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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

INTERIM RESULTS ANNOUNCEMENT for the six months ended 30 September 2009

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 2009. These interim results have not been audited, but have been reviewed by both the Company’s independent auditors and the Company’s audit committee. The independent review report of the auditors is included in the interim financial report to be sent to the shareholders.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	For the six months ended 30 September	
		2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover	3	808,110	805,439
Cost of inventories		(39,408)	(54,968)
Staff costs		(143,521)	(136,005)
Utilities, repairs and maintenance and rent		(47,646)	(49,633)
Tour and ticketing costs		(338,738)	(314,680)
Gross profit		238,797	250,153
Other revenue		8,970	23,796
		247,767	273,949
Operating and other expenses		(94,958)	(74,535)
Operating profit before depreciation and amortisation		152,809	199,414
Depreciation and amortisation		(23,722)	(21,082)
Operating profit		129,087	178,332
Finance costs		(6,530)	(11,080)
Share of profits less losses of associates		(575)	11,781
Reversal of impairment of interest in associates		—	9,453
		121,982	188,486
Loss on disposal/impairment loss of available-for-sale investments		(205)	(7,859)
Net increase/(decrease) in fair value of investment properties	7	41,229	(37,559)
Profit before taxation carried forward		163,006	143,068

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		For the six months ended 30 September	
		2009	2008
		(unaudited)	(unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Profit before taxation brought forward		163,006	143,068
Taxation	4		
– Current		(28,486)	(28,642)
– Deferred		(663)	5,320
Profit for the period		<u>133,857</u>	<u>119,746</u>
Attributable to:			
Shareholders of the Company		128,349	121,741
Minority interests		5,508	(1,995)
		<u>133,857</u>	<u>119,746</u>
Interim dividend declared after the interim period end	5(a)	<u>75,040</u>	<u>86,585</u>
Earnings per share – basic and diluted	6	<u>22.2¢</u>	<u>21.1¢</u>
Interim dividend per share	5(a)	<u>13.0¢</u>	<u>15.0¢</u>

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	For the six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>133,857</u>	<u>119,746</u>
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	(17)	14,078
Changes in fair value of available-for-sale investments	6,920	(3,440)
Transferred to consolidated income statement on impairment of available-for-sale investments	<u>–</u>	<u>7,859</u>
	<u>6,903</u>	<u>18,497</u>
Total comprehensive income for the period	<u>140,760</u>	<u>138,243</u>
Attributable to:		
Shareholders of the Company	136,538	136,395
Minority interests	<u>4,222</u>	<u>1,848</u>
Total comprehensive income for the period	<u>140,760</u>	<u>138,243</u>

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		At 30 September 2009 (unaudited) HK\$'000	At 31 March 2009 (audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Fixed assets	7		
– Investment properties		8,116,744	8,075,559
– Other fixed assets		<u>670,456</u>	<u>465,842</u>
		8,787,200	8,541,401
Interest in associates		8,703	12,042
Available-for-sale investments		16,476	9,868
Deferred tax assets		<u>23,812</u>	<u>14,455</u>
		<u>8,836,191</u>	<u>8,577,766</u>
Current assets			
Properties under development		244,325	242,253
Inventories		126,139	125,395
Trade and other receivables	8	144,918	119,529
Cash and bank balances		420,274	384,571
Tax recoverable		<u>11,562</u>	<u>22,477</u>
		<u>947,218</u>	<u>894,225</u>
Current liabilities			
Trade and other payables	9	(429,794)	(332,385)
Interest-bearing borrowings		(249,969)	(201,906)
Sales and rental deposits received		(119,222)	(104,518)
Tax payable		<u>(46,284)</u>	<u>(30,058)</u>
		<u>(845,269)</u>	<u>(668,867)</u>
Net current assets		<u>101,949</u>	<u>225,358</u>
Total assets less current liabilities carried forward		<u>8,938,140</u>	<u>8,803,124</u>

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	At 30 September 2009 (unaudited) <i>HK\$'000</i>	At 31 March 2009 (audited) <i>HK\$'000</i>
Total assets less current liabilities brought forward	8,938,140	8,803,124
Non-current liabilities		
Interest-bearing borrowings	(611,491)	(515,315)
Deferred liabilities	(75,105)	(88,916)
Deferred tax liabilities	(1,127,070)	(1,117,050)
	<u>(1,813,666)</u>	<u>(1,721,281)</u>
NET ASSETS	<u>7,124,474</u>	<u>7,081,843</u>
CAPITAL AND RESERVES		
Share capital	404,062	404,062
Reserves	6,637,767	6,599,358
Total equity attributable to shareholders of the Company	7,041,829	7,003,420
Minority interests	82,645	78,423
TOTAL EQUITY	<u>7,124,474</u>	<u>7,081,843</u>



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Notes:

1. BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with same accounting policies adopted in the financial statements for the year ended 31 March 2009, except for the accounting policy changes that are expected to be reflected in the financial statements for the nine months period ended 31 December 2009. Details of these changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2009. 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 Hong Kong Financial Reporting Standards (“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 March 2009 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2009 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 July 2009.



