



# DYNAMIC THINKING

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## INTERIM 2012

二零一二年中期業績報告

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED  
美麗華酒店企業有限公司  
Stock code 股份代號: 71

## CORPORATE INFORMATION

### Board of Directors

#### *Executive Directors*

Dr the Hon. LEE Shau Kee, GBM (*Chairman*)  
Mr LEE Ka Shing  
Mr Richard TANG Yat Sun  
Mr Colin LAM Ko Yin  
Mr Eddie LAU Yum Chuen  
Mr Norman HO Hau Chong

#### *Non-Executive Directors*

Dr Patrick FUNG Yuk Bun  
Mr Dominic CHENG Ka On  
Mr Howard YEUNG Ping Leung  
Mr Thomas LIANG Cheung Biu  
Mr Alexander AU Siu Kee  
Mr Tony NG (*retired on 7 June 2012*)

#### *Independent Non-Executive Directors*

Dr David SIN Wai Kin (*Vice Chairman*)  
Mr WU King Cheong  
Dr Timpson CHUNG Shui Ming

### Audit Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)  
Dr David SIN Wai Kin  
Mr WU King Cheong  
Dr Patrick FUNG Yuk Bun  
Mr Dominic CHENG Ka On

### Remuneration Committee

Dr Timpson CHUNG Shui Ming (*Committee Chairman*)  
Dr the Hon. LEE Shau Kee, GBM  
Dr David SIN Wai Kin  
Mr Richard TANG Yat Sun  
Mr WU King Cheong

### Nomination Committee

Dr the Hon. LEE Shau Kee, GBM (*Committee Chairman*)  
Dr David SIN Wai Kin  
Mr LEE Ka Shing  
Mr WU King Cheong  
Dr Timpson CHUNG Shui Ming

### Chief Executive Officer

Mr LEE Ka Shing

### Chief Operations Officer

Mr SEE Chi Kwok

### Chief Financial Officer

Mr LIM Kean Kee

### Joint Company Secretaries

Mr LIM Kean Kee  
Mr Charles CHU Kwok Sun

### Auditors

KPMG

### Principal Bankers

Bank of China (Hong Kong) Limited  
The Hongkong & Shanghai Banking Corporation Limited  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Mizuho Corporate Bank, Ltd.

### Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Hong Kong

### Registered Office

15/F, Miramar Tower, 132 Nathan Road,  
Tsim Sha Tsui, Kowloon, Hong Kong

### Share Listing

The Stock Exchange of Hong Kong Limited  
(Stock Code: 71)

### Website

<http://www.miramar-group.com>

## 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 Hong Kong 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



## 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 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 Hong Kong, maintained the occupancy rate at the same level as Last Corresponding Period; while average room rate rose 10%.

Mira Moon, a designer lifestyle hotel in Wan Chai under the Group's management, is expected to commence operation in the first half of 2013. Conveniently located in a tourism and shopping hotspot, 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 emphasises 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 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 Hong Kong, 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 international brands with its new dynamic image. Promotional campaigns were scheduled regularly to increase footfall to 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, A|X 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.

#### ***Miramar Tower ("MT")***

In the first six months of 2012, the rental of MT offices rose 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 Hong Kong was completed in the fourth quarter of 2011. The Hotel shopping centre was soft launched in April 2012, and its grand opening is scheduled for October 2012.

Occupancy rate of 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. 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. 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 cuisines to further strengthen this business segment.

In addition, the Group is dedicated to excel in the 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 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.

## **Apparel 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 will 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 to improve operational efficiency of our hotels and restaurants in China, while seeking new opportunities to expand its Food and Beverage, Travel and Apparel businesses further. With a well-defined growth strategy and increased investment in human resources 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

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 attached on page 30.

## CONSOLIDATED INCOME STATEMENT – UNAUDITED

		For the six months ended 30 June	
	Note	2012 HK\$'000	2011 HK\$'000
<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)
Finance costs	4	<b>299,810</b>	239,078
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)
Reversal of provision for properties held for resale		<b>284,457</b>	231,152
Net realised and unrealised gains/(losses) on trading securities		<b>–</b>	4,167
Net increase in fair value of investment properties	8	<b>1,263</b>	(6,023)
<b>Profit before taxation carried forward</b>		<b>457,410</b>	448,816
		<b>743,130</b>	678,112



## CONSOLIDATED INCOME STATEMENT – UNAUDITED (CONTINUED)

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

The notes on pages 14 to 24 form an integral part of this interim financial report. Details of dividends payable to shareholders of the Company attributable to the profit for the interim period are set out in note 6(a).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

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

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

The notes on pages 14 to 24 form an integral part of this interim financial report.



