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## MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 71)**

## 2011 ANNUAL RESULTS ANNOUNCEMENT

### CHAIRMAN'S STATEMENT

For the financial year ended 31 December 2011, the Group's turnover amounted to approximately HK\$2,496,000,000, representing an increase of 18% as compared with 2010. Profit attributable to shareholders posted a growth of 69% to approximately HK\$1,325,000,000 (2010: HK\$784,000,000). Excluding the net increase in the fair value of our investment properties, underlying profit attributable to shareholders was approximately HK\$411,000,000 (2010: HK\$378,000,000). Basic underlying earnings per share amounted to HK\$0.71, representing a year-on-year increase of 9%.

#### Business Overview

Benefited from the continued economic growth of mainland China and other regions in Asia, visitor arrivals in 2011 hit a record high of 40.1 million. Visitor spending during the year also posted an outstanding growth of over 20% year-on-year to an estimated amount of HK\$253 billion in total. This helped foster robust development of industry sectors including hotel, food and beverage and retail consumption in Hong Kong.

During the year, the Group's core businesses recorded satisfactory performance and overall results grew year-on-year. Operating profit of The Mira Hong Kong (The "Mira"), the Group's flagship hotel, improved significantly and EBITDA (earnings before interest, taxes, depreciation and amortization) delivered an impressive 52% increment. As for Property Rental business, the Group recorded increase in both occupancy rate and average unit rate of the property under our sound property portfolio. With more renowned brands and quality enterprises becoming our tenants after the completion of the refurbishment work in the 100,000sq. ft. shopping centre at The Mira, we achieved an outstanding 15% growth in rental income.

Despite the adverse impact brought forth by natural disasters and political instability in certain countries or areas around the world, the Group's Travel Business remained on an uptrend. As for the newly-developed Apparel Retail Business, we are also delighted to witness robust development in 2011, which was in line with the Group's expectation.

#### Corporate Governance and Social Responsibility

The Group places substantial importance on corporate governance and considers contributing to the well-being of the society as our corporate responsibility. During the year, the Group continued to uphold its unsurpassed corporate governance standard and actively participated in various charitable and community events.

During the year, the Group adhered to the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal monitoring standard. By conducting regular Internal Audits, the Group is committed to ensuring that business operation and management control, among other areas, are in compliance with international and professional standard.

Furthermore, the Group is keen on taking part in community activities and encourages the involvement of fellow staff members. During the year, the Group conducted regular visits to community centres for the elderly and participated in fundraising events organised by different charity organisations, so as to provide support to minority groups and to enhance social care.

### **Prospects**

Looking ahead, we expect China and Hong Kong to maintain sound economic growth. This, together with the implementation of a series of initiatives to promote Hong Kong to become a Renminbi offshore centre and to strengthen the position as an international financial and asset management hub, will create enormous business opportunity to the local market.

The Group has been implementing a series of reform measures over the past few years, including carrying out refurbishment and renovation in hotel and other rental properties, enhancing management standard as well as strengthening staff training. As an enterprise with 55 years of history, the Group has now evolved into a corporation spearheaded by a dynamic, vibrant and modern management. Upon the completion of the renovation work of the Group's hotel, shopping centre and office building, the overall image of the respective projects has been significantly enhanced. This will help not only boosting the Group's rental income, but also benefiting the growth of the hotel and related businesses.

The Group is optimistic towards our business prospects. We will strive for capturing arising opportunities and executing business strategies in a timely manner, so as to bolster the performance of existing businesses as well as step up the development of newly-added segments. We are confident that new businesses will soon generate profit return to the Group and our core businesses will continue to offer sustainable yield.

### **Acknowledgements**

I would like to convey my genuine gratitude to the fellow members of the Board of Directors and all staff members for their strong support and valuable contribution over the past year. I wish to join hands with you for better development and a prosperous future.

**LEE SHAU KEE**  
*Chairman*

Hong Kong, 20 March 2012

## **MANAGING DIRECTOR'S MESSAGE**

The Group operates five core businesses, namely Hotel and Hotel Management business, Property Rental business, Food and Beverage business, Travel business and the newly-developed Apparel Retail business. During the year, development of each business segment is in line with expectation and overall business performance showed an improvement as compared to that of the previous year.

