



# INTERIM REPORT 2007/08

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司 | 二零零七/零八年度中期業績報告

# CORPORATE INFORMATION

Chairman:	@* <b>Dr the Honourable LEE Shau Kee</b> , GBM, DBA (Hon), DSSc (Hon), LLD (Hon)
Vice Chairmen:	† @# <b>Dr David SIN Wai Kin</b> , DSSc (Hon) Δ <b>Mr WOO Kim Phoe</b>
Directors:	> * <b>Mr LEE Ka Shing</b> † Δ <b>Dr Patrick FUNG Yuk Bun</b> † Δ <b>Mr Dominic CHENG Ka On</b> > @* <b>Mr Richard TANG Yat Sun</b> , MBA, BBS, JP > * <b>Mr Colin LAM Ko Yin</b> , BSc, ACIB, MBIM, FCILT > * <b>Mr Eddie LAU Yum Chuen</b> Δ <b>Mr Tony NG</b> > * <b>Mr Norman HO Hau Chong</b> , BA, ACA, FCPA Δ <b>Mr Howard YEUNG Ping Leung</b> Δ <b>Mr Thomas LIANG Cheung Bui</b> , BA, MBA + @# <b>Mr WU King Cheong</b> , BBS, JP Δ <b>Mr Alexander AU Siu Kee</b> , OBE, ACA, FCCA, FCPA, FCIB, FHKIB + @# <b>Mr Timpson CHUNG Shui Ming</b> , GBS, JP > * <b>Mr Peter YU Tat Kong</b> , BSc, MBA, CA, CHA
Managing Director:	<b>Mr LEE Ka Shing</b>
Group General Manager:	<b>Mr Peter YU Tat Kong</b> , BSc, MBA, CA, CHA
Qualified Accountant:	<b>Mr Ellis CHENG Chi Wai</b> , FCCA, FCPA, ACA, FCIS, FCS
Corporate Secretary:	<b>Mr Charles CHU Kwok Sun</b>
Auditors:	<b>KPMG</b> Certified Public Accountants
Principal Bankers:	<b>The Hongkong &amp; Shanghai Banking Corporation Limited</b> <b>Hang Seng Bank Limited</b> <b>Mizuho Corporate Bank, Ltd.</b>
Share Registrar:	<b>Computershare Hong Kong Investor Services Limited</b> <b>17th Floor, Hopewell Centre, 183 Queen's Road East,</b> <b>Hong Kong</b>
Registered Office:	<b>15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui,</b> <b>Kowloon, Hong Kong</b>
Website:	<b><a href="http://www.miramar-group.com">http://www.miramar-group.com</a></b>

\* executive directors

Δ non-executive directors

# independent non-executive directors

† members of the Audit Committee, of which Mr Timpson Chung Shui Ming is the Chairman

@ members of the Remuneration Committee, of which Dr Lee Shau Kee is the Chairman

> members of the General Purpose Committee

The 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 September 2007. 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 Independent auditors is attached on page 28.

## CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended 30 September</b>	
		<b>2007 (unaudited) HK\$'000</b>	2006 (unaudited) HK\$'000
	<i>Note</i>		
<b>Turnover</b>	2	<b>741,673</b>	664,982
Cost of inventories		<b>(51,377)</b>	(58,005)
Staff costs		<b>(119,265)</b>	(115,228)
Utilities, repairs and maintenance and rent		<b>(48,656)</b>	(50,718)
Tour and ticketing costs		<b>(255,581)</b>	(178,803)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>266,794</b>	262,228
Other revenue	3	<b>25,017</b>	18,749
Other net income	3	<b>6,007</b>	–
		<hr/>	<hr/>
		<b>297,818</b>	280,977
Operating and other expenses		<b>(67,414)</b>	(65,961)
		<hr/>	<hr/>
<b>Operating profit before depreciation and amortisation</b>		<b>230,404</b>	215,016
Depreciation and amortisation		<b>(16,284)</b>	(18,606)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>214,120</b>	196,410
Finance costs		<b>(19,536)</b>	(20,616)
Share of profits less losses of associates		<b>4,277</b>	1,712
		<hr/>	<hr/>
<b>Profit before non-operating items brought forward</b>		<b>198,861</b>	177,506

CONSOLIDATED INCOME STATEMENT (CONTINUED)

