



MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 071)

ANNOUNCEMENT OF INTERIM RESULTS

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 2007. 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 independent auditors is included in the interim financial report to be sent to the shareholders.

CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2007	2006
		(unaudited)	(unaudited)
	Note	HK\$’000	HK\$’000
Turnover	2	741,673	664,982
Cost of inventories		(51,377)	(58,005)
Staff costs		(119,265)	(115,228)
Utilities, repairs and maintenance and rent		(48,656)	(50,718)
Tour and ticketing costs		(255,581)	(178,803)
Gross profit		266,794	262,228
Other revenue	3	25,017	18,749
Other net income	3	6,007	–
		297,818	280,977
Operating and other expenses		(67,414)	(65,961)
Operating profit before depreciation and amortisation		230,404	215,016
Depreciation and amortisation		(16,284)	(18,606)
Operating profit		214,120	196,410
Finance costs		(19,536)	(20,616)
Share of profits less losses of associates		4,277	1,712
Profit before non-operating items		198,861	177,506
Reversal of impairment of interest in associates		2,588	–
		201,449	177,506
Increase in fair value of investment properties	7(a)	70,747	313,957
Profit before taxation		272,196	491,463
Taxation	4		
– Current		(32,398)	(37,124)
– Deferred		(25,313)	(67,516)
Profit for the period		214,485	386,823

		For the six months ended 30 September	
		2007	2006
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
Attributable to:			
Shareholders of the Company		213,202	389,490
Minority interests		1,283	(2,667)
		<u>214,485</u>	<u>386,823</u>
Interim dividend declared after the interim period end	5(a)	<u>86,585</u>	<u>86,585</u>
Earnings per share – basic and diluted	6	<u>36.9¢</u>	<u>67.5¢</u>
Interim dividend per share	5(a)	<u>15.0¢</u>	<u>15.0¢</u>

CONSOLIDATED BALANCE SHEET

		At 30 September 2007 (unaudited) HK\$'000	At 31 March 2007 (audited) HK\$'000
	Note		
Non-current assets			
Fixed assets	7		
– Investment properties		7,763,284	7,686,995
– Other fixed assets		253,279	204,003
		<u>8,016,563</u>	<u>7,890,998</u>
Interest in associates		1,351	3,068
Available-for-sale investments		30,117	34,702
Deferred tax assets		10,481	16,516
		<u>8,058,512</u>	<u>7,945,284</u>
Current assets			
Properties under development		237,162	236,278
Inventories		89,919	92,606
Trade and other receivables	8	121,288	126,393
Available-for-sale investments		275,237	279,895
Cash and bank balances		259,742	194,646
		<u>983,348</u>	<u>929,818</u>
Current Liabilities			
Trade and other payables	9	(365,338)	(342,728)
Interest-bearing borrowings		(273,854)	–
Sales and rental deposits received		(89,577)	(83,759)
Tax payable		(45,622)	(28,091)
		<u>(774,391)</u>	<u>(454,578)</u>
Net current assets		<u>208,957</u>	<u>475,240</u>
Total assets less current liabilities		<u>8,267,469</u>	<u>8,420,524</u>
Non-current liabilities			
Interest-bearing borrowings		(484,275)	(750,828)
Deferred liabilities		(57,216)	(68,714)
Deferred tax liabilities		(1,128,187)	(1,108,909)
		<u>(1,669,678)</u>	<u>(1,928,451)</u>
NET ASSETS		<u>6,597,791</u>	<u>6,492,073</u>
CAPITAL AND RESERVES			
Share capital		404,062	404,062
Reserves		6,132,217	6,022,714
Total equity attributable to shareholders of the Company		<u>6,536,279</u>	<u>6,426,776</u>
Minority interests		61,512	65,297
TOTAL EQUITY		<u>6,597,791</u>	<u>6,492,073</u>

Notes:

1 SIGNIFICANT ACCOUNTING POLICIES

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 in interim financial report to be sent to the shareholders. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The interim financial report has been prepared on a basis consistent with accounting policies adopted in the 2007 annual financial statements 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 2007. The adoption of the new standards, amendments and interpretations had no material effect on the Group's results of operation and financial position.

