

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 2003. 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 attached.

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003 - UNAUDITED**

		2003	2002 (restated)
	Note	HK\$’000	HK\$’000
Turnover	2	666,334	732,178
Other revenue	3	20,257	11,760
Other net income	4	1,635	1,654
Tour and ticketing costs		(98,917)	(128,886)
Cost of properties under development		(189,546)	(194,068)
Cost of inventories		(31,309)	(55,540)
Staff costs		(93,081)	(102,955)
Operating and other expenses		(51,733)	(81,409)
Utilities, repairs and maintenance and rent		(41,226)	(43,532)
Reversal/(provision) for diminution in value of interest in associates		30,724	(83)
Provision for diminution in value of properties held for resale		(53,391)	–
Depreciation		(17,766)	(27,204)
Loss on disposal of fixed assets		(1,402)	(2,692)
Loss on disposal of investment		(1,097)	–
Profit from operations	2	139,482	109,223
Finance costs		(14,522)	(23,440)
Share of profits less losses of associates		(2,526)	2,476
Profit from ordinary activities before taxation		122,434	88,259
Taxation	5(c)	(36,968)	(7,311)
Profit from ordinary activities after taxation		85,466	80,948
Minority interests		11,134	5,727
Profit attributable to shareholders		96,600	86,675
Interim dividend declared after the interim period end	6	75,040	75,040
Basic earnings per share	7	16.74 ¢	15.02 ¢
Interim dividend per share		13.00 ¢	13.00 ¢

The notes on pages 5 to 14 form part of this interim financial report.

**CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2003 - UNAUDITED**

		At 30 September 2003	At 31 March 2003 (restated) HK\$'000
	Note	HK\$'000	HK\$'000
Non-current assets			
Fixed assets		7,456,721	7,473,859
Other non-current assets		261,476	398,509
		<u>7,718,197</u>	<u>7,872,368</u>
Current assets			
Inventories		123,526	98,318
Trade and other receivables	8	157,291	127,803
Cash and bank balances		129,989	105,985
		<u>410,806</u>	<u>332,106</u>
Current liabilities			
Bank overdrafts		(3,533)	–
Trade and other payables	9	(153,979)	(161,701)
Current portion of interest-bearing bank loans		(95,525)	(184,363)
Sales and rental deposits received		(51,349)	(53,245)
Tax payable		(33,582)	(15,880)
		<u>(337,968)</u>	<u>(415,189)</u>
Net current assets/(liabilities)		<u>72,838</u>	<u>(83,083)</u>
Total assets less current liabilities		<u>7,791,035</u>	<u>7,789,285</u>
Non-current liabilities			
Interest-bearing borrowings		(1,032,000)	(1,052,000)
Deferred liabilities		(52,738)	(53,536)
Deferred taxation		(81,561)	(78,883)
		<u>(1,166,299)</u>	<u>(1,184,419)</u>
Minority interests		<u>(191,772)</u>	<u>(192,705)</u>
Net assets		<u>6,432,964</u>	<u>6,412,161</u>
Capital and reserves			
Share capital		404,062	404,062
Reserves	10	6,028,902	6,008,099
		<u>6,432,964</u>	<u>6,412,161</u>

The notes on pages 5 to 14 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003 - UNAUDITED**

	2003	2002
	HK\$'000	(restated) HK\$'000
Total equity at 1 April		
- As previously reported	6,481,965	7,429,946
- Prior period adjustments arising from changes in accounting policies for deferred tax	(69,804)	(58,128)
	6,412,161	7,371,818
Surplus/(deficit) on revaluation of hotel and investment properties	836	(624,962)
Surplus on revaluation of non-trading securities	30,896	1,345
Exchange differences on translation of the financial statements of overseas subsidiaries	3,062	513
Net gains/(losses) not recognised in the consolidated income statement	34,794	(623,104)
Net profit for the period	96,600	86,675
Dividends approved in respect of the previous year	(115,446)	(115,446)
Revaluation surplus transferred to the consolidated income statement upon disposal of investment properties	(2,649)	(2,377)
Revaluation deficit transferred to the consolidated income statement upon disposal of non-trading securities	7,504	-
Total equity at 30 September	6,432,964	6,717,566

