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**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 71)**

**2008/2009  
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**CHAIRMAN'S STATEMENT**

For the year ended 31 March 2009, the Group's turnover amounted to approximately HK\$1,616,000,000 (2008: HK\$1,588,000,000). Profit attributable to shareholders amounted to approximately HK\$164,000,000 (2008: HK\$783,000,000). Profit before tax from our core businesses, after adjusting for the net decrease in the fair value of our investment properties and contributions from our US land sales project, was approximately HK\$328,000,000 (2008: HK\$420,000,000), representing a decrease of 22%.

After the completion of major renovations, the Group's flagship hotel The Mira Hong Kong has emerged as one of the most stylish and contemporary high-end hotels in town, with an exceptional range of facilities and services.

The global financial turmoil has created a negative impact on the Group's hotel business. Economic growth and business travel tend to go hand in hand: when hard times arrive, travel and entertainment budgets are unavoidably cut back. During this period of economic downturn, the Group will be focusing in improvement of service standards by enhancing training to our team members. As the global economy stabilises and business patterns begin to return to normal, our hotel and associated businesses will be in a much stronger position to take advantage of the upswing.

**Prospects**

In the short term, the Group's operating results will be adversely affected by the recent renovations and the global recession. Nevertheless, the Group remains confident that it has the experience, the facilities, the quality services and team members to go further and maintain reasonable levels of returns for its shareholders.

With the effective stimulus measures implemented in Mainland China, the worst economic situation for Hong Kong is over. Since the threat of H1N1 influenza is being mitigated and the global economy is improving, the operation of the Group will be back on the track.

**Acknowledgements**

I take pleasure in extending my warmest regards to our team members who have contributed to the Group's progress in the past year.

Mr. Woo Kim Phoe, a Vice Chairman of the Company, passed away on 6 July 2009. The Board of Directors deeply regrets his departure from its midst and wishes to express its gratitude for his valuable contributions to the Company during his tenure.

**LEE SHAU KEE**  
*Chairman*



## **MANAGING DIRECTOR'S STATEMENT**

During the year, the Group was bringing 18 months of major renovations and upgrading at its flagship hotel The Mira Hong Kong to a successful conclusion. The Mira Hong Kong has been unveiled as a superb upscale business hotel in Tsim Sha Tsui, offering new levels of comfort and style with a contemporary design, and equipped with all the latest amenities. The transformation of The Mira Hong Kong positions us just where we have wanted to be for a long time: at the cutting edge of the hotel and hospitality industry, ready to attract a discerning and higher-spending business clientele.

In practical terms, all the hotel's guestrooms will be available by August 2009, when The Mira Hong Kong will be able to take its place as a contemporary high-end hotel comparable with the best of its class in Hong Kong. The Grand Opening ceremony for the completed hotel is set for September 2009. Now that the final touches are being applied, the Group has good reason to look forward to a prosperous future.

The extensive renovations over the past 18 months have naturally led to The Mira Hong Kong experiencing a less than ideal occupancy rate, partly because we have had many rooms out of service and partly because the remaining rooms inevitably experienced noise and disruption from the building works.

The global financial crisis and more recently the H1N1 influenza have impacted negatively on the hotel sector as a whole. Hence it is not surprising that The Mira Hong Kong experienced low occupancy rates and a fall in profitability. The outbreak of H1N1 influenza has further hit the movement of travellers around the world, exacerbating the situation for hotels industry. Other sectors in which the Group is involved, particularly the food & beverage sector, have experienced similar negative knock-on effects.

Unfortunately these kinds of global fluctuations do occur from time to time, and cannot be predicted. At the Group, we believe that our newly upgraded hotel will be very well positioned to attract high-end business travellers as global conditions stabilized. In preparation for this, we are continuing with a programme of marketing and related improvements, in anticipation of The Mira Hong Kong recapturing the market share which it deserves.

### **Business Review**

#### *General Overview*

The Group is primarily engaging in four core businesses. Under its hotel operations business, the Group owns and/or provides management services for a number of hotels and serviced apartments, including its Hong Kong flagship hotel, The Mira Hong Kong. Its property business involves the ownership and management of shopping malls and offices, which are leased to high-quality business and retail tenants. Under its food & beverage business, the Group runs several independent restaurants; while its travel business arranges travel and tours for both individuals and groups.



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*Hotel and hotel management business*

Besides owning or part-owning a number of hotels and serviced apartment in Hong Kong and China, the Group also carries out hotel management operations for both self-owned and independently owned properties. The Group is the sole owner of The Mira Hong Kong, and also of a block of serviced apartment in China, both of which properties it also manages. It holds part-ownership of two hotels in China, and provides contracted management services for these and for another three independently-owned hotels there, along with an independently-owned serviced apartment complex in Hong Kong. In total, the Group owns and/or provides management services for eight hotels and serviced apartment complexes.

