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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 June 2012**

### **CHAIRMAN STATEMENT**

#### **Review of Operations and Prospects**

For the six months ended 30 June 2012 (the “Reporting Period”), the Group’s turnover was approximately HK\$1,526 million representing growth of 32% as compared to the six months ended 30 June 2011 (the “Last Corresponding Period”). Profit attributable to shareholders was HK\$665 million, up 4% compared to the Last Corresponding Period. Excluding the net increase in fair value of the investment properties, profit attributable to shareholders rose to HK\$208 million. Basic underlying earnings per share were HK\$0.36, representing an increase of 10% compared to the Last Corresponding Period.

#### **Business Overview**

The Group recorded a strong set of results during the Reporting Period with the Hotel and Serviced Apartment Business seeing double-digit growth in both turnover and profit, as strong visitor arrivals from Mainland China and other regions in Asia fuelled demand for hotel rooms, and food and beverage consumption. Despite the uncertainty in the global economy, the Travel Business also experienced double-digit growth in turnover during the Reporting Period due to its successful market positioning and expanding market share. In addition, the Group’s Retail Business is also expanding as planned and registered satisfactory progress.

The Group’s investment property portfolio, mainly at prime locations in Tsim Sha Tsui, continued to improve in occupancy rate and average unit rate as compared with the Last Corresponding Period, contributing stable rental income for the Group. The 100,000 sq.ft. shopping centre at The Mira had a soft opening in April after renovation. We expect the mall to contribute a stable revenue stream so as to fuel the burgeoning growth of the Group.

#### **Business Outlook**

The unresolved sovereign debt crisis in Europe, faltering economic growth in the US and China’s slowing economy have dampened sentiment in Hong Kong, which is reflected in the volatile property and stock markets. Nonetheless, the Group is cautiously optimistic about development prospects for the second half of the year. The Group will continue to develop its various brands, further strengthen its core Property Rental and Hotel Businesses while continuing to develop the Food and Beverage Business. It will also take appropriate measures to improve the operating efficiency of its business in China. With professional management expertise, an insightful business strategy, careful execution, compelling products and services, stable and conservative financial position, the Group is well-positioned for sustainable and healthy growth in the chosen market segments in which it operates and strives to reward its shareholders with fruitful returns.

**LEE SHAU KEE**  
*Chairman*

Hong Kong, 20 August 2012

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## **CEO's MESSAGE**

Satisfactory results were recorded in each of the Group's five core businesses – Hotel and Serviced Apartment, Property Rental, Food and Beverage, Travel and Apparel Retail during the Reporting Period.

### **Hotel and Serviced Apartment Business**

The Hotel and Serviced Apartment business, supported by strong tourist arrivals, continues to deliver encouraging results. The Group owns and/or provides management services for five hotels and serviced apartments in Hong Kong and Mainland China. The Group's flagship hotel in Tsim Sha Tsui, The Mira, maintained the occupancy rate at the same level as Last Corresponding Period; while average room rate rose 10%.

The Mira Moon, a lifestyle design hotel in Wan Chai under the Group's management, is expected to commence operation in the first half of 2013. Conveniently located in tourism and shopping hotspot, the Mira Moon will offer approximately 90 guest rooms to visitors who are attracted by the Island's unique blend of cultural heritage sites and modern development. The new hotel emphasizes quality and style and will reinforce the service excellence of "The Mira" brand.

### **Property Rental Business**

The Group's solid investment property portfolio (of shopping centre and office tower located in prime locations) generated stable rental income in the Reporting Period. In the first six months of 2012, both rent and occupancy rate of Miramar Shopping Centre and Miramar Tower maintained at a healthy level. They remained the major income contributors in this business segment. With the completion of refurbishment work in the public area of Miramar Tower and the shopping centre at The Mira, both occupancy rate and average unit rate are expected to continue on an upward trend.

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

MSC attracted a number of famous and international brands with its new and dynamic image. Promotional campaigns were scheduled regularly to increase foot traffic in the mall. For the first six months of 2012, occupancy rate of MSC was approximately 99% and the average unit rate also recorded a double-digit growth.

Tenants of MSC are mostly trendy and upscale fashion stores, including renowned fashion brands such as DKNY, agnès b, AIX Armani Exchange, DKNY Jeans, D-mop, i.t. and Vivienne Westwood. Meanwhile, MSC also houses restaurants serving a diverse range of cuisines, from Chinese, Japanese, Korean to Italian, offering customers a one-stop destination for culinary adventures.