The notes on pages 5 to 14 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003 - UNAUDITED**

	2003	2002
	HK\$'000	HK\$'000
Net cash from operating activities	187,800	250,286
Net cash from investing activities	6,680	123,507
Net cash used in financing activities	(174,009)	(327,767)
Net increase in cash and cash equivalents	20,471	46,026
Cash and cash equivalents at 1 April	105,985	117,023
Cash and cash equivalents at 30 September	126,456	163,049
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	129,989	163,858
Bank overdrafts	(3,533)	(809)
	126,456	163,049

The notes on pages 5 to 14 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT:

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This 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 Hong Kong Society of Accountants (“HKSA”). KPMG’s independent review report to the board of directors is included on page 22.

The interim financial report has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the HKSA.

The financial information relating to the financial year ended 31 March 2003 included in the interim financial report 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 2003 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 June 2003.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual financial statements for the year ended 31 March 2003 except for the changes in accounting policies as described below.

SSAP 12 (Revised) “Income taxes”

In prior years, deferred tax liabilities were provided for using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt.

With effect from 1 April 2003, in order to comply with SSAP 12 (Revised) issued by the HKSA, the Group adopted a new accounting policy for deferred tax as set out in note 1(b).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

As a result of the adoption of this accounting policy, the shareholders' funds as at 1 April 2003 and 1 April 2002 were restated and decreased by HK\$69.8 million, which comprised retained profits of HK\$44.6 million and investment properties revaluation reserves of HK\$25.2 million, and HK\$58.1 million, which comprised retained profits of HK\$34.4 million and investment properties revaluation reserves of HK\$23.7 million, respectively. The adjustments represented the deferred tax liability recognised in respect of temporary differences arising from fixed assets net of deferred tax assets in respect of tax losses recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The effect of the change to taxation for the six months ended 30 September 2003 is an increase in the charge by HK\$3.5 million (30 September 2002: HK\$2.3 million).

The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and reserves and the comparative information adjusted for the amounts relating to prior periods as disclosed in the consolidated statement of changes in equity.

The notes on the interim financial report 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 2003 annual financial statements.

(b) Taxation

- (i) Taxation for the periods comprise current and deferred tax. Taxation is recognised in the consolidated income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the periods, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Taxation (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. The limited exceptions are temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional taxation that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current and deferred tax assets and liabilities are offset if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to taxation levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. TURNOVER AND SEGMENTAL INFORMATION

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

Business segments

The Group comprises the following main business segments:

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

Six months ended 30 September 2003

	Property investment HK\$'000	Property development & 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	170,752	237,520	95,463	48,887	113,712	-	666,334
Inter-segment revenue	6,777	-	1,882	-	401	(9,060)	-
Other revenue from external customers	3,887	14	2,152	478	1,348	-	7,879
Total	181,416	237,534	99,497	49,365	115,461	(9,060)	674,213
Contribution from operations	130,914	39,700	23,767	(7,608)	(7,270)		179,503
Reversal for provision for diminution in value of interest in associates							30,724
Provision for diminution in value of properties held for resale							(53,391)
Loss on disposal of fixed assets							(1,402)
Loss on disposal of investment							(1,097)
Unallocated operating income and expenses							(14,855)
Profit from operations							139,482

2. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

Business segments (continued)

Six months ended 30 September 2002

	Property investment HK\$'000	Property development & 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	178,040	201,788	141,819	58,461	152,070	-	732,178
Inter-segment revenue	5,927	-	2,487	-	370	(8,784)	-
Other revenue from external customers	3,157	19	2,941	499	326	-	6,942
Total	<u>187,124</u>	<u>201,807</u>	<u>147,247</u>	<u>58,960</u>	<u>152,766</u>	<u>(8,784)</u>	<u>739,120</u>
Contribution from operations	129,112	(44,099)	50,604	(3,491)	(1,793)		130,333
Provision for diminution in value of interest in associates							(83)
Loss on disposal of fixed assets							(2,692)
Unallocated operating income and expenses							(18,335)
Profit from operations							<u>109,223</u>

