

## CORPORATE INFORMATION

- Honorary Chairman: **Dr HO Tim**, *Chev Leg d'Hon, JP, DSSc (Hon), DBA (Hon), LLD (Hon)*  
*(deceased on 6 November 2004)*
- Chairman: **Dr LEE Shau Kee**, *DBA (Hon), DSSc (Hon), LLD (Hon)*
- Vice Chairmen: \* † **Dr David SIN Wai Kin**, *DSSc (Hon)*  
**Mr WOO Kim Phoe**
- Directors: **The Honourable LEE Quo Wei**, *GBM, JP (resigned on 6 October 2004)*  
† **Mr Patrick FUNG Yuk Bun**  
**Mr Dominic CHENG Ka On**  
**Mr Richard TANG Yat Sun**, *MBA, BBS, JP*  
\* † **Mr Stephen HO Tze Tung**, *(deceased on 28 July 2004)*  
**Mr Colin LAM Ko Yin**, *BSc, ACIB, MBIM, FCILT*  
**Mr Eddie LAU Yum Chuen**  
**Mr Tony NG**  
**Mr Norman HO Hau Chong**, *BA, ACA, FHKSA*  
**Mr Howard YEUNG Ping Leung**  
**Mr Thomas LIANG Cheung Biu**, *BA, MBA (appointed on 6 October 2004)*  
**Mr LEE Ka Shing**, *(appointed on 6 October 2004)*  
**Mr Peter YU Tat Kong**, *BSc, MBA, CA, CHA*
- Group General  
Manager: **Mr Peter YU Tat Kong**, *BSc, MBA, CA, CHA*
- Corporate Secretary: **Mr Charles CHU Kwok Sun**
- Auditors: **KPMG**  
*Certified Public Accountants*
- Principal Bankers: **The Hongkong & Shanghai Banking Corporation Limited**  
**Hang Seng Bank Limited**  
**Wing Lung Bank Limited**  
**UFJ Bank Limited**
- Share Registrar: **Computershare Hong Kong Investor Services Limited**  
**17th Floor, Hopewell Centre, 183 Queen's Road East,**  
**Hong Kong**
- Registered Office: **118-130 Nathan Road, Kowloon, Hong Kong**
- Website: **<http://www.miramar-group.com>**
- \* *independent non-executive directors*  
† *members of the Audit Committee, of which Dr David Sin Wai Kin is the Chairman*

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 2004. 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 2004 - UNAUDITED**

	Note	2004 HK\$'000	2003 HK\$'000
<b>Turnover</b>	2	<b>742,380</b>	666,334
<b>Other revenue</b>	3	<b>10,040</b>	20,257
<b>Other net income</b>	4	<b>7,988</b>	1,635
Tour and ticketing costs		(131,118)	(98,917)
Cost of properties under development		(107,712)	(189,546)
Cost of inventories		(49,917)	(31,309)
Staff costs		(94,192)	(93,081)
Depreciation		(17,220)	(17,766)
Utilities, repairs and maintenance and rent		(43,695)	(41,226)
Operating and other expenses		(62,023)	(54,232)
Provision for diminution in value of properties held for resale		(7,500)	(22,667)
<b>Profit from operations</b>	2	<b>247,031</b>	139,482
<b>Finance costs</b>		<b>(7,745)</b>	(14,522)
<b>Share of profits less losses of associates</b>		<b>995</b>	(2,526)
<b>Profit from ordinary activities before taxation</b>		<b>240,281</b>	122,434
<b>Taxation</b>	5(c)	<b>(71,514)</b>	(36,968)
<b>Profit from ordinary activities after taxation</b>		<b>168,767</b>	85,466
<b>Minority interests</b>		<b>(10,131)</b>	11,134
<b>Profit attributable to shareholders</b>		<b>158,636</b>	96,600
<b>Interim dividend declared after the interim period end</b>	6(a)	<b>86,585</b>	75,040
<b>Basic earnings per share</b>	7	<b>27.5 ¢</b>	16.7 ¢
<b>Interim dividend per share</b>		<b>15.0 ¢</b>	13.0 ¢

The notes on pages 6 to 13 form part of this interim financial report.