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 to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements.

The financial information relating to the financial year ended 31 March 2007 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 27 June 2007.

2. TURNOVER AND SEGMENTAL INFORMATION

Business segments

Six months ended 30 September 2007

	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	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							(16,493)
Operating profit							214,120
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
Increase in fair value of investment properties	70,747	-	-	-	-	-	70,747
Taxation							(57,711)
Profit for the period							214,485

Six months ended 30 September 2006

	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	196,431	2,711	169,925	94,853	201,062	-	664,982
Inter-segment revenue	7,248	-	1,941	-	233	(9,422)	-
Other revenue from external customers	1,122	12	1,705	657	2,136	-	5,632
Total	204,801	2,723	173,571	95,510	203,431	(9,422)	670,614
Contribution from operations	155,185	(9,642)	71,671	(1,400)	(1,292)	-	214,522
Unallocated operating income and expenses							(18,112)
Operating profit							196,410
Finance costs							(20,616)
Share of profits less losses of associates	121	(503)	1,968	126	-	-	1,712
Increase in fair value of investment properties	313,957	-	-	-	-	-	313,957
Taxation							(104,640)
Profit for the period							386,823

Geographical segments

Six months ended 30 September 2007

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

Six months ended 30 September 2006

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

3. OTHER REVENUE AND NET INCOME

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Other revenue		
Interest income	8,986	5,814
Forfeited deposits	397	20
Sundry income	<u>15,634</u>	<u>12,915</u>
	<u>25,017</u>	<u>18,749</u>
Other net Income		
Gain on disposal of available-for-sale investments	<u>6,007</u>	<u>—</u>

4. TAXATION

Taxation in the consolidated income statement represents:

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>28,395</u>	<u>27,851</u>
Current tax – Overseas		
Provision for the period	<u>4,003</u>	<u>9,273</u>
Deferred tax		
Origination and reversal of temporary differences	<u>25,313</u>	<u>67,516</u>
	<u>57,711</u>	<u>104,640</u>

Provision for Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 September 2006: 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 2007 of HK\$251,000 (six months ended 30 September 2006: HK\$386,000) 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	
	2007	2006
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 15 Hong Kong cents per share (2006: 15 Hong Kong 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	
	2007	2006
	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 (2006: 24 Hong Kong cents per share)	<u>138,536</u>	<u>138,536</u>

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$213,202,000 (six months ended 30 September 2006: HK\$389,490,000) and 577,231,252 shares (2006 : 577,231,252 shares) in issue during the period.

There were no potential dilutive ordinary shares in existence during the period ended 30 September 2007 and 2006, and hence the diluted earnings per share is the same as the basic earnings per share.

7. FIXED ASSETS

(a) *Investment Properties*

Investment properties of the Group were revalued at 30 September 2007 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 increase in fair value of investment properties was HK\$70,747,000 (six months ended 30 September 2006: HK\$313,957,000).

(b) *Hotel Property*

Hotel property with net book value of HK\$50,371,000 (at 31 March 2007: HK\$51,170,000) was valued at 30 September 2007 by the directors with reference to a valuation carried out by an independent firm of surveyors, DTZ, who has among its staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis at HK\$2,810,000,000 (at 31 March 2007: HK\$2,738,000,000). 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 ageing as follows:

	At 30 September 2007 HK\$'000	At 31 March 2007 HK\$'000
0 to 3 months	48,941	49,781
More than 3 months	6,150	12,114
Trade receivables	55,091	61,895
Other receivables	66,197	64,498
	121,288	126,393

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 credits is granted.

9. TRADE AND OTHER PAYABLES

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

	At 30 September 2007 HK\$'000	At 31 March 2007 HK\$'000
Due within 3 months or on demand	65,439	65,392
Due after 3 months but within 6 months	6,457	4,122
Trade payables	71,896	69,514
Other payables	130,859	109,824
Amounts due to minority shareholders of subsidiaries	162,583	163,390
	365,338	342,728

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\$53,059,000 (at 31 March 2007: HK\$54,243,000), which is interest bearing with reference to the prevailing market rate.