		<b>For the six months ended 30 September</b>	
		<b>2007</b>	2006
		<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	HK\$'000
	<i>Note</i>		
<b>Profit before non-operating items carried forward</b>		<b>198,861</b>	177,506
Reversal of impairment of interest in an associate		<b>2,588</b>	–
		<b>201,449</b>	177,506
Increase in fair value of investment properties	7(a)	<b>70,747</b>	313,957
<b>Profit before taxation</b>		<b>272,196</b>	491,463
<b>Taxation</b>	4		
– Current		<b>(32,398)</b>	(37,124)
– Deferred		<b>(25,313)</b>	(67,516)
<b>Profit for the period</b>		<b>214,485</b>	386,823
<b>Attributable to:</b>			
Shareholders of the Company	10	<b>213,202</b>	389,490
Minority interests	10	<b>1,283</b>	(2,667)
		<b>214,485</b>	386,823
<b>Interim dividend declared after the interim period end</b>	5(a)	<b>86,585</b>	86,585
<b>Earnings per share – basic and diluted</b>	6	<b>36.9 cents</b>	67.5 cents
<b>Interim dividend per share</b>	5(a)	<b>15.0 cents</b>	15.0 cents

The notes on pages 8 to 19 form an integral part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

	Note	At 30 September 2007 (unaudited) HK\$'000	At 31 March 2007 (audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets	7		
– Investment properties		7,763,284	7,686,995
– Other fixed assets		253,279	204,003
		<u>8,016,563</u>	<u>7,890,998</u>
Interest in associates		1,351	3,068
Available-for-sale investments		30,117	34,702
Deferred tax assets		10,481	16,516
		<u>8,058,512</u>	<u>7,945,284</u>
<b>Current assets</b>			
Properties under development		237,162	236,278
Inventories		89,919	92,606
Trade and other receivables	8	121,288	126,393
Available-for-sale investments		275,237	279,895
Cash and bank balances		259,742	194,646
		<u>983,348</u>	<u>929,818</u>
<b>Current liabilities</b>			
Trade and other payables	9	(365,338)	(342,728)
Interest-bearing borrowings		(273,854)	–
Sales and rental deposits received		(89,577)	(83,759)
Tax payable		(45,622)	(28,091)
		<u>(774,391)</u>	<u>(454,578)</u>
<b>Net current assets</b>		<u>208,957</u>	<u>475,240</u>
<b>Total assets less current liabilities carried forward</b>		<u>8,267,469</u>	<u>8,420,524</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	At 30 September 2007 (unaudited) HK\$'000	At 31 March 2007 (audited) HK\$'000
<b>Total assets less current liabilities brought forward</b>		<b>8,267,469</b>	8,420,524
<b>Non-current liabilities</b>			
Interest-bearing borrowings		(484,275)	(750,828)
Deferred liabilities		(57,216)	(68,714)
Deferred tax liabilities		(1,128,187)	(1,108,909)
		<b>(1,669,678)</b>	(1,928,451)
<b>NET ASSETS</b>		<b>6,597,791</b>	6,492,073
<b>CAPITAL AND RESERVES</b>			
Share capital		404,062	404,062
Reserves		6,132,217	6,022,714
Total equity attributable to shareholders of the Company		6,536,279	6,426,776
Minority interests		61,512	65,297
<b>TOTAL EQUITY</b>	10	<b>6,597,791</b>	6,492,073

The notes on pages 8 to 19 form an integral part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	For the six months ended 30 September	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
<b>Total equity at 1 April</b>		<b>6,492,073</b>	5,990,897
<b>Net income/(expenses) recognised directly in equity:</b>			
Exchange differences on translation of the financial statements of overseas subsidiaries	10	(2,250)	(1,122)
Changes in fair value of available-for-sale investments	10	14,299	(145)
Transferred to consolidated income statement upon disposal of available-for-sale investments	10	21,670	–
Net income/(expenses) for the period recognised directly in equity		<b>33,719</b>	(1,267)
<b>Net profit for the period</b>	10	<b>214,485</b>	386,823
<b>Total recognised income and expenses for the period</b>		<b>248,204</b>	385,556
Attributable to:			
– Shareholders of the Company		248,039	388,695
– Minority interests		165	(3,139)
		<b>248,204</b>	385,556
Increase in shareholdings in subsidiaries		–	5,650
Dividends approved and paid during the period	5(b) & 10	(138,536)	(138,536)
Dividends paid to a minority shareholder	10	(3,950)	–
<b>Total equity at 30 September</b>		<b>6,597,791</b>	6,243,567

