



MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

INTERIM REPORT 2008/09

美麗華酒店企業有限公司 | 二零零八/零九年度中期業績報告



CORPORATE INFORMATION

Chairman: @* **Dr the Honourable LEE Shau Kee**, GBM, DBA (Hon), DSSc (Hon), LLD (Hon)

Vice Chairmen: +@# **Dr David SIN Wai Kin**, DSSc (Hon)
 Δ **Mr WOO Kim Phoe**

Directors:

- > * **Mr LEE Ka Shing**
- +Δ **Dr Patrick FUNG Yuk Bun**
- +Δ **Mr Dominic CHENG Ka On**
- >@* **Mr Richard TANG Yat Sun**, MBA, BBS, JP
- > * **Mr Colin LAM Ko Yin**, BSc, ACIB, MBIM, FCILT
- > * **Mr Eddie LAU Yum Chuen**
- Δ **Mr Tony NG**
- > * **Mr Norman HO Hau Chong**, BA, ACA, FCPA
- Δ **Mr Howard YEUNG Ping Leung**
- Δ **Mr Thomas LIANG Cheung Biu**, BA, MBA
- +@# **Mr WU King Cheong**, BBS, JP
- Δ **Mr Alexander AU Siu Kee**, OBE, ACA, FCCA, FCPA, FCIB, FHKIB
- +@# **Mr Timpson CHUNG Shui Ming**, GBS, JP
- > * **Mr Peter YU Tat Kong**, BSc, MBA, CA, CHA

Managing Director: **Mr LEE Ka Shing**

Group General Manager: **Mr Peter YU Tat Kong**, BSc, MBA, CA, CHA

Qualified Accountant: **Mr Ellis CHENG Chi Wai**, BA, MBA (Executive), FCCA, FCPA, ACA, FCIS, FCS

Corporate Secretary: **Mr Charles CHU Kwok Sun**

Auditors: **KPMG**
 Certified Public Accountants

Principal Bankers: **The Hongkong & Shanghai Banking Corporation Limited**
Hang Seng Bank Limited
Mizuho Corporate Bank, Ltd.

Share Registrar: **Computershare Hong Kong Investor Services Limited**
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

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

* executive directors

Δ non-executive directors

independent non-executive directors

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

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

> members of the General Purpose Committee

The Directors of Miramar Hotel and Investment Company, Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2008. 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 26.

CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2008	2007
		(unaudited)	(unaudited)
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	805,439	741,673
Cost of inventories		(54,968)	(51,377)
Staff costs		(136,005)	(119,265)
Utilities, repairs and maintenance and rent		(49,633)	(48,656)
Tour and ticketing costs		(314,680)	(255,581)
Gross profit		250,153	266,794
Other revenue	3	23,796	25,017
		273,949	291,811
Operating and other expenses		(74,535)	(67,414)
Operating profit before depreciation and amortisation		199,414	224,397
Depreciation and amortisation		(21,082)	(16,284)
Operating profit		178,332	208,113
Finance costs		(11,080)	(19,536)
Share of profits less losses of associates		11,781	4,277
Reversal of impairment of interest in associates		9,453	2,588
		188,486	195,442
(Impairment loss)/gain on disposal of available-for-sale investments		(7,859)	6,007
Net (decrease)/increase in fair value of investment properties	7	(37,559)	70,747
Profit before taxation		143,068	272,196
Taxation	4		
– Current		(28,642)	(32,398)
– Deferred		5,320	(25,313)
Profit for the period		119,746	214,485

CONSOLIDATED INCOME STATEMENT (continued)

	Note	For the six months ended 30 September	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Attributable to:			
Shareholders of the Company	10	121,741	213,202
Minority interests	10	(1,995)	1,283
		119,746	214,485
Interim dividend declared after the interim period end	5(a)	86,585	86,585
Earnings per share – basic and diluted	6	21.1 cents	36.9 cents
Interim dividend per share	5(a)	15.0 cents	15.0 cents

The notes on pages 8 to 18 form an integral part of this interim financial report.

