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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

(Warrant Code: 1437)

**INTERIM RESULTS
ANNOUNCEMENT
for the six months ended
30 June 2016**

CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders

On behalf of the Board of the Miramar Group, I am pleased to present my report on our operations for the six months ended 30 June 2016.

REVENUE AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND BASIC UNDERLYING EARNINGS PER SHARE

For the six months ended 30 June 2016 (the "Reporting Period"), the Group's unaudited revenue was HK\$1,485 million, representing a decrease of 6% compared to the six months ended 30 June 2015 (the "Last Corresponding Period"). Unaudited profit attributable to shareholders, at HK\$623 million, decreased by 29% compared to the Last Corresponding Period. Excluding the net increase in fair value of investment properties and the one-off net gain of HK\$122 million from the sale of No. 6 Knutsford Terrace in the Last Corresponding Period, unaudited underlying profit attributable to shareholders decreased 21% to HK\$263 million, and basic underlying earnings per share were HK\$0.45, a decrease of 21% compared to the Last Corresponding Period.

INTERIM DIVIDEND

The Directors are pleased to recommend an interim dividend of 20 Hong Kong cents per share payable to shareholders whose names are on the Register of Members as at 6 October 2016.

BUSINESS OVERVIEW

The global economy remained challenging during the Reporting Period. Inflation continues to ease, "Brexit", terrorist attacks in several European countries and the slow growth of the Mainland economy compounded the uncertainty.

Due to these factors, the local economy continued to contend with increasing headwinds and key indicators continued to point south during the Reporting Period. Overall visitor arrivals declined 7.4%, amid which the Mainland arrivals declined 10.6%; retail sales declined 10.5%, representing a decline of 16 consecutive months. Meanwhile the property and rental prices continued to be under pressure, and the inflation rate eased to 2.7%. The impact on local consumption started to become visible as consumer spending turned cautious. The Group adapted quickly to mitigate and minimise these impacts by reviewing our offerings to reflect changing customer needs and striving to beat our competitors whilst strengthening our infrastructure and cost management.

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PROPERTY RENTAL BUSINESS

The Group's property business weathered the pressure on retail and office leasing business well, recording growth in both revenue and EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to HK\$422 million and HK\$372 million respectively. These results are particularly satisfactory in the context of a decline in overall tourist arrivals and retail spending.

Impacted by lower retail sales, tenants sought various ways to lower their operating costs, including putting expansion plans on hold or scaling back on premises. We mitigated this by continuing to refine our tenant mix, aligning it with the changing needs of our target segment and strengthening tenant retention. Complimenting this, a series of promotion programs brought life and energy to our malls and enhanced the shopping experience for both shoppers and tenants.

The Group continued to invest in our core properties to enhance their long-term value, integrating Miramar Shopping Centre and Mira Mall into a high-quality shopper and tenant friendly hub and destination.

HOTELS AND SERVICED APARTMENTS BUSINESS

In the 2015 annual report, we reported that the local hotel industry experienced its most challenging period in recent years. This pressure continues unabated, with key industry drivers continuing to decline. During the Reporting Period, the average achieved room rate of all hotels in Hong Kong declined 5.8%, and the occupancy rate declined 1 percentage point.

The Mira Hong Kong and Mira Moon continued to execute strategies to defend their revenue base. This included working closely with our distribution partners, shifting our distribution channel mix and improving its effectiveness. The Group will also actively develop the MICE (meetings, incentives, conferences and exhibitions) segment.

FOOD AND BEVERAGE BUSINESS

During the Reporting Period, reflecting current economic conditions, local consumers turned cautious. Management took a number of measures to attract customers and boost revenue, including participating in cross-promotions with reputable brands to enhance its brand synergy, as well as introducing unique food and beverage experience to stimulate customer spending. We have been reviewing our restaurants to strengthen their value propositions and improving their cost structure. The School Food brand opened its ninth Korean cuisine outlet in Tsuen Wan Plaza, and introduced fresh dishes to all its outlets in response to the shift in dining trends and increased competition from new Korean eateries.

