



MIRAMAR HOTEL AND INVESTMENT CO., LTD.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 071)

ANNOUNCEMENT OF INTERIM RESULTS

The Directors of Miramar Hotel & Investment Co., Ltd. (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 2006. These interim results have not been audited but have been reviewed by both the Company’s auditors and the Company’s audit committee. The independent review report of the auditors is included in the interim financial report to be sent to the shareholders.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006 - UNAUDITED

	Note	2006 HK\$'000	2005 HK\$'000
Turnover	2	664,982	635,947
Other revenue	3	18,749	12,188
Other net loss	3	—	(650)
Tour and ticketing costs		(178,803)	(137,121)
Cost of properties under development		—	(8,203)
Cost of inventories		(58,005)	(58,063)
Staff costs		(115,228)	(109,696)
Depreciation and amortisation		(18,606)	(18,611)
Utilities, repairs and maintenance and rent		(50,718)	(49,821)
Operating and other expenses		(65,961)	(47,405)
Net increase in fair value of investment properties	7(a)	<u>313,957</u>	<u>218,352</u>
Profit from operations	2	510,367	436,917
Finance costs		(20,616)	(16,786)
Share of profits less losses of associates		<u>1,712</u>	<u>2,086</u>
Profit before taxation		491,463	422,217
Income tax	4		
Current tax		(37,124)	(44,388)
Deferred tax - properties revaluation		(54,576)	(36,142)
Deferred tax - others		<u>(12,940)</u>	<u>(8,584)</u>
Profit for the period		<u>386,823</u>	<u>333,103</u>

	Note	2006 HK\$'000	2005 HK\$'000
Attributable to:			
Shareholders of the Company		389,490	327,744
Minority interests		<u>(2,667)</u>	<u>5,359</u>
		<u>386,823</u>	<u>333,103</u>
Interim dividend declared after the interim period end	5(a)	<u>86,585</u>	<u>86,585</u>
Basic earnings per share	6	67.5¢	56.8¢
Interim dividend per share		15.0¢	15.0¢

**CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2006 - UNAUDITED**

	Note	At 30 September 2006 HK\$'000	At 31 March 2006 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	7	7,723,354	7,422,044
Other non-current assets		<u>41,624</u>	<u>53,167</u>
		<u>7,764,978</u>	<u>7,475,211</u>
CURRENT ASSETS			
Properties under development		226,768	185,551
Inventories		86,991	89,887
Trade and other receivables	8	122,289	103,878
Restricted cash		44	47
Cash and bank balances		<u>469,695</u>	<u>451,225</u>
		<u>905,787</u>	<u>830,588</u>
CURRENT LIABILITIES			
Trade and other payables	9	(321,935)	(304,497)
Current portion of interest-bearing borrowings		(125,000)	(125,000)
Bank overdrafts		—	(357)
Sales and rental deposits received		(103,486)	(71,682)
Tax payable		<u>(36,905)</u>	<u>(22,804)</u>
		<u>(587,326)</u>	<u>(524,340)</u>
NET CURRENT ASSETS		<u>318,461</u>	<u>306,248</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,083,439</u>	<u>7,781,459</u>
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		(689,902)	(696,000)
Deferred liabilities		(68,613)	(70,586)
Deferred tax liabilities		<u>(1,081,357)</u>	<u>(1,023,976)</u>
		<u>(1,839,872)</u>	<u>(1,790,562)</u>
NET ASSETS		<u>6,243,567</u>	<u>5,990,897</u>
CAPITAL AND RESERVES			
Share capital		404,062	404,062
Reserves		<u>5,785,799</u>	<u>5,535,640</u>
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		<u>6,189,861</u>	<u>5,939,702</u>
Minority interests		<u>53,706</u>	<u>51,195</u>
TOTAL EQUITY		<u>6,243,567</u>	<u>5,990,897</u>

Notes:

1 SIGNIFICANT ACCOUNTING POLICIES

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”). It was authorised for issuance on 29 November 2006.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2006, except for the adoption of certain new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2006. The adoption of the new standards, amendments and interpretations had no material effect on the Group’s results of operation and financial position.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 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.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included in interim financial report to be sent to the shareholders.

The financial information relating to the financial year ended 31 March 2006 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2006 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 June 2006.