In this sector of the Group's business, most revenue originates from its major hotel in Hong Kong, The Mira Hong Kong, situated on Nathan Road adjacent to the busy shopping and tourist district of Tsim Sha Tsui. As mentioned above, the guest rooms have been under renovation over the past year, with many out of service for extended periods. This has reduced capacity at the hotel and, inevitably, created a less than optimal environment for guests. The newly renovated rooms have been released progressively and by the end of August, there will be a total of approximately 500 guestrooms in service.

The result of the renovations coupled with the generally unfavourable environment for high-end business travel has led to lower occupancy rates at The Mira Hong Kong, which have in turn affected other services that are part of the hotel's business, such as breakfast-time patronage at its restaurant and use of the hotel bar.

The Group anticipated a downturn in business due to the ongoing renovations, but the expected drop has been exacerbated by the global financial crisis. In order to bring the hotel back up to our target levels of occupancy and profitability, and better equipped and prepared ourselves for the upcoming economic upswing, the Group will be putting more resources and effort building its reputation by having more marketing and promotional activities.

This sector also includes the revenues earned by the Group for providing hotel management services. These services are provided to The Mira Hong Kong, two other hotels in Mainland China that are not owned by the Group, and a further two Mainland China hotels in which the Group has partial equity, located in Shekou. Due to the general fall in business experienced by hotels at this level of the market, the Group's hotel management fees have inevitably fallen by a corresponding magnitude. Once again, a gradually improving economy and slow rises in business travel should lead to an eventual upward trend in this area of the Group's business.



### *Property business*

The Group's property revenues arise mainly from two sources: rental income from businesses leasing offices in its Miramar Tower and from retail businesses leasing shop space in the Miramar Shopping Centre. In the year under review, returns have not been materially affected by the economic downturn, and the Group has still managed to achieve a double-digit increment in terms of operating profit from these sources. Part of the reason for this is that many leases for these locations were negotiated before the downturn, so the Group is still enjoying satisfactory returns even in the tighter property market. Naturally, leases will continue to come up for renewal in the coming year, but most of the office and retail tenancies are staggered, meaning that any necessary rent adjustments will be gradual and incremental.

The Group continues to hold a land bank in California, USA, and sales there remain inactive in the light of the current state of the US property market. The Group will retain this land until the US property market stabilizes.

### *Food & beverage business*

The financial turmoil has also affected the Group's high-end food & beverage sector as businesses have cut entertainment budgets and high-end diners have thought it prudent to reduce their conspicuous consumption. As a result, top level restaurants such as the Group's two IFC venues, Lumiere and Cuisine Cuisine, have found it harder in recent months to attract diners.

The Group's Chinese restaurants have fared a little better. In particular, the Central branch of its Tsui Hang Village restaurant chain has remained popular with lunchtime diners, and also attracts a reasonable dinner crowd. However, the tightening of corporate purses and a natural fall in dining out in lean economic times have affected these restaurants, leading to falls in operating profit by comparison with last year. The Group has worked on developing effective strategies for drawing clientele back to the Group's restaurants, and has drawn up plans for revitalizing its food & beverage sector which are discussed further below.

### *Travel business*

Since 2006, the Group has seen a substantial growth in its travel business following a successful restructuring and an influx of a new professional talent from the travel industry. In the year under review, the Group was able to achieve an increase in turnover of approximately 14%. Much of this has been the result of a significant increase in our tour business aimed at the long-haul market, which has included package tours to popular European destinations.

In addition, during the year the Group's travel arm became the first and only accredited agent of Richard Branson's Virgin Galactic enterprise in Hong Kong, offering the chance of space travel to wealthy individuals. This development has helped cement the reputation of our travel sector.



## **Achievements**

The quality of the Group's hotel and food & beverage outlets has been widely recognised over recent years, by awards and media recognition. The past year has been no different, with the high standards across our operations remaining unaffected by the economic downturn.