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## *Miramar Tower (“MT”)*

In the first six months of 2012, the rental of MT offices have risen to a record high. The strong demand of Grade A office space in Tsim Sha Tsui, coupled with the new image of MT after its recent renovation led to a significant increase in its rental income.

## *Mira Mall*

The refurbishment work in the shopping centre at The Mira was completed in the fourth quarter of 2011. The Hotel shopping centre had a soft launch in April 2012, and its grand opening is scheduled in October 2012.

Occupancy rate of the Mira Mall is expected to exceed 90% by the end of this year. A number of renowned brands have been establishing their presence since 2011, including the flagship store of Coach, Tommy Hilfiger and King Fook Jewellery. We believe the opening of new stores will maintain the momentum for rental income growth.

## **Food and Beverage Business**

The Group adopted a multi-brand strategy for the Food and Beverage business, with brands such as Tsui Hang Village, Yunyan Sichuan Restaurant, the high-end Cuisine Cuisine Chinese restaurant and The French Window (a French restaurant for fine dining). The Group also operates niche restaurants such as Hide-Chan Ramen (a popular Japanese Ramen restaurant), Saboten (a traditional Japanese pork cutlet restaurant) and Assaggio Trattoria Italiana (an Italian restaurant). One of Hong Kong’s appeal to visitors is the reputation as “the culinary heaven”, which is also one of the pillar industries of the local economy. We will continue our effort in introducing new brands and new cuisines to further strengthen this business segment.

In addition, the Group is dedicated to excel in the realm of high-end luxury food and beverage business and introduced its high-end brand “Cuisine Cuisine” to the Mainland China market in the fourth quarter of 2011.

The two new Cuisine Cuisine restaurants in the Central Business District of Chaoyang district in Beijing and Wuhan in China incurred a start-up loss (with the latter opening in March 2012) in the Reporting Period. With strong demand for fine dining in the China market, we expect the China division to contribute to the overall Food and Beverage business in the near term.

## **Travel Business**

The Group’s Travel business resumed to normal during the Reporting Period, compared to the exceptionally tough operating environment of 2011 which saw frequent natural disasters (the earthquakes in Japan and New Zealand, and flooding in Australia) and political instability (sweeping through the Middle East and North Africa). The rapidly growing mass-market tour business in particular also took off and contributed considerably to the Group’s total revenue. To further strengthen the branding and business development of the Travel business, the Group will step up advertising and promotion efforts and will also actively tap into the long-haul tour sector.

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## **Apparel Retail Business**

Currently, the Group and its franchisees own and operate 41 DKNY Jeans stores in various cities in China. In addition, the Group recently launched the Kickers business (a renowned European shoe brand known for its quality) in China. The Group opened three stores in Shanghai during the Reporting Period.

Since this business segment is still in the early phase of development, we recorded an operating loss during the Reporting Period. The vast consumer market in China together with the Central Government's determination to stimulate domestic consumption would continue to underpin the development of this sector.

## **Business Outlook**

There is general consensus that the second half of the year will continue to pose strong challenges for global markets. Nevertheless, we are also aware of the opportunities that a down cycle presents and would closely monitor the market for new business opportunities. We will also pursue a prudent and balanced business strategy to maintain the continued growth of the Group's core businesses.

We pride ourselves on the quality of service offered by our hotel business and strive for service innovation in bolstering our market-leading position in the hotel sector. We are optimistic about the prospects of the industry given Hong Kong's unique status as an international financial centre, an important trading platform for Mainland Chinese enterprises, and a transport and logistics hub for Asia.

The Group strives to enhance its property tenants portfolio to drive growth momentum of its rental income and increase its asset value. In addition, the Group will also dedicate more resources in improving operational efficiency of our hotels and restaurants in China, while seeking new opportunities to expand its Food and Beverage, Travel and Apparel Retail businesses further. With a well-defined growth strategy and increased investment in human resource development, the Group will continue to nurture business talents to support the sustainable growth of the diversified business.