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2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- HKAS 23 (revised 2007), *Borrowing costs*

The amendments to HKAS 23 has had no material impact on the Group's financial statements as the amendments was consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.



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2. CHANGES IN ACCOUNTING POLICIES (continued)

- The improvements to HKFRSs (2008) comprise a number of minor amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:

As a result of amendments to HKAS 28, *Investments in associates*, impairment losses recognised in respect of the associates carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009 all dividends receivable from subsidiaries and associates, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous period have not been restated.

3. TURNOVER AND SEGMENTAL REPORTING

The Group manages its businesses by segments which are organised by business lines. On first-time adoption of HKFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable 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

Revenue and expense are allocated to the reportable segments with reference to sales generated by those segments and the expenses directly incurred by those segments. The measure used for reporting segment results is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA the Group's earnings are 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.

Segment assets include all tangible and current assets with the exception of interests in associates, available-for-sale investments, deferred tax assets and other corporate assets. The Group does not provide information on segment assets to its senior executive management but such information has been disclosed as required by HKFRS 8.



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3. TURNOVER AND SEGMENTAL REPORTING (continued)

	For the six months ended 30 September 2009					Total HK\$'000
	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	
Revenue from external customers	244,062	-	105,434	74,794	383,820	808,110
Inter-segment revenue	-	-	254	2,187	-	2,441
Reportable segment revenue	244,062	-	105,688	76,981	383,820	810,551
Elimination of inter-segment revenue						(2,441)
Consolidated turnover						<u>808,110</u>
Reportable segment operating results (adjusted EBITDA)	207,563	(3,349)	(5,179)	(5,774)	10,685	203,946
Unallocated corporate expenses						(74,859)
Finance costs						129,087
Share of profits less losses of associates						(6,530)
Loss on disposal of available-for-sale investments						(575)
Net increase in fair value of investment properties	41,229	-	-	-	-	(205)
Consolidated profit before taxation						<u>41,229</u> <u>163,006</u>
	At 30 September 2009					Total HK\$'000
	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	
Reportable segment assets	8,048,585	407,674	896,179	34,314	280,156	9,666,908
Interest in associates						8,703
Unallocated corporate assets						107,798
Consolidated total assets						<u>9,783,409</u>



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3. TURNOVER AND SEGMENTAL REPORTING (continued)

	For the six months ended 30 September 2008					
	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>	Total <i>HK\$'000</i>
Revenue from external customers	233,882	–	127,906	95,958	347,693	805,439
Inter-segment revenue	–	–	856	2,723	–	3,579
Reportable segment revenue	233,882	–	128,762	98,681	347,693	809,018
Elimination of inter-segment revenue						(3,579)
Consolidated turnover						<u>805,439</u>
Reportable segment operating results (adjusted EBITDA)	189,290	(1,913)	22,595	2,655	3,210	215,837
Unallocated corporate expenses						(37,505)
Finance costs						178,332
Share of profits less losses of associates						(11,080)
Reversal of impairment of interest in associates						11,781
Impairment loss of available-for-sale investments						9,453
Net decrease in fair value of investment properties	(37,559)	–	–	–	–	(7,859)
Consolidated profit before taxation						<u>143,068</u>
	At 31 March 2009					
	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>	Total <i>HK\$'000</i>
Reportable segment assets	8,009,420	412,680	668,213	33,249	248,883	9,372,445
Interest in associates						12,042
Unallocated corporate assets						87,504
Consolidated total assets						<u>9,471,991</u>



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4. TAXATION

Taxation in the consolidated income statement represents:

	For the six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	27,706	25,992
Current tax – Overseas		
Provision for the period	780	2,650
Deferred tax		
Origination and reversal of temporary differences	663	(5,320)
	29,149	23,322

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2008: 16.5%) of the estimated assessable profit 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 2009 of HK\$72,000 (six months ended 30 September 2008: HK\$240,000) 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	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 13 Hong Kong cents per share (2008: 15 Hong Kong cents per share)	75,040	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	
	2009	2008
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 17 Hong Kong cents per share (2008: 24 Hong Kong cents per share)	98,129	138,536



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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\$128,349,000 (six months ended 30 September 2008: HK\$121,741,000) and 577,231,252 shares (2008: 577,231,252 shares) in issue during the period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 September 2009 and 2008, and hence the diluted earnings per share is the same as the basic earnings per share.