### **Hotel and Hotel Management Business**

Benefited from the supportive initiatives by the central government, occupancy rate and average room rate of The Mira continued to increase during the year. Occupancy rate rose from 80% in 2010 to 83% in the year and average room rate posted a growth of 19%, from HK\$1,470 to HK\$1,760.

The Hotel and Hotel Management business segment continued to deliver impressive results, with leverage on the reputable brand image of The Mira and our meticulous services. EBITDA (earnings before interest, taxes, depreciation and amortization) of The Mira grew 52% to reach approximately HK\$206,500,000.

The Group obtained the hotel management project for a boutique hotel in Wan Chai during the year. The boutique hotel, which is currently under construction, will be operated under the brand name of "The Mira". During the year, construction progressed as scheduled and the hotel is expected to commence operation in 2013. The boutique hotel offers a total of approximately 100 guest rooms. Wan Chai district enjoys a convenient transportation network and features old and new cultural characteristics of the area. We believe the hotel will soon become a popular hotel in the district upon completion with the distinguished brand image of "The Mira" and our well-recognized service quality.

### **Property Rental Business**

The Group owns a sound property portfolio, comprising retail shops in our shopping centre and office tower, which generates stable income. During the year, rental income derived from Miramar Shopping Centre and Miramar Tower remained as the major income contributor. With the completion of refurbishment work in the public areas of Miramar Tower and the shopping centre at The Mira, occupancy rate and average unit rate of the property showed an upward trend. Overall income of our Property Rental Business recorded a growth of 15% over that of 2010.

### **Miramar Shopping Centre ("MSC")**

Upon the completion of renovation programmes, MSC attracted a number of renowned quality brands with its new and dynamic image. The Group also launched different periodic promotion campaigns, which lured more visitors and helped drive the increase in occupancy rate and average unit rate. As at the end of 2011, occupancy rate of MSC was approximately 100% and average unit rate also recorded a mild increase.

The tenants of MSC are mostly upscale trendy fashion stores, including international fashion brands from around the globe, such as DKNY, agn s b, AIX Armani Exchange, DKNY Jeans, D-mop, i.t. and Vivienne Westwood. Meanwhile, MSC also houses restaurants that serve a diverse range of delicacies, from Chinese, Japanese, Korean to Italian, offering customers a collection of savoury choices.

**Miramar Tower (“MT”)**

In order to enhance the image of MT as a Grade A office building and boost asset value, the Group commenced a series of renovation work over the past year. With the completion of work in the first half of 2011 as scheduled, the public is impressed by the brand new image of MT, which brought forth positive impact on rental income. As at the end of 2011, occupancy rate of MT also reached approximately 100% with average unit rate slightly increased as compared to 2010.

**Miramar Shopping Centre – Hotel Tower**

The refurbishment work in the shopping centre at The Mira was completed in the fourth quarter of 2011. A number of renowned brands have been establishing their presence, including the flagship store of Coach, Tommy Hilfiger and King Fook Jewellery. We believe the opening of new stores will become another momentum for rental income growth.

**Food and Beverage Business**

The Group operates multi-brand Food and Beverage Business, including Tsui Hang Village restaurants, Sichuan restaurant named Yunyan Sichuan Restaurant, Cuisine Cuisine (a high-end Chinese restaurant) and The French Window (a French restaurant for fine dining) that are located at IFC, as well as three new restaurants opened during the year, namely Hide-Chan Ramen (a popular Japanese Ramen restaurant), Saboten (a traditional Japanese pork cutlet restaurant) and Assaggio Trattoria Italiana (an Italian restaurant).

The three new restaurants mentioned above have commenced operation during the year. These three restaurants received overwhelming response from diners with unique menu and delicacies, well-chosen ingredients and premium services. The Group is confident that these new restaurants will further enrich its clientele of the Food and Beverage Business to include customers from different spectrum of the society, and contribute to future profit growth.