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TRAVEL BUSINESS

During the Reporting Period, the business broadened its travel offering by entering into a sale and purchase agreement in early July with Hong Kong Ferry (Holdings) Company Limited to acquire HYFCO Travel Agency Limited. This acquisition is expected to be completed by the end of this year and will bring synergies to the Group Travel business and provide another springboard for revenue growth.

During the fourth quarter of 2015, close to the traditional peak Chinese Lunar New Year holiday period, terrorist attacks in Belgium and France severely impacted travel sentiment and led to a significant drop in European tours. In addition, the strong Japanese Yen dampened demand for tours to Japan. Our revenue accordingly dropped 11% during the Reporting Period. Overall, these impacts were event-driven and temporary. Our travel business model is robust with a lean cost structure and is well-positioned to capitalise on uptake in local travel appetite.

BUSINESS OUTLOOK

Looking ahead, the second half of the year is still shrouded with a number of negative factors which will put continuous pressure on global business. Adhering to our cost effective-oriented business philosophy, the Group will continue to adopt a prudent and positive attitude to continue improving its competitiveness. The Group will take advantage of current market conditions to further strengthen its value propositions, while deepening its capabilities in managing pricing and capacities in our hotels and outlets. In addition, the Group will invest in and develop technological applications that will facilitate increasing its visibility to demands and occupancy levels by segment and channel, enabling it to further optimise service quality and operational efficiency.

The Group is financially strong, cash-rich with very low gearing; and its core businesses are cash generating with robust and resilient business models. Attractive investment opportunities could arise in the current market conditions, and the Group is financially well-positioned to seize such opportunities. I have confidence in the ability of the Group's management team to navigate these choppy and foggy waters, and deliver healthy and sustainable results.

I would like to express my gratitude to my fellow directors for their guidance, to all staff for their hard work and dedication, and to all our shareholders and customers for their continued support.

LEE KA SHING
Chairman and CEO

Hong Kong, 17 August 2016

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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 2016 together with the comparative figures for the corresponding period in 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

		For the six months ended 30 June	
	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Revenue	2	1,484,535	1,574,661
Cost of inventories		(95,853)	(98,488)
Staff costs		(279,383)	(281,109)
Utilities, repairs and maintenance and rent		(101,561)	(99,916)
Tour and ticketing costs		(480,659)	(522,524)
Gross profit		527,079	572,624
Other revenue		37,136	52,674
Operating and other expenses		(118,473)	(128,309)
Depreciation		(85,773)	(65,695)
		359,969	431,294
Finance costs	3(a)	(9,477)	(20,026)
Share of profits less losses of associates		72	78
Share of loss of a joint venture		–	(759)
		350,564	410,587
Other non-operating net (loss)/income	3(b)	(11,555)	135,123
Net increase in fair value of investment properties	7	384,830	421,564
Profit before taxation carried forward	3	723,839	967,274

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	<i>Note</i>	For the six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Profit before taxation brought forward	3	723,839	967,274
Taxation	4		
Current		(66,708)	(69,988)
Deferred		<u>(15,758)</u>	<u>(3,202)</u>
Profit for the period		<u>641,373</u>	<u>894,084</u>
Attributable to:			
Shareholders of the Company		622,995	874,189
Non-controlling interests		<u>18,378</u>	<u>19,895</u>
		<u>641,373</u>	<u>894,084</u>
Earnings per share – basic and diluted	6	<u>HK\$1.08</u>	<u>HK\$1.51</u>

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INCOME – UNAUDITED**

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Profit for the period	<u>641,373</u>	<u>894,084</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	529	497
Available-for-sale securities		
– changes in fair value	(15,491)	17,796
– transfer to profit or loss upon disposal	(297)	(11,452)
– transfer to profit or loss upon impairment	11,282	–
	<u>(3,977)</u>	<u>6,841</u>
Total comprehensive income for the period	<u>637,396</u>	<u>900,925</u>
Attributable to:		
Shareholders of the Company	619,018	881,030
Non-controlling interests	<u>18,378</u>	<u>19,895</u>
Total comprehensive income for the period	<u>637,396</u>	<u>900,925</u>