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 15 Hong Kong cents per share in respect of the year 2007/2008 to shareholders listed on the Register of Members at the close of business on 3 January 2008. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 10 January 2008.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28 December 2007 to 3 January 2008, 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 Thursday, 27 December 2007.

REVIEW OF OPERATIONS AND PROSPECTS

During the six months period under review, the Group's turnover was approximately HK\$741,600,000, an increase of 12% over the same period last year. Excluding the increase in the fair value of its investment properties, the unaudited profit before taxation amounted to HK\$201,000,000, representing an increase of 13%. Profit attributable to shareholders amounted to HK\$213,200,000 for the six months ended 30 September 2007.

Business Overview

The Group's consolidated operating results for the period under review reflects the short-term effect due to hotel rooms and facilities being taken out by phases for the total hotel make-over, which will be completed by the end of 2008. The fully renovated Hotel together with the adjacent Miramar Shopping Centre and Office Tower will be transformed into one of the most convenient, trendy and stylish mix-use property in Tsim Sha Tsui. Consolidated performance of the Group for the period under review was therefore somewhat offset by slight drop from the Group's hotel performance resulting in an overall moderate growth in profit.

Besides its hotel sectors, the Group's other businesses did well, generally outperforming their results from the same period last year. The Group's travel segment is working diligently towards future profitability with significant increase in turnover. On the back of a strong market trend in the property sector, with healthy demand for quality office and retail space, the Group's property investment arm achieved satisfactory growth for the period. However, due to the economy downturn in the US property market, the Group's property development and sales division in the US sustained a minor loss due to the fact that no land sales were carried out during the period.

Hotel Operations

For some time now, the Group has made clear its intention to reposition its flagship Hotel Miramar in Hong Kong as a 'designer' hotel with contemporary interiors at a best located urban setting. The hotel will target the sectors of international and regional corporate and leisure business, pitching itself as a mix of luxury and trendiness for both of these segments.

The transformation process began in the period under review with the Group's corporate and administrative offices being moved from their previous location in the Hotel Miramar to the nearby Miramar Office Tower. This move has vacated an entire floor of the Hotel for redevelopment, enabling the Hotel to expand its facilities and services. Meanwhile the Hotel renovation was completed with the overhaul of the Grand Ballroom in August this year. Already the financial effects of this makeover are making themselves felt, with the Group enjoying significantly higher returns from events such as wedding banquets booked to be held in the new Ballroom. Similar effects are expected as renovations to other areas of the Hotel are completed. Room rates too will follow this trend as the entire run of rooms are revamped, and with good occupancy rates the cumulative effects of the price premiums on hotel rooms should be significant.

Property Business

In line with the healthy Hong Kong economy, over the past six months the growth in the property sector in Hong Kong has been steady, and the Group's own revenues from property rentals and similar property-related investments have reflected this positive market condition. Looking to the future, the Group is working towards making its office and commercial rental spaces even more attractive targeted to a more quality clientele. It has begun renovations of its Miramar Office Tower, with the aim of enhancing the positioning of the office complex.

The MTR project to build an underpass linking Tsim Sha Tsui MTR Station with the Hotel Miramar and Miramar Shopping Centre is on track and the MTR Corporation has announced its plans to the public. The completion date for the project is estimated to be at 2012. The Group's plans to renovate the Miramar Shopping Arcade will be co-ordinated to align with the proposed MTR access tunnel.

Food and Beverage Operations

During the period under review, the Group invested considerable energy into maximizing the exposure and profitability of its F&B outlets. In particular, it has continued to promote the successful duo of Cuisine Cuisine and Lumiere in Hong Kong's prestigious IFC II development. These two premium restaurants are now widely recognised as occupying top positions in Hong Kong's elite dining market. The recent signing on a renowned chef for Cuisine Cuisine has seen the restaurant's menu extended together with an improvement on the average per-head spending.