**LEE KA SHING**  
*CEO*

Hong Kong, 20 August 2012

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***(Stock Code: 71)****INTERIM RESULTS  
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The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2012 together with the comparative figures for the corresponding period in 2011. 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 – UNAUDITED**

		<b>For the six months ended 30 June</b>	
		<b>2012</b>	<b>2011</b>
	<i>Note</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Turnover</b>	3	<b>1,525,697</b>	1,158,709
Cost of inventories		<b>(287,742)</b>	(110,808)
Staff costs		<b>(227,347)</b>	(178,733)
Utilities, repairs and maintenance and rent		<b>(74,384)</b>	(59,722)
Tour and ticketing costs		<b>(478,776)</b>	(433,940)
<b>Gross profit</b>		<b>457,448</b>	375,506
Other revenue		<b>35,853</b>	19,505
Operating and other expenses		<b>(131,408)</b>	(107,045)
Depreciation and amortisation		<b>(62,083)</b>	(48,888)
		<b>299,810</b>	239,078
Finance costs		<b>(14,892)</b>	(6,623)
Share of profits less losses of associates		<b>(914)</b>	(245)
Share of profit/(loss) of a jointly controlled entity		<b>453</b>	(1,058)
		<b>284,457</b>	231,152
Reversal of provision for properties held for resale		<b>–</b>	4,167
Net realised and unrealised gains/(losses) on trading securities		<b>1,263</b>	(6,023)
Net increase in fair value of investment properties	7	<b>457,410</b>	448,816
<b>Profit before taxation carried forward</b>		<b>743,130</b>	678,112

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		For the six months ended 30 June	
	Note	2012 HK\$'000	2011 HK\$'000
<b>Profit before taxation brought forward</b>		<u>743,130</u>	<u>678,112</u>
<b>Taxation</b>	4		
– Current		(41,690)	(27,990)
– Deferred		<u>(19,541)</u>	<u>(7,013)</u>
<b>Profit for the period</b>		<u><b>681,899</b></u>	<u>643,109</u>
<b>Attributable to:</b>			
Shareholders of the Company		665,299	637,915
Non-controlling interests		<u>16,600</u>	<u>5,194</u>
		<u><b>681,899</b></u>	<u>643,109</u>
<b>Interim dividend declared after the interim period end</b>	5(a)	<u>92,357</u>	<u>86,585</u>
<b>Earnings per share – basic and diluted</b>	6	<u>HK\$1.15</u>	<u>HK\$1.11</u>
<b>Interim dividend per share</b>	5(a)	<u>HK\$0.16</u>	<u>HK\$0.15</u>

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	<b>For the six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<u><b>681,899</b></u>	<u>643,109</u>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Exchange differences on translation of the financial statements of overseas subsidiaries	<b>778</b>	(937)
Changes in fair value of available-for-sale securities	<u><b>1,179</b></u>	<u>597</u>
	<u><b>1,957</b></u>	<u>(340)</u>
<b>Total comprehensive income for the period</b>	<u><u><b>683,856</b></u></u>	<u><u>642,769</u></u>
<b>Attributable to:</b>		
Shareholders of the Company	<b>667,115</b>	638,066
Non-controlling interests	<u><b>16,741</b></u>	<u>4,703</u>
<b>Total comprehensive income for the period</b>	<u><u><b>683,856</b></u></u>	<u><u>642,769</u></u>

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

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	<i>Note</i>	At 30 June 2012 <i>HK\$'000</i> (unaudited)	At 31 December 2011 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Fixed assets	7		
– Investment properties		10,111,379	9,653,219
– Other fixed assets		<u>882,721</u>	<u>931,814</u>
		<b>10,994,100</b>	10,585,033
Interest in associates		1,820	3,844
Interest in a jointly controlled entity		6,905	5,599
Available-for-sale securities		7,881	7,121
Deferred tax assets		<u>22,942</u>	<u>22,746</u>
		<b>11,033,648</b>	<u>10,624,343</u>
<b>Current assets</b>			
Properties under development for sale		62,417	239,767
Inventories		176,788	156,098
Trade and other receivables	8	329,918	320,073
Available-for-sale securities		31,358	30,939
Trading securities		80,973	79,277
Cash and bank balances		1,951,990	1,291,971
Tax recoverable		<u>16,706</u>	<u>2,454</u>
		<b>2,650,150</b>	<u>2,120,579</u>
<b>Current liabilities</b>			
Trade and other payables	9	(501,004)	(558,025)
Interest-bearing borrowings		(539,694)	(240,000)
Sales and rental deposits received		(153,475)	(129,085)
Tax payable		<u>(49,694)</u>	<u>(24,006)</u>
		<b>(1,243,867)</b>	<u>(951,116)</u>
<b>Net current assets</b>		<u><b>1,406,283</b></u>	<u>1,169,463</u>
<b>Total assets less current liabilities carried forward</b>		<u><b>12,439,931</b></u>	<u>11,793,806</u>