In addition, the Group is dedicated to excel in the realm of high-end luxury food and beverage business and introduced its successful brand “Cuisine Cuisine” to the mainland China market. The first Cuisine Cuisine is located in the Central Business District of Chaoyang district, Beijing and was opened in September 2011. Varnishing and decoration of the other Cuisine Cuisine in Wuhan was completed and is expected to commence operation in April 2012.

During the year, two Tsui Hang Village restaurants were temporarily closed for renovation. This, together with the write-off of pre-opening expenses of new restaurants, resulted in a loss for the overall Food and Beverage business. However, with renovation work completed and the two Cuisine Cuisine restaurants commencing operation, we expect our Food and Beverage business in Hong Kong and mainland China will gradually improve.

**Travel Business**

The Group's Travel Business witnessed another year of growth. As compared to 2010, turnover of this business segment increased 7% to reach HK\$1,055,000,000. However, travel industry around the world was seriously struck by the political instability or natural disasters in certain countries and regions, including the earthquakes in Japan and New Zealand, the flooding in Australia, the nuclear plant explosion in Fukushima, Japan, as well as the political campaign that took place in the Middle East and Africa.

Against the backdrop of the abovementioned incidents and natural hazards, EBITDA of the Group's Travel Business slightly dropped to approximately HK\$25,000,000 in 2011.

**Apparel Retail Business**

The Group extended its reach to Apparel Retail Business in 2011 and became the distributor of DKNY Jeans, a young and energetic brand, in mainland China. At present, the Group owns and operates five DKNY Jeans stores in each of Shanghai and Beijing. In addition, the Group successfully secured and engaged over 20 franchisees to operate DKNY Jeans franchised stores. As at the end of 2011, there were over 40 stores operated by the Group and franchisees.

Since this business segment is still in an early stage of development, we sustained a negative EBITDA of approximately HK\$4,000,000 during the year. Nevertheless, the Apparel Retail business is gradually picking up alongside with the robust development of the business, and we are confident that the business segment will bring contribution to the Group in the future.

**Business Outlook**

Due to the European and US sovereign debt crisis as well as the slowdown of economic growth of several countries and regions, the outlook of the global economy remains uncertain. Notwithstanding, the Group believes both mainland China and Hong Kong will sustain stable economic growth, thus remains optimistic towards business prospects. We will keep a close eye on positive opportunities and to step up the growth potential of core businesses amidst challenging market environment.

We expect the consumption market will continue to grow in 2012, favouring the development of hotel, food and beverage and retail industries. The Group will capture the opportunities brought forth by the vigorous trading collaboration between Hong Kong and mainland China and the blossoming retail and hotel market, in order to propel growth in related businesses. In particular, our Property Rental Business will further generate increasing rental income. As the refurbishment work in the shopping centre at The Mira has been completed, a number of renowned brands are establishing their presence in this 100,000 sq. ft. stylish mall. We expect this will contribute to a multiple growth in rental income.

We are dedicated to tap into new businesses that are related to existing core businesses, with a goal to develop a diversified business portfolio and garner strong profit gains. We are assured that we will overcome future challenges and accelerate business growth with new momentum in the coming year.

**LEE KA SHING**  
*Managing Director*

Hong Kong, 20 March 2012

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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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 year ended 31 December 2011 together with the comparative figures of the prior year as follows:

**CONSOLIDATED INCOME STATEMENT**

	<i>Note</i>	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Turnover</b>	3	<b>2,495,924</b>	2,112,119
Cost of inventories		<b>(220,017)</b>	(118,880)
Staff costs		<b>(397,058)</b>	(333,493)
Utilities, repairs and maintenance and rent		<b>(136,478)</b>	(108,415)
Tour and ticketing costs		<b>(954,171)</b>	(879,016)
<b>Gross Profit</b>		<b>788,200</b>	672,315
Other revenue		<b>52,020</b>	43,196
Operating and other expenses		<b>(215,444)</b>	(196,255)
Depreciation and amortisation		<b>(100,414)</b>	(87,681)
		<b>524,362</b>	431,575
Finance costs		<b>(15,659)</b>	(11,784)
Share of profits less losses of associates		<b>(531)</b>	3,224
Share of loss of a jointly controlled entity		<b>(719)</b>	–
		<b>507,453</b>	423,015
Reversal of provision for properties held for resale		<b>2,278</b>	20,652
Gain on disposal of available-for-sale securities		–	16,009
Net realised and unrealised losses on trading securities		<b>(14,938)</b>	–
Net increase in fair value of investment properties		<b>914,580</b>	409,336
<b>Profit before taxation</b>		<b>1,409,373</b>	869,012
<b>Taxation</b>	4		
– Current		<b>(61,817)</b>	(58,248)
– Deferred		<b>(19,050)</b>	(5,343)
<b>Profit for the year</b>		<b><u>1,328,506</u></b>	<b><u>805,421</u></b>