The notes on pages 8 to 19 form an integral part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Net cash from operating activities	232,000	159,653
Net cash (used in)/from investing activities	(30,613)	1,415
Net cash used in financing activities	(136,291)	(142,241)
Net increase in cash and cash equivalents	65,096	18,827
Cash and cash equivalents at 1 April	194,646	450,868
Cash and cash equivalents at 30 September	<u>259,742</u>	<u>469,695</u>
<b>Analysis of the balances of cash and cash equivalents at 30 September</b>		
Cash and bank balances	<u>259,742</u>	<u>469,695</u>

The notes on pages 8 to 19 form an integral part of this interim financial report.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1 BASIS OF PREPARATION

This interim financial report is unaudited, but has been reviewed by KPMG, the Company's independent auditors, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 28. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The interim financial report has been prepared on a basis consistent with the accounting policies adopted in the 2007 annual financial statements except for the adoption of certain new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of the new standards, amendments and interpretations had no material effect on the Group's results of operation and financial position.

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 34, "Interim financial reporting", issued by the HKICPA.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements.

The financial information relating to the financial year ended 31 March 2007 included in the condensed interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 June 2007.

## 2 TURNOVER AND SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting system.

### **Business segments**

The Group comprises the following main business segments:

- Property investment : The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
- Property development and sales : The development, purchase and sale of commercial and residential properties
- Hotel ownership and management : The operation of hotel and provision of hotel management services
- Food and beverage operation : The operation of restaurants
- Travel operation : The operation of travel agency services

2 **TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)**

**Business segments** (continued)

**For the six months ended 30 September 2007**

	Property investment HK\$'000	Property development and sales HK\$'000	Hotel ownership and management HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue from external customers	214,005	876	157,749	85,468	283,575	-	741,673
Inter-segment revenue	10,751	-	2,527	-	256	(13,534)	-
Other revenue from external customers	1,177	313	3,709	328	3,106	-	8,633
<b>Total</b>	<b>225,933</b>	<b>1,189</b>	<b>163,985</b>	<b>85,796</b>	<b>286,937</b>	<b>(13,534)</b>	<b>750,306</b>
Contribution from operations	176,409	(5,631)	61,524	250	(1,939)	-	230,613
Unallocated operating income and expenses							(16,493)
Operating profit							214,120
Finance costs							(19,536)
Share of profits less losses of associates	-	2,438	1,981	(142)	-	-	4,277
Reversal of impairment of interest in an associate							2,588
Increase in fair value of investment properties	70,747	-	-	-	-	-	70,747
Taxation							(57,711)
<b>Profit for the period</b>							<b>214,485</b>

## 2 TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

### Business segments (continued)

For the six months ended 30 September 2006

	Property investment <i>HK\$'000</i>	Property development and sales <i>HK\$'000</i>	Hotel ownership and management <i>HK\$'000</i>	Food and beverage operation <i>HK\$'000</i>	Travel operation <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from							
external customers	196,431	2,711	169,925	94,853	201,062	–	664,982
Inter-segment revenue	7,248	–	1,941	–	233	(9,422)	–
Other revenue from							
external customers	1,122	12	1,705	657	2,136	–	5,632
<b>Total</b>	<b>204,801</b>	<b>2,723</b>	<b>173,571</b>	<b>95,510</b>	<b>203,431</b>	<b>(9,422)</b>	<b>670,614</b>
Contribution from operations	155,185	(9,642)	71,671	(1,400)	(1,292)	–	214,522
Unallocated operating income and expenses							(18,112)
Operating profit							196,410
Finance costs							(20,616)
Share of profits less losses of associates	121	(503)	1,968	126	–	–	1,712
Increase in fair value of investment properties	313,957	–	–	–	–	–	313,957
Taxation							(104,640)
<b>Profit for the period</b>							<b>386,823</b>

## 2 TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

### Geographical segments

The Group's business participates in two principal economic environments. The Hong Kong Special Administrative Region is a major market for all the Group's business, except for property development and sales where the People's Republic of China is the major market.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