The Group's stylish restaurant in The Mira Hong Kong, Yamm, has been especially productive over the past year in terms of gaining positive media coverage. Named in Hong Kong Tatler's list of the city's Best Restaurants for 2009, it was also described as the Number 1 Buffet Restaurant in Hong Kong by Weekend Weekly, Best Buffet Restaurant in Hong Kong 2009 by Openrice.com, and Best New Restaurant in Hong Kong 2008 by U Magazine. Other of the Group's premium restaurants gained favourable mentions in the 2009 edition of the Michelin Hong Kong and Macao Guide, with the Cuisine Cuisine and Tsui Hang Village Restaurants each being noted as 'Recommended restaurants' in this Bible for restaurant-goers. Another of the Group's restaurants, the Yunyan Szechuan Restaurant, was also recommended in the 'Bib Gourmand' section of the new Michelin Guide.

## **Prospects**

### *Hotels*

Having almost completed an extensive renovation of its flagship hotel The Mira Hong Kong, the Group is now ready to compete forcefully in its niche sector. All the new rooms at The Mira Hong Kong will be ready by August, from which point the hotel will be able to operate at full capacity at last. However, the ongoing renovations have meant that we have not been able to compete at full strength during the Hong Kong high season of April and May, a fact that will be reflected in our interim results a little later in the year. In short, our next set of figures is unlikely to reflect the full earning potential of the new rooms. That being said, we have a number of initiatives that will be taking effect in the coming year or so which, we believe, will significantly aid the Group's push to establish The Mira Hong Kong's position and boost the number of guests as the economy gradually comes out its slump.

As mentioned above, one milestone fast approaching is the completion of all guest room renovations at The Mira Hong Kong. This event will be celebrated with a Grand Opening ceremony in mid September, when we expect to benefit from some concentrated media coverage. We are optimistic that we will be able to achieve a gradual improvement in occupancy as travellers discover the quality and convenience of staying at The Mira Hong Kong for their time in Hong Kong.

With the guestrooms completed, we still have some further improvements scheduled for The Mira Hong Kong. These will involve creating two new restaurants: one, a branch of Cuisine Cuisine, which will offer high quality Chinese dining, while the other will be a European-style restaurant. In addition, the Hotel will create a new high-class Spa. We have already obtained the services of an experienced hotel spa manager to help in the planning.



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In August, we will be launching a brand new website for The Mira Hong Kong, designed to improve the percentage of our business gained from direct online booking. This website will be user friendly enough for travellers to check room availability and book online. In October, we will also launch a new-look website for the Group as a whole, making it easier for investors and the media to understand our businesses and obtain any information they may need. These two electronic initiatives should raise the Group's online profile.

*Property*

The planned renovation of the Miramar Tower is expected to begin sometime within the coming year. This will involve upgrading the facilities and overall business environment at the Tower, enabling us to attract major tenants at premium rates.

The Group also intends to renovate its adjacent Miramar Shopping Centre, and plans to carry out a major transformation in line with what has been done at The Mira Hong Kong. This work is planned to commence in 2011, with the renovations being carried out over a 12 to 24 month period. This will of course affect revenues in the short term, but the result should be a distinctive improvement in the tenant mix, an influx of new high-end tenants, and a targeted customer base of high spending individuals.

The Group also plans to restyle and upgrade the shopping centre within The Mira Hong Kong, creating new double-storey shop frontages on Nathan Road aimed at high level tenants. Renovations should begin to take place in the next one to two years.

*Food & beverage*

In the current depressed state of the high-end food & beverage sector in Hong Kong, successful players tend to be those that act decisively, innovatively and exploit new tastes and trends. To this end, the Group will be closing down one of its existing IFC restaurants, Lumiere, and converting it into a French restaurant. We have already secured the services of an experienced chef who is widely renowned in the region for his culinary flair and has catered for some major society events. We are optimistic that the new restaurant, which should be ready for opening in September, will capture the imagination of Hong Kong diners and provide reasonable returns for the Group.

Besides the quality of food, which has always been of the highest level in the Group's premises, top end restaurants attract customers through their style, aesthetic appeal and branding. With this in mind, the Group is developing a strategy for realigning and revamping the Group's restaurant brands. This will involve, for example, making over the Tsui Hang Village restaurant brand to appeal more widely to diners as well as upgrading and renovating the Tsui Hang Village restaurants, building on its current popularity to add banqueting facilities which will have great potential to extend their competitiveness.



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**Appreciation**

Finally, on behalf of the Management of the Group, I would like to express our gratitude to all our colleagues for their heroic efforts in seeing the Group through a difficult period of ongoing renovation and rebranding, and keeping our operations running in a proud and professional manner. We are optimistic that, by continuing with a prudent strategy of development and focussing on the core strengths which have served us so well in the past, we will emerge from the current situation with a stronger brand and an enhanced reputation, and achieve more favourable returns for our shareholders.