**CONSOLIDATED BALANCE SHEET  
AT 30 SEPTEMBER 2004 - UNAUDITED**

		<b>At 30 September 2004 HK\$'000</b>	<b>At 31 March 2004 HK\$'000</b>
<b>Non-current assets</b>			
Fixed assets		7,885,072	7,917,740
Other non-current assets		133,155	181,402
		<u>8,018,227</u>	<u>8,099,142</u>
<b>Current assets</b>			
Inventories		104,720	121,345
Trade and other receivables	8	194,173	195,178
Restricted cash		146	189
Cash and bank balances		350,005	184,653
		<u>649,044</u>	<u>501,365</u>
<b>Current liabilities</b>			
Bank overdrafts		–	(832)
Trade and other payables	9	(170,575)	(152,868)
Current portion of interest-bearing bank loans		(42,000)	(33,000)
Sales and rental deposits received		(57,370)	(74,038)
Tax payable		(67,372)	(12,089)
		<u>(337,317)</u>	<u>(272,827)</u>
<b>Net current assets</b>		<u>311,727</u>	<u>228,538</u>
<b>Total assets less current liabilities</b>		<u>8,329,954</u>	<u>8,327,680</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		(988,797)	(1,026,391)
Deferred liabilities		(51,674)	(49,383)
Deferred taxation		(81,885)	(80,793)
		<u>(1,122,356)</u>	<u>(1,156,567)</u>
<b>Minority interests</b>		<u>(185,819)</u>	<u>(193,729)</u>
<b>Net assets</b>		<u>7,021,779</u>	<u>6,977,384</u>
<b>Capital and reserves</b>			
Share capital		404,062	404,062
Reserves	10	6,617,717	6,573,322
		<u>7,021,779</u>	<u>6,977,384</u>

The notes on pages 6 to 13 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004 - UNAUDITED**

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
<b>Total equity at 1 April</b>	<b>6,977,384</b>	6,412,161
Release of deferred tax upon disposal of investment properties	<b>2,785</b>	836
Surplus on revaluation of non-trading securities	<b>6,536</b>	30,896
Exchange differences on translation of the financial statements of overseas subsidiaries	<b>390</b>	3,062
<b>Net gains not recognised in the income statement</b>	<b>9,711</b>	34,794
Net profit for the period	<b>158,636</b>	96,600
Dividends approved in respect of the previous year	<b>(115,446)</b>	(115,446)
Revaluation surplus transferred to the income statement upon disposal of investment properties	<b>(8,506)</b>	(2,649)
Revaluation deficit transferred to the income statement upon disposal of non-trading securities	–	7,504
<b>Total equity at 30 September</b>	<b><u>7,021,779</u></b>	<b><u>6,432,964</u></b>

The notes on pages 6 to 13 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004 - UNAUDITED**

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
<b>Net cash from operating activities</b>	<b>313,171</b>	187,800
<b>Net cash from investing activities</b>	<b>15,266</b>	6,680
<b>Net cash used in financing activities</b>	<b>(162,253)</b>	(174,009)
<b>Net increase in cash and cash equivalents</b>	<b>166,184</b>	20,471
<b>Cash and cash equivalents at 1 April</b>	<b>183,821</b>	105,985
<b>Cash and cash equivalents at 30 September</b>	<b>350,005</b>	126,456
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	<b>350,005</b>	129,989
Bank overdrafts	–	(3,533)
	<b>350,005</b>	126,456

The notes on pages 6 to 13 form part of this interim financial report.