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

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	<i>Note</i>	At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties	7	13,049,871	12,658,338
Other property, plant and equipment		<u>493,711</u>	<u>545,620</u>
		13,543,582	13,203,958
Interests in associates		1,832	1,729
Available-for-sale securities		175,097	252,142
Deferred tax assets		<u>4,525</u>	<u>3,846</u>
		<u>13,725,036</u>	<u>13,461,675</u>
Current assets			
Inventories		124,414	124,052
Trade and other receivables	8	227,673	250,685
Available-for-sale securities		33,777	33,421
Trading securities		24,480	14,042
Cash and bank balances		2,922,355	3,077,497
Tax recoverable		<u>–</u>	<u>1,023</u>
		<u>3,332,699</u>	<u>3,500,720</u>
Current liabilities			
Trade and other payables	9	(491,024)	(573,241)
Bank loans and overdrafts		(323,265)	(455,187)
Sales and rental deposits received		(228,226)	(203,403)
Tax payable		<u>(81,886)</u>	<u>(46,699)</u>
		<u>(1,124,401)</u>	<u>(1,278,530)</u>
Net current assets		<u>2,208,298</u>	<u>2,222,190</u>
Total assets less current liabilities carried forward		<u>15,933,334</u>	<u>15,683,865</u>

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		At 30 June 2016 <i>HK\$'000</i> (unaudited)	At 31 December 2015 <i>HK\$'000</i> (audited)
Total assets less current liabilities brought forward		<u>15,933,334</u>	<u>15,683,865</u>
Non-current liabilities			
Bank loans		(769,457)	(967,797)
Deferred liabilities		(156,731)	(137,078)
Deferred tax liabilities		<u>(265,562)</u>	<u>(249,126)</u>
		<u>(1,191,750)</u>	<u>(1,354,001)</u>
NET ASSETS		<u>14,741,584</u>	<u>14,329,864</u>
CAPITAL AND RESERVES			
Share capital	<i>11</i>	695,089	691,721
Reserves		<u>13,912,439</u>	<u>13,491,318</u>
Total equity attributable to shareholders of the Company		14,607,528	14,183,039
Non-controlling interests		<u>134,056</u>	<u>146,825</u>
TOTAL EQUITY		<u>14,741,584</u>	<u>14,329,864</u>

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Notes:

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim report for the six months ended 30 June 2016 but are extracted from the report.

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 ("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 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements.

The HKICPA has issued a number of 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 performance and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 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 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 2015 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 2015 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.

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2. REVENUE AND SEGMENT REPORTING

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

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

The principal activities of the Group are property rental, hotels and serviced apartments, food and beverage operation and travel operation. Revenue represents rental income and income from hotels 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 adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and share of loss of a joint venture, other non-operating items and other corporate expenses.

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2. REVENUE AND SEGMENT REPORTING (continued)

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

For the six months ended 30 June 2016

	Property rental	Hotels and serviced apartments	Food and beverage operation <i>(note)</i>	Travel operation	Others <i>(note)</i>	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	421,786	302,368	217,797	538,509	4,075	1,484,535
Inter-segment revenue	–	2,022	3,575	–	–	5,597
Reportable segment revenue	421,786	304,390	221,372	538,509	4,075	1,490,132
Elimination of inter-segment revenue						(5,597)
Consolidated revenue						<u>1,484,535</u>
Reportable segment results (adjusted EBITDA)	371,587	92,361	13,346	5,508	(8,481)	474,321
Unallocated corporate expenses						(114,352)
Finance costs						359,969
Share of profits less losses of associates						(9,477)
Other non-operating net loss						72
Net increase in fair value of investment properties	384,830	–	–	–	–	(11,555)
Consolidated profit before taxation						<u>384,830</u>
						<u>723,839</u>

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2. REVENUE AND SEGMENT REPORTING (continued)