Geographical segments

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

Six months ended 30 September 2003

	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>404,163</u>	<u>24,841</u>	<u>237,330</u>	<u>666,334</u>

Six months ended 30 September 2002

	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>504,374</u>	<u>43,691</u>	<u>184,113</u>	<u>732,178</u>

3. OTHER REVENUE

Six months ended 30 September

	2003	2002
	HK\$'000	HK\$'000
Interest income	5,906	2,678
Management fee income	1,650	1,650
Forfeited deposits	241	428
Sundry income	12,460	7,004
	<u>20,257</u>	<u>11,760</u>

4. OTHER NET INCOME

Six months ended 30 September

	2003	2002
	HK\$'000	HK\$'000
Gain on disposal of investment properties	1,635	1,648
Gain on disposal of an associate	–	6
	<u>1,635</u>	<u>1,654</u>

5. TAXATION

- (a) The charge comprises Hong Kong Profits Tax calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period.

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's financial report for the period ended 30 September 2003.

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's properties has been charged directly to equity.

- (b) Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.
- (c) Taxation in the consolidated income statement represents:

	Six months ended 30 September	
	2003	2002
	HK\$'000	(restated) HK\$'000
Current tax - Hong Kong		
Tax for the period	16,357	19,365
Under-provision in respect of prior years	—	43
	<u>16,357</u>	<u>19,408</u>
Current tax - Overseas		
Tax for the period	16,340	1,618
Under/(over)-provision in respect of prior years	653	(16,243)
	<u>16,993</u>	<u>(14,625)</u>
Deferred taxation		
Origination and reversal of temporary differences	3,513	2,324
Share of associate's taxation		
- Hong Kong	28	40
- Overseas	77	164
	<u>105</u>	<u>204</u>
	<u>36,968</u>	<u>7,311</u>

- (d) None of the tax payable in the consolidated balance sheet is expected to be settled after more than one year.

6. DIVIDENDS

- (a) Dividends attributable to the interim period:

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 13 cents per share (2002: 13 cents per share)	75,040	75,040

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

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

	At 30	At 31
	September	March
	2003	2003
	HK\$'000	HK\$'000
Final dividends in respect of the previous financial year approved and paid during the interim period/year, of 20 cents per share (at 31 March 2003: 20 cents per share)	115,446	115,446

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to ordinary shareholders of HK\$96,600,000 (2002 (restated): HK\$86,675,000) and 577,231,252 shares (2002: 577,231,252 shares) in issue during the period.

8. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2003	At 31 March 2003 (restated)
	HK\$'000	HK\$'000
0 to 3 months	31,097	30,454
More than 3 months	9,791	7,270
	<hr/>	<hr/>
Trade receivables	40,888	37,724
Other receivables	116,403	90,079
	<hr/>	<hr/>
	157,291	127,803
	<hr/> <hr/>	<hr/> <hr/>

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 0 to 60 days.

9. TRADE AND OTHER PAYABLES

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

	At 30 September 2003	At 31 March 2003 (restated)
	HK\$'000	HK\$'000
Due within 3 months or on demand	28,452	31,271
Due after 3 months but within 6 months	2,874	3,666
	<hr/>	<hr/>
Trade Payables	31,326	34,937
Other Payables	122,653	126,764
	<hr/>	<hr/>
	153,979	161,701
	<hr/> <hr/>	<hr/> <hr/>