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	<i>Note</i>	<b>2011</b> <i>HK\$'000</i>	<b>2010</b> <i>HK\$'000</i>
<b>Attributable to:</b>			
Shareholders of the Company		<b>1,325,310</b>	784,307
Non-controlling interests		<b>3,196</b>	21,114
		<b><u>1,328,506</u></b>	<b><u>805,421</u></b>
<b>Dividends attributable to the year:</b>			
Interim dividend	5	<b>86,585</b>	86,585
Final dividend		<b>132,763</b>	126,991
		<b><u>219,348</u></b>	<b><u>213,576</u></b>
<b>Earnings per share – basic and diluted</b>	6	<b><u>HK\$2.30</u></b>	<b><u>HK\$1.36</u></b>

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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ANNOUNCEMENT****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Profit for the year</b>	<u><b>1,328,506</b></u>	<u>805,421</u>
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments):</b>		
Exchange differences on translation of the financial statements of overseas subsidiaries	<b>39,851</b>	29,050
Changes in fair value of available-for-sale securities	<b>1,108</b>	11,048
Transferred to consolidated income statement on disposal of available-for-sale securities	<u>—</u>	<u>(16,009)</u>
	<u><b>40,959</b></u>	<u>24,089</u>
<b>Total comprehensive income for the year</b>	<u><b>1,369,465</b></u>	<u>829,510</u>
<b>Attributable to:</b>		
Shareholders of the Company	<b>1,360,031</b>	802,812
Non-controlling interests	<u><b>9,434</b></u>	<u>26,698</u>
<b>Total comprehensive income for the year</b>	<u><b>1,369,465</b></u>	<u>829,510</u>

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

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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ANNOUNCEMENT****CONSOLIDATED BALANCE SHEET**

	<i>Note</i>	<b>2011 HK\$'000</b>	<b>2010 HK\$'000</b>
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		<b>9,653,219</b>	8,712,627
– Other fixed assets		<b>931,814</b>	732,246
		<b>10,585,033</b>	9,444,873
Interest in associates		<b>3,844</b>	6,865
Interest in a jointly controlled entity		<b>5,599</b>	1,141
Available-for-sale securities		<b>7,121</b>	6,013
Deferred tax assets		<b>22,746</b>	18,138
		<b>10,624,343</b>	9,477,030
<b>Current assets</b>			
Properties under development for sale		<b>239,767</b>	241,933
Inventories		<b>156,098</b>	160,358
Trade and other receivables	7	<b>320,073</b>	208,351
Available-for-sale securities		<b>30,939</b>	–
Trading securities	8	<b>79,277</b>	–
Cash and bank balances		<b>1,291,971</b>	479,985
Tax recoverable		<b>2,454</b>	2,045
		<b>2,120,579</b>	1,092,672
<b>Current liabilities</b>			
Trade and other payables	9	<b>(558,025)</b>	(417,191)
Interest-bearing borrowings		<b>(240,000)</b>	(214,911)
Sales and rental deposits received		<b>(129,085)</b>	(116,408)
Tax payable		<b>(24,006)</b>	(17,160)
		<b>(951,116)</b>	(765,670)
<b>Net current assets</b>		<b>1,169,463</b>	327,002
<b>Total assets less current liabilities carried forward</b>		<b>11,793,806</b>	9,804,032