	For the six months ended 30 June 2015					Total HK\$'000
	Property rental HK\$'000	Hotels and serviced apartments HK\$'000	Food and beverage operation (note) HK\$'000	Travel operation HK\$'000	Others (note) HK\$'000	
Revenue from external customers	420,211	326,848	211,781	606,095	9,726	1,574,661
Inter-segment revenue	–	988	3,158	–	–	4,146
Reportable segment revenue	420,211	327,836	214,939	606,095	9,726	1,578,807
Elimination of inter-segment revenue						(4,146)
Consolidated revenue						<u>1,574,661</u>
Reportable segment results (adjusted EBITDA)	370,113	104,482	25,808	32,463	(10,449)	522,417
Unallocated corporate expenses						(91,123)
Finance costs						431,294
Share of profits less losses of associates						(20,026)
Share of loss of a joint venture						78
Other non-operating net income						(759)
Increase in fair value of investment properties	421,564	–	–	–	–	135,123
Consolidated profit before taxation						<u>967,274</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 "Food and beverage operation". 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	
	2016	2015
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank advances and other borrowings	5,654	17,238
Other borrowing costs	3,823	2,788
	9,477	20,026
(b) Other non-operating net loss/(income)		
Net gain on disposal of properties	-	(122,139)
Impairment loss on available-for-sale securities	11,282	-
Net gain on disposal of available-for-sale securities	(297)	(11,452)
Net realised and unrealised losses/(gains) on trading securities	570	(1,532)
	11,555	(135,123)
(c) Other items		
Dividend and interest income	(22,376)	(36,286)
Reversal of provision for properties held for resale	(715)	(207)
Provision for impairment loss on trade receivables	77	-

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Taxation in the consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	63,626	67,183
Current tax – Overseas Taxation		
Provision for the period	2,759	2,811
Under/(over)-provision in respect of prior years	<u>323</u>	<u>(6)</u>
	<u>3,082</u>	<u>2,805</u>
Deferred tax		
Change in fair value of investment properties	15,555	1,885
Origination and reversal of temporary differences	<u>203</u>	<u>1,317</u>
	<u>15,758</u>	<u>3,202</u>
	<u><u>82,466</u></u>	<u><u>73,190</u></u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2015: 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\$3,000 (six months ended 30 June 2015: HK\$4,000) is included in the share of profits less losses of associates.

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	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interim dividends declared after the interim period of 20 Hong Kong cents per ordinary share (six months ended 30 June 2015: 20 Hong Kong cents per ordinary share)	<u><u>115,497</u></u>	<u><u>115,447</u></u>

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

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

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Final dividends in respect of the previous financial year, approved and paid during the following interim period, of 34 Hong Kong cents per ordinary share (six months ended 30 June 2015: 32 Hong Kong cents per ordinary share)	<u><u>196,344</u></u>	<u><u>184,714</u></u>

6. EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK\$622,995,000 (six months ended 30 June 2015: HK\$874,189,000) and the weighted average of 577,306,554 ordinary shares (six months ended 30 June 2015: 577,231,252 ordinary shares) in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	For the six months ended 30 June	
	2016	2015
	'000	'000
Issued ordinary shares at 1 January	577,234	577,231
Effect of exercised bonus warrants (<i>note 11(b)</i>)	<u>73</u>	<u>—</u>
Weighted average number of ordinary shares at 30 June	<u><u>577,307</u></u>	<u><u>577,231</u></u>

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The Company's bonus warrants as at 30 June 2016 do not give rise to any dilution effect to the earnings per share and there are no other potential dilutive ordinary shares in existence during the periods ended 30 June 2016 and 2015, and hence diluted earnings per share is the same as the basic earnings per share.

7. INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 30 June 2016 and 31 December 2015. The valuations were carried out by an independent firm of surveyors, DTZ Cushman & Wakefield, 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\$384,830,000 (six months ended 30 June 2015: HK\$421,564,000).

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 2016 HK\$'000	At 31 December 2015 HK\$'000
0 to 1 month	55,383	56,183
1 month to 2 months	9,151	5,548
Over 2 months	<u>9,707</u>	<u>19,205</u>
Trade receivables (net of allowance for doubtful debts)	74,241	80,936
Other receivables, deposits and prepayments	<u>153,432</u>	<u>169,749</u>
	<u><u>227,673</u></u>	<u><u>250,685</u></u>

At 30 June 2016 and 31 December 2015, all of the trade and other receivables are expected to be recovered within one year, except for the amount of HK\$20,726,000 (31 December 2015: HK\$21,382,000) 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.

