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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

**INTERIM RESULTS
ANNOUNCEMENT
for the six months ended
30 June 2014**

CHAIRMAN STATEMENT

Dear Shareholders

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

Turnover and Profit Attributable to Shareholders

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

BUSINESS REVIEW

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

Property Rental Business

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

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

Hotel and Serviced Apartment Business

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

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During the Reporting Period, the new Mira Moon design hotel recorded steady growth. The Group is planning to open its 3rd hotel brand under the Mira Hotel Collection before the end of 2014.

Another highlight of the year is the 5th anniversary of The Mira Hong Kong, with celebratory promotional events spanning from May to September, which will increase occupancy rates and F&B sales, and promote brand awareness.

Food and Beverage Business

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

The Group's diversified dining establishments were strengthened with the opening of two new School Food Korean restaurants at high-traffic malls. A 4th outlet is planned for the 4th Quarter of 2014.

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

Travel Business

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

Business Outlook

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

Lee Ka Shing
Chairman and CEO

Hong Kong, 18 August 2014

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The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013. These interim results have not been audited, but have been reviewed by both the Company’s independent auditors and the Company’s Audit Committee. The independent review report of the auditors is included in the interim financial report to be sent to the shareholders.

CONSOLIDATED INCOME STATEMENT – UNAUDITED

	<i>Note</i>	For the six months ended 30 June	
		2014	2013
		HK\$’000	HK\$’000
Turnover	2	1,503,111	1,407,754
Cost of inventories		(111,682)	(97,219)
Staff costs		(270,131)	(255,738)
Utilities, repairs and maintenance and rent		(95,754)	(83,875)
Tour and ticketing costs		(524,805)	(504,199)
Gross profit		500,739	466,723
Other revenue		46,770	40,397
Operating and other expenses		(130,806)	(128,313)
Depreciation		(80,652)	(70,827)
		336,051	307,980
Finance costs	3(a)	(17,083)	(13,197)
Share of profits less losses of associates		107	59
Share of (loss)/profit of a joint venture		(1,242)	422
		317,833	295,264
Net gain on disposal of properties		-	38,783
Net gain/(loss) on trading securities/available-for-sale securities		10,644	(2,410)
Net increase in fair value of investment properties	7	461,835	443,328
Profit before taxation carried forward	3	790,312	774,965

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		For the six months ended 30 June	
	<i>Note</i>	2014	2013
		HK\$'000	HK\$'000
Profit before taxation brought forward	3	<u>790,312</u>	<u>774,965</u>
Taxation	4		
– Current		(67,660)	(51,117)
– Deferred		<u>(530)</u>	<u>(36,332)</u>
Profit for the period		<u>722,122</u>	<u>687,516</u>
Attributable to:			
Shareholders of the Company		707,859	680,356
Non-controlling interests		<u>14,263</u>	<u>7,160</u>
		<u>722,122</u>	<u>687,516</u>
Interim dividend declared after the interim period end	5(a)	<u>98,129</u>	<u>98,129</u>
Earnings per share – basic and diluted	6	<u>HK\$1.23</u>	<u>HK\$1.18</u>
Interim dividend per share	5(a)	<u>HK\$0.17</u>	<u>HK\$0.17</u>

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED*(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****INTERIM RESULTS
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	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	<u>722,122</u>	<u>687,516</u>
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	659	(1,382)
Available-for-sale securities		
– changes in fair value	(6,519)	(11,677)
– transfer to profit or loss upon disposal	<u>(8,609)</u>	<u>–</u>
	<u>(14,469)</u>	<u>(13,059)</u>
Total comprehensive income for the period	<u><u>707,653</u></u>	<u><u>674,457</u></u>
Attributable to:		
Shareholders of the Company	693,416	667,282
Non-controlling interests	<u>14,237</u>	<u>7,175</u>
Total comprehensive income for the period	<u><u>707,653</u></u>	<u><u>674,457</u></u>

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

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CONSOLIDATED BALANCE SHEET

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

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

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Notes:

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 18 August 2014.