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		At 30 June 2012 <i>HK\$'000</i> (unaudited)	At 31 December 2011 <i>HK\$'000</i> (audited)
<b>Total assets less current liabilities brought forward</b>		<b>12,439,931</b>	11,793,806
<b>Non-current liabilities</b>			
Interest-bearing borrowings		(1,507,256)	(1,423,323)
Deferred liabilities		(128,395)	(124,616)
Amounts due to holders of non-controlling interests of a subsidiary	<i>10</i>	(51,439)	(55,666)
Deferred tax liabilities		(197,471)	(177,734)
		<u>(1,884,561)</u>	<u>(1,781,339)</u>
<b>NET ASSETS</b>		<b><u>10,555,370</u></b>	<b><u>10,012,467</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital		404,062	404,062
Reserves		<u>10,037,870</u>	<u>9,503,518</u>
<b>Total equity attributable to shareholders of the Company</b>		<b>10,441,932</b>	9,907,580
<b>Non-controlling interests</b>		<u>113,438</u>	104,887
<b>TOTAL EQUITY</b>		<b><u>10,555,370</u></b>	<b><u>10,012,467</u></b>

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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 December 2011, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 December 2012. 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 Company and the Group since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with 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 review report to the Board of Directors is included in interim financial report to be sent to the shareholders. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 December 2011 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 December 2011 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2012.

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## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These include the amendments to HKAS 12, *Income taxes – deferred tax: recovery of underlying assets*, which the Group has already adopted in the prior period. None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. TURNOVER AND SEGMENT REPORTING

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's 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 rental	:	The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
Property development and sales	:	The development, purchase and sale of commercial and residential properties
Hotel and serviced apartments	:	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 rental, property development and sales, hotel and serviced apartments, 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.

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 SEGMENT REPORTING (continued)**

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

	For the six months ended 30 June 2012						Total HK\$'000
	Property rental HK\$'000	Property development and sales HK\$'000	Hotel and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Apparel operation HK\$'000	
Revenue from external customers	341,033	174,721	289,283	136,831	540,961	42,868	1,525,697
Inter-segment revenue	-	-	753	2,816	-	-	3,569
Reportable segment revenue	341,033	174,721	290,036	139,647	540,961	42,868	1,529,266
Elimination of inter-segment revenue							(3,569)
Consolidated turnover							<u>1,525,697</u>
Reportable segment results (adjusted EBITDA)	297,269	(15,345)	112,934	(15,536)	19,967	(5,527)	393,762
Unallocated corporate expenses							(93,952)
Finance costs							299,810
Share of profits less losses of associates							(14,892)
Share of profit of a jointly controlled entity							(914)
Net realised and unrealised gains on trading securities							453
Net increase in fair value of investment properties	457,410	-	-	-	-	-	1,263
Consolidated profit before taxation							<u>457,410</u>
							<u>743,130</u>

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## 3. TURNOVER AND SEGMENT REPORTING (continued)

	For the six months ended 30 June 2011						Total HK\$'000
	Property rental HK\$'000	Property development and sales HK\$'000	Hotel and serviced apartments HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Apparel operation HK\$'000	
Revenue from external customers	266,770	44,734	247,514	99,814	481,464	18,413	1,158,709
Inter-segment revenue	–	–	1,064	2,943	–	–	4,007
Reportable segment revenue	266,770	44,734	248,578	102,757	481,464	18,413	1,162,716
Elimination of inter-segment revenue							(4,007)
Consolidated turnover							<u>1,158,709</u>
Reportable segment results (adjusted EBITDA)	234,214	(6,690)	90,941	2,029	7,772	(4,944)	323,322
Unallocated corporate expenses							(84,244)
Finance costs							239,078
Share of profits less losses of associates							(6,623)
Share of loss of a jointly controlled entity							(245)
Reversal of provision for properties held for resale							(1,058)
Net realised and unrealised losses on trading securities							4,167
Net increase in fair value of investment properties	448,816	–	–	–	–	–	(6,023)
Consolidated profit before taxation							<u>448,816</u>
							<u>678,112</u>

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Taxation in the consolidated income statement represents:

	<b>For the six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	<u>37,256</u>	<u>28,109</u>
<b>Current tax – Overseas</b>		
Provision for the period	<u>1,417</u>	<u>1,570</u>
Under/(over)-provision in respect of prior years	<u>3,017</u>	<u>(1,689)</u>
	<u>4,434</u>	<u>(119)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>19,541</u>	<u>7,013</u>
	<u><b>61,231</b></u>	<u><b>35,003</b></u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2011: 16.5%) of the estimated assessable profits for the period.

Overseas taxation is calculated at rates of tax applicable in countries in which the Group's assessed for tax.