CONSOLIDATED BALANCE SHEET

	Note	At 30 September 2008 (unaudited) HK\$'000	At 31 March 2008 (audited) HK\$'000
Non-current assets			
Fixed assets	7		
– Investment properties		8,172,125	8,183,850
– Other fixed assets		376,473	318,732
		8,548,598	8,502,582
Interest in associates		15,335	3,928
Available-for-sale investments		12,503	15,943
Deferred tax assets		18,104	9,090
		8,594,540	8,531,543
Current assets			
Properties under development		230,969	234,902
Inventories		124,775	99,191
Trade and other receivables	8	131,392	130,155
Available-for-sale investments		–	276,246
Cash and bank balances		576,730	292,098
		1,063,866	1,032,592
Current liabilities			
Trade and other payables	9	(388,689)	(365,145)
Interest-bearing borrowings		–	(278,979)
Sales and rental deposits received		(96,965)	(96,364)
Tax payable		(26,936)	(11,744)
		(512,590)	(752,232)
Net current assets		551,276	280,360
Total assets less current liabilities carried forward		9,145,816	8,811,903

CONSOLIDATED BALANCE SHEET (continued)

	At 30 September 2008 (unaudited) <i>HK\$'000</i>	At 31 March 2008 (audited) <i>HK\$'000</i>
<i>Note</i>		
Total assets less current liabilities brought forward	9,145,816	8,811,903
<hr style="border-top: 1px dashed black;"/>		
Non-current liabilities		
Interest-bearing borrowings	(816,982)	(514,520)
Deferred liabilities	(82,712)	(56,907)
Deferred tax liabilities	(1,134,508)	(1,128,569)
	(2,034,202)	(1,699,996)
<hr style="border-top: 1px dashed black;"/>		
NET ASSETS	7,111,614	7,111,907
<hr/>		
CAPITAL AND RESERVES		
Share capital	404,062	404,062
Reserves	6,628,839	6,630,980
	7,032,901	7,035,042
Total equity attributable to shareholders of the Company	7,032,901	7,035,042
Minority interests	78,713	76,865
	7,111,614	7,111,907
TOTAL EQUITY	7,111,614	7,111,907
	<i>10</i>	

The notes on pages 8 to 18 form an integral part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the six months ended 30 September	
	<i>Note</i>	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Total equity at 1 April		7,111,907	6,492,073
Net income/(expenses) recognised directly in equity:			
Exchange differences on translation of the financial statements of overseas subsidiaries	<i>10</i>	14,078	(2,250)
Changes in fair value of available-for-sale investments	<i>10</i>	(3,440)	14,299
Transferred to consolidated income statement upon disposal of available-for-sale investments		–	21,670
Transfer to income statement on impairment of available-for-sale investments	<i>10</i>	7,859	–
Net income for the period recognised directly in equity		18,497	33,719
Net profit for the period	<i>10</i>	119,746	214,485
Total recognised income and expenses for the period		138,243	248,204
Attributable to:			
– Shareholders of the Company		136,395	248,039
– Minority interests		1,848	165
		138,243	248,204
Dividends approved and paid during the period	<i>5(b) & 10</i>	(138,536)	(138,536)
Dividends paid to a minority shareholder		–	(3,950)
Total equity at 30 September		7,111,614	6,597,791

The notes on pages 8 to 18 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net cash from operating activities	181,009	232,000
Net cash from/(used in) investing activities	178,221	(30,613)
Net cash used in financing activities	(103,486)	(136,291)
Net increase in cash and cash equivalents	255,744	65,096
Cash and cash equivalents at 1 April	292,098	194,646
Effect of foreign exchange rate changes	5,628	–
Cash and cash equivalents at 30 September	553,470	259,742
Analysis of the balances of cash and cash equivalents at 30 September		
Cash and bank balances	576,730	259,742
Less: Time deposits with maturity more than 3 months	(23,260)	–
	553,470	259,742

The notes on pages 8 to 18 form an integral part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited, but has been reviewed by KPMG, the Company's independent auditors, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 26. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The interim financial report has been prepared on a basis consistent with the accounting policies adopted in the 2008 annual financial statements.

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 September 2008 and which have not been early adopted in this report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's operating results and financial position.

Hong Kong Financial Reporting Standard 8, *Operating segments*, and revised Hong Kong Accounting Standard 1, *Presentation of financial statements*, which are effective for annual periods beginning on or after 1 January 2009, will result in new or amended disclosures in the Group's financial statements for the periods beginning on or after 1 April 2009.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant for understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements.

The financial information relating to the financial year ended 31 March 2008 included in the condensed interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 July 2008.