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

10. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Non-trading securities revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2003								
- as previously reported	287,628	1,590,290	588	304,827	3,563,524	(57,527)	388,573	6,077,903
- prior year adjustment	-	-	-	-	(25,223)	-	(44,581)	(69,804)
	<u>287,628</u>	<u>1,590,290</u>	<u>588</u>	<u>304,827</u>	<u>3,538,301</u>	<u>(57,527)</u>	<u>343,992</u>	<u>6,008,099</u>
Dividend approved in respect of the previous year (note 6(b))	-	-	-	-	-	-	(115,446)	(115,446)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	3,062	-	-	-	-	3,062
Revaluation surplus	-	-	-	-	836	-	-	836
Transferred to the consolidated income statement upon disposal of investment properties	-	-	-	-	(2,649)	-	-	(2,649)
Non-trading securities revaluation surplus	-	-	-	-	-	30,896	-	30,896
Transferred to the consolidated income statement upon disposal of non-trading securities	-	-	-	-	-	7,504	-	7,504
Profit for the period	-	-	-	-	-	-	96,600	96,600
At 30 September 2003	<u>287,628</u>	<u>1,590,290</u>	<u>3,650</u>	<u>304,827</u>	<u>3,536,488</u>	<u>(19,127)</u>	<u>325,146</u>	<u>6,028,902</u>

11. RELATED PARTY TRANSACTIONS

The significant and material related party transactions between the Group and related parties as set out in the annual financial statements for the year ended 31 March 2003 continue to take place during the interim reporting period. On 3 June 2003, a subsidiary of the Company entered into two sale and purchase agreements with two entities which are both indirectly wholly owned by Dr Lee Shau Kee, the Chairman of the Group, for the sale of approximately 567.18 acres of real property in the City of Lincoln, County of Placer, State of California, the United States of America for an aggregate cash consideration of US\$24,000,000.

12. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of change in accounting policy as set out in note 1.

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 13 cents per share in respect of the financial year ending 31 March 2004 to shareholders listed on the Register of Members on 2 January 2004. Dividend warrants will be despatched by mail to shareholders on or about 8 January 2004.

CLOSING OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24 December 2003 to 2 January 2004, both dates inclusive. In order to qualify for the interim dividend, all transfers, 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 Tuesday, 23 December 2003.

REVIEW OF OPERATIONS AND PROSPECTS

The unaudited profit attributable to shareholders for the six months ended 30 September 2003 was HK\$96,600,000, an increase of 11% over the same period last year.

Business Overview

During the period affected by SARS, the Group recorded decline in sales with varying degrees in different business operations. Measures were taken immediately to counter the impact. Hotel and food and beverage outlets offered a number of promotional privileges to attract local customers. The Group also undertook various extra stringent cost control measures to minimize profit decline. When Hong Kong was officially removed from the list of SARS-affected areas, the measures were proven effective and business operations made good progress towards recovery. In addition, the satisfactory land sales performance in USA also made positive contribution in the Group's performance.

Property Business

Regarding the leasing performance of shopping arcades, the average occupancy rate and the rental income of Miramar Shopping Centre for the period under review recorded only a slight drop. The Knutsford Steps project in converting the cinema to a new entertainment and dining hub is expected to be completed by early next year. When fully leased out, the 36,000 square feet space will include more than ten stylish restaurants, trendy clubs and bars. The pre-leasing response has been encouraging. For Hotel Miramar Shopping Arcade, the leasing status remained stable with an average occupancy rate reaching 98%.

In the Group's office leasing sector, excessive market supply and the continuing sluggish economy resulted in a 11% drop in rental income for the Miramar Tower compared with the same period last year. The average occupancy rate at No. 6 Knutsford Terrace increased satisfactorily from about 70% last year to over 95% this year.

The offices of Shang-Mira Garden in Shanghai are almost fully leased. A small number of units have been sold. The leasing status of Shang-Mira Shopping Arcade remained stable.

With respect to real estate holdings in Placer County, California, USA, approximately 330 acres of primarily residential land were successfully sold during the period under review. The Group recorded reasonable profits and improved cash flows from these transactions.