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

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and one new Interpretation that are first effective for the current accounting period of the Group and the Company. None of these developments have impact on the Group’s financial statements and the Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

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

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

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2. TURNOVER AND SEGMENT REPORTING

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's board and senior management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments.

Property rental	:	The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
Hotel and serviced apartment	:	The operation of hotel and serviced apartment and provision of hotel management services
Food and beverage operation	:	The operation of restaurants
Travel operation	:	The operation of travel agency services
Others	:	Other businesses

The principal activities of the Group are property rental, hotel and serviced apartment, food and beverage operation and travel operation. Turnover represents rental income and income from hotel, food and beverage, travel and other operations.

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

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

For the six months ended 30 June 2014

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

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2. TURNOVER AND SEGMENT REPORTING (continued)

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

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

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

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

4. TAXATION

Taxation in the consolidated income statement represents:

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

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Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2013: 16.5%) of the estimated assessable profits for the period.

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

Share of associates' taxation for the period of HK\$4,000 (six months ended 30 June 2013: HK\$3,000) is included in the share of profits less losses of associates.

Share of a joint venture's taxation for the period of HK\$Nil (six months ended 30 June 2013: HK\$83,000) is included in the share of (loss)/profit of a joint venture.

5. DIVIDENDS**(a) Dividends attributable to the interim period:**

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

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

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

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

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$707,859,000 (six months ended 30 June 2013: HK\$680,356,000) and 577,231,252 shares (six months ended 30 June 2013: 577,231,252 shares) in issue during the interim period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 June 2014 and 2013, and hence diluted earnings per share is the same as the basic earnings per share.

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Investment properties of the Group were revalued at 30 June 2014. The valuations were carried out by an independent firm of surveyors, DTZ, who have among its staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The fair value of investment properties is based on income capitalisation approach which capitalised the net income of the properties under the existing tenancies and upon reversion after expiry of current leases. During the period, the net increase in fair value of investment properties was HK\$461,835,000 (six months ended 30 June 2013: HK\$443,328,000).

8. TRADE AND OTHER RECEIVABLES

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

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

At 30 June 2014 and 31 December 2013, all of the trade and other receivables are expected to be recovered within one year.

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

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Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as at the balance sheet date:

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

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

Notes:

- (i) Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$44,113,000 (at 31 December 2013: HK\$48,408,000), which is interest bearing at 6.4% (at 31 December 2013: 6.4%) per annum and repayable within one year, all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Amounts due to associates are unsecured, interest-free and repayable on demand.

10. SHARE CAPITAL AND STATUTORY CAPITAL RESERVE

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

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

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

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INTERIM DIVIDEND

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

CLOSURE OF THE REGISTER OF MEMBERS

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

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 20% as at 30 June 2014 (at 31 December 2013: 21%).

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

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

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 June 2014, total available facilities amounted to approximately HK\$3.1 billion (at 31 December 2013: approximately HK\$3.0 billion), and 79% of that (at 31 December 2013: 83%) were utilised. At 30 June 2014, consolidated net cash were approximately HK\$0.49 billion (at 31 December 2013: HK\$0.34 billion), of which HK\$0.02 billion was secured borrowings (at 31 December 2013: none).

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

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EMPLOYEE

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

TRAINING AND DEVELOPMENT

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

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

CORPORATE GOVERNANCE

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

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MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

By Order of the Board
LEE KA SHING
Chairman and CEO

Hong Kong, 18 August 2014

As at the date of this announcement, (i) the executive Directors are Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Norman Ho Hau Chong and Mr. Eddie Lau Yum Chuen; (ii) the non-executive Directors are Dr. Lee Shau Kee, Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors are Dr. David Sin Wai Kin, Mr. Wu King Cheong, Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung and Mr. Thomas Liang Cheung Bui.