7. FIXED ASSETS

Investment properties

Investment properties of the Group were revalued at 30 September 2009 on a market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuations were carried out by an independent firm of surveyors, DTZ, who have 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 net increase in fair value of investment properties was HK\$41,229,000 (six months ended 30 September 2008: net decrease of HK\$37,559,000).

8. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2009 HK\$'000	At 31 March 2009 HK\$'000
Current	33,865	19,852
Less than 1 month past due	9,442	9,214
1 – 2 months past due	4,449	5,735
Over 2 months past due	6,316	8,804
	<u>20,207</u>	<u>23,753</u>
Trade receivables	54,072	43,605
Other receivables	90,846	75,924
	<u>144,918</u>	<u>119,529</u>

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK\$12,171,000 (at 31 March 2009: HK\$12,171,000) which is expected to be recoverable after more than 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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9. TRADE AND OTHER PAYABLES

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

	At 30 September 2009 HK\$'000	At 31 March 2009 HK\$'000
Due within 3 months or on demand	65,421	55,800
Due after 3 months but within 6 months	<u>2,035</u>	<u>1,161</u>
Trade payables	67,456	56,961
Other payables	212,520	126,790
Amounts due to minority shareholders of subsidiaries	<u>149,818</u>	<u>148,634</u>
	<u><u>429,794</u></u>	<u><u>332,385</u></u>

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

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\$55,494,000 (at 31 March 2009: HK\$55,494,000), which is interest bearing at 7.56% (at 31 March 2009: 7.56%) per annum.

10. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.



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INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 13 Hong Kong cents per share in respect of the six months ended 30 September 2009 to shareholders listed on the Register of Members at the close of business on 6 January 2010. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 13 January 2010.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31 December 2009 to 6 January 2010, 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 Wednesday, 30 December 2009.

CHANGE OF FINANCIAL YEAR END DATE

As announced on 17 August 2009, the Directors resolved to change the financial year end date of the Company from 31 March to 31 December. Accordingly, the next published audited financial statements shall cover a period of nine months from 1 April 2009 to 31 December 2009. The Company will announce and publish its final results for the nine months ended 31 December 2009 on or before 31 March 2010.

REVIEW OF OPERATIONS AND PROSPECTS

During the six months period under review, the Group's turnover was approximately HK\$808,000,000, which is similar to the same period last year. Profit attributable to shareholders amounted to HK\$128,000,000 as compared to HK\$122,000,000 for the same period last year. Excluding the net increase in fair value of the investment properties, profit after tax amounted to HK\$94,000,000 as compared to HK\$153,000,000 for the same period last year.

Business overview

The global financial turmoil continued to impact financial markets and consumer confidence in the period under review. Together with the influence of Human Swine Flu Pandemic, this had a marked effect on the property, hotel, food and beverage and tourism sector, which in turn was reflected in the Group's consolidated operating results. However, alongside the gradual recovery of the Hong Kong and global economies, each business units among the Group began to improve.

The major event of the period under review was the grand opening of the Group's flagship hotel, The Mira Hong Kong ("The Mira"), on 17 September following extensive renovation. Positioned as an up-scale business hotel for style-minded affluent travellers, the hotel's full opening represented the first stage in the revitalisation of the Group's brand. We are confident that this rebranding will offer higher returns while projecting a sense of unique corporate style and quality across all our core businesses.

Despite a slowdown in rentals and lower unit rates than in the comparable period last year, the Group's rental properties recorded satisfactory rental income and occupancy was maintained at a satisfactory level. Due to the market challenges, which particularly affected consumer confidence, the food and beverage division recorded a loss. However, our travel business delivered a satisfactory performance despite the downturn in the travel and tourism market.



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Hotel operations

The Group provides management services for six hotels in the region. In Hong Kong, we wholly own and manage The Mira and provide management services for the Silvermine Beach Hotel. In Shekou, we own 25% equity and manage the Nan Hai Hotel and own 30% equity and manage the Hai Tao Hotel. In Shanghai, we provide management services for Ruitai Hongqiao Hotel and Ruitai Jingan Hotel. The Group also provides serviced apartment management services for The Pinnacle Apartment, located in Tsim Sha Tsui, and wholly owns and manages Miramar Apartments, which are serviced apartments located in Shanghai.