Hotel Business

Due to the outbreak of SARS, a severe decline in the number of tourists visiting Hong Kong led to a dramatic drop in turnover for Hotel Miramar. The average occupancy rate was only about 20% in the first 3 months of the financial year, resulting in room revenues for the period under review achieving only half of what was attained in the same period last year. The Group reacted promptly by combining hotel rooms with dining and other entertainment activities into special value packages to attract local customers. As the impact of SARS subsided, the number of overseas visitors gradually increased later in the year. Since September, occupancy rates recovered and reached the same levels as recorded in last year.

Due to the SARS epidemic, many weddings and corporate functions were cancelled or postponed with subsequent sales revenues for the Hotel's food and beverage operations falling by 27% compared with the same period last year. However, the Group took the opportunity to refurbish the ballroom. It will enhance the Hotel's competitiveness in attracting more banquet and conference businesses.

Food and Beverage Operations

Faced with the continuing economic recession, fierce market competition and the outbreak of SARS, the Group's food and beverage business was adversely affected and recorded a decline of 16% in turnover compared to the same period last year. With the Group's continuous efforts to launch a number of special food promotion campaigns, improvements in turnover has been achieved.

Travel Operations

The Group's travel operations suffered unprecedented hardships during the period under review. In response to this adverse situation, the Group aggressively developed new local tours and implemented cost reduction measures. In addition, the Group is also carrying out major structural reforms to the travel operations, with focus on operating efficiency and enhancing market competitiveness.

Prospects

The Group anticipates that the policy of allowing individual travelers from other parts of China to visit Hong Kong will result in a continuous increase in number of tourist arrivals from the Mainland. This will directly help the tourism industry and benefit the Group's core businesses. Recently, consumer confidence has strengthened; the unemployment rate has also shown signs of improvement, resulting in a more favorable market sentiment. The Board of Directors is confident that barring any unforeseen circumstances, the Group's businesses will achieve better results in the second six months than the first half of the year.

DISCLOSURE OF INTERESTS

Directors

As at 30 September 2003, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Percentage of total issued shares
Miramar Hotel And Investment Company, Limited	Dr HO Tim	1,628,000	5,935,000	–	–	1.31%
	Dr LEE Shau Kee	–	–	252,169,250 (note 1)	–	43.69%
	Dr David SIN Wai Kin	4,158,000	–	–	–	0.72%
	Mr WOO Kim Phoe	11,426,400	–	–	–	1.98%
	The Honourable LEE Quo Wei	5,693,760	1,080,000	–	6,720,000 (note 2)	2.34%
	Mr Patrick FUNG Yuk Bun	–	–	–	8,426,710 (note 3)	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 (note 4)	–	1.97%
	Mr Stephen HO Tze Tung	5,000	33,000	–	–	0.01%
Booneville Company Limited	Dr LEE Shau Kee	–	–	2 (note 5)	–	100%
Fook Po Enterprises Company Limited	Dr LEE Shau Kee	270	–	–	–	9.8%
	Dr David SIN Wai Kin	225	–	–	–	8.17%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	–	–	2 (note 6)	–	100%
Placer Holdings, Inc.	Mr Richard TANG Yat Sun	4,000	–	–	–	2%
Strong Guide Property Limited	Dr LEE Shau Kee	–	–	2 (note 7)	–	100%

Save as disclosed above, as at 30 September 2003, none of the directors or chief executive of the Company had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

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

Substantial Shareholders and Others

The Company has been notified of the following interests in the Company's issued shares at 30 September 2003, amounting to 5% or more of the shares in issue:

Substantial Shareholders	Ordinary shares held	Percentage of total issued shares
Dr Lee Shau Kee	252,169,250 <i>(note 1)</i>	43.69%
Rimmer (Cayman) Limited ("Rimmer")	252,169,250 <i>(note 8)</i>	43.69%
Riddick (Cayman) Limited ("Riddick")	252,169,250 <i>(note 8)</i>	43.69%
Hopkins (Cayman) Limited ("Hopkins")	252,169,250 <i>(note 8)</i>	43.69%
Henderson Development Limited ("Henderson Development")	252,169,250 <i>(note 9)</i>	43.69%
Henderson Land Development Company Limited ("Henderson Land")	252,169,250 <i>(note 9)</i>	43.69%
Kingslee S.A.	252,169,250 <i>(note 10)</i>	43.69%
Henderson Investment Limited ("Henderson Investment")	252,169,250 <i>(note 10)</i>	43.69%
Aynbury Investments Limited ("Aynbury")	252,169,250 <i>(note 10)</i>	43.69%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 10)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 10)</i>	13.71%
Threadwell Limited ("Threadwell")	72,435,000 <i>(note 10)</i>	12.55%