## CONSOLIDATED BALANCE SHEET

	Note	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	8		
– Investment properties		10,111,379	9,653,219
– Other fixed assets		882,721	931,814
		<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		22,942	22,746
		<b>11,033,648</b>	10,624,343
<b>Current assets</b>			
Properties under development for sale		62,417	239,767
Inventories		176,788	156,098
Trade and other receivables	9	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		16,706	2,454
		<b>2,650,150</b>	2,120,579
<b>Current liabilities</b>			
Trade and other payables	10	(501,004)	(558,025)
Interest-bearing borrowings		(539,694)	(240,000)
Sales and rental deposits received		(153,475)	(129,085)
Tax payable		(49,694)	(24,006)
		<b>(1,243,867)</b>	(951,116)
<b>Net current assets</b>		<b>1,406,283</b>	1,169,463
<b>Total assets less current liabilities carried forward</b>		<b>12,439,931</b>	11,793,806

## CONSOLIDATED BALANCE SHEET (CONTINUED)

	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	<b>(1,507,256)</b>	(1,423,323)
Deferred liabilities	<b>(128,395)</b>	(124,616)
Amounts due to holders of non-controlling interests of a subsidiary	<b>(51,439)</b>	(55,666)
Deferred tax liabilities	<b>(197,471)</b>	(177,734)
	<b>(1,884,561)</b>	(1,781,339)
<b>NET ASSETS</b>	<b>10,555,370</b>	10,012,467
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>404,062</b>	404,062
Reserves	<b>10,037,870</b>	9,503,518
<b>Total equity attributable to shareholders of the Company</b>	<b>10,441,932</b>	9,907,580
<b>Non-controlling interests</b>	<b>113,438</b>	104,887
<b>TOTAL EQUITY</b>	<b>10,555,370</b>	10,012,467

The notes on pages 14 to 24 form an integral part of this interim financial report.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012 – unaudited

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	404,062	287,628	(91,086)	99,941	304,827	3,449	7,752,123	8,760,944	104,011	8,864,955
Changes in equity for the six months ended 30 June 2011:										
Profit for the period	-	-	-	-	-	-	637,915	637,915	5,194	643,109
Other comprehensive income	-	-	-	(446)	-	597	-	151	(491)	(340)
Total comprehensive income	-	-	-	(446)	-	597	637,915	638,066	4,703	642,769
Final dividends approved in respect of the previous year	-	-	-	-	-	-	(126,991)	(126,991)	-	(126,991)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	3,567	3,567
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(11,358)	(11,358)
At 30 June and 1 July 2011	404,062	287,628	(91,086)	99,495	304,827	4,046	8,263,047	9,272,019	100,923	9,372,942
Changes in equity for the six months ended 31 December 2011:										
Profit for the period	-	-	-	-	-	-	687,395	687,395	(1,998)	685,397
Other comprehensive income	-	-	-	34,059	-	511	-	34,570	6,729	41,299
Total comprehensive income	-	-	-	34,059	-	511	687,395	721,965	4,731	726,696
Interim dividends declared in respect of the current period	-	-	-	-	-	-	(86,585)	(86,585)	-	(86,585)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(586)	(586)
Increase in non-controlling interests attributable to a decrease in shareholding of a subsidiary	-	-	-	-	-	-	181	181	(181)	-
At 31 December 2011	404,062	287,628	(91,086)	133,554	304,827	4,557	8,864,038	9,907,580	104,887	10,012,467

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2012 – unaudited (continued)

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2012	404,062	287,628	(91,086)	133,554	304,827	4,557	8,864,038	9,907,580	104,887	10,012,467
Changes in equity for the six months ended 30 June 2012:										
Profit for the period	-	-	-	-	-	-	665,299	665,299	16,600	681,899
Other comprehensive income	-	-	-	637	-	1,179	-	1,816	141	1,957
Total comprehensive income	-	-	-	637	-	1,179	665,299	667,115	16,741	683,856
Final dividends approved in respect of the previous year	-	-	-	-	-	-	(132,763)	(132,763)	-	(132,763)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(8,190)	(8,190)
At 30 June 2012	<u>404,062</u>	<u>287,628</u>	<u>(91,086)</u>	<u>134,191</u>	<u>304,827</u>	<u>5,736</u>	<u>9,396,574</u>	<u>10,441,932</u>	<u>113,438</u>	<u>10,555,370</u>

The notes on pages 14 to 24 form an integral part of this interim financial report.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net cash generated from operating activities	339,153	3,627
Net cash used in investing activities	(776,416)	(85,039)
Net cash generated from/(used in) financing activities	376,678	(1,000)
Net decrease in cash and cash equivalents	(60,585)	(82,412)
Cash and cash equivalents at 1 January	476,425	441,838
Effect of foreign exchange rate changes	(499)	1,183
Cash and cash equivalents at 30 June	<u>415,341</u>	<u>360,609</u>
<b>Analysis of the balances of cash and cash equivalents at 30 June</b>		
Cash and bank balances	1,951,990	399,024
Less: Time deposits with maturity more than 3 months	(1,536,649)	(38,415)
	<u>415,341</u>	<u>360,609</u>

The notes on pages 14 to 24 form an integral part of this interim financial report.