#### For the six months ended 30 September 2007

	The Hong Kong Special Administrative Region <i>HK\$'000</i>	The People's Republic of China <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	<u>717,797</u>	<u>23,876</u>	<u>741,673</u>

#### For the six months ended 30 September 2006

	The Hong Kong Special Administrative Region <i>HK\$'000</i>	The People's Republic of China <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	<u>635,352</u>	<u>29,630</u>	<u>664,982</u>

### 3 OTHER REVENUE AND NET INCOME

	<b>For the six months ended 30 September</b>	
	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other revenue</b>		
Interest income	8,986	5,814
Forfeited deposits	397	20
Sundry income	15,634	12,915
	<u>25,017</u>	<u>18,749</u>
<b>Other net income</b>		
Gain on disposal of available-for-sale investments	<u>6,007</u>	–

### 4 TAXATION

Taxation in the consolidated income statement represents:

	<b>For the six months ended 30 September</b>	
	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	28,395	27,851
<b>Current tax – Overseas</b>		
Provision for the period	4,003	9,273
<b>Deferred tax</b>		
Origination and reversal of temporary differences	25,313	67,516
	<u>57,711</u>	<u>104,640</u>

#### 4 TAXATION (CONTINUED)

Provision for Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 September 2006: 17.5%) 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 six months ended 30 September 2007 of HK\$251,000 (six months ended 30 September 2006: HK\$386,000) is included in the share of profits less losses of associates.

#### 5 DIVIDENDS

##### (a) Dividend attributable to the interim period:

	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 15 Hong Kong cents per share (2006: 15 Hong Kong cents per share)	<b>86,585</b>	86,585

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

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

	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 24 Hong Kong cents per share (2006: 24 Hong Kong cents per share)	<b>138,536</b>	138,536

## 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\$213,202,000 (six months ended 30 September 2006: HK\$389,490,000) and 577,231,252 shares (2006: 577,231,252 shares) in issue during the period.

There were no potential dilutive ordinary shares in existence during the period ended 30 September 2007 and 2006, and hence the diluted earnings per share is the same as the basic earnings per share.

## 7 FIXED ASSETS

### (a) Investment properties

Investment properties of the Group were revalued at 30 September 2007 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The investment properties were revalued by the directors with reference to the valuations carried out by an independent firm of surveyors, DTZ, who has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. During the period, the increase in fair value of investment properties was HK\$70,747,000 (six months ended 30 September 2006: HK\$313,957,000).

### (b) Hotel property

Hotel property with net book value of HK\$50,371,000 (at 31 March 2007: HK\$51,170,000) was valued at 30 September 2007 by the directors with reference to a valuation carried out by an independent firm of surveyors, DTZ, who has among its staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis at HK\$2,810,000,000 (at 31 March 2007: HK\$2,738,000,000). The valuation of hotel property is for information purpose only and has not been incorporated in the interim financial report.



## 8 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment losses for bad and doubtful debts) with ageing as follows:

	At 30 September 2007 <i>HK\$'000</i>	At 31 March 2007 <i>HK\$'000</i>
0 to 3 months	48,941	49,781
More than 3 months	6,150	12,114
Trade receivables	55,091	61,895
Other receivables	66,197	64,498
	<b>121,288</b>	<b>126,393</b>

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.

## 9 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with ageing as follows:

	At 30 September 2007 <i>HK\$'000</i>	At 31 March 2007 <i>HK\$'000</i>
Due within 3 months or on demand	65,439	65,392
Due after 3 months but within 6 months	6,457	4,122
Trade payables	71,896	69,514
Other payables	130,859	109,824
Amounts due to minority shareholders of subsidiaries	162,583	163,390
	<b>365,338</b>	<b>342,728</b>

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

Amounts due to minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for the amount due to a minority shareholder of a subsidiary amounting to HK\$53,059,000 (at 31 March 2007: HK\$54,243,000), which is interest bearing with reference to the prevailing market rate.