2. TURNOVER AND SEGMENTAL INFORMATION

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

Business segments

The Group comprises the following main business segments:

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

For the six months ended 30 September 2008

	Property investment HK\$'000	Property development and sales HK\$'000	Hotel ownership and management HK\$'000	Food and beverage operation HK\$'000	Travel operation HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue from external customers	240,664	-	121,124	95,958	347,693	-	805,439
Inter-segment revenue	11,772	-	2,472	-	243	(14,487)	-
Other revenue from external customers	4,432	3,815	1,581	511	3,587	-	13,926
Total	256,868	3,815	125,177	96,469	351,523	(14,487)	819,365
Contribution from operations	200,458	(1,913)	7,093	405	1,536	-	207,579
Unallocated operating income and expenses							(29,247)
Operating profit							178,332
Finance costs							(11,080)
Share of profits less losses of associates	-	10,799	1,104	(122)	-	-	11,781
Reversal of impairment of interest in associates							9,453
Impairment loss on available-for-sale investments							(7,859)
Net decrease in fair value of investment properties	(37,559)	-	-	-	-	-	(37,559)
Taxation							(23,322)
Profit for the period							119,746

2. TURNOVER AND SEGMENTAL INFORMATION (continued)**Business segments (continued)**

For the six months ended 30 September 2007

	Property investment <i>HK\$'000</i>	Property development and sales <i>HK\$'000</i>	Hotel ownership and management <i>HK\$'000</i>	Food and beverage operation <i>HK\$'000</i>	Travel operation <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	214,005	876	157,749	85,468	283,575	–	741,673
Inter-segment revenue	10,751	–	2,527	–	256	(13,534)	–
Other revenue from external customers	1,177	313	3,709	328	3,106	–	8,633
Total	225,933	1,189	163,985	85,796	286,937	(13,534)	750,306
Contribution from operations	176,409	(5,631)	61,524	250	(1,939)	–	230,613
Unallocated operating income and expenses							(22,500)
Operating profit							208,113
Finance costs							(19,536)
Share of profits less losses of associates	–	2,438	1,981	(142)	–	–	4,277
Reversal of impairment of interest in associates							2,588
Gain on disposal of available-for-sale investments							6,007
Net increase in fair value of investment properties	70,747	–	–	–	–	–	70,747
Taxation							(57,711)
Profit for the period							214,485

2. TURNOVER AND SEGMENTAL INFORMATION (continued)

Geographical segments

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

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

For the six months ended 30 September 2008

	The Hong Kong Special Administrative Region <i>HK\$'000</i>	The People's Republic of China <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	779,630	25,809	805,439

For the six months ended 30 September 2007

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

3. OTHER REVENUE

	For the six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Interest income	3,854	8,986
Forfeited deposits	485	397
Sundry income	19,457	15,634
	23,796	25,017

4. TAXATION

Taxation in the consolidated income statement represents:

	For the six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	25,992	28,395
Current tax – Overseas		
Provision for the period	2,650	4,003
Deferred tax		
Origination and reversal of temporary differences	(5,320)	25,313
	23,322	57,711

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2007: 17.5%) of the estimated assessable profit for the period.

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

Share of associates' taxation for the six months ended 30 September 2008 of HK\$240,000 (six months ended 30 September 2007: HK\$251,000) is included in the share of profits less losses of associates.

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

	For the six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 15 Hong Kong cents per share (2007: 15 Hong Kong cents per share)	86,585	86,585

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

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

	For the six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 24 Hong Kong cents per share (2007: 24 Hong Kong cents per share)	138,536	138,536

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$121,741,000 (six months ended 30 September 2007: HK\$213,202,000) and 577,231,252 shares (2007: 577,231,252 shares) in issue during the period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 September 2008 and 2007, and hence the fully diluted earnings per share is the same as the basic earnings per share.

7. FIXED ASSETS**Investment properties**

Investment properties of the Group were revalued at 30 September 2008 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The investment properties were revalued by the directors with reference to the valuations carried out by an independent firm of surveyors, DTZ, who has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. During the period, the net decrease in fair value of investment properties was HK\$37,559,000 (six months ended 30 September 2007: net increase of HK\$70,747,000).

8. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2008 HK\$'000	At 31 March 2008 HK\$'000
0 to 1 month	30,366	34,431
1 month to 2 months	11,729	9,803
Over 2 months	8,968	13,649
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Trade receivables	51,063	57,883
Other receivables	80,329	72,272
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	131,392	130,155
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All of the trade and other receivables are expected to be recovered within one year.

The Group has a defined credit policy. The general credit terms allowed range from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted.

9. TRADE AND OTHER PAYABLES

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

	At 30 September 2008 HK\$'000	At 31 March 2008 HK\$'000
Due within 3 months or on demand	59,983	66,843
Due after 3 months but within 6 months	321	4,461
Trade payables	60,304	71,304
Other payables	151,144	127,028
Amounts due to minority shareholders of subsidiaries	177,241	166,813
	388,689	365,145

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

Amounts due to minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for the amount due to a minority shareholder of a subsidiary amounting to HK\$46,337,000 (at 31 March 2008: HK\$55,763,000), which is interest bearing with reference to the prevailing market rate.

10. TOTAL EQUITY

Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2007	404,062	287,628	(100,781)	27,955	304,827	(33,053)	5,536,138	6,426,776	65,297	6,492,073
Dividends approved in respect of the previous year and paid during the year	5(b)	-	-	-	-	-	(138,536)	(138,536)	-	(138,536)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	(3,950)	(3,950)
Exchange differences on translation of the financial statements of overseas subsidiaries		-	-	20,756	-	-	-	20,756	(2,131)	18,625
Changes in fair value of available-for-sale investments		-	-	-	-	3,494	-	3,494	-	3,494
Transferred to consolidated income statement upon disposal of available-for-sale investments		-	-	-	-	26,564	-	26,564	-	26,564
Profit for the year		-	-	-	-	-	782,573	782,573	17,649	800,222
Dividends declared in respect of the current year	5(a)	-	-	-	-	-	(86,585)	(86,585)	-	(86,585)
At 31 March 2008	404,062	287,628	(100,781)	48,711	304,827	(2,995)	6,093,590	7,035,042	76,865	7,111,907
At 1 April 2008	404,062	287,628	(100,781)	48,711	304,827	(2,995)	6,093,590	7,035,042	76,865	7,111,907
Dividends approved in respect of the previous year and paid during the period	5(b)	-	-	-	-	-	(138,536)	(138,536)	-	(138,536)
Exchange differences on translation of the financial statements of overseas subsidiaries		-	-	10,235	-	-	-	10,235	3,843	14,078
Changes in fair value of available-for-sale investments		-	-	-	-	(3,440)	-	(3,440)	-	(3,440)
Transfer to income statement on impairment of available-for-sale investments		-	-	-	-	7,859	-	7,859	-	7,859
Profit/(loss) for the period		-	-	-	-	-	121,741	121,741	(1,995)	119,746
At 30 September 2008	404,062	287,628	(100,781)	58,946	304,827	1,424	6,076,795	7,032,901	78,713	7,111,614

11. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2008 not provided for in the interim financial report were as follows:

	The Group	
	At	At
30 September		31 March
2008		2008
HK\$'000		HK\$'000

Future expenditure relating to properties:

Contracted for	183,294	207,636
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12. MATERIAL RELATED PARTY TRANSACTIONS

- (a) The Group incurred a fee of HK\$681,000 (six months ended 30 September 2007: 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\$16,319,000 (six months ended 30 September 2007: HK\$7,624,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due to these companies at the period end amounted to HK\$704,000 (at 31 March 2008: HK\$172,000).

The Group's travel division receives agency services from associates of its major shareholder in respect of air ticket booking and hotel accommodation under similar terms it receives from other agencies. Services fees paid/payable to these associates for the period amounted to HK\$Nil (six months ended 30 September 2007: HK\$22,000). The amounts due to these associates at the period end amounted to HK\$Nil (at 31 March 2008: HK\$28,000).

- (b) The Group provides hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the period amounted to HK\$2,123,000 (six months ended 30 September 2007: HK\$2,197,000) which were calculated at a certain percentage of the respective associates' revenue for the period. The net amounts due from these associates at the period end amounted to HK\$3,428,000 (at 31 March 2008: HK\$3,509,000).
- (c) The Company and its wholly-owned subsidiaries received net repayment of loans to certain associates totalling HK\$215,000 (six months ended 30 September 2007: HK\$1,571,000) during the period. Such loans are unsecured, non-interest bearing and repayable on demand. The amounts due from these associates at the period end amounted to HK\$20,620,000 (at 31 March 2008: HK\$20,835,000).

12. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (d) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of a Group's premises in Hong Kong, under the normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK\$780,000 (six months ended 30 September 2007: HK\$754,000). The amount due from this company at the period end amounted to HK\$7,000 (at 31 March 2008: HK\$18,000).
- (e) The Group received security services from a subsidiary of its major shareholder under the normal commercial terms. Services fee paid/payable to this company for the period amounted to HK\$1,960,000 (six months ended 30 September 2007: HK\$Nil). There is no balance due to that company at the period end (31 March 2008: HK\$Nil).
- (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 of ifc Mall under normal commercial terms. Total rental and building management fee expense for the period amounted to HK\$5,987,000 (six months ended 30 September 2007: HK\$5,110,000) including contingent rental of HK\$164,000 (six months ended 30 September 2007: HK\$192,000). There was no balance due from/to that associate at the period end (at 31 March 2008: HK\$Nil). Such transaction is considered as a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (g) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Office units 1801-02 and 1817-18, 18/F, Miramar Tower under the normal commercial terms. Total rental and building management fee expenses for the period amounted to HK\$1,489,000 (six months ended 30 September 2007: HK\$1,059,000). The amount due from that associate at the period end amounted to HK\$17,000 (at 31 March 2008: HK\$8,000). Such transaction is considered as a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (h) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 503C, 5/F, Miramar Shopping Centre, and Office Units 609-12, 6/F, Miramar Tower under the normal commercial terms. Total rental and building management fee expenses for the period amounted to HK\$4,758,000 (six months ended 30 September 2007: HK\$3,332,000). The amount due from this company at period end amounted to HK\$741,000 (at 31 March 2008: HK\$1,336,000). Such transaction is considered as a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.
- (i) On 15 August 2008, the Group entered into a lease agreement with an associate 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 expenses for the period amounted to HK\$1,294,000. The amount due from this company at the period end amounted to HK\$1,347,000 (at 31 March 2008: HK\$Nil). Such transaction is considered as a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

13. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or re-classified in conformity with the current period's presentation.

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 15 Hong Kong cents per share in respect of the fiscal year 2008/2009 to shareholders listed on the Register of Members at the close of business on 9 January 2009. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 16 January 2009.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 January 2009 to 9 January 2009, both dates inclusive. In order to qualify for the interim dividend for the period, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 5 January 2009.

REVIEW OF OPERATIONS AND PROSPECTS

During the six months period under review, the Group's turnover was approximately HK\$805,000,000, an increase of 9% over the same period last year. Excluding the drop in fair value of its investment properties and impairment loss in available-for-sale investments of approximately HK\$38,000,000 and HK\$8,000,000, respectively, the unaudited profit before taxation amounted to HK\$188,000,000, representing a decrease of 4%. When above exclusions are accounted for, the profit attributable to shareholders amounted to HK\$122,000,000 as compared to HK\$213,000,000 for the same period last year.

Business overview

Global business has been affected by turmoil in financial markets over recent months, and the hotel and property sectors have also been affected. Coupled with the fact that the Group's flagship hotel has been under major rebranding renovation, this negative market has been reflected, to some extent, in the Group's consolidated operating results. The renovation work of the newly named, The Mira Hong Kong ("The Mira"), has been proceeding satisfactorily. The rebranding with the new name has generated considerable coverage in the media and would serve as an effective launch pad with the completion of the project in 2009.

With Hong Kong relatively strong property market earlier in the year, the Group's rental properties recorded satisfactory rental income. While competition remains challenging in the period under review, the food and beverage division and the travel business also deliver reasonable performance.

Hotel operations

The Group's project to transform its flagship Tsim Sha Tsui hotel in Nathan Road into a stylish contemporary hotel appealing to regional and international corporate and leisure travellers continued during the period under review. In April, it closed down around 120 rooms in the hotel, representing the first batch of guest rooms to be remodelled and refitted as part of the major rebranding programme. The guest room makeover followed on from the earlier transformation of public spaces such as the hotel lobby and the Grand Ballroom. The 120 rooms were reopened in August, at which point all the remaining guest rooms in the hotel were closed down for the second phase of room remodelling, which is still ongoing.