**LEE KA SHING**  
*Managing Director*



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## BUSINESS RESULTS

The Board of Directors of Miramar Hotel and Investment Company, Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2009 together with the comparative figures of the prior year as follows:

### CONSOLIDATED INCOME STATEMENT

|  |      | For the year ended 31 March |           |
|--|------|-----------------------------|-----------|
|  |      | 2009                        | 2008      |
|  | Note | HK\$'000                    | HK\$'000  |
| <b>Turnover</b>  | 2    | <b>1,616,285</b>            | 1,588,435 |
| Cost of inventories  |      | (108,624)                   | (110,589) |
| Staff costs  |      | (294,598)                   | (267,938) |
| Utilities, repairs and maintenance and rent                          |      | (92,135)                    | (95,238)  |
| Tour and ticketing costs   |      | (623,865)                   | (544,204) |
| <b>Gross Profit</b>  |      | <b>497,063</b>              | 570,466   |
| Other revenue  |      | 35,899                      | 37,776    |
| Operating and other expenses   |      | (532,962)                   | (608,242) |
| <b>Operating profit before depreciation and amortisation</b>         |      | <b>379,028</b>              | 464,315   |
| Depreciation and amortisation  |      | (41,564)                    | (36,958)  |
| <b>Operating profit</b>  |      | <b>337,464</b>              | 427,357   |
| Finance costs  |      | (19,871)                    | (36,473)  |
| Share of profits less losses of associates                           |      | 13,106                      | 7,558     |
| Reversal of impairment of interest in associates                     |      | 3,984                       | 3,966     |
|  |      | <b>334,683</b>              | 402,408   |
| (Provision for)/reversal of impairment of properties held for resale |      | (2,637)                     | 1,017     |
| (Impairment loss)/gain on disposal of available-for-sale investments |      | (10,320)                    | 6,180     |
| Net (decrease)/increase in fair value of investment properties       |      | (134,246)                   | 470,398   |
| <b>Profit before taxation carried forward</b>                        |      | <b>187,480</b>              | 880,003   |





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|  |             | <b>For the year ended 31 March</b> |                        |
|--|-------------|------------------------------------|------------------------|
|  | <i>Note</i> | <b>2009</b>                        | <b>2008</b>            |
|  |             | <b>HK\$'000</b>                    | <b>HK\$'000</b>        |
| <b>Profit before taxation brought forward</b>        |             | <b>187,480</b>                     | 880,003                |
| <b>Taxation</b>                                      | 3           |                                    |                        |
| – Current  |             | (51,320)                           | (55,254)               |
| – Deferred   |             | <u>19,810</u>                      | <u>(24,527)</u>        |
| <b>Profit for the year</b>                           |             | <b><u>155,970</u></b>              | <b><u>800,222</u></b>  |
| <b>Attributable to:</b>                              |             |                                    |                        |
| Shareholders of the Company                          |             | <b>163,829</b>                     | 782,573                |
| Minority interests                                   |             | <u>(7,859)</u>                     | <u>17,649</u>          |
|  |             | <b><u>155,970</u></b>              | <b><u>800,222</u></b>  |
| <b>Dividends attributable to the year:</b>           | 4           |                                    |                        |
| Interim dividend declared and paid during the year   |             | <b>86,585</b>                      | 86,585                 |
| Final dividend proposed after the balance sheet date |             | <u>98,129</u>                      | <u>138,536</u>         |
|  |             | <b><u>184,714</u></b>              | <b><u>225,121</u></b>  |
| <b>Earnings per share – basic and diluted</b>        | 5           | <b><u>HK\$0.28</u></b>             | <b><u>HK\$1.36</u></b> |



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**CONSOLIDATED BALANCE SHEET**