Geographical segments
Six months ended 30 September 2006

	The Hong Kong Special Administrative Region HK\$'000	The People's Republic of China HK\$'000	The United States of America HK\$'000	Consolidated HK\$'000
Revenue from external customers	<u>635,352</u>	<u>29,630</u>	<u>—</u>	<u>664,982</u>

Six months ended 30 September 2005

	The Hong Kong Special Administrative Region HK\$'000	The People's Republic of China HK\$'000	The United States of America HK\$'000	Consolidated HK\$'000
Revenue from external customers	<u>544,318</u>	<u>31,702</u>	<u>59,927</u>	<u>635,947</u>

3. OTHER REVENUE AND NET LOSS

	Six months ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
<i>Other revenue</i>		
Interest income	5,814	2,923
Forfeited deposits	20	1,172
Sundry income	<u>12,915</u>	<u>8,093</u>
	<u>18,749</u>	<u>12,188</u>
<i>Other net loss</i>		
Loss on disposal of investment properties	<u>—</u>	<u>650</u>

4. INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Income tax - Hong Kong Profits Tax		
Provision for the period	<u>27,851</u>	<u>21,144</u>
Current tax - Overseas		
Provision for the period	<u>9,273</u>	<u>23,244</u>
Deferred tax		
Origination and reversal of temporary differences	<u>67,516</u>	<u>44,726</u>
	<u>104,640</u>	<u>89,114</u>

Provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on 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 2006 of HK\$386,000 (2005: HK\$362,000) is included in the share of profits less losses of associates.

5. DIVIDENDS

(a) *Dividend attributable to the interim period:*

	Six months ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 15 cents per share (2005: 15 cents per share)	<u>86,585</u>	<u>86,585</u>

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:*

	Six months ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 24 cents per share (2005: 22 cents per share)	<u>138,536</u>	<u>126,991</u>

6. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to ordinary shareholders of HK\$389,490,000 (2005: HK\$327,744,000) and 577,231,252 shares (2005: 577,231,252 shares) in issue during the period.

7. FIXED ASSETS

(a) *Investment Properties*

Investment properties of the Group were revalued at 30 September 2006 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 Debenham Tie Leung Limited, 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 increase in fair value of investment properties was HK\$313,957,000 (2005: HK\$218,352,000).

(b) *Hotel Property*

Hotel property with net book value of HK\$51,969,000 was valued at 30 September 2006 by the directors with reference to a valuation carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who has among its staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis at HK\$2,529,282,000 (as at 31 March 2006: HK\$2,522,184,000). The valuation of hotel property is for information purpose only and has not been incorporated in the interim financial report.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis:

	At 30 September 2006 HK\$'000	At 31 March 2006 HK\$'000
0 to 3 months overdue	51,530	42,277
More than 3 months overdue	<u>8,592</u>	<u>10,558</u>
Trade receivables	60,122	52,835
Other receivables	<u>62,167</u>	<u>51,043</u>
	<u>122,289</u>	<u>103,878</u>

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. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credits is granted.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis:

	At 30 September 2006 HK\$'000	At 31 March 2006 HK\$'000
Due within 3 months or on demand	44,916	39,035
Due after 3 months but within 6 months	<u>3,475</u>	<u>3,165</u>
Trade payables	48,391	42,200
Other payables	111,803	101,849
Amounts due to minority shareholders of subsidiaries	<u>161,741</u>	<u>160,448</u>
	<u>321,935</u>	<u>304,497</u>

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.

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 15 cents per share in respect of the financial year ending 31 March 2007 to shareholders listed on the Register of Members on 3 January 2007. Dividend warrants will be despatched by mail to shareholders on or about 10 January 2007.

CLOSING OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 December 2006 to 3 January 2007, both dates inclusive. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Thursday, 21 December 2006.

CHAIRMAN'S REVIEW OF OPERATIONS AND PROSPECTS

The Group's unaudited profit attributed to shareholders amounted to HK\$389,490,000 for the six-month period ended 30 September 2006, an increase of 19% as compared to the same period last year.

Business Overview

During the period under review, Hong Kong's economy generally has been buoyant. Corporate profitability and general salary level experienced healthy increases. The higher propensity towards investment and spending has favourably pushed up the market demand for office and retail space. Hotel room rates also registered double-digit increment while occupancy remained high. As a result, operating performance of our core businesses recorded satisfactory improvement.

Hotel Operations

Business activities in the greater China region continued to experience high growth. The increases in in-bound visitors from mainland China as well as other countries continued to be notable. Hotel Miramar recorded a 20% increment in the average room rate over the same period last year while maintaining an average occupancy rate at 90%. It is planned that the Hotel will undergo a major renovation programme by phases to refurbish the hotel facade, lobby, the ballroom and selected floors of guest rooms. The Hotel food and beverage operations also recorded satisfactory results. On the hotel management business side, the seven other hotels/serviced apartments operated by the Group reported steady performance.

Property Business

Miramar Shopping Centre and Hotel Miramar Shopping Arcade, the composite mall situated in the heart of the tourist and shopping areas in Tsim Sha Tsui, has started to upgrade its market positioning and image by deploying new tenant mix since last year. Refurbishment of Miramar Shopping Centre has been completed at the end of November. Average rental rate for renewals and new leases concluded during the period went up by approximately 35% compared with expired leases; and average occupancy stayed at about 90%. For the office tower, the average rental rate for renewals and new leases concluded during the period also showed a remarkable growth of more than 80% compared with expired leases with an average occupancy rate close to 90%. This was attributed to the fact that most of the expired leases with lower rentals were concluded when the market was in recession. In short, the overall rental revenue achieved considerable growth.