REVIEW OF OPERATIONS AND PROSPECTS (continued)

Hotel operations (continued)

The hotel makeover during the period under review resulted in a significant but temporary drop in capacity at the hotel, and is reflected in the operating results. In the medium term, however, the Group expects to see a boost in revenue as a result of this investment. Specifically, higher room rates and better returns on events held in the Grand Ballroom are beginning to have an effect on revenues.

With the opening of the first batch of new rooms in August as targeted, the Group relaunched the entire venue with a totally new image. As part of the rebranding process, 'Hotel Miramar' was renamed to 'The Mira Hong Kong', a name which retains a link with its history while signaling a fresh and exciting new image and direction. This relaunch has received very positive feedback from the guest and media alike.

Also during August The Mira launched its new restaurant named Yamm which is adjacent to the Hotel lobby. Yamm's delivery of a unique ambience and unrivalled dining experience quickly drawn enthusiastic patron. Favourable reviews and word of mouth recommendations, through food forums and similar venues, have helped Yamm become a city favorite.

During the period under review, The Mira also strengthen its management team with major service enhancement. These, together with the new contemporary architecture and design, contributed to creating a strongly international feel that has successfully repositioned the hotel into an upscale contemporary lifestyle hotel.

One of the main features yet to be completed is a unique designer garden in the inner courtyard of the building, which will offer hotel guest a rare space of tranquility in the heart of the densely Tsim Sha Tsui district. In tandem with this, exclusive suites surrounding the garden with access to this beautiful landscape will be developed.

The façade of the hotel will also be modernized at some point in the future, overall the recent falls in the material price and construction cost could benefit the Group in the later stage of the renovation project.

Property business

The Group's property business performed well during the period under review. This was helped by the fact that the Group was able to renew many of its retail and office leases with tenants earlier in the year while Hong Kong's property market was still strong. These leases are set to bring the Group consistent returns over the next couple of years.

Accounting principle requires investment properties to be recorded at fair value. With the recent downturn in property prices, the Group recorded a slight drop in the value of its investment properties. As these investment properties are held for long-term and their primary values are derived from ongoing rental income, this slight drop in fair value would not affect the Group's core operations.

REVIEW OF OPERATIONS AND PROSPECTS (continued)**Food and beverage operations**

Generally, conditions have been challenging over recent months in the food and beverage industry, particularly at the high-end of operations where the Group mostly operates. As a result, the Group's restaurants are vulnerable to this kind of effect.

To face these challenges and maintain its niche in a demanding marketplace, the Group focussed in the period under review on boosting efficiency and controlling costs wherever possible. At the same time, it remained fully committed to emphasizing the uniqueness of its food and beverages operations and the exceptional standards of food quality and service that are associated with them.

Travel business

Against the general decline in outbound market condition, the Group's travel business continued to expand from traditional tight margin travel packages to regional and global travel packages, developing new markets and building new relationships that enabled it to offer customers more wide-ranging and exotic destinations. New tours to major European centres proved particularly popular over the summer, attracting a good selection of quality customers and help the division in achieving satisfactory operating business growth.

The Group's travel business continues to offer important synergies with the rest of its hospitality, tourism and leisure activities. Its development over the past few years, which has continued in the period under review, has not only given customers a much wider range of travel options, it has also led to increasing margins on package tours and a significant boost in turnover from this sector.

Prospects

At a macro level, there is currently much speculation about the length and severity of the economic downturn that may affect Hong Kong. Recent global economic troubles have not significantly impacted on the Group's results in the period under review, but it is expected that enterprises, in general, will be more prudent in spending in the coming months. However, the Group is confident that The Mira, once is fully completed, will be well known as one of the upscale contemporary hotels in Hong Kong.

Meanwhile, the Group's property investments are sound and returns are stable. With its policy of maintaining a low gearing ratio, the Group enjoys a position of strength in facing any potential economic challenges. Furthermore, the Group believes it is in a good position to continue bringing its shareholders satisfactory returns over the coming year.