|  |             | <b>At 31 March</b> |                 |
|--|-------------|--------------------|-----------------|
|  | <i>Note</i> | <b>2009</b>        | <b>2008</b>     |
|  |             | <b>HK\$'000</b>    | <b>HK\$'000</b> |
| <b>Non-current assets</b>                                    |             |                    |                 |
| Fixed assets   |             |                    |                 |
| – Investment properties                                      |             | <b>8,075,559</b>   | 8,183,850       |
| – Other fixed assets   |             | <b>465,842</b>     | 318,732         |
|  |             | <b>8,541,401</b>   | 8,502,582       |
| Interest in associates                                       |             | <b>12,042</b>      | 3,928           |
| Available-for-sale investments                               |             | <b>9,868</b>       | 15,943          |
| Deferred tax assets  |             | <b>14,455</b>      | 9,090           |
|  |             | <b>8,577,766</b>   | 8,531,543       |
| <b>Current assets</b>  |             |                    |                 |
| Properties under development                                 |             | <b>242,253</b>     | 234,902         |
| Inventories  |             | <b>125,395</b>     | 99,191          |
| Trade and other receivables                                  | 6           | <b>119,529</b>     | 130,155         |
| Available-for-sale investments                               |             | –                  | 276,246         |
| Cash and bank balances                                       |             | <b>384,571</b>     | 292,098         |
| Tax recoverable  |             | <b>22,477</b>      | 13,047          |
|  |             | <b>894,225</b>     | 1,045,639       |
| <b>Current liabilities</b>                                   |             |                    |                 |
| Trade and other payables                                     | 7           | <b>(332,385)</b>   | (365,145)       |
| Interest-bearing borrowings                                  |             | <b>(201,906)</b>   | (278,979)       |
| Sales and rental deposits received                           |             | <b>(104,518)</b>   | (96,364)        |
| Tax payable  |             | <b>(30,058)</b>    | (24,791)        |
|  |             | <b>(668,867)</b>   | (765,279)       |
| <b>Net current assets</b>                                    |             | <b>225,358</b>     | 280,360         |
| <b>Total assets less current liabilities carried forward</b> |             | <b>8,803,124</b>   | 8,811,903       |



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|   |             | <b>At 31 March</b>        |                           |
|---|-------------|---------------------------|---------------------------|
|   | <i>Note</i> | <b>2009</b>               | <b>2008</b>               |
|   |             | <b>HK\$'000</b>           | <b>HK\$'000</b>           |
| <b>Total assets less current liabilities brought forward</b>    |             | <b><u>8,803,124</u></b>   | <b><u>8,811,903</u></b>   |
| <b>Non-current liabilities</b>                                  |             |                           |                           |
| Interest-bearing borrowings                                     |             | (515,315)                 | (514,520)                 |
| Deferred liabilities  |             | (88,916)                  | (56,907)                  |
| Deferred tax liabilities  |             | <u>(1,117,050)</u>        | <u>(1,128,569)</u>        |
|   |             | <b><u>(1,721,281)</u></b> | <b><u>(1,699,996)</u></b> |
| <b>NET ASSETS</b>   |             | <b><u>7,081,843</u></b>   | <b><u>7,111,907</u></b>   |
| <b>CAPITAL AND RESERVES</b>                                     |             |                           |                           |
| Share capital   |             | 404,062                   | 404,062                   |
| Reserves  |             | <u>6,599,358</u>          | <u>6,630,980</u>          |
| <b>Total equity attributable to shareholders of the Company</b> |             | <b>7,003,420</b>          | <b>7,035,042</b>          |
| <b>Minority interests</b>                                       |             | <b><u>78,423</u></b>      | <b><u>76,865</u></b>      |
| <b>TOTAL EQUITY</b>   |             | <b><u>7,081,843</u></b>   | <b><u>7,111,907</u></b>   |



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**Notes:**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial report are consistent with those used in the annual financial statements for the year ended 31 March 2008.

The HKICPA has issued a number of new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group. However, none of the new interpretations or amendment effective from the current accounting period is relevant to the Group’s operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



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**2. REVENUE AND SEGMENTAL INFORMATION**