## **NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT :**

### **1 SIGNIFICANT ACCOUNTING POLICIES**

#### **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 Institute of Certified Public Accountants (“HKICPA”). 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 25 “Interim financial reporting” issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2004 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 2004 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 June 2004.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 March 2004.

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 2004 annual financial statements.

## 2 TURNOVER AND SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographic 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 2004

	Property investment	Property development and sales	Hotel ownership and management	Food and beverage operation	Travel operation	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	164,776	232,622	137,169	55,752	152,061	-	742,380
Inter-segment revenue	6,841	-	2,334	-	211	(9,386)	-
Other revenue from external customers	632	14	1,604	485	1,245	-	3,980
Total	<u>172,249</u>	<u>232,636</u>	<u>141,107</u>	<u>56,237</u>	<u>153,517</u>	<u>(9,386)</u>	<u>746,360</u>
Contribution from operations	123,467	97,605	52,604	(2,605)	(2,953)	-	268,118
Provision for diminution in value of properties held for resale	-	-	-	-	-	-	(7,500)
Unallocated operating income and expenses	-	-	-	-	-	-	(13,587)
Profit from operations	-	-	-	-	-	-	<u>247,031</u>

## 2 TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

### Business segments (continued)

#### Six months ended 30 September 2003

	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	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	<u>181,416</u>	<u>237,534</u>	<u>99,497</u>	<u>49,365</u>	<u>115,461</u>	<u>(9,060)</u>	<u>674,213</u>
Contribution from operations	130,914	39,700	23,767	(7,608)	(7,270)		179,503
Provision for diminution in value of properties held for resale							(22,667)
Unallocated operating income and expenses							(17,354)
Profit from operations							<u>139,482</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 2004

	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>484,941</u>	<u>34,315</u>	<u>223,124</u>	<u>742,380</u>

#### 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>



**3 OTHER REVENUE**

**Six months ended 30 September**

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
Interest income	<b>1,224</b>	5,906
Management fee income	<b>550</b>	1,650
Forfeited deposits	<b>454</b>	241
Sundry income	<b>7,812</b>	12,460
	<u><b>10,040</b></u>	<u>20,257</u>

**4 OTHER NET INCOME**

**Six months ended 30 September**

	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of investment properties	<b>7,988</b>	1,635
	<u><b>7,988</b></u>	<u>1,635</u>

## 5 TAXATION

- (a) The charge comprises Hong Kong Profits Tax calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the period.

In addition to the amount charged to the consolidated 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:

	<b>Six months ended 30 September</b>	
	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
<b>Current tax - Provision for Hong Kong Profits Tax</b>		
Tax for the period	<u>20,972</u>	<u>16,357</u>
<b>Current tax - Overseas</b>		
Tax for the period	<b>46,496</b>	16,340
Under-provision in respect of prior years	–	653
	<u>46,496</u>	<u>16,993</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	<u>3,873</u>	<u>3,513</u>
<b>Share of associate's taxation</b>		
- Hong Kong Profits Tax	<b>26</b>	28
- Overseas taxation	<b>147</b>	77
	<u>173</u>	<u>105</u>
	<u><b>71,514</b></u>	<u>36,968</u>

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

## 6 DIVIDEND

- (a) Dividend attributable to the interim period:

	<b>Six months ended 30 September</b>	
	<b>2004</b>	2003
	<b>HK\$'000</b>	HK\$'000
Interim dividend declared after the interim period end of 15 cents per share (2003: 13 cents per share)	<b>86,585</b>	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) Dividend attributable to the previous financial year, approved and paid during the interim period/year:

	<b>At 30</b>	At 31
	<b>September</b>	March
	<b>2004</b>	2004
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year approved and paid during the interim period/year, of 20 cents per share (at 31 March 2004 : 20 cents per share)	<b>115,446</b>	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\$158,636,000 (2003: HK\$96,600,000) and 577,231,252 shares (2003: 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:

	<b>At 30 September 2004 HK\$'000</b>	At 31 March 2004 HK\$'000
0 to 3 months	<b>36,094</b>	34,495
More than 3 months	<b>11,211</b>	8,933
Trade receivables	<b>47,305</b>	43,428
Other receivables	<b>146,868</b>	151,750
	<b>194,173</b>	195,178

All of 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:

	<b>At 30 September 2004 HK\$'000</b>	At 31 March 2004 HK\$'000
Due within 3 months or on demand	<b>30,678</b>	34,577
Due after 3 months but within 6 months	<b>4,134</b>	4,823
Trade payables	<b>34,812</b>	39,400
Other payables	<b>135,763</b>	113,468
	<b>170,575</b>	152,868

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 2004	287,628	1,749,000	3,772	304,827	3,858,242	(33,981)	403,834	6,573,322
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	-	-	390	-	-	-	-	390
Release of deferred tax upon disposal of investment properties	-	-	-	-	2,785	-	-	2,785
Transfer to the income statement upon disposal of investment properties	-	-	-	-	(8,506)	-	-	(8,506)
Non-trading securities revaluation surplus	-	-	-	-	-	6,536	-	6,536
Profit for the period	-	-	-	-	-	-	158,636	158,636
At 30 September 2004	<u>287,628</u>	<u>1,749,000</u>	<u>4,162</u>	<u>304,827</u>	<u>3,852,521</u>	<u>(27,445)</u>	<u>447,024</u>	<u>6,617,717</u>

## 11 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to better present the results and financial conditions of the Group.

## **INTERIM DIVIDEND**

The Directors declare the payment of an interim dividend of 15 cents per share in respect of the financial year ending 31 March 2005 to shareholders listed on the Register of Members on 6 January 2005. Dividend warrants will be despatched by mail to shareholders on or about 12 January 2005.

## **CLOSING OF THE REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 29 December 2004 to 6 January 2005, 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, 28 December 2004.

## **REVIEW OF OPERATIONS AND PROSPECTS**

The unaudited profit attributed to shareholders for the six months period ended 30 September 2004 was HK\$158,636,000, an increase of 64% over the same period last year.

### **Business Overview**

With improvement in the world economy, coupled with supportive policies towards Hong Kong from the Central Government, the job market in Hong Kong has stabilized and consumer confidence has improved. This provided the Group with a more favourable operating environment for the period under review. In particular, the hotel business recorded a rather healthy growth. In addition, satisfactory land sales in USA was realized. As a result, the Group's profit achieved a considerable increase as compared to the same period last year.

### **Hotel Operations**

The continuous improvement in the world economy brought about an increase in the commercial activities as evidenced by the growth in the number of trade fairs held in Hong Kong this year. In addition, growth in tourists arrival from the Mainland continued to be strong. Hotel Miramar reported an average occupancy rate of 90% for the period under review and achieved a satisfactory increase in its operating profits compared with the same period last year. Moreover, the results of the Hotel's food and beverage business were encouraging with a healthy growth in sales volume. Revenues generated from wedding banquets and other functions also increased satisfactorily following the renovation of the Ballroom.

## **Property Business**

The average occupancy rates at the Miramar Shopping Centre and the Grade A offices of Miramar Tower increased to 93% and 95% respectively. However, reflecting the prior periods' downward pressure in the market upon tenant renewals, the rental income of these properties experienced a slight drop. The Hotel Miramar Shopping Arcade also recorded a slight drop in rental income compared with the previous period. As the property market continues to improve, it is expected that over time, rental income will improve.

Nearly 80% of the Knutsford Steps complex has been leased. The atmosphere is vibrant during evenings. It is anticipated that the Knutsford Steps will soon become a premier dining and entertainment hub in Kowloon.

The property market in California, USA remained positive. During the financial period under review, the Group successfully sold approximately 96 acres of residential land and 16 acres of commercial land in Placer County. Many previous land buyers have built new houses for sales and registered encouraging transactions. Supported by such positive market condition, land sales during the period under review resulted in satisfactory prices and thereby generated meaningful profit contribution to the Group.