The Mira, the flagship hotel of the Group, completed its major renovation during the period under review. A ceremony celebrating the grand opening of the hotel was held on 17 September, 2009, marking a major milestone in the development of the hotel industry in Hong Kong. The relaunch of the Hotel Miramar as The Mira Hong Kong and the transformation of the brand's image it represented were well received by both guests and the media.

Among the many stylish and contemporary features, The Mira's guest rooms offer a choice of red, green or silver colour schemes with handpicked designer fabrics, rain showers, an "egg chair" designed by Arne Jacobsen to match each colour scheme, and the very latest in-room technology. Further facilities for the international business and luxury traveller include The Mira Club with lounge and themed Club rooms, 56 suites, and a soon-to-be-completed MiraSpa with 18,000 square feet of fitness, beauty and wellness rooms. A unique designer garden in the inner courtyard of the building offers hotel guests a rare oasis of green and calm in the centre of the thriving, hectic Tsim Sha Tsui district.

With the completion of the transformation of The Mira and the readiness of all its new guest rooms for occupancy, our flagship hotel is already becoming well known as one of the most upscale and contemporary hotels in Hong Kong. Building on this reputation, the Group has launched a brand new website for The Mira, which provides an introductory platform to all the new facilities in the hotel as well as a forum for receiving guests' comments and enquiries. The website is designed to encourage direct online bookings for the hotel, further enabling us to compete strongly in the up-market travel sector.

During the period under review, the hotel renovation before the grand opening as well as the financial turmoil and the outbreak of Human Swine Flu Pandemic resulted in a significant drop in occupancy at the hotel, which is reflected in the operating results. However, in the medium term, the Group expects to see a boost in revenue as a result of our investment. The Group will concentrate on building a strong customer base in both the MICE and corporate segments, while we will also focus on the wedding banquet and catering business. Our unique ballroom facility with its great variety schemes that can be chosen by the customer will be aggressively promoted.



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Property rental business

The Group's property rental business performed satisfactorily in the period under review, with a profit increase of approximately 10% as compared to the same period last year.

The major sources of rental income of the Group are derived from the retail shops at Miramar Shopping Centre and the office tower at Miramar Tower. The average unit rate of Miramar Tower increased by 13% as compared to same period last year. However, a gradual decline in the recent committed unit rate was recorded due to the effect of the global financial turmoil. The average occupancy rate dropped by three percentage points from 92% to 89%.

The average unit rate of Miramar Shopping Centre increased by 9% as compared to the same period last year. However, the average occupancy rate dropped slightly due to the need to vacate all the tenants from properties in Basement 1 for the preparation of the refurbishment work, which commenced in September.

The Group continues to hold a land bank in California, USA. Due to the recession of the US property market, the Group will retain this land until the US property market fully stabilises.

Food and beverage operations

The Group operates three Tsui Hang Village restaurants: one located in the Miramar Shopping Centre, Tsim Sha Tsui; one in the New World Tower, Central; and one situated in Club Marina Cove, Sai Kung. The Group also operates one Sichuan restaurant named Yunyan Szechuan Restaurant located in the Miramar Shopping Centre, and two IFC venues: Cuisine Cuisine and Lumiere.

Overall, due to the effect of the global financial turmoil and the Human Swine Flu Pandemic, conditions remained challenging over recent months in the food and beverage industry, particularly for the up-scale restaurants that the Group mostly operates. Many companies scaled down business entertainment and consumers reduced consumption particularly for high-end consumables. These had negative impact over the Group's operating performance, resulting in a loss in the period under review.

However, to respond to these challenges and build further opportunities in a demanding marketplace, the Group focused in the period under review on revitalising its food and beverage sector. Lumiere was closed for a major transformation and will become an upscale French restaurant to be named "The French Window" targeted to be opened in December 2009. Yunyan Szechuan Restaurant and Central Tsui Hang Village are also scheduled to be renovated in the 1st quarter of year 2010.

The Group's confidence in the recovery of the food and beverage sector, which was gathering pace by the end of the period under review, is underlined by our investment in these two restaurants in line with the revitalisation and enhancement of our brand. We are also actively looking for expansion opportunities for our food and beverage operations in Mainland China, with a Chinese restaurant planned to be established in Beijing by the middle of next year.



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Travel business

Despite the overall decline in market conditions, which only saw improvement towards the end of the period under review, the Group's travel business continued to expand. A significant increase in new tours, especially long haul tours for quality customers to destinations such as Croatia, Slovenia, Tunisia and North Europe, led to satisfactory operating business growth of approximately 10% as compared to the same period last year. Furthermore, profit for this reporting period exceeded our target of HK\$10,000,000.