## 10 TOTAL EQUITY

		Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total	Minority interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006		404,062	287,628	(100,781)	10,044	304,827	(38,898)	5,072,820	5,939,702	51,195	5,990,897
Dividends approved in respect of the previous year and paid during the year	5(b)	-	-	-	-	-	-	(138,536)	(138,536)	-	(138,536)
Exchange differences on translation of the financial statements of overseas subsidiaries		-	-	-	17,911	-	-	-	17,911	4,122	22,033
Changes in fair value of available-for-sale investments		-	-	-	-	-	5,845	-	5,845	-	5,845
Minority interests of a subsidiary acquired during the year		-	-	-	-	-	-	-	-	5,653	5,653
Profit for the year		-	-	-	-	-	-	688,439	688,439	4,327	692,766
Dividends declared in respect of the current year	5(a)	-	-	-	-	-	-	(86,585)	(86,585)	-	(86,585)
At 31 March 2007		<u>404,062</u>	<u>287,628</u>	<u>(100,781)</u>	<u>27,955</u>	<u>304,827</u>	<u>(33,053)</u>	<u>5,536,138</u>	<u>6,426,776</u>	<u>65,297</u>	<u>6,492,073</u>
At 1 April 2007		<b>404,062</b>	<b>287,628</b>	<b>(100,781)</b>	<b>27,955</b>	<b>304,827</b>	<b>(33,053)</b>	<b>5,536,138</b>	<b>6,426,776</b>	<b>65,297</b>	<b>6,492,073</b>
Dividends approved in respect of the previous year and paid during the period	5(b)	-	-	-	-	-	-	(138,536)	(138,536)	-	(138,536)
Dividends paid to a minority shareholder		-	-	-	-	-	-	-	-	(3,950)	(3,950)
Exchange differences on translation of the financial statements of overseas subsidiaries		-	-	-	(1,132)	-	-	-	(1,132)	(1,118)	(2,250)
Transferred to the consolidated income statement upon disposal of available-for-sale investments		-	-	-	-	-	21,670	-	21,670	-	21,670
Changes in fair value of available-for-sale investments		-	-	-	-	-	14,299	-	14,299	-	14,299
Profit for the period		-	-	-	-	-	-	213,202	213,202	1,283	214,485
At 30 September 2007		<u>404,062</u>	<u>287,628</u>	<u>(100,781)</u>	<u>26,823</u>	<u>304,827</u>	<u>2,916</u>	<u>5,610,804</u>	<u>6,536,279</u>	<u>61,512</u>	<u>6,597,791</u>

## 11 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2007 not provided for in the interim financial report were as follows:

	<b>The Group</b>	
	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2007</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Future expenditure relating to properties:		
Contracted for	<b>236,057</b>	47,906
Authorised but not contracted for	–	187,000
	<u><b>236,057</b></u>	<u>234,906</u>

## 12 MATERIAL RELATED PARTY TRANSACTIONS

- (a) The Group incurred a fee of HK\$681,000 (six months ended 30 September 2006: HK\$681,000) to a subsidiary of its major shareholder for the provision of property agency services to the Group's investment properties in Hong Kong which was calculated at a certain percentage of the gross rental income from the Group's investment properties during the period.

The Group's travel division provides agency services to certain subsidiaries and associates of its major shareholder amounted to HK\$7,624,000 (six months ended 30 September 2006: HK\$6,037,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due to these companies at the period end amounted to HK\$42,000 (at 31 March 2007: HK\$22,000).

The Group's travel division receives agency services from associates of its major shareholder in respect of air ticket booking and hotel accommodation under similar terms it receives from other agencies. Services fees paid/payable to these associates for the period amounted to HK\$22,000 (six months ended 30 September 2006: HK\$198,000). The amounts due to these associates at the period end amounted to HK\$30,000 (at 31 March 2007: HK\$54,000).

- (b) The Group provides hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the period amounted to HK\$2,197,000 (six months ended 30 September 2006: HK\$2,441,000) which were calculated at a certain percentage of the respective associates' revenue for the period. The net amounts due from these associates at the period end amounted to HK\$3,045,000 (at 31 March 2007: HK\$4,086,000).