Persons other than Substantial Shareholders

Mr Chong Wing Cheong	57,587,210	9.98%
----------------------	------------	-------

Save as disclosed above, as at 30 September 2003, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

- (1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 252,169,250 shares, which are duplicated in the interests described in Notes 8, 9 and 10.
- (2) The Honourable Lee Quo Wei had the following non-beneficial interests: The Honourable Lee Quo Wei and his spouse, Mrs Lee, were members of the Board of Trustees of a charitable foundation which held 6,180,000 shares of the Company, and Mrs Lee was one of the two trustees of two trusts, which together held 540,000 shares of the Company.
- (3) All these shares were held by a unit trust of which Mr Patrick Fung Yuk Bun was a beneficiary.
- (4) These shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued share capital.
- (5) These 2 shares in Booneville Co Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in Henderson Land and the Company as set out in Notes 1, 8, 9, and 10.
- (6) These 2 shares in Henderson-Miramar Hotels Holdings Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Investment. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in Henderson Investment and the Company as set out in Notes 1, 8, 9 and 10.
- (7) These 2 shares in Strong Guide Property Ltd were equally owned by a wholly-owned subsidiary of the Company and of Henderson China Holdings Ltd which was 65.45% held by Henderson Land. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in Henderson Land and the Company as set out in Notes 1, 8, 9 and 10.
- (8) Rimmer and Riddick, trustees of different discretionary trusts, held units in a unit trust ("Unit Trust"). Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in the share capital of Henderson Development. These 252,169,250 shares are duplicated in the interests described in Notes 1, 9 and 10.
- (9) Henderson Development had a controlling interest in Henderson Land which was the holding company of Kingslee S.A. These 252,169,250 shares are duplicated in the interests described in Notes 1, 8 and 10.
- (10) Kingslee S.A., a subsidiary of Henderson Land, was the holding company of Henderson Investment. The 252,169,250 shares were beneficially owned by some of the subsidiaries of Henderson Investment. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. Aynbury was a subsidiary of Henderson Investment. These 252,169,250 shares represent the shares described in Notes 1, 8 and 9.

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 13% (at 31 March 2003: 14%) 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 2003, total available facilities amounted to HK\$2.4 billion (at 31 March 2003: HK\$2.4 billion), and 48% (at 31 March 2003: 51%) were drawn down. At 30 September 2003, consolidated net borrowings were HK\$1.0 billion (at 31 March 2003: HK\$1.1 billion), of which HK\$0.1 billion was secured borrowings (at 31 March 2003: HK\$0.1 billion).

EMPLOYEES

As at 30 September 2003, the Company employed a total of 1,229 full-time employees, including 921 employed in The Hong Kong Special Administrative Region, 295 employed in The People's Republic of China and 13 employed in the United States of America. Regarding the remuneration packages offered to our employees, the Company continues to tap the pulse of prevailing market practices and reward the employees with reference to their performance and value to the Group. Other than the basic salary, some of the employees are entitled to incentive bonus scheme which is primarily based on business performance. Generally speaking, under the incentive scheme, employees are rewarded on a "better performance, more income" basis.

The Company believes that human resources are its most valuable assets. During the period, it continued its effort to enhance staff quality by making training and development opportunities available to all levels of staff. In addition to orientation and training for new staff members, management development courses are arranged to develop staff competencies.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Directors of the Company are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

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, 27 November 2003



INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF MIRAMAR HOTEL & INVESTMENT CO., LTD.

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 14.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

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

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 September 2003.

KPMG
Certified Public Accountants

Hong Kong, 27 November 2003