,424)	(1,275,595)
Proceeds from issue of new shares	552,279	3,368
Share redemption of a subsidiary	(27,196)	—
	<hr/>	<hr/>
Net cash used in financing activities	(203,573)	(329,413)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	144,557	(853,329)
Cash and cash equivalents at 1 January	1,458,085	1,257,014
Effect of foreign exchange rate changes	5,007	(352)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	1,607,649	403,333
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents at 30 June		
Cash and bank balances	2,991,369	2,922,355
Bank overdrafts	(2,301)	(1,201)
Less: Time deposits with maturity more than 3 months	(1,381,419)	(2,517,821)
	<hr/>	<hr/>
	1,607,649	403,333
	<hr/>	<hr/>

The notes on pages 11 to 25 form an integral part of this 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 18 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements.

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

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

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 2016 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 independent review report to the Board of Directors is included on page 32. 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 2016 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 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

3. PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
(a) Finance costs		
Interest on bank advances and other borrowings	2,212	5,654
Other borrowing costs	4,291	3,823
	<hr/>	<hr/>
	6,503	9,477
	<hr/>	<hr/>
(b) Other non-operating net (income)/loss		
Net gain on disposal of a subsidiary	(31,918)	—
Impairment loss on available-for-sale securities	—	11,282
Net gain on disposal of available-for-sale securities	(4,114)	(297)
Net realised and unrealised (gains)/losses on trading securities	(334)	570
	<hr/>	<hr/>
	(36,366)	11,555
	<hr/>	<hr/>
(c) Other items		
Dividend and interest income	(20,491)	(22,376)
Reversal of provision for properties held for resale	(40)	(715)
Provision for impairment loss on trade receivables	4	77
	<hr/>	<hr/>

4. TAXATION

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	68,149	63,626
Current tax — Overseas Taxation		
Provision for the period	2,976	2,759
(Over)/under-provision in respect of prior years	(121)	323
	2,855	3,082
Deferred tax		
Change in fair value of investment properties	(2)	15,555
Origination and reversal of temporary differences	171	203
	169	15,758
	71,173	82,466

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2016: 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 2016: HK\$3,000) is included in the share of profits less losses of associates.

5. DIVIDENDS

(a) Dividends attributable to the interim period

	For the six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
Interim dividends declared after the interim period of HK23 cents per share (six months ended 30 June 2016: HK20 cents per share)	142,243	115,497

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

The interim dividend of HK\$115,500,000 for the six months ended 30 June 2016 was calculated based on HK20 cents per share and the total number of issued shares as at the dividend pay-out date.

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

	For the six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
Final dividends in respect of the previous financial year, approved and paid during the following interim period, of HK34 cents per share (six months ended 30 June 2016: HK34 cents per share)	209,443	196,344

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$780,445,000 (six months ended 30 June 2016: HK\$622,995,000) and the weighted average of 583,229,624 shares (six months ended 30 June 2016: 577,306,554 shares) in issue during the interim period, calculated as follows:

Weighted average number of shares (basic)

	For the six months ended	
	30 June 2017	30 June 2016
Issued shares at 1 January	577,537,634	577,233,524
Effect of exercised bonus warrants (<i>note 11(b)</i>)	5,691,990	73,030
	<hr/>	<hr/>
Weighted average number of shares at 30 June	583,229,624	577,306,554
	<hr/>	<hr/>

(b) Diluted earnings per share

For the six months ended 30 June 2017, the calculation of diluted earnings per share is based on the profit attributable to equity shareholder of the Company of HK\$780,445,000 and the weighted average of 602,882,769 shares, calculated as follows:

Weighted average number of shares (diluted)

	For the six months ended 30 June 2017
Weighted average number of shares at 30 June	583,229,624
Effect of exercise of bonus warrants (<i>note 11(b)</i>)	19,653,145
	<hr/>
Weighted average number of shares (diluted) at 30 June	602,882,769
	<hr/>

The Company's bonus warrants as at 30 June 2016 did not give rise to any dilutive effect to the earnings per share and there were no other potential dilutive shares in existence during the six months ended 30 June 2016, and hence diluted earnings per share was the same as the basic earnings per share.

7. INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 30 June 2017 and 31 December 2016. The valuations were carried out by an independent firm of surveyors, Cushman & Wakefield, who have among its staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The fair value of investment properties is based on income capitalisation approach which capitalised the net income of the properties under the existing tenancies and upon reversion after expiry of current leases. During the period, the net increase in fair value of investment properties was HK\$415,645,000 (six months ended 30 June 2016: HK\$384,830,000).

8. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Within 1 month	61,489	72,462
1 month to 2 months	6,202	10,015
Over 2 months	28,198	35,067
	<hr/>	<hr/>
Trade receivables (net of allowance for doubtful debts)	95,889	117,544
Other receivables, deposits and prepayments	196,692	177,361
	<hr/>	<hr/>
	292,581	294,905

All of the trade and other receivables are expected to be recovered within one year, except for the amount of HK\$18,165,000 (at 31 December 2016: HK\$24,474,000) which is expected to be recovered after one year.

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

9. TRADE AND OTHER PAYABLES

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

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Due within 3 months or on demand	78,443	101,135
Due after 3 months but within 6 months	31,851	36,309
Trade payables	110,294	137,444
Other payables and accrued charges	291,261	339,284
Amounts due to holders of non-controlling interests of subsidiaries (<i>note 10</i>)	72,649	72,484
Amounts due to associates (<i>note</i>)	4,326	4,333
	478,530	553,545

Note: 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.

10. AMOUNTS DUE TO HOLDERS OF NON-CONTROLLING INTERESTS OF SUBSIDIARIES

Except for the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$25,127,000 (at 31 December 2016: HK\$23,772,000), which are unsecured, interest bearing at 6% per annum and repayable after one year, all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

11. SHARE CAPITAL

(a) Issued share capital

	2017		2016	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	577,537,634	695,826	577,233,524	691,721
Shares issued on exercise of warrants	40,909,557	552,279	304,110	4,105
			<hr/>	
At 30 June/31 December	618,447,191	1,248,105	577,537,634	695,826

(b) Bonus warrants

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

During the period, 40,909,557 units (year ended 31 December 2016: 304,110 units) of warrants were exercised to subscribe for totally 40,909,557 shares (year ended 31 December 2016: 304,110 shares) in the Company. The new shares rank pari passu in all respects with the existing shares of the Company. At 30 June 2017, 74,230,311 units (at 31 December 2016: 115,139,868 units) of warrants remained outstanding.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

(i) Fair value hierarchy

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

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

	Fair value at 30 June 2017 HK\$'000	Fair value measurements as at 30 June 2017 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	72,960	72,960	—	—
— Listed equity securities in overseas	45,929	45,929	—	—
— Unlisted debt security in overseas	28,720	—	28,720	—
— Unlisted investment funds	49,717	—	49,717	—
Trading securities:				
— Listed equity securities in Hong Kong	6,219	6,219	—	—

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2016 HK\$'000	Fair value measurements as at 31 December 2016 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	68,381	68,381	—	—
— Listed equity securities in overseas	40,059	40,059	—	—
— Unlisted debt security in overseas	29,101	—	29,101	—
— Unlisted investment funds	45,253	—	45,253	—
Trading securities:				
— Listed equity securities in Hong Kong	11,492	11,492	—	—

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2016: 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 debt securities in overseas in Level 2 is determined by a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or debt instrument as an asset.

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

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

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

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2017 and 31 December 2016. Amounts due to associates and holders of non-controlling interests of subsidiaries are unsecured and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

13. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2017 not provided for in the interim financial report were as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Future expenditure relating to properties:		
Contracted for	13,198	13,650

14. MATERIAL RELATED PARTY TRANSACTIONS

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

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Property agency fee payable to a subsidiary of the Group's major shareholder (note (a))	1,500	1,500
Travel and ticketing income from subsidiaries and associates of the Group's major shareholder (note (a))	(7,185)	(6,753)
Management fee income from a subsidiary of the Group's major shareholder (note (b))	(327)	(372)
Hotel and catering service income from subsidiaries and associates of the Group's major shareholder (note (c))	(1,202)	(310)
Rental and building management fee income from:		
— a subsidiary of the Group's major shareholder for the leasing of Shop 2004, Mira Place One	(1,019)	(2,103)
— an entity controlled by a director for leasing of Office Units 1706—1707 and Whole of 18th Floor, Mira Place Tower A	(14,447)	(12,542)
— a subsidiary of the Group's major shareholder for leasing of Shop 503A—C and 501—02, Mira Place One	(14,096)	(13,961)
Rental and building management fee payable to:		
— an associate of the Group's major shareholder for the leasing of Shop Nos. 3101—3107 and certain floor space of ifc Mall	8,416	8,034
— a subsidiary of the Group's major shareholder for the leasing of a building located at No. 388 Jaffe Road, Wanchai, Hong Kong (note (d))	8,531	8,533

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

14. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

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

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

The net amounts due to these companies at the period end amounted to HK\$17,143,000 (at 31 December 2016: HK\$15,187,000).