## 12 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (c) The Company and its wholly-owned subsidiaries received net repayment of loans to certain associates totalling HK\$1,571,000 (six months ended 30 September 2006: provided loans of HK\$420,000) during the period. Such loans are unsecured, non-interest bearing and repayable on demand. The amounts due from these associates at the period end amounted to HK\$20,395,000 (at 31 March 2007: HK\$21,966,000).
- (d) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of a Group's premises in Hong Kong, under the normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK\$754,000 (six months ended 30 September 2006: HK\$788,000). The amount due from this subsidiary at the period end amounted to HK\$3,000 (at 31 March 2007: HK\$3,000).
- (e) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop Nos. 3101-3107 on Level Three of ifc Mall under normal commercial terms. Total rental and building management fee expense for the period amounted to HK\$5,110,000 (six months ended 30 September 2006: HK\$5,129,000) including contingent rental of HK\$192,000 (six months ended 30 September 2006: HK\$695,000). The amount due to that associate at the period end amounted to HK\$1,035,000 (at 31 March 2007: HK\$Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (f) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Office Units 1809-10 and 1817-18, 18/F, Miramar Tower under the normal commercial terms. The lease for Office Units 1809-10 has been early terminated on 31 May 2007, and the Group then entered another lease agreement with this associate for the leasing of Office Units 1801-02, 18/F, Miramar Tower under the normal commercial terms. Total rental and building management fee expenses for the period amounted to HK\$1,059,000 (six months ended 30 September 2006: HK\$795,000). The amount due from that associate at the period end amounted to HK\$233,000 (at 31 March 2007: HK\$11,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (g) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 503C, 5/F, Miramar Shopping Centre, and Office Units 609-12, 6/F, Miramar Tower under the normal commercial terms. Total rental and building management fee expenses for the period amounted to HK\$3,332,000 (six months ended 30 September 2006: HK\$Nil). The amount due from this company at period end amounted to HK\$120,000 (at 31 March 2007: HK\$458,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

## **INTERIM DIVIDEND**

The Directors declare the payment of an interim dividend of 15 Hong Kong cents per share in respect of the year 2007/2008 to shareholders listed on the Register of Members at the close of business on 3 January 2008. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 10 January 2008.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 28 December 2007 to 3 January 2008, 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 27 December 2007.

## **REVIEW OF OPERATIONS AND PROSPECTS**

During the six months period under review, the Group's turnover was approximately HK\$741,600,000, an increase of 12% over the same period last year. Excluding the increase in the fair value of its investment properties, the unaudited profit before taxation amounted to HK\$201,000,000, representing an increase of 13%. Profit attributable to shareholders amounted to HK\$213,200,000 for the six months ended 30 September 2007.

### **Business overview**

The Group's consolidated operating results for the period under review reflects the short-term effect due to hotel rooms and facilities being taken out by phases for the total hotel make-over, which will be completed by the end of 2008. The fully renovated Hotel together with the adjacent Miramar Shopping Centre and Office Tower will be transformed into one of the most convenient, trendy and stylish mix-use property in Tsim Sha Tsui. Consolidated performance of the Group for the period under review was therefore somewhat offset by slight drop from the Group's hotel performance resulting in an overall moderate growth in profit.

Besides its hotel sectors, the Group's other businesses did well, generally outperforming their results from the same period last year. The Group's travel segment is working diligently towards future profitability with significant increase in turnover. On the back of a strong market trend in the property sector, with healthy demand for quality office and retail space, the Group's property investment arm achieved satisfactory growth for the period. However, due to the economy downturn in the US property market, the Group's property development and sales division in the US sustained a minor loss due to the fact that no land sales were carried out during the period.

## **Hotel operations**

For some time now, the Group has made clear its intention to reposition its flagship Hotel Miramar in Hong Kong as a 'designer' hotel with contemporary interiors at a best located urban setting. The hotel will target the sectors of international and regional corporate and leisure business, pitching itself as a mix of luxury and trendiness for both of these segments.

The transformation process began in the period under review with the Group's corporate and administrative offices being moved from their previous location in the Hotel Miramar to the nearby Miramar Office Tower. This move has vacated an entire floor of the Hotel for redevelopment, enabling the Hotel to expand its facilities and services. Meanwhile the Hotel renovation was completed with the overhaul of the Grand Ballroom in August this year. Already the financial effects of this makeover are making themselves felt, with the Group enjoying significantly higher returns from events such as wedding banquets booked to be held in the new Ballroom. Similar effects are expected as renovations to other areas of the Hotel are completed. Room rates too will follow this trend as the entire run of rooms are revamped, and with good occupancy rates the cumulative effects of the price premiums on hotel rooms should be significant.

## **Property business**

In line with the healthy Hong Kong economy, over the past six months the growth in the property sector in Hong Kong has been steady, and the Group's own revenues from property rentals and similar property-related investments have reflected this positive market condition. Looking to the future, the Group is working towards making its office and commercial rental spaces even more attractive targeted to a more quality clientele. It has begun renovations of its Miramar Office Tower, with the aim of enhancing the positioning of the office complex.