Recently the Group's chefs further consolidated the reputations of its top restaurants, picking up a number of accolades at the recent 'Best of the Best' Culinary Awards organised by the Hong Kong Tourism Board. Chefs from the Group's restaurants won coveted 'Gold with Distinction' awards and in the 'Best All-Round Chinese Chef' category and 'Hong Kong Signature Dish – Hong Kong Legend' category.

Travel Business

For the period under review, a substantial increase in turnover from the Group's travel business was achieved. With increasing capacity to advertise for its travel business, profitability in the near future could be improved.

The Group sees its travel business as an important part of its portfolio. It is closely involved in the leisure, hospitality and tourism industries, and the Group believes its travel business offers a range of synergies with these activities along with the long-term potential to support other tourism-related development in the future.

Prospects

With Hong Kong's steady economy and the China economy continuing to thrive, Hong Kong's role as a key business and tourist hub for the Greater China region is evident.

The renovation and make-over of Hotel Miramar during the period under review, though temporarily will have minor impact on the profit contribution from the Group's hotel sector, however, in the longer term, this investment could yield much improved profitability and returns for the Group.

Overall, the Group's action plans involve leveraging solid planning, strong management and astute investment, all within a macro-environment of economic growth. Barring any unforeseen circumstances, the Board of Directors has full confidence in the Group's ability to use all the resources at its disposal to continue bringing shareholders satisfactory returns.

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 11% only (at 31 March 2007: 12%) at 30 September 2007.

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 2007, total available facilities amounted to approximately HK\$1.7 billion (at 31 March 2007: approximately HK\$1.8 billion), and 46% (at 31 March 2007: 42%) were utilized. At 30 September 2007, consolidated net borrowings were approximately HK\$0.5 billion (at 31 March 2007: HK\$0.6 billion), of which none was secured borrowings (at 31 March 2007: none).

EMPLOYEES

At 30 September 2007, the Company employed about 1,381 full-time employees, including 1,169 employed in Hong Kong, 210 employed in the People's Republic of China and 2 employed in the United States of America. It is the Company's mission to maintain an effective salary system where a fair and comprehensive remuneration package could be provided to our employees at all times and good quality employees could be attracted, retained and motivated. The performance-based approach is still the main stream of rewarding and motivating our employees. Other than the annual salary review, our employees are rewarded and motivated by the incentive schemes and end of year bonus. Through the market survey and internal review, we monitor and maintain our employees' salary in line with market level by flexibly allowing for adjustment for employees of exceptional merit. Our Company also offers different kinds of employee benefits to increase the attractiveness of the overall remuneration packages. With the competitive benefit programs, we can be more effective in staff recruitment and employee retention, thus reducing staff turnover and increasing organization efficiency.

TRAINING & DEVELOPMENT

Early this year, a series of training was conducted for F&B operations or restaurants. Topics including Product Knowledge, Service Skills, Up-selling Techniques and Service Standard Procedures were covered. Meanwhile, other training programs were arranged to the employees on a regular basis such as Food Hygiene, Product Knowledge, Work Safety, oral English and Putonghua.

As Hotel Miramar is undergoing a major up-grading project, to cope with the enhanced operation standard in Hotel Miramar, a "You Make All The Difference" workshop was conducted to all hotel team members by an external consultant in the summer of 2007. The key modules are primarily focused on "From Good To Great Service", "Service Auditing and Coaching", "Service Goal Setting" and "Blending-in New and Old". Besides, Courtesy English classes were arranged for service associates.

We will continuously refresh and deliver the "You Make All the Difference" program to ALL service associates in the Group in the coming year.

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-month period ended 30 September 2007.

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, 28 November 2007

As at the date of this announcement, (i) the executive Directors are Dr. Lee Shau Kee, Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Norman Ho Hau Chong, Mr. Eddie Lau Yum Chuen and Mr. Peter Yu Tat Kong; (ii) the non-executive Directors 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 are Dr. David Sin Wai Kin, Mr. Wu King Cheong and Mr. Timpson Chung Shui Ming.