The property market in Shanghai has been healthy. Almost all the Shang-Mira Garden retail shops were successfully leased out. The present strategy is to attract high quality tenants to enhance the market value of its shopping arcade. All office units have been leased as well. In addition, some of these leased office units were sold during the period under review.

## **Food and Beverage Operations**

During the period under review, Tsui Hang Village Restaurant outlets achieved improved results in profit growth with more than 10% increase in turnover. However, the fast food outlet reported an operating loss while the food and beverage operations in China remained stable.

## **Travel Business**

Benefiting from the strengthening consumer confidence, revenues of the cruise business, air ticket and hotel packages and commercial travel sectors increased satisfactorily compared to the same period last year. The Outbound Tours Division underwent structural and operational reforms, resulting in improvement in service quality. However, operating results still lagged behind expectations under the intense market competition. To improve performance, efforts have been continuously focused on developing new products and reinforcing its market position.

**Prospects**

With a healthy growth in the global economy, and in particular, the effective macro-economic management measures in China, Hong Kong is experiencing a favorable environment for its own economic recovery. Furthermore, the deployment of beneficial policies by the Chinese Government, including Closer Economic Partnership Arrangement (CEPA) and the focus on Pan-Pearl River Delta regional co-operation also produce very positive impact on the local economy. Backed by these factors, the Group will continue to adopt flexible strategies to enhance operating results on all its core businesses. The Board of Directors is confident that, barring any unforeseen circumstances, the Group will achieve better results this fiscal year over that of last year.

**Directors**

Dr Ho Tim, the Honorary Chairman of the Company, and Mr Stephen Ho Tze Tung, a director of the Company, passed away on 6 November 2004 and 28 July 2004 respectively. The Board of Directors deeply regrets the departure of Dr Ho and Mr Ho, and expresses its gratitude for the valuable contributions of Dr Ho and Mr Ho to the Company during their tenures.



## DISCLOSURE OF INTERESTS

### Directors' Interests in Shares

As at 30 September 2004, 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 (“Stock Exchange”) 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 Chau Kee	–	–	254,873,250 <i>(note 1)</i>	–	44.15%
	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	–	6,180,000 <i>(note 2)</i>	2.24%
	Mr Patrick FUNG Yuk Bun	–	–	–	8,426,710 <i>(note 3)</i>	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 <i>(note 4)</i>	–	1.97%
Booneville Company Limited	Dr LEE Chau Kee	–	–	2 <i>(note 5)</i>	–	100%
Fook Po Enterprises Company Limited	Dr LEE Chau Kee	270	–	–	–	9.80%
	Dr David SIN Wai Kin	225	–	–	–	8.17%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Chau Kee	–	–	2 <i>(note 6)</i>	–	100%
Placer Holdings, Inc.	Mr Richard TANG Yat Sun	4,000	–	–	–	2%
Strong Guide Property Limited	Dr LEE Chau Kee	–	–	2 <i>(note 7)</i>	–	100%

Save as disclosed above, as at 30 September 2004, 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 2004, amounting to 5% or more of the shares in issue:

<b>Substantial Shareholders</b>	<b>Ordinary shares held</b>	<b>Percentage of total issued shares</b>
Dr Lee Shau Kee	254,873,250 <i>(note 1)</i>	44.15%
Rimmer (Cayman) Limited ("Rimmer")	254,873,250 <i>(note 8)</i>	44.15%
Riddick (Cayman) Limited ("Riddick")	254,873,250 <i>(note 8)</i>	44.15%
Hopkins (Cayman) Limited ("Hopkins")	254,873,250 <i>(note 8)</i>	44.15%
Henderson Development Limited ("Henderson Development")	254,873,250 <i>(note 9)</i>	44.15%
Henderson Land Development Company Limited ("Henderson Land")	254,873,250 <i>(note 9)</i>	44.15%
Kingslee S.A.	254,873,250 <i>(note 10)</i>	44.15%
Henderson Investment Limited ("Henderson Investment")	254,873,250 <i>(note 10)</i>	44.15%
Aynbury Investments Limited ("Aynbury")	254,873,250 <i>(note 10)</i>	44.15%
Higgins Holdings Limited ("Higgins")	100,612,750 <i>(note 10)</i>	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 <i>(note 10)</i>	13.71%
Threadwell Limited ("Threadwell")	75,139,000 <i>(note 10)</i>	13.02%