## 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 attached on page 30. 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.



## 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.

### 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 realised and unrealised gains on trading securities							1,263
Net increase in fair value of investment properties	457,410	-	-	-	-	-	457,410
Consolidated profit before taxation							<u>743,130</u>



### 3. TURNOVER AND SEGMENT REPORTING (CONTINUED)

	For the six months ended 30 June 2011						
	Property rental <i>HK\$'000</i>	Property development and sales <i>HK\$'000</i>	Hotel and serviced apartments <i>HK\$'000</i>	Food and beverage operation <i>HK\$'000</i>	Travel operation <i>HK\$'000</i>	Apparel operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
							239,078
Finance costs							(6,623)
Share of profits less losses of associates							(245)
Share of loss of a jointly controlled entity							(1,058)
Reversal of provision for properties held for resale							4,167
Net realised and unrealised losses on trading securities							(6,023)
Net increase in fair value of investment properties	448,816	–	–	–	–	–	448,816
Consolidated profit before taxation							<u>678,112</u>

## 4. FINANCE COSTS

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interest on bank advances and other borrowings repayable within five years	12,819	5,536
Other borrowing costs	2,073	1,087
	<u>14,892</u>	<u>6,623</u>

## 5. TAXATION

Taxation in the consolidated income statement represents:

	For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
<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	1,417	1,570
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>61,231</u>	<u>35,003</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.



## 6. DIVIDENDS

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

	For the six months ended 30 June	
	2012	2011
	<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)	<b>92,357</b>	86,585

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

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

	For the six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
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)	<b>132,763</b>	126,991

## 7. 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.

## 8. 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).

## 9. 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:

	At 30 June 2012 <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	12,699	15,085
1 to 2 months past due	5,592	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	121,178	93,736
Other receivables	<u>208,740</u>	<u>226,337</u>
	<u><u>329,918</u></u>	<u><u>320,073</u></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.



## 10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis as at the balance sheet date:

	At 30 June 2012 <i>HK\$'000</i>	At 31 December 2011 <i>HK\$'000</i>
Due within 3 months or on demand	83,142	88,925
Due after 3 months but within 6 months	17,275	16,048
Trade payables	100,417	104,973
Other payables	306,076	357,042
Amounts due to holders of non-controlling interests of subsidiaries (see note 11)	90,104	91,598
Amount due to an associate ( <i>note</i> )	4,407	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.

## 11. 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.

## 12. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2012 not provided for in the interim financial report were as follows:

	At 30 June 2012 <i>HK\$'000</i>	At 31 December 2011 <i>HK\$'000</i>
<b>Future expenditure relating to properties:</b>		
Contracted for	30,250	22,388
Authorised but not contracted for	55,310	29,274
	<u>85,560</u>	<u>51,662</u>

## 13. MATERIAL RELATED PARTY TRANSACTIONS

- (a) The Group incurred a fee of HK\$931,000 (six months ended 30 June 2011: HK\$681,000) to a subsidiary of its major shareholder for the provision of property agency services to the Group's investment properties in Hong Kong which was calculated at a certain percentage of the gross rental income from the Group's investment properties during the period.

The Group's travel division provides agency services to certain subsidiaries and associates of its major shareholder amounted to HK\$6,133,000 (six months ended 30 June 2011: HK\$9,144,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due from these companies at the period end amounted to HK\$2,269,000 (at 31 December 2011: HK\$5,269,000).

- (b) During the six months ended 30 June 2011, the Group provided hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the said period amounted to HK\$165,000 which were calculated at a certain percentage of the respective associates' revenue for the said period. There was no balances due from/to these companies at the period end (at 31 December 2011: HK\$Nil).
- (c) The Group entered into management agreements with certain affiliated companies of its major shareholder for the provision of management service to a serviced apartment in Hong Kong under normal commercial terms. The management fees was calculated at a certain percentage of revenue generated from that serviced apartment for the period the service provided. Total management fees for the period received/receivable amounted to HK\$1,160,000 (six months ended 30 June 2011: HK\$746,000). The net amounts due from these companies at the period end amounted to HK\$16,418,000 (at 31 December 2011: HK\$9,265,000).