**Business segments**

*For the year ended 31 March 2009*

|  | Property<br>investment<br>HK\$'000 | Property<br>development<br>and sales<br>HK\$'000 | Hotel<br>ownership<br>and<br>management<br>HK\$'000 | Food and<br>beverage<br>operation<br>HK\$'000 | Travel<br>operation<br>HK\$'000 | Inter-segment<br>elimination<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|------------------------------------|--|---|---|---------------------------------|--|--------------------------|
| Revenue from external customers                        | 495,642                            | -  | 230,961   | 196,592                                       | 693,090                         | -  | 1,616,285                |
| Inter-segment revenue                                  | 23,554                             | -  | 4,390   | -   | 1,320                           | (29,264)                                 | -                        |
| Other revenue from external customers                  | 7,932                              | 3,861  | 2,562   | 1,425   | 9,891                           | -  | 25,671                   |
| <b>Total</b>   | <b>527,128</b>                     | <b>3,861</b>                                     | <b>237,913</b>                                      | <b>198,017</b>                                | <b>704,301</b>                  | <b>(29,264)</b>                          | <b>1,641,956</b>         |
| Contribution from operations                           | 414,143                            | (6,013)  | (6,399)   | 4,172   | 4,584                           | -  | 410,487                  |
| Unallocated operating income and expenses              |                                    |  |   |   |                                 |  | (73,023)                 |
| Operating profit                                       |                                    |  |   |   |                                 |  | 337,464                  |
| Finance costs  |                                    |  |   |   |                                 |  | (19,871)                 |
| Share of profits less losses of associates             | -                                  | 10,714   | 1,018   | 1,374   | -                               | -  | 13,106                   |
| Reversal of impairment of interest in associates       |                                    |  |   |   |                                 |  | 3,984                    |
| Provision for impairment of properties held for resale |                                    |  |   |   |                                 |  | (2,637)                  |
| Impairment loss of available-for-sale investments      |                                    |  |   |   |                                 |  | (10,320)                 |
| Net decrease in fair value of investment properties    | (134,246)                          | -  | -   | -   | -                               | -  | (134,246)                |
| Taxation   |                                    |  |   |   |                                 |  | (31,510)                 |
| <b>Profit for the year</b>                             |                                    |  |   |   |                                 |  | <b>155,970</b>           |
| Segment assets   | 8,264,239                          | 412,904  | 409,077   | 33,622  | 245,427                         | (680)                                    | 9,364,589                |
| Interest in associates                                 | -                                  | 8,634  | 9,504   | (6,096)                                       | -                               | -  | 12,042                   |
| Unallocated assets                                     |                                    |  |   |   |                                 |  | 95,360                   |
| <b>Total assets</b>                                    |                                    |  |   |   |                                 |  | <b>9,471,991</b>         |
| Segment liabilities                                    | 166,475                            | 9,186  | 28,218  | 9,232   | 98,965                          | (680)                                    | 311,396                  |
| Unallocated liabilities                                |                                    |  |   |   |                                 |  | 2,078,752                |
| <b>Total liabilities</b>                               |                                    |  |   |   |                                 |  | <b>2,390,148</b>         |
| Capital expenditure incurred during the year           | 8,892                              | -  | 206,732   | 485   | 1,944                           |  |                          |
| Depreciation and amortisation for the year             | 10,643                             | -  | 21,551  | 4,464   | 1,627                           |  |                          |



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|  | Property investment<br>HK\$'000 | Property development and sales<br>HK\$'000 | Hotel ownership and management<br>HK\$'000 | Food and beverage operation<br>HK\$'000 | Travel operation<br>HK\$'000 | Inter-segment elimination<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---------------------------------|--|--|---|------------------------------|---------------------------------------|--------------------------|
| Revenue from external customers                      | 441,387                         | 1,051                                      | 333,792                                    | 205,644                                 | 606,561                      | -                                     | 1,588,435                |
| Inter-segment revenue                                | 22,819                          | -  | 5,203                                      | -                                       | 726                          | (28,748)                              | -                        |
| Other revenue from external customers                | 2,203                           | 325  | 6,222                                      | 1,037                                   | 8,200                        | -                                     | 17,987                   |
| <b>Total</b>   | <b>466,409</b>                  | <b>1,376</b>                               | <b>345,217</b>                             | <b>206,681</b>                          | <b>615,487</b>               | <b>(28,748)</b>                       | <b>1,606,422</b>         |
| Contribution from operations                         | 370,396                         | (10,732)                                   | 119,834                                    | 6,350                                   | 360                          | -                                     | 486,208                  |
| Unallocated operating income and expenses            |                                 |  |  |   |                              |                                       | (58,851)                 |
| Operating profit                                     |                                 |  |  |   |                              |                                       | 427,357                  |
| Finance costs  |                                 |  |  |   |                              |                                       | (36,473)                 |
| Share of profits less losses of associates           | -                               | 2,831                                      | 4,323                                      | 404                                     | -                            | -                                     | 7,558                    |
| Reversal of impairment of interest in associates     |                                 |  |  |   |                              |                                       | 3,966                    |
| Reversal of impairment of properties held for resale |                                 |  |  |   |                              |                                       | 1,017                    |
| Gain on disposal of available-for-sale investments   |                                 |  |  |   |                              |                                       | 6,180                    |
| Net increase in fair value of investment properties  | 470,398                         | -  | -  | -                                       | -                            | -                                     | 470,398                  |
| Taxation   |                                 |  |  |   |                              |                                       | (79,781)                 |
| <b>Profit for the year</b>                           |                                 |  |  |   |                              |                                       | <b>800,222</b>           |
| Segment assets                                       | 8,372,437                       | 341,541                                    | 264,923                                    | 37,574                                  | 180,709                      | (680)                                 | 9,196,504                |
| Interest in associates                               | -                               | (5,284)                                    | 13,064                                     | (3,852)                                 | -                            | -                                     | 3,928                    |
| Unallocated assets                                   |                                 |  |  |   |                              |                                       | 376,750                  |
| <b>Total assets</b>                                  |                                 |  |  |   |                              |                                       | <b>9,577,182</b>         |
| Segment liabilities                                  | 149,669                         | 4,609                                      | 36,117                                     | 11,604                                  | 79,039                       | (680)                                 | 280,358                  |
| Unallocated liabilities                              |                                 |  |  |   |                              |                                       | 2,184,917                |
| <b>Total liabilities</b>                             |                                 |  |  |   |                              |                                       | <b>2,465,275</b>         |
| Capital expenditure incurred during the year         | 10,782                          | -  | 127,584                                    | 2,440                                   | 2,414                        |                                       |                          |
| Depreciation and amortisation for the year           | 13,122                          | 4  | 15,223                                     | 4,603                                   | 1,309                        |                                       |                          |