### Persons other than Substantial Shareholders

Mr Chong Wing Cheong	57,587,210	9.98%
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Save as disclosed above, as at 30 September 2004, 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 254,873,250 shares, which are duplicated in the interests described in Notes 8, 9 and 10.
- (2) 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. Neither The Honourable Lee Quo Wei nor Mrs Lee was a beneficiary of such shareholdings.
- (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 65.32% 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 254,873,250 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 254,873,250 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 254,873,250 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 254,873,250 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 8% (at 31 March 2004: 11%) 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 2004, total available facilities amounted to HK\$1.8 billion (at 31 March 2004: HK\$2.3 billion), and 57% (at 31 March 2004: 45%) were drawn down. At 30 September 2004, consolidated net borrowings were HK\$0.6 billion (at 31 March 2004: HK\$0.8 billion), of which HK\$0.1 billion was secured borrowings (at 31 March 2004: HK\$0.1 billion).

## **EMPLOYEES**

As at 30 September 2004, the Company employed about a total of 1,322 full-time employees, including 987 employed in Hong Kong, 323 employed in the People's Republic of China and 12 employed in the United States of America. During the past year, the Company continues to offer reasonable and attractive salaries and benefits to our employees. By linking the job performance to the pay, we use various types of incentive schemes to stimulate and motivate our employees. Through the market research and regular internal review on the salary and incentive schemes, we maintain our remuneration packages fair and competitive.

Training and development of our employee is one of the most concerns of the Company. Apart from organizing the on-the-job training activities constantly, the Company always encourage the employees to participate the job-related external training courses in order to strengthen their job competence as well as enhancing the competitive edge of the Company.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE**

As at the date of this interim report, the board of directors of the Company includes only one independent non-executive director (“INEDs”), Dr David Sin Wai Kin. The audit committee of the Company currently comprises only two members, Dr David Sin Wai Kin and Mr Patrick Fung Yuk Bun, another director of the Company. As announced by the Company on 4 August 2004, Mr Stephen Ho Tze Tung, previously an INED of the Company and a member of the audit committee of the Company, passed away on 28 July 2004.

In the circumstances, as announced by the Company on 30 September 2004 and up to the date of this interim report, the requirements under Rules 3.10(1) and (2) of the Listing Rules relating to number of INEDs and professional qualification of at least one INED and under Rule 3.21 of the Listing Rules relating to audit committee are not met by the Company.

The Company has endeavoured to identify additional persons as INEDs who would meet the requirements relating to INEDs under the Listing Rules and who would enable the Company to meet the requirements relating to the audit committee under the Listing Rules. The Company is in the process of establishing and confirming the independence of certain persons, taking into account the factors set out in Rule 3.13 of the Listing Rules.

The Company will endeavour to ensure that suitable candidates will be identified as INEDs as soon as possible to fulfill the requirements of Rules 3.10(1) and (2) and Rule 3.21 of the Listing Rules. Further announcement will be made by the Company upon the fulfillment of those requirements.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

Save for the requirements relating to the audit committee not being met by the Company, 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, 30 November 2004



## **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 2 to 13.

### **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 Institute of Certified Public 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 Institute of Certified Public 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 2004.

**KPMG**  
Certified Public Accountants

Hong Kong, 30 November 2004