### 13. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (d) During the six months ended 30 June 2011, the Company and its wholly-owned subsidiaries provided net advance to certain associates totalling HK\$825,000. Such balances are unsecured, interest free and have no fixed terms of repayment. The amounts due from/loan to these associates at the period end amounted to HK\$41,989,000 (at 31 December 2011: HK\$41,989,000).
- (e) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 2004, 2/F, Miramar Shopping Centre under the normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK\$1,584,000 (six months ended 30 June 2011: HK\$1,104,000). The amount due from this company at the period end amounted to HK\$1,125,000 (at 31 December 2011: HK\$422,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (f) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop Nos. 3101-3107 on Level Three and certain storerooms and advertisement light boxes of ifc Mall under normal commercial terms. Total rental and building management fee paid/payable for the period amounted to HK\$6,828,000 (six months ended 30 June 2011: HK\$6,581,000) including contingent rental of HK\$13,000 (six months ended 30 June 2011: HK\$Nil). There was no balance due from/to this company at the period end (at 31 December 2011: HK\$Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (g) The Group entered into lease agreements with an associate of its major shareholder for the leasing of Office Units 1801-08, 1812-16 and 1817-18, 18/F, Miramar Tower under the normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK\$5,754,000 (six months ended 30 June 2011: HK\$5,333,000). The amount due from this company at the period end amounted to HK\$75,000 (at 31 December 2011: HK\$16,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.
- (h) The Group entered into lease agreements with a subsidiary of its major shareholder for the leasing of Shop 503A, 503B, 503C and 501-502, 5/F, Miramar Shopping Centre and Office Units 609-12, 6/F, Miramar Tower under the normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK\$10,140,000 (six months ended 30 June 2011: HK\$5,485,000). The amount due from this company at period end amounted to HK\$Nil (at 31 December 2011: HK\$258,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

### 13. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (i) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 3013, Portion of Podium Roof and Fan Room, 3/F, Miramar Shopping Centre under normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK\$5,010,000 (six months ended 30 June 2011: HK\$4,858,000). The amount due from this company at the period end amounted to HK\$3,000 (at 31 December 2011: HK\$8,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (j) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Units Nos. 201-05, Level Two of West Tower, World Financial Centre, the People's Republic of China under the normal commercial terms. Total rental and building management fee paid/payable for the period amounted to HK\$3,585,000 (six months ended 30 June 2011: HK\$981,000). There was no balance due from/to this company at the period end (at 31 December 2011: HK\$Nil). Such transaction is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules.



## OTHER INFORMATION

### 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.

### DISCLOSURE OF INTERESTS

#### Directors' interests in shares

As at 30 June 2012, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Percentage of total issued shares
Miramar Hotel and Investment Company, Limited	Dr LEE Shau Kee	–	–	255,188,250 <i>(note 1)</i>	–	44.21%
	Dr David SIN Wai Kin	4,158,000	–	–	–	0.72%
	Mr LEE Ka Shing	–	–	–	255,188,250 <i>(note 2)</i>	44.21%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On Mr Richard TANG Yat Sun	7,774,640 125,000	4,000 –	– 11,241,900 <i>(note 4)</i>	– –	1.35% 1.97%
	Mr Thomas LIANG Cheung Biu	–	1,080,000 <i>(note 5)</i>	–	–	0.19%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	–	–	–	2%
Strong Guide Property Limited	Dr LEE Shau Kee	–	–	2 <i>(note 6)</i>	–	100%
	Mr LEE Ka Shing	–	–	–	2 <i>(note 6)</i>	100%

Save as disclosed above, at 30 June 2012, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

Apart from the foregoing, at no time during the six months ended 30 June 2012 was the Company or any subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Substantial shareholders and others

The Company has been notified of the following interests in the Company's issued shares at 30 June 2012, amounting to 5% or more of the shares in issue:

<b>Substantial shareholders</b>	<b>Ordinary shares held</b>	<b>Percentage of total issued shares</b>
Dr LEE Shau Kee	255,188,250 <i>(note 1)</i>	44.21%
Mr LEE Ka Shing	255,188,250 <i>(note 2)</i>	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250 <i>(note 7)</i>	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250 <i>(note 7)</i>	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250 <i>(note 7)</i>	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250 <i>(note 8)</i>	44.21%
Henderson Land Development Company Limited ("Henderson Land")	255,188,250 <i>(note 8)</i>	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250 <i>(note 8)</i>	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 8)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 8)</i>	13.71%
Threadwell Limited ("Threadwell")	75,454,000 <i>(note 8)</i>	13.07%
<b>Persons other than substantial shareholders</b>		
Mr CHONG Wing Cheong	57,594,210	9.98%

Save as disclosed above, at 30 June 2012, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.



*Notes:*

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

## **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).

## 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.



## **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



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

*(Incorporated in Hong Kong with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 6 to 24 which comprises the consolidated balance sheet of Miramar Hotel and Investment Company, Limited as of 30 June 2012 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

#### **KPMG**

*Certified Public Accountants*

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

Hong Kong, 20 August 2012



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