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**Geographical segments**

*For the year ended 31 March 2009*

|  | <b>The Hong<br/>Kong Special<br/>Administrative<br/>Region<br/>HK\$'000</b> | <b>The<br/>People's<br/>Republic of<br/>China<br/>HK\$'000</b> | <b>The<br/>United<br/>States of<br/>America<br/>HK\$'000</b> |
|--|---|--|--|
| Revenue from external customers              | 1,567,852   | 48,433   | –  |
| Segment assets                               | 8,311,973   | 753,329  | 299,967  |
| Capital expenditure incurred during the year | <u>217,782</u>  | <u>271</u>   | <u>–</u>   |

*For the year ended 31 March 2008*

|  | <b>The Hong<br/>Kong Special<br/>Administrative<br/>Region<br/>HK\$'000</b> | <b>The<br/>People's<br/>Republic of<br/>China<br/>HK\$'000</b> | <b>The<br/>United<br/>States of<br/>America<br/>HK\$'000</b> |
|--|---|--|--|
| Revenue from external customers              | 1,538,515   | 49,920   | –  |
| Segment assets                               | 8,238,636   | 707,208  | 251,340  |
| Capital expenditure incurred during the year | <u>142,634</u>  | <u>586</u>   | <u>–</u>   |



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**3. TAXATION**

Taxation in the consolidated income statement represents:

|   | <b>2009</b><br><i>HK\$'000</i> | 2008<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Current tax – Hong Kong Profits Tax</b>              |                                |                         |
| Provision for the year                                  | <b>53,665</b>                  | 53,704                  |
| Over-provision in respect of prior years                | <b>(2,967)</b>                 | (953)                   |
|   | <b>50,698</b>                  | 52,751                  |
| <b>Current tax – Overseas</b>                           |                                |                         |
| Provision for the year                                  | <b>635</b>                     | 4,536                   |
| Over-provision in respect of prior years                | <b>(13)</b>                    | (2,033)                 |
|   | <b>622</b>                     | 2,503                   |
| <b>Deferred tax</b>                                     |                                |                         |
| Change in fair value of investment properties           | <b>(21,740)</b>                | 78,671                  |
| Origination and reversal of temporary differences       | <b>1,930</b>                   | 18,086                  |
| Effect of decrease in tax rate on deferred tax balances | <b>–</b>                       | (72,230)                |
|   | <b>(19,810)</b>                | 24,527                  |
|   | <b>31,510</b>                  | 79,781                  |

Provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

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 year ended 31 March 2009 of HK\$344,000 (2008: HK\$705,000) is included in the share of profits less losses of associates.





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**4. DIVIDENDS**

**Dividends attributable to the year:**

|  | <b>2009</b>           | 2008           |
|--|-----------------------|----------------|
|  | <b>HK\$'000</b>       | HK\$'000       |
| Interim dividend declared and paid of 15 HK cents per share<br>(2008: 15 HK cents per share)                   | <b>86,585</b>         | 86,585         |
| Final dividend proposed after the balance sheet date of 17 HK cents per share<br>(2008: 24 HK cents per share) | <b>98,129</b>         | 138,536        |
|  | <b><u>184,714</u></b> | <u>225,121</u> |

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

**5. 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\$163,829,000 (2008: HK\$782,573,000) and 577,231,252 shares (2008: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 March 2009 and 2008, and hence the diluted earnings per share is the same as the basic earnings per share.

**6. TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date:

|                   | <b>2009</b>           | 2008           |
|-------------------|-----------------------|----------------|
|                   | <b>HK\$'000</b>       | HK\$'000       |
| 0 to 1 month      | <b>19,852</b>         | 34,431         |
| 1 to 2 months     | <b>9,214</b>          | 9,803          |
| Over 2 months     | <b>14,539</b>         | 13,649         |
| Trade receivables | <b>43,605</b>         | 57,883         |
| Other receivables | <b>75,924</b>         | 72,272         |
|                   | <b><u>119,529</u></b> | <u>130,155</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 from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted.