Our Group, together with the developer of Tung Ying Building site, entered into an agreement with the MTR Corporation, to jointly build a pedestrian tunnel connecting the Tsim Sha Tsui MTR Station to Miramar Shopping Centre, Hotel Miramar and the new building on Tung Ying Building site. We are also in the planning stage to carry out a major renovation, with the intention to link up the Miramar Shopping Centre and Hotel Miramar Shopping Arcade, coinciding with the construction of the pedestrian tunnel.

Due to a general slowdown in the US property market, the Group's land-sale project at Placer County, California, U.S. recorded no transaction during the period.

Food and Beverage Operations

The overall food and beverage operations registered steady profit growth. During the period under review, the Group focused on developing high performing outlets, consolidating revenue growth as well as imposing stringent cost control. Cuisine Cuisine and Lumiere, the premier restaurant duo launched for more than a year, staged a healthy performance and became widely patronized during the period.

Travel Business

Our travel business made strong progress. New package tours and itineraries have been introduced and recorded substantial growth in the number of customers. The commercial travel department has also gained more business from government sector and commercial organizations, resulting in satisfactory financial performance. The cruise department was appointed as the Hong Kong General Agent for OCEANIA, a leading cruise company in Europe, making significant progress in our growing cruise business.

Managing Director

Since his appointment as a director in 2004, Mr. Lee Ka Shing has been active in the strategizing of the Group's corporate direction. In steering the Group's future expansion and strengthening the organization, the Board appointed Mr. Lee as the Group's Managing Director on 1 August 2006. In his latest capacity, Mr. Lee has been providing resourceful insights and contributions on major business operations.

Prospects

The economic outlook of developed countries around the world remains positive and sound. As one of the key hubs in the greater China region, Hong Kong continues to develop the economy with its flexibility and competence. The Board of Directors will consider appropriate allocation of resources to enhance various Group's assets by stages, with the view to further improve the operating efficiency and returns to shareholders. The Board of Directors is confident that, barring unforeseen circumstances, the Group shall continue to achieve satisfactory results throughout this financial year.

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, expressed as a percentage of consolidated net borrowings to the total of consolidated net borrowings and consolidated net assets, fell to 5% (at 31 March 2006: 6%) during the period.

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 lines of credit available to fund its development programme for the foreseeable future. At 30 September 2006, total available facilities amounted to HK\$1.8 billion (at 31 March 2006: HK\$1.8 billion), and 47% (at 31 March 2006: 47%) were drawn down. At 30 September 2006, consolidated net borrowings were HK\$0.3 billion (at 31 March 2006: HK\$0.4 billion), of which none was secured borrowings (at 31 March 2006: none).

EMPLOYEES

As at 30 September 2006, the Company employed about 1,477 full-time employees, including 1,156 employed in Hong Kong, 317 employed in the People's Republic of China and 4 employed in the United States of America. The Company continues to adopt the performance-based approach to reward employees. Annual salary review is given basing on individual performance. Employees are also motivated through various incentive schemes and year-end bonus, which are designed on a staff contribution and departmental performance basis. At the same time, we conduct research to tap the market pulse. Employee salary is regularly reviewed with reference to factors like individual performance, job nature and market trend. As such, our employees' remuneration packages are maintained at reasonable and competitive level.

Besides providing our staff with the necessary job knowledge and skills so as to facilitate them to achieve the job more efficiently, there are other purposes that training may serve. One of them is for motivation purpose since the Company is caring of their personal development, while the other is fostering teamwork by getting together employees from different sections and divisions of the organization. The result is satisfactory and encouraging. As we believe that middle management is the bridge between senior management and the general staff, it is the beam and column of our company structure from which all our successes stem. As such, we have held five "Highly Effective Management Training" workshops this year for our middle management staff including all managers and assistant managers to attend. In the workshops, managers are trained how to achieve personal success and interpersonal success. The feedback of the program is encouraging and we believed that they should carry out their job more effectively with a more dynamic mind-set.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six-month period ended 30 September 2006, with deviations from CG Code E.1.1. According to CG Code E.1.1, persons proposed to be appointed or re-elected as directors at a general meeting should be nominated by means of a separate resolution. With the unanimous approval from the shareholders at the Company's Annual General Meeting of 2006, the retiring directors proposed for re-election this year were nominated by means of a single resolution.

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.

INTERIM REPORT

The Company's interim report containing all the information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
LEE SHAU KEE
Chairman

Hong Kong, 29 November 2006

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