DISCLOSURE OF INTERESTS**Directors' interests in shares**

As at 30 September 2008, 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 Chau Kee	-	-	255,188,250 (note 1)	-	44.21%
	Dr David SIN Wai Kin	4,158,000	-	-	-	0.72%
	Mr WOO Kim Phoe	11,426,400	-	-	-	1.98%
	Mr LEE Ka Shing	-	-	-	255,188,250 (note 2)	44.21%
	Dr Patrick FUNG Yuk Bun	-	-	-	8,426,710 (note 3)	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	-	-	1.35%
	Mr Richard TANG Yat Sun	125,000	-	11,241,900 (note 4)	-	1.97%
	Mr Thomas LIANG Cheung Bui	-	1,080,000 (note 5)	-	-	0.19%
Booneville Company Limited	Dr LEE Chau Kee	-	-	2 (note 6)	-	100%
	Mr LEE Ka Shing	-	-	-	2 (note 6)	100%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Chau Kee	-	-	2 (note 7)	-	100%
	Mr LEE Ka Shing	-	-	-	2 (note 7)	100%
Centralplot Inc.	Mr Richard TANG Yat Sun	4,000	-	-	-	2%
Strong Guide Property Limited	Dr LEE Chau Kee	-	-	2 (note 8)	-	100%
	Mr LEE Ka Shing	-	-	-	2 (note 8)	100%

Save as disclosed above, as at 30 September 2008, none of the directors or the chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

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

Substantial shareholders and others

The Company has been notified of the following interests in the Company's issued shares at 30 September 2008, amounting to 5% or more of the shares in issue:

Substantial shareholders	Ordinary shares held	Percentage of total issued shares
Dr Lee Shau Kee	255,188,250 (<i>note 1</i>)	44.21%
Mr Lee Ka Shing	255,188,250 (<i>note 2</i>)	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250 (<i>note 9</i>)	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250 (<i>note 9</i>)	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250 (<i>note 9</i>)	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250 (<i>note 10</i>)	44.21%
Henderson Land Development Company Limited ("Henderson Land")	255,188,250 (<i>note 10</i>)	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250 (<i>note 10</i>)	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750 (<i>note 10</i>)	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 (<i>note 10</i>)	13.71%
Threadwell Limited ("Threadwell")	75,454,000 (<i>note 10</i>)	13.07%
Person other than substantial shareholders		
Mr Chong Wing Cheong	57,594,210	9.98%

Save as disclosed above, as at 30 September 2008, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 2, 9 and 10.
- (2) As director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 9, Mr Lee Ka Shing is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 1, 9 and 10, by virtue of the SFO.

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

CORPORATE FINANCE

The Group maintains a conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 11% as at 30 September 2008 (at 31 March 2008: 11%).

The Group has negligible foreign currency risk, given that the majority of the financing facilities obtained by the Group are denominated in Hong Kong dollars. Interests on bank loans and borrowings of the Group are chargeable mainly based on certain agreed interest margin over the Hong Kong Interbank Offer Rate, which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 September 2008, total available facilities amounted to approximately HK\$1.4 billion (at 31 March 2008: approximately HK\$1.4 billion), and 58% (at 31 March 2008: 57%) were utilized. At 30 September 2008, consolidated net borrowings were approximately HK\$0.2 billion (at 31 March 2008: HK\$0.5 billion), of which none was secured borrowings (at 31 March 2008: none).

EMPLOYEES

As at 30 September 2008, the Company had a total of about 1,500 full-time employees, including approximately 1,300 employed in Hong Kong, approximately 200 employed in The People's Republic of China and the United States of America in aggregate. The Group believes employee is one of the most valuable assets of the Company and recognize the need to implement a competitive and fair remuneration policy to attract, retain and motivate our employees to achieve the corporate goals. Employees' salaries are reviewed regularly in the context of individual and business performance, internal relativities and external market practice. In addition to the discretionary bonus, performance-based incentive schemes are maintained to reward employees and to stimulate good performance. Under the prevailing remuneration system, the employees' pay levels stay competitive in the market.

TRAINING

To support the repositioning of The Mira, continuous training on the new service concept and service standard is held regularly. Professional training consultants were appointed to conduct sales training to all marketing and sales staff to enhance their selling skills. On the operation side, food safety and hygiene training and breakage prevention training have been provided to the team members to ensure that the products are in a safe and hygienic condition for the customers and cost resulting from damage is reduced to a minimum.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months period ended 30 September 2008.

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, 16 December 2008



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

INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 18 which comprises the consolidated balance sheet of Miramar Hotel and Investment Company, Limited as of 30 September 2008 and the related consolidated income statement, and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Basis on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2008 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, 16 December 2008

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
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