The development of regional and global travel packages, offering customers more up-market and far-flung destinations, continues to offer important synergies with the rest of our hospitality, tourism and leisure activities. Together with the revitalisation of the Group's brand, the development of our travel business has given customers a much wider range of travel options, and has also led to increasing margins on package tours and a significant stimulus to turnover from this sector.

Business awards

This year the encouraging media recognition has continued with our flagship hotel, the uniquely stylish and contemporary The Mira Hong Kong, winning the Travel Weekly China's "Best New Business Hotel" Award from the Travel & Meeting Industry for 2009. COCO, The Mira's sophisticated cafe-patisserie, also made it into The List's "THE LIST 100 Hong Kong Exceptional Shops and Service 2009". The Mira's premier restaurant, Yamm, has confirmed its popularity and coveted status being named "Best Buffet Restaurant" by Openrice.com, and "Best Ever Dining Buffet" by Weekend Weekly. It also secured a place in Hong Kong Tatler's list of "Hong Kong's Best Restaurants". Yamm then capped off a great year taking out 3 Awards from U Magazine – "Best Dinner Buffet in Town", "Best New Restaurant" and "U Favorite Food".

Continuing to perform satisfactory in such a competitive environment, Yunyan Szechuan Restaurant with its quality service and superb food has again reaped the rewards by winning "Gold with Distinction" in the "Dim Sum" category of "Best of the Best Culinary Awards 2009". Cuisine Cuisine, another top food and beverage performer for the Group, achieved recognition from the Darizi magazine being "2009/2010 Best Wedding Venue".

Prospects

The recent recovery in global economic prospects has not only helped our travel business but has also given us renewed confidence about the prospects of our other core businesses. A number of initiatives and projects underline this belief.

The Group has established new representative offices for our hotel business in major cities of the Mainland China, the United States and Australia, strengthening the prospects of increased room sales as well as re-enforcing our marketing efforts aimed at increasing brand awareness of the Group. Sales strategies will focus on gaining awareness in the Mainland China and South East Asia by linking with major wholesalers in designated major cities. Meanwhile, the Group's property rental business remain sound with stable returns.

By maintaining a prudent strategy of development and focusing on the enhancement of our brand, we are confident that the Group is in a good position to emerge stronger from the current market conditions and to bring our shareholders satisfactory returns over the coming year.



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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 12% as at 30 September 2009 (at 31 March 2009: 10%).

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 2009, total available facilities amounted to approximately HK\$1.4 billion (at 31 March 2009: approximately HK\$1.4 billion), and 62% of that (at 31 March 2009: 51%) were utilized. At 30 September 2009, consolidated net borrowings were approximately HK\$0.5 billion (at 31 March 2009: HK\$0.39 billion), of which none was secured borrowings (at 31 March 2009: none).

EMPLOYEES

As at 30 September 2009, the Group had a total of about 1,500 full-time employees, including 1,300 employed in Hong Kong, 200 employed in the People's Republic of China and the United States of America. The Group's success builds on the commitment of our employees. As such, we regard people as our most important asset and recognize the importance of a competitive and fair remuneration policy to attract, retain and motivate our employees. To this end, the Group reviews employees' remuneration regularly by taking into consideration individual and business performance, job responsibilities, duties and scope, internal relativities and external market practice. Apart from salary and benefits-in-kind, discretionary bonus is paid based on Group and individual performance. In addition, the Group operates sales and business related incentive schemes to motivate employees concerned to achieve business targets. Under the prevailing remuneration system, the employees' pay levels stay competitive in the market.

TRAINING AND DEVELOPMENT

Training and developing capable employees with high potential at various levels continued to be a priority of our Group. A number of staff development programs were conducted internally and externally during the past months to meet the requirements of the Group.

The Group believe the "develop from within" concept. The Designated Trainer Programme was therefore conducted with focus on developing a group of internal trainer, who helps to provide those daily operational training. The participants of the programme became capable to consistently train up team members in accordance with the Group's service standards.

To strive for excellence in the area of customer service, the Group tailor made a Customer Service Program which focus on change of mind-set and upgrade in service techniques. A mystery shopping system was also developed to keep track on the improvement of the service standard.



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As customer demands shift, the Group appointed external consultancy firms to conduct professional Front Desk Upselling training and Effective Selling Skills. This ensures the service and solution that provided are best fitted to our valuable customers.

The Group believe the above (The Phase I – Nurturing the Learning Culture) help to build a good foundation of the learning culture. Looking ahead, we will focus on Phase II – “Talent Management”.

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-month period ended 30 September 2009.

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, 9 December 2009

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