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## 7. TRADE AND OTHER PAYABLES

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

|  | 2009<br>HK\$'000      | 2008<br>HK\$'000      |
|--|-----------------------|-----------------------|
| Due within 3 months or on demand                     | 55,800                | 66,843                |
| Due after 3 months but within 6 months               | <u>1,161</u>          | <u>4,461</u>          |
| Trade payables                                       | 56,961                | 71,304                |
| Other payables                                       | 126,790               | 127,028               |
| Amounts due to minority shareholders of subsidiaries | <u>148,634</u>        | <u>166,813</u>        |
|  | <u><u>332,385</u></u> | <u><u>365,145</u></u> |

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

Amounts due to minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for the amounts due to a minority shareholder of a subsidiary of HK\$55,494,000 (2008: HK\$55,763,000), which are interest bearing at 7.56% (2008: 7.56%) per annum.

## 8. COMPARATIVE FIGURES

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

## DIVIDEND

The Board of Directors recommends the payment of a final dividend of 17 HK cents per share in respect of the year 2008/2009 to shareholders listed on the Register of Members at the close of business on 9 September 2009. Subject to the approval to be obtained at the Annual General Meeting of the Company to be held on 9 September 2009, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 23 September 2009.

## CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2 September 2009 to 9 September 2009, both days inclusive. In order to qualify for the proposed final dividend for the year, all transfer 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 Tuesday, 1 September 2009.



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## **ANNUAL GENERAL MEETING**

The Annual General Meeting (“AGM”) of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 9 September 2009 at 12:00 noon. The Notice of AGM will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company, and despatched to shareholders on or about 29 July 2009.

## **CORPORATE FINANCE**

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders’ equity, is only 10% as at 31 March 2009 (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 31 March 2009, total available facilities amounted to approximately HK\$1.4 billion (at 31 March 2008: approximately HK\$1.4 billion), and 51% of that (at 31 March 2008: 57%) were utilized. At 31 March 2009, consolidated net borrowings were approximately HK\$0.39 billion (at 31 March 2008: HK\$0.56 billion), of which none was secured borrowings (at 31 March 2008: none).

## **EMPLOYEES**

As at 31 March 2009, the Group had a total of about 1,500 full-time employees, including 1,300 employed in Hong Kong, 200 employed in The People’s Republic of China and the United States of America. We treasure our employees as valuable asset of the Group. To reward, attract and retain our valuable employees under the competitive market, the Group offers them attractive and fair remuneration package. The Group reviews the remuneration package regularly based on the prevailing market practice, individual productivity, business performance and internal relativities. We also motivate our employees by discretionary bonus scheme and performance-based incentive schemes for the purposes of recognizing individual as well as the team’s contributions towards the Group.



## **TRAINING & DEVELOPMENT**

To become a dynamic and innovative hospitality group, we believe in nurturing the expertise of our diverse team members by training and development in order to effect positive change for the Group especially in 2009 when the economic environment is turbulent.

Training needs analysis was conducted to identify employees “wish list of supports”. With this bridging link, a “Develop the Potential” strategy was formed. The implementation is divided into phases with Phase I – Nurturing the Learning Culture. To build this culture, a comprehensive training plan with 5 core components was designed to cope with the needs from service to managerial level, from operational to administrative level including: (1) Customer Service Enhancement (for enriching employees’ service mindset and skills), (2) Designated Trainer Programme (for upgrading service standard consistency), (3) Management Development Programme (for enabling talent development), (4) Good Administrative Practice (for polishing communication and administration skills) and (5) Workplace Best Practice (for enhancing workplace ethical and health standards). Upon the completion of these courses, it will help to build a strong foundation for Phase II – Brighten Up the Key Talents in 2010, which “Talent Management” is an effective way to ready the Group for next economic growth.

## **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 year ended 31 March 2009.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the financial results of the Group for the year ended 31 March 2009 and discussed with internal audit executives and independent auditors matters on auditing, internal control and financial reports of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.



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**MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiries, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the year.

By Order of the Board  
**LEE SHAU KEE**  
*Chairman*

Hong Kong, 8 July 2009

*As at the date of this announcement, (i) the executive directors of the Company are: Dr. Lee Shau Kee, Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Norman Ho Hau Chong and Mr. Eddie Lau Yum Chuen; (ii) the non-executive directors of the Company are: Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On, Mr. Tony Ng, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Bui 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.*