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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 end of the reporting period:

	At 30 June 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Due within 3 months or on demand	62,913	67,127
Due after 3 months but within 6 months	25,313	33,080
Trade payables	88,226	100,207
Other payables	293,910	365,252
Amounts due to holders of non-controlling interests of subsidiaries (<i>note 10</i>)	104,547	103,435
Amount due to an associate (<i>note</i>)	4,341	4,347
	491,024	573,241

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

At 30 June 2016 and 31 December 2015, 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 the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$30,965,000 (at 31 December 2015: HK\$30,965,000), which is interest bearing at 6% 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.

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	2016		2015	
	<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	577,233,524	691,721	577,231,252	691,690
Shares issued on exercise of warrants	249,490	3,368	2,272	31
At 30 June/31 December	<u>577,483,014</u>	<u>695,089</u>	<u>577,233,524</u>	<u>691,721</u>

(b) Bonus warrants

On 10 June 2015, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five ordinary 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 ordinary share at the initial subscription price of HK\$13.50 per ordinary 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, 249,490 units of warrants were exercised to subscribe for totally 249,490 ordinary shares in the Company. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company. At 30 June 2016, 115,194,488 units (at 31 December 2015: 115,443,978 units) of warrants remained outstanding.

12. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 14 July 2016, the Group and Hong Kong Ferry (Holdings) Company Limited ("HKF", an associate of the Group's major shareholder) entered into a sale and purchase agreement in relation to (1) the sale of all issued shares of a travel operated company ("HYFCO Travel", wholly-owned subsidiary of HKF); and (2) the transfer and assignment of the shareholder's loan of HYFCO Travel by HKF, at an aggregate consideration based on an agreed value of HK\$5,000,000, subject to adjustments. The consideration is payable in cash at completion, which is subject to the fulfilment of certain conditions precedent, and is expected to take place by the end of December 2016. The above transactions constituted a connected transaction under the Listing Rules. Details of the transactions were disclosed in the Company's announcements dated 10 June 2016 and 14 July 2016.

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INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 20 Hong Kong cents per share in respect of the six months ended 30 June 2016 to shareholders listed on the Register of Members at the close of business on 6 October 2016. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 20 October 2016.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

The Register of Members and the Register of Warrantholders of the Company will be closed from Friday, 30 September 2016 to Thursday, 6 October 2016, both days inclusive, during such period no transfer of shares or warrants will be registered. In order to qualify for the above interim dividend, (i) in the case of shareholders, all transfer documents accompanied by the relevant share certificates or (ii) in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and subscription moneys, must be lodged for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 29 September 2016.

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 8% as at 30 June 2016 (at 31 December 2015: 10%).

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, JPY and GBP.

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

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 June 2016, total available facilities amounted to approximately HK\$3.2 billion (at 31 December 2015: approximately HK\$3.4 billion), and 34% of that (at 31 December 2015: 42%) were utilised. At 30 June 2016, consolidated net cash were approximately HK\$1.80 billion (at 31 December 2015: HK\$1.62 billion), of which HK\$0.02 billion was secured borrowings (at 31 December 2015: HK\$0.03 billion).

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EMPLOYEES

As at 30 June 2016, the Group had a total of about 1,878 full-time employees, including 1,772 employed in Hong Kong and 106 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 talents attraction, employee recognition and retention. The Group reviews its Remuneration and Benefits Program on a regular basis to ensure the program 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 Roadmap including the provision of in-house and external training programs such as Management/Supervisory Skills, Business Knowledge, Technical Skills, Customer Services Skills, Language Ability, People Management and Personal Effectiveness, etc. for employees at all levels to advance their career achievements within the Group.

Subsequent to continued deployment of resources towards employee training and development, 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. In 2016, the Group has also been recognised as one of the "Best Places to Work in Hong Kong". This award recognises the Group that is dedicated to the well-being of their employees.

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 2016, 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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AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the period ended 30 June 2016 and discussed with internal audit executives matters on internal control and financial reports of the Group.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

FORWARD-LOOKING STATEMENTS

This announcement 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 2016

As at the date of this announcement, (i) the executive Directors are Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Dr. 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.