- (b) The management fee income from a subsidiary of the Group's major shareholder for the provision of management services to a serviced apartment, was calculated at a certain percentage of revenue generated from that serviced apartment for the period the service provided. The amount due from this company at the period end amounted to HK\$109,000 (at 31 December 2016: HK\$201,000).
- (c) The Group's hotel division provides hotel and catering services to certain subsidiaries and associates of the Group's major shareholder under similar terms it provides to other customers. No amount due from/to these companies at the period end (at 31 December 2016: amount due from of HK\$1,556,000).
- (d) The amount due to this company at the period end amounted to HK\$309,000 (at 31 December 2016: HK\$228,000).

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed on Friday, 29 September 2017, during which no transfer of shares (including the allotment of shares upon exercise of the subscription rights attached to the warrants of the Company) will be registered, whereas the Register of Warrantholders of the Company will be closed from Wednesday, 27 September 2017 to Friday, 29 September 2017, both days inclusive, during which no transfer of warrants will be registered. In order to establish entitlements to the interim dividend,

- (i) Shareholders of the Company must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration not later than 4:30 p.m. on Thursday, 28 September 2017; and
- (ii) Warrantholders of the Company must lodge all subscription forms accompanied by the relevant warrant certificates and subscription moneys (together the "Warrant Exercise Documents") for registration not later than 4:30 p.m. on Tuesday, 26 September 2017.

The Share Transfer Documents and the Warrant Exercise Documents shall be lodged for registration with Computershare Hong Kong Investor Services Limited, which also act as the registrar maintaining the Register of Warrantholders, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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 Colin Lam Ko Yin was awarded the Silver Bauhinia Star (SBS) by the Government of the Hong Kong Special Administrative Region in 2017.
- (ii) Mr Lee Ka Shing was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2017.
- (iii) Dr Timpson Chung Shui Ming was appointed as independent non-executive director of China Railway Group Limited on 28 June 2017.
- (iv) Dr Patrick Fung Yuk Bun ceased to be a court member of the Hong Kong University of Science and Technology on 1 August 2017.

DISCLOSURE OF INTERESTS

Directors' interests in shares

At 30 June 2017, 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:

(A) Interests in 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 Shau Kee	—	—	298,504,650 <i>(note 1)</i>	—	48.27%
	Mr LEE Ka Shing	—	—	—	298,504,650 <i>(note 2)</i>	48.27%
	Dr David SIN Wai Kin	4,158,000	—	—	—	0.67%
	Dr Patrick FUNG Yuk Bun	—	—	—	8,426,710 <i>(note 3)</i>	1.36%
	Mr Dominic CHENG Ka On	7,774,640	4,000	—	—	1.26%
	Mr Richard TANG Yat Sun	150,000	—	13,490,280 <i>(note 4)</i>	—	2.21%
	Mr Thomas LIANG Cheung Bui	—	2,218,000 <i>(note 5)</i>	—	—	0.36%
Centralplot Inc.	Mr Richard TANG Yat Sun	4	—	—	—	2.00%

(B) Interests in warrants^(note 6)

Long Positions

Name of Company	Name of Director	Personal Interests (units)	Family Interests (units)	Corporate Interests (units)	Other Interests (units)	Percentage of total number of warrants
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	—	—	36,090,330 <i>(note 1)</i>	—	48.62%
	Mr LEE Ka Shing	—	—	—	36,090,330 <i>(note 2)</i>	48.62%
	Dr David SIN Wai Kin	831,600	—	—	—	1.12%
	Dr Patrick FUNG Yuk Bun	—	—	—	1,685,342 <i>(note 3)</i>	2.27%
	Mr Dominic CHENG Ka On	1,554,928	800	—	—	2.10%
	Mr Thomas LIANG Cheung Bui	—	443,600	—	—	0.60%

Save as disclosed above, as at 30 June 2017, 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 2017 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

The Company has been notified of the following interests in the Company's issued shares at 30 June 2017, amounting to 5% or more of the shares in issue:

(A) Interests in ordinary shares

Long Positions

Substantial shareholders	Ordinary Shares held (shares)	Percentage of total issued shares
Dr LEE Shau Kee	298,504,650 <i>(note 1)</i>	48.27%
Mr LEE Ka Shing	298,504,650 <i>(note 2)</i>	48.27%
Rimmer (Cayman) Limited ("Rimmer")	298,504,650 <i>(note 7)</i>	48.27%
Riddick (Cayman) Limited ("Riddick")	298,504,650 <i>(note 7)</i>	48.27%
Hopkins (Cayman) Limited ("Hopkins")	298,504,650 <i>(note 7)</i>	48.27%
Henderson Development Limited ("Henderson Development")	298,504,650 <i>(note 8)</i>	48.27%
Henderson Land Development Company Limited ("Henderson Land")	298,504,650 <i>(note 8)</i>	48.27%
Aynbury Investments Limited ("Aynbury")	298,504,650 <i>(note 8)</i>	48.27%
Higgins Holdings Limited ("Higgins")	101,812,750 <i>(note 8)</i>	16.46%
Multiglade Holdings Limited ("Multiglade")	100,085,900 <i>(note 8)</i>	16.18%
Threadwell Limited ("Threadwell")	96,606,000 <i>(note 8)</i>	15.62%
Mr CHONG Wing Cheong	68,910,652	11.14%

(B) Interests in warrants^(note 6)
Long Positions

Substantial shareholders	Warrants held (units)	Percentage of total number of warrants
Dr LEE Shau Kee	36,090,330 <i>(note 1)</i>	48.62%
Mr LEE Ka Shing	36,090,330 <i>(note 2)</i>	48.62%
Rimmer (Cayman) Limited ("Rimmer")	36,090,330 <i>(note 7)</i>	48.62%
Riddick (Cayman) Limited ("Riddick")	36,090,330 <i>(note 7)</i>	48.62%
Hopkins (Cayman) Limited ("Hopkins")	36,090,330 <i>(note 7)</i>	48.62%
Henderson Development Limited ("Henderson Development")	36,090,330 <i>(note 8)</i>	48.62%
Henderson Land Development Company Limited ("Henderson Land")	36,090,330 <i>(note 8)</i>	48.62%
Aynbury Investments Limited ("Aynbury")	36,090,330 <i>(note 8)</i>	48.62%
Higgins Holdings Limited ("Higgins")	18,922,550 <i>(note 8)</i>	25.49%
Multiglade Holdings Limited ("Multiglade")	17,167,780 <i>(note 8)</i>	23.13%

Save as disclosed above, as at 30 June 2017, 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 298,504,650 shares and 36,090,330 units of warrants, 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 298,504,650 shares and 36,090,330 units of warrants, which are duplicated in the interests described in Notes 1, 7 and 8, by virtue of the SFO.
- (3) All these shares and warrants were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.
- (4) All these shares and warrants 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 Bui's spouse was a beneficiary and the remaining of 1,138,000 shares were held by his spouse.
- (6) The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder to subscribe in cash for one Share at the initial subscription price of HK\$13.50 per Share (subject to adjustments). The Warrants are exercisable at any time during a period of thirty months commencing from 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015. As at 30 June 2016, 74,230,311 units of warrants remained outstanding.
- (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 298,504,650 shares and 36,090,330 units of warrants 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 298,504,650 shares and 36,090,330 units of warrants were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 298,504,650 shares and 36,090,330 units of warrants are duplicated in the interests described in Notes 1, 2 and 7.

EMPLOYEES

As at 30 June 2017, the Group had a total of about 1,724 full-time employees, including 1,670 employed in Hong Kong and 54 employed in The People's Republic of China. The Group is the "Equal Opportunity Employer"; we value dedication and respect, and work hard to instill a sense of unity, ownership and professionalism for all of our employees that supports the achievement of the Group's Mission, Vision and Business Strategies. It is the policy of the Group to remunerate employees in a fair and equitable manner. The Group develops a performance-driven culture and adopts Total Rewards Management for talent attraction, employee recognition and retention. The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the programme is in compliance with the latest laws, in line with market practice and keeps up with market conditions and levels of remuneration.

TRAINING AND DEVELOPMENT

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

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

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2017, with the exception of one deviation that roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. Mr Lee Ka Shing was re-designated as Chairman and Chief Executive Officer as from 12 June 2014. Mr Lee has been the Chief Executive Officer since 1 August 2006 with in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as Chairman and Chief Executive Officer is in the best interest of the Group ensuring continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

AUDIT COMMITTEE

The Audit Committee has reviewed the interim report of the Group for the six months ended 30 June 2017 and discussed with Director of Internal Audit, Director of Risk Management & Corporate Services and independent auditors on internal control, risk management and interim report of the Group.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

FORWARD-LOOKING STATEMENTS

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

By Order of the Board

LEE KA SHING

Chairman and CEO

Hong Kong, 18 August 2017



**Review report to the Board of Directors of
Miramar Hotel and Investment Company, Limited**
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 5 to 25 which comprises the consolidated statement of financial position of Miramar Hotel and Investment Company, Limited as of 30 June 2017 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, 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 2017 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 2017



MIRAMAR GROUP
SINCE 1957

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