The MTR project to build an underpass linking Tsim Sha Tsui MTR Station with the Hotel Miramar and Miramar Shopping Centre is on track and the MTR Corporation has announced its plans to the public. The completion date for the project is estimated to be at 2012. The Group's plans to renovate the Miramar Shopping Arcade will be coordinated to align with the proposed MTR access tunnel.

## **Food and beverage operations**

During the period under review, the Group invested considerable energy into maximizing the exposure and profitability of its F&B outlets. In particular, it has continued to promote the successful duo of Cuisine Cuisine and Lumiere in Hong Kong's prestigious IFC II development. These two premium restaurants are now widely recognised as occupying top positions in Hong Kong's elite dining market. The recent signing on a renowned chef for Cuisine Cuisine has seen the restaurant's menu extended together with an improvement on the average per-head spending.

Recently the Group's chefs further consolidated the reputations of its top restaurants, picking up a number of accolades at the recent 'Best of the Best' Culinary Awards organised by the Hong Kong Tourism Board. Chefs from the Group's restaurants won coveted 'Gold with Distinction' awards in both the 'Best All-Round Chinese Chef' category and 'Hong Kong Signature Dish – Hong Kong Legend' category.

### **Travel business**

For the period under review, a substantial increase in turnover from the Group's travel business was achieved. With increasing capacity to advertise for its travel business, profitability in the near future could be improved.

The Group sees its travel business as an important part of its portfolio. It is closely involved in the leisure, hospitality and tourism industries, and the Group believes its travel business offers a range of synergies with these activities along with the long-term potential to support other tourism-related development in the future.

### **Prospects**

With Hong Kong's steady economy and the China economy continuing to thrive, Hong Kong's role as a key business and tourist hub for the Greater China region is evident.

The renovation and make-over of Hotel Miramar during the period under review, though temporarily will have minor impact on the profit contribution from the Group's hotel sector, however, in the longer term, this investment could yield much improved profitability and returns for the Group.

Overall, the Group's action plans involve leveraging solid planning, strong management and astute investment, all within a macro-environment of economic growth. Barring any unforeseen circumstances, the Board of Directors has full confidence in the Group's ability to use all the resources at its disposal to continue bringing shareholders satisfactory returns.

## DISCLOSURE OF INTERESTS

### Directors' interests in shares

As at 30 September 2007, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	–	–	255,188,250 <i>(note 1)</i>	–	44.21%
	Dr David SIN Wai Kin	4,158,000	–	–	–	0.72%
	Mr WOO Kim Phoe	11,426,400	–	–	–	1.98%
	Mr LEE Ka Shing	–	–	–	255,188,250 <i>(note 2)</i>	44.21%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 <i>(note 4)</i>	–	1.97%
	Mr Thomas LIANG Cheung Biu	–	1,080,000 <i>(note 5)</i>	–	–	0.19%
Booneville Company Limited	Dr LEE Shau Kee	–	–	2 <i>(note 6)</i>	–	100%
	Mr LEE Ka Shing	–	–	–	2 <i>(note 6)</i>	100%
Fook Po Enterprises Company Limited	Dr LEE Shau Kee	270	–	–	–	9.80%
	Dr David SIN Wai Kin	225	–	–	–	8.17%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	–	–	2 <i>(note 7)</i>	–	100%
	Mr LEE Ka Shing	–	–	–	2 <i>(note 7)</i>	100%
Placer Holdings, Inc.	Mr Richard TANG Yat Sun	4,000	–	–	–	2%
Strong Guide Property Limited	Dr LEE Shau Kee	–	–	2 <i>(note 8)</i>	–	100%
	Mr LEE Ka Shing	–	–	–	2 <i>(note 8)</i>	100%



Save as disclosed above, as at 30 September 2007, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

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

### Substantial Shareholders and Others

The Company has been notified of the following interests in the Company's issued shares at 30 September 2007, amounting to 5% or more of the shares in issue:

<b>Substantial Shareholders</b>	<b>Ordinary shares held</b>	<b>Percentage of total issued shares</b>
Dr Lee Shau Kee	255,188,250 <i>(note 1)</i>	44.21%
Mr Lee Ka Shing	255,188,250 <i>(note 2)</i>	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250 <i>(note 9)</i>	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250 <i>(note 9)</i>	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250 <i>(note 9)</i>	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250 <i>(note 10)</i>	44.21%
Henderson Land Development Company Limited ("Henderson Land")	255,188,250 <i>(note 10)</i>	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250 <i>(note 10)</i>	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 10)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 10)</i>	13.71%
Threadwell Limited ("Threadwell")	75,454,000 <i>(note 10)</i>	13.07%

### Persons other than Substantial Shareholders

Mr Chong Wing Cheong	57,594,210	9.98%
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Save as disclosed above, as at 30 September 2007, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

*Notes :*

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 2, 9 and 10.
- (2) As director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 9, Mr Lee Ka Shing is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 1, 9 and 10, by virtue of the SFO.
- (3) All these shares were held by a unit trust of which Dr Patrick Fung Yuk Bun was a beneficiary.
- (4) These shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued share capital.
- (5) All these shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary.
- (6) These 2 shares in Booneville Co Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.
- (7) These 2 shares in Henderson-Miramar Hotels Holdings Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Investment Limited which was 67.94% held by Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.
- (8) These 2 shares in Strong Guide Property Ltd were equally owned by the respective wholly-owned subsidiaries of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.
- (9) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in the share capital of Henderson Development. These 255,188,250 shares are duplicated in the interests described in Notes 1, 2 and 10.
- (10) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 255,188,250 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 255,188,250 shares represent the shares described in Notes 1, 2 and 9.

## 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 11% only (at 31 March 2007: 12%) at 30 September 2007.

The Group has negligible foreign currency risk, given that the majority of the financing facilities obtained by the Group are denominated in Hong Kong dollars. Interests on bank loans and borrowings of the Group are chargeable mainly based on certain agreed 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 September 2007, total available facilities amounted to approximately HK\$1.7 billion (at 31 March 2007: approximately HK\$1.8 billion), and 46% (at 31 March 2007: 42%) were utilized. At 30 September 2007, consolidated net borrowings were approximately HK\$0.5 billion (at 31 March 2007: HK\$0.6 billion), of which none was secured borrowings (at 31 March 2007: none).

## EMPLOYEES

At 30 September 2007, the Company employed about 1,381 full-time employees, including 1,169 employed in Hong Kong, 210 employed in the People's Republic of China and 2 employed in the United States of America. It is the Company's mission to maintain an effective salary system where a fair and comprehensive remuneration package could be provided to our employees at all times and good quality employees could be attracted, retained and motivated. The performance-based approach is still the main stream of rewarding and motivating our employees. Other than the annual salary review, our employees are rewarded and motivated by the incentive schemes and end of year bonus. Through the market survey and internal review, we monitor and maintain our employees' salary in line with market level by flexibly allowing for adjustment for employees of exceptional merit. Our Company also offers different kinds of employee benefits to increase the attractiveness of the overall remuneration packages. With the competitive benefit programs, we can be more effective in staff recruitment and employee retention, thus reducing staff turnover and increasing organizational efficiency.

## TRAINING & DEVELOPMENT

Early this year, a series of training was conducted for F&B operations or restaurants. Topics including Product Knowledge, Service Skills, Up-selling Techniques and Service Standard Procedures were covered. Meanwhile, other training programs were arranged to the employees on a regular basis such as Food Hygiene, Product Knowledge, Work Safety, oral English and Putonghua.

As Hotel Miramar is undergoing a major up-grading project, to cope with the enhanced operation standard in Hotel Miramar, a "You Make All The Difference" workshop was conducted to all hotel team members by an external consultant in the summer of 2007. The key modules are primarily focused on "From Good To Great Service", "Service Auditing and Coaching", "Service Goal Setting" and "Blending-in New and Old". Besides, Courtesy English classes were arranged for service associates.

We will continuously refresh and deliver the "You Make All the Difference" program to all service associates in the Group in the coming year.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices 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 period ended 30 September 2007.

## **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 SHAU KEE**  
*Chairman*

Hong Kong, 28 November 2007



## INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

### INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 19 which comprises the consolidated balance sheet of Miramar Hotel and Investment Company, Limited as of 30 September 2007 and the related consolidated income statement, and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

Basis on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2007 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

### **KPMG**

*Certified Public Accountants*

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

Hong Kong, 28 November 2007