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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	<i>Note</i>	<b>2011</b> <i>HK\$'000</i>	<b>2010</b> <i>HK\$'000</i>
<b>Total assets less current liabilities brought forward</b>		<b><u>11,793,806</u></b>	<u>9,804,032</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		<b>(1,423,323)</b>	(647,492)
Deferred liabilities		<b>(124,616)</b>	(86,627)
Amount due to holders of non-controlling interests of a subsidiary	<i>10</i>	<b>(55,666)</b>	(54,040)
Deferred tax liabilities		<b><u>(177,734)</u></b>	<u>(150,918)</u>
		<b><u>(1,781,339)</u></b>	<u>(939,077)</u>
<b>NET ASSETS</b>		<b><u><u>10,012,467</u></u></b>	<u><u>8,864,955</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>404,062</b>	404,062
Reserves		<b><u>9,503,518</u></b>	<u>8,356,882</u>
<b>Total equity attributable to shareholders of the Company</b>		<b>9,907,580</b>	8,760,944
<b>Non-controlling interests</b>		<b><u>104,887</u></b>	<u>104,011</u>
<b>TOTAL EQUITY</b>		<b><u><u>10,012,467</u></u></b>	<u><u>8,864,955</u></u>

**Notes:****1. SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies used in the preparation of the financial statements are consistent with those used in the 2010 annual financial statements except the changes set out in note 2.

**2. CHANGES IN ACCOUNTING POLICIES**

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

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

The impacts of developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group’s related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvement to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group’s financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to HKAS 12, *Income taxes* (“the Amendments”) in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The Amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the Amendments, the Group has adopted the Amendments early to the financial statements for the year ended 31 December 2010.

**3. TURNOVER AND SEGMENTAL 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 most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six 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
Apparel operation	:	The wholesale and retail of apparel

The principal activities of the Group are property investment, property development and sales, hotel ownership and management, food and beverage operation, travel operation and apparel operation. Turnover represents rental income, income from sale of properties and properties under development, income from hotel, food and beverage, travel and apparel operations.

**(a) Segment results**

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

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**3. TURNOVER AND SEGMENTAL REPORTING (CONTINUED)**
**(a) Segment results (continued)**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2010 is set out below.

	2011						Total HK\$'000
	Property investment HK\$'000 <i>(note)</i>	Property development and sales HK\$'000	Hotel ownership and management HK\$'000 <i>(note)</i>	Food and beverage operation HK\$'000	Travel operation HK\$'000	Apparel operation HK\$'000	
Revenue from external customers	566,418	44,734	534,109	227,941	1,054,820	67,902	2,495,924
Inter-segment revenue	-	-	2,494	6,457	-	-	8,951
Reportable segment revenue	566,418	44,734	536,603	234,398	1,054,820	67,902	2,504,875
Elimination of inter-segment revenue							(8,951)
Consolidated turnover							<u>2,495,924</u>
Reportable segment results (adjusted EBITDA)	490,974	(13,030)	206,527	(16,906)	25,419	(4,331)	688,653
Unallocated corporate expenses							<u>(164,291)</u>
Finance costs							524,362
Share of profits less losses of associates							(15,659)
Share of loss of a jointly controlled entity							(531)
Reversal of provision for properties held for resale							(719)
Net realised and unrealised losses on trading securities							2,278
Net increase in fair value of investment properties	914,580	-	-	-	-	-	(14,938)
Consolidated profit before taxation							<u>914,580</u>
							<u>1,409,373</u>

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**3. TURNOVER AND SEGMENTAL REPORTING (CONTINUED)**
**(a) Segment results (continued)**

	2010						Total HK\$'000
	Property investment HK\$'000 (note)	Property development and sales HK\$'000	Hotel ownership and management HK\$'000 (note)	Food and beverage operation HK\$'000	Travel operation HK\$'000	Apparel operation HK\$'000	
Revenue from external customers	494,365	3,383	428,997	201,911	983,463	-	2,112,119
Inter-segment revenue	-	-	2,031	5,100	-	-	7,131
Reportable segment revenue	494,365	3,383	431,028	207,011	983,463	-	2,119,250
Elimination of inter-segment revenue							(7,131)
Consolidated turnover							<u>2,112,119</u>
Reportable segment results (adjusted EBITDA)	417,479	(13,475)	136,039	18,287	33,515	-	591,845
Unallocated corporate expenses							(160,270)
Finance costs							431,575
Share of profits less losses of associates							(11,784)
Reversal of provision for properties held for resale							3,224
Gain on disposal of available-for-sale investments							20,652
Net increase in fair value of investment properties	409,336	-	-	-	-	-	16,009
Consolidated profit before taxation							<u>869,012</u>

