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MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

(Warrant Code: 1437)

2017 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016.

Highlights

- The Group’s revenue amounted to approximately HK\$1,559 million, slightly increased by 5% (2016: HK\$1,485 million)
- Profit for the period rose by 24% to HK\$792 million (2016: HK\$641 million)
- Underlying profit attributable to shareholders* surged significantly by 27% to approximately HK\$333 million (2016: HK\$263 million)
- Earnings per share (basic) and underlying earnings per share (basic)* of HK\$1.34 (2016: HK\$1.08) and HK\$0.57 (2016: HK\$0.45) respectively
- Interim dividend of HK23 cents per share (2016: HK20 cents per share)

* *Underlying profit attributable to shareholders and underlying earnings per share exclude the post-tax effects of the property revaluation movements and other non-operating and non-recurring items such as net gain on disposal of a subsidiary*

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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*For the six months ended 30 June 2017*

		For the six months ended 30 June	
		2017	2016
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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 carried forward	3	863,228	723,839

CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED (continued)*For the six months ended 30 June 2017*

		For the six months ended 30 June	
	<i>Note</i>	2017	2016
		HK\$'000	HK\$'000
Profit before taxation brought forward	3	863,228	723,839
Taxation	4		
Current		(71,004)	(66,708)
Deferred		<u>(169)</u>	<u>(15,758)</u>
Profit for the period		<u>792,055</u>	<u>641,373</u>
Attributable to:			
Shareholders of the Company		780,445	622,995
Non-controlling interests		<u>11,610</u>	<u>18,378</u>
		<u>792,055</u>	<u>641,373</u>
Earnings per share			
Basic	6(a)	<u>HK\$1.34</u>	<u>HK\$1.08</u>
Diluted	6(b)	<u>HK\$1.29</u>	<u>HK\$1.08</u>

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	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>792,055</u>	<u>641,373</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	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	<u>—</u>	<u>11,282</u>
	<u>42,748</u>	<u>(3,977)</u>
Total comprehensive income for the period	<u>834,803</u>	<u>637,396</u>
Attributable to:		
Shareholders of the Company	820,396	619,018
Non-controlling interests	<u>14,407</u>	<u>18,378</u>
Total comprehensive income for the period	<u>834,803</u>	<u>637,396</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties	7	13,731,103	13,401,850
Other property, plant and equipment		<u>364,043</u>	<u>411,895</u>
		14,095,146	13,813,745
Interests in associates		1,762	1,789
Available-for-sale securities		165,102	152,038
Deferred tax assets		<u>5,656</u>	<u>4,843</u>
		<u>14,267,666</u>	<u>13,972,415</u>
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		<u>91</u>	<u>91</u>
		<u>3,444,915</u>	<u>3,322,613</u>
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		<u>(84,313)</u>	<u>(44,999)</u>
		<u>(816,914)</u>	<u>(1,208,019)</u>
Net current assets		<u>2,628,001</u>	<u>2,114,594</u>
Total assets less current liabilities carried forward		<u>16,895,667</u>	<u>16,087,009</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 30 June 2017*

		At 30 June 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
Total assets less current liabilities brought forward		<u>16,895,667</u>	<u>16,087,009</u>
Non-current liabilities			
Bank loans		—	(352,300)
Deferred liabilities		(189,208)	(168,980)
Amounts due to holders of non-controlling interests of a subsidiary	<i>10</i>	(25,127)	(23,772)
Deferred tax liabilities		<u>(266,835)</u>	<u>(263,323)</u>
		<u>(481,170)</u>	<u>(808,375)</u>
NET ASSETS		<u><u>16,414,497</u></u>	<u><u>15,278,634</u></u>
CAPITAL AND RESERVES			
Share capital	<i>11(a)</i>	1,248,105	695,826
Reserves		<u>15,054,494</u>	<u>14,443,541</u>
Total equity attributable to shareholders of the Company		16,302,599	15,139,367
Non-controlling interests		<u>111,898</u>	<u>139,267</u>
TOTAL EQUITY		<u><u>16,414,497</u></u>	<u><u>15,278,634</u></u>

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 2017 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 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 the 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.

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 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 in the 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 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.

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 executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments.

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

The principal activities of the Group are property rental, hotels and serviced apartments, food and beverage operation and travel operation. Revenue represents 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, other non-operating items and other corporate expenses.

2. REVENUE AND SEGMENT REPORTING (continued)

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

	For the six months ended 30 June 2017					
	Property rental <i>HK\$'000</i>	Hotels and serviced apartments <i>HK\$'000</i>	Food and beverage operation <i>HK\$'000</i>	Travel operation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue (revenue from external customers)	<u>420,618</u>	<u>307,319</u>	<u>195,081</u>	<u>635,672</u>	<u>—</u>	<u>1,558,690</u>
Reportable segment results (adjusted EBITDA)	373,880	109,106	6,975	11,967	(238)	501,690
Unallocated corporate expenses						<u>(83,892)</u>
Finance costs						417,798
Share of profits less losses of associates						(6,503)
Other non-operating net income						(78)
Net increase in fair value of investment properties	415,645	—	—	—	—	<u>36,366</u>
Consolidated profit before taxation						<u>415,645</u>
						<u>863,228</u>

2. REVENUE AND SEGMENT REPORTING (continued)

	For the six months ended 30 June 2016					
	Property rental <i>HK\$'000</i>	Hotels and serviced apartments <i>HK\$'000</i>	Food and beverage operation <i>HK\$'000</i>	Travel operation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue (revenue from external customers)	<u>421,786</u>	<u>302,368</u>	<u>217,797</u>	<u>538,509</u>	<u>4,075</u>	<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						<u>(114,352)</u>
						359,969
Finance costs						(9,477)
Share of profits less losses of associates						72
Other non-operating net loss						(11,555)
Net increase in fair value of investment properties	384,830	—	—	—	—	<u>384,830</u>
Consolidated profit before taxation						<u>723,839</u>

3. PROFIT BEFORE TAXATION

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

	For the six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank advances and other borrowings	2,212	5,654
Other borrowing costs	<u>4,291</u>	<u>3,823</u>
	<u>6,503</u>	<u>9,477</u>
(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	<u>(334)</u>	<u>570</u>
	<u>(36,366)</u>	<u>11,555</u>
(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	<u>4</u>	<u>77</u>

4. TAXATION

Taxation in the consolidated statement of profit or loss represents:

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

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	
	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)	<u>142,243</u>	<u>115,497</u>

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 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	
	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)	<u>209,443</u>	<u>196,344</u>

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

6. EARNINGS PER SHARE (continued)

(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
Potential 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/> <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 ordinary 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
	<hr/> <hr/>	<hr/> <hr/>

8. TRADE AND OTHER RECEIVABLES (continued)

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	<u>31,851</u>	<u>36,309</u>
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>see note 10</i>)	72,649	72,484
Amounts due to associates (<i>note</i>)	<u>4,326</u>	<u>4,333</u>
	<u><u>478,530</u></u>	<u><u>553,545</u></u>

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 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	
	<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	577,537,634	695,826	577,233,524	691,721
Shares issued on exercise of warrants	<u>40,909,557</u>	<u>552,279</u>	<u>304,110</u>	<u>4,105</u>
At 30 June/31 December	<u><u>618,447,191</u></u>	<u><u>1,248,105</u></u>	<u><u>577,537,634</u></u>	<u><u>695,826</u></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 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.

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 Shop Nos. 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 financial results of the Group for the period ended 30 June 2017 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, 18 August 2017

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.