Share of associates' taxation for the period of HK\$3,000 (six months ended 30 June 2011: HK\$7,000) is included in the share of profits less losses of associates.

**5. DIVIDENDS****(a) Dividends attributable to the interim period:**

	<b>For the six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividends declared after the interim period of 16 Hong Kong cents per share (six months ended 30 June 2011: 15 Hong Kong cents per share)	<u><b>92,357</b></u>	<u><b>86,585</b></u>

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

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	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Final dividends in respect of the previous financial year, approved and paid during the interim period, of 23 Hong Kong cents per share (six months ended 30 June 2011: 22 Hong Kong cents per share)	<u>132,763</u>	<u>126,991</u>

**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\$665,299,000 (six months ended 30 June 2011: HK\$637,915,000) and 577,231,252 shares (six months ended 30 June 2011: 577,231,252 shares) in issue during the interim period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 June 2012 and 2011, and hence 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 June 2012 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\$457,410,000 (six months ended 30 June 2011: HK\$448,816,000).

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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:

	At <b>30 June 2012</b> <i>HK\$'000</i>	At 31 December 2011 <i>HK\$'000</i>
Current	<u>84,918</u>	<u>60,797</u>
Less than 1 month past due	<b>12,699</b>	15,085
1 to 2 months past due	<b>5,592</b>	4,510
Over 2 months past due	<u>17,969</u>	<u>13,344</u>
	<u>36,260</u>	<u>32,939</u>
Trade receivables	<b>121,178</b>	93,736
Other receivables	<u>208,740</u>	<u>226,337</u>
	<u><b>329,918</b></u>	<u>320,073</u>

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK\$36,829,000 (at 31 December 2011: HK\$10,499,000) 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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Included in trade and other payables are trade payables with the following ageing analysis as at the balance sheet date:

	At <b>30 June 2012</b> <i>HK\$'000</i>	At 31 December 2011 <i>HK\$'000</i>
Due within 3 months or on demand	<b>83,142</b>	88,925
Due after 3 months but within 6 months	<b>17,275</b>	16,048
Trade payables	<b>100,417</b>	104,973
Other payables	<b>306,076</b>	357,042
Amounts due to holders of non-controlling interests of subsidiaries (see note 10)	<b>90,104</b>	91,598
Amount due to an associate ( <i>note</i> )	<b>4,407</b>	4,412
	<b>501,004</b>	558,025

*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 A SUBSIDIARY**

Except the amounts due to holders of non-controlling interests of a subsidiary amounting to HK\$51,439,000 (at 31 December 2011: HK\$55,666,000), which is interest bearing at 6.14% (at 31 December 2011: 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.

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## **INTERIM DIVIDEND**

The Directors declare the payment of an interim dividend of 16 Hong Kong cents per share in respect of the six months ended 30 June 2012 to shareholders listed on the Register of Members at the close of business on 3 October 2012. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 18 October 2012.

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

The Register of Members of the Company will be closed from 26 September 2012 to 3 October 2012, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 25 September 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 20% as at 30 June 2012 (at 31 December 2011: 17%).

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 interest margin over the Hong Kong Interbank Offer Rate which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 June 2012, total available facilities amounted to approximately HK\$2.4 billion (at 31 December 2011: approximately HK\$2.1 billion), and 86% of that (at 31 December 2011: 78%) were utilised. At 30 June 2012, consolidated net borrowings were approximately HK\$0.15 billion (at 31 December 2011: HK\$0.43 billion), of which none was secured borrowings (at 31 December 2011: none).

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## **EMPLOYEES**

As at 30 June 2012, the Company had a total of about 2,110 full-time employees, including 1,540 employed in Hong Kong, 570 employed in the People's Republic of China and the United States of America. It is the policy of the Company 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 implement the development and transition of the business in the human capital area of the organization, we adopted a "S.E.E." development approach (see, experience and exposures). 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. Besides, with the continuous efforts of people development, we have been accredited the Grand Prize Award 2012, ERB Manpower Developer, by Employee Retraining Board. 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 applicable code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six-month period ended 30 June 2012, other than code provision A.6.7 of the CG code.

In respect of code provision A.6.7 of the CG Code, all non-executive directors (including independent non-executive directors) attended the annual general meeting of the Company held on 7 June 2012 except one non-executive director and one independent non-executive director due to other business engagement.

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**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, 20 August 2012

*As at the date of this announcement, (i) the executive Directors 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 are Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Bui and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors are Dr. David Sin Wai Kin, Mr. Wu King Cheong and Dr. Timpson Chung Shui Ming.*