*Note:* During the year, the financial result of the leasing activities in Miramar Shopping Centre – Hotel Tower is grouped and reported to the Group's most senior executive management under "Property investment" segment, which previously grouped and reported under "Hotel ownership and management" segment. Thus, comparative figures have been restated in conformity with the current year's presentation.

**(b) Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group non-current assets other than financial instruments and deferred assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the asset, in case of interest in associates and a jointly controlled entity, the location of operations.

	Revenue from external customers		Non-current assets	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
The Hong Kong Special Administrative Region	<b>2,321,796</b>	2,056,884	<b>9,881,663</b>	8,870,784
The People's Republic of China	<b>174,128</b>	55,235	<b>712,813</b>	582,095
	<u><b>2,495,924</b></u>	<u>2,112,119</u>	<u><b>10,594,476</b></u>	<u>9,452,879</u>

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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ANNOUNCEMENT****4. TAXATION**

Taxation in the consolidated income statement represents:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	58,303	49,850
Under-provision in respect of prior years	<u>284</u>	<u>149</u>
	<u>58,587</u>	<u>49,999</u>
<b>Current tax – Overseas</b>		
Provision for the year	5,499	6,662
(Over)/under-provision in respect of prior years	<u>(2,269)</u>	<u>1,587</u>
	<u>3,230</u>	<u>8,249</u>
<b>Deferred tax</b>		
Change in fair value of investment properties	404	2,591
Origination and reversal of temporary differences	<u>18,646</u>	<u>2,752</u>
	<u>19,050</u>	<u>5,343</u>
	<u><u>80,867</u></u>	<u><u>63,591</u></u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

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 year ended 31 December 2011 of HK\$10,000 (2010: HK\$142,000) is included in the share of profits less losses of associates.

**5. DIVIDENDS**

Dividends attributable to the year

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.15 per share (2010: HK\$0.15 per share)	86,585	86,585
Final dividend proposed after the balance sheet date of HK\$0.23 per share (2010: HK\$0.22 per share)	<u>132,763</u>	<u>126,991</u>
	<u><u>219,348</u></u>	<u><u>213,576</u></u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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ANNOUNCEMENT****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\$1,325,310,000 (2010: HK\$784,307,000) and 577,231,252 shares (2010: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2011 and 2010, and hence diluted earnings per share is the same as the basic earnings per share.

**7. TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current	<u>60,797</u>	<u>38,922</u>
Less than 1 month past due	15,085	10,885
1 to 2 months past due	4,510	4,636
Over 2 months past due	<u>13,344</u>	<u>13,106</u>
	<u>32,939</u>	<u>28,627</u>
Trade receivables	93,736	67,549
Other receivables, deposits and prepayments	<u>226,337</u>	<u>140,802</u>
	<u><u>320,073</u></u>	<u><u>208,351</u></u>

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK\$10,499,000 (2010: HK\$11,112,000) 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 balance before any further credit is granted.

**8. TRADING SECURITIES**

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Listed equity securities in Hong Kong (stated at market value)	<u><u>79,277</u></u>	<u><u>–</u></u>

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****2011 ANNUAL  
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Included in trade and other payables are trade payables with the following ageing analysis as at the balance sheet date:

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Due within 3 months or on demand	<b>88,925</b>	67,877
Due after 3 months but within 6 months	<b>16,048</b>	14,103
Trade payables	<b>104,973</b>	81,980
Other payables	<b>357,042</b>	239,708
Amounts due to holders of non-controlling interests of subsidiaries ( <i>see note 10</i> )	<b>91,598</b>	91,075
Amount due to an associate ( <i>note</i> )	<b>4,412</b>	4,428
	<b><u>558,025</u></b>	<u>417,191</u>

*Note:* Amount due to an associate is 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\$55,666,000 (2010: HK\$54,040,000), which is interest bearing at 6.14% (2010: 6.14%) per annum and not expected to be settled within one year, all of the amounts due to holders of non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

**ANNUAL GENERAL MEETING**

The Annual General Meeting (“AGM”) of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 7 June 2012 at 12:00 noon. The Notice of AGM will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company, and despatched to shareholders on or about 24 April 2012.

**DIVIDEND**

The Board of Directors recommends the payment of a final dividend of 23 Hong Kong cents per share in respect of the year ended 31 December 2011 to shareholders listed on the Register of Members at the close of business on 14 June 2012. Subject to the approval to be obtained at the AGM, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 26 June 2012.

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

The Register of Members of the Company will be closed from 5 June 2012 to 7 June 2012, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to determine members who are entitled to attend and vote at the AGM, all transfer 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 Monday, 4 June 2012.

In addition, the Register of Members of the Company will also be closed from 13 June 2012 to 14 June 2012, both days inclusive, during which period no requests for transfer of shares will be accepted. In order to qualify for the proposed final dividend for the year, all transfer 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 Tuesday, 12 June 2012.

## **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 17% as at 31 December 2011 (2010: 10%).

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

Majority of the Group's financing facilities obtained are denominated in Hong Kong dollars and interests on bank loans and borrowings are chargeable mainly based on certain 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 31 December 2011, total available facilities amounted to approximately HK\$2.1 billion (2010: approximately HK\$1.5 billion), and 78% of that (2010: 58%) were utilized. At 31 December 2011, consolidated net borrowings were approximately HK\$0.43 billion (2010: HK\$0.44 billion), of which none was secured borrowings (2010: none).

## **EMPLOYEES**

As at 31 December 2011, the Company had a total of about 1,680 full-time employees, including 1,520 employed in Hong Kong, 160 employed in the PRC and the United States of America.

It is the policy of the Company is to remunerate employees in a manner that supports the achievement of the Company mission, vision and strategic objectives whilst attracting, retaining and motivating qualified staff members and rewarding high levels of performance. The guiding principles of the policy includes the maintenance of internal equity and external competitiveness. The Company remunerates all staff fairly

in terms of their roles and responsibilities, merit and competencies within the organisation. On the other hand, the total remuneration of the employees are in line with a labour market peer group of companies which engage in comparable activities and/or are similar in terms of size and/or complexity. Also, the remuneration and reward to employees are performance driven through the implementation of performance management system and/or performance-based incentive and discretionary bonus schemes.

## **TRAINING & DEVELOPMENT**

To support the development and transition of the business in the area of the human capital in the organization, we adopted a “S.E.E.” development approach (see, experience and exposures) in 2011. It is a planned and systematic approach, enabling our team members at different levels to see the future development of the organization, experience and being involved in the process of business strategy formulation and performance management, together with diversified exposures to develop their leadership skills. It includes (1) *Strategic Focus* – a joint goal setting exercise to build a platform for effective communication of business strategy and focus (2) *Management Development for leaders* – the Strategic Hospitality Management Program by Cornell University & Leadership for Change Program were offered to team leaders for management development purpose; (3) *Employee Engagement* – the introduction of organization guiding principles, the organization-wide engagement survey and follow-up reinforcement activities by management team to enhance communication and engagement between the top and all levels of team members. (4) *Talent Development* – a brand-new 2 years’ management associates program were open for internal and external applicants. Leadership Development program were offered to groom them to be the change agents and future team leaders in the organization.

Besides, with the continuous efforts of people development, we have been accredited as Manpower Developers 2011-2013 by Employee Retraining Board and 5+Years Caring Company by the HK Council of Social Service 2011. In 2012, we will continue to focus on building a highly effective team through communication and coaching to enhance productivity for business.

## **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 year ended 31 December 2011.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2011 and discussed with internal audit executives and independent external auditors in respect of matters on auditing, internal control and financial reports of the Group.

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

During the year ended 31 December 2011, 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 year ended 31 December 2011.

By Order of the Board  
**LEE SHAU KEE**  
*Chairman*

Hong Kong, 20 March 2012

*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 Bui 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 Dr. Timpson Chung Shui Ming.*