CORPORATE INFORMATION

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:	†⊿	**Mr Patrick FUNG Yuk Bun**
	†⊿	**Mr Dominic CHENG Ka On**
	>@ *	**Mr Richard TANG Yat Sun**, *MBA, BBS, JP*
	> *	**Mr Colin LAM Ko Yin**, *BSc, ACIB, MBIM, FCILT*
	> *	**Mr Eddie LAU Yum Chuen**
	⊿	**Mr Tony NG**
	> *	**Mr Norman HO Hau Chong**, *BA, ACA, FCPA*
	⊿	**Mr Howard YEUNG Ping Leung**
	> *	**Mr LEE Ka Shing**
	⊿	**Mr Thomas LIANG Cheung Biu**, *BA, MBA*
	†@ #	**Mr WU King Cheong**, *BBS, JP*
	⊿	**Mr Alexander AU Siu Kee**, *OBE, FCCA, FCPA, FCIB, FHKIB*
	> *	**Mr Peter YU Tat Kong**, *BSc, MBA, CA, CHA*
Group General Manager:		**Mr Peter YU Tat Kong**, *BSc, MBA, CA, CHA*
Qualified Accountant:		**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**
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**

* *executive directors*
⊿ *non-executive directors*
\# *independent non-executive directors*
† *members of the Audit Committee*
@ *members of the Remuneration Committee, of which Dr Lee Shau Kee is the Chairman*
\> *members of the General Purpose Committee*

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 2005. 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 2005 - UNAUDITED

	Note	**2005 HK$'000**	2004 HK$'000 (restated)
Turnover	3	**635,947**	742,380
Other revenue	4	**12,188**	10,040
Other net loss	5	**(650)**	(518)
Tour and ticketing costs		**(137,121)**	(131,118)
Cost of properties under development		**(8,203)**	(107,712)
Cost of inventories		**(58,063)**	(49,917)
Staff costs		**(109,696)**	(94,192)
Depreciation and amortisation		**(18,611)**	(18,053)
Utilities, repairs and maintenance and rent		**(49,821)**	(43,695)
Operating and other expenses		**(47,405)**	(62,023)
Provision for diminution in value of properties held for resale		**–**	(7,500)
Net increase in fair value of investment properties	9 (a)	**218,352**	–
Profit from operations	3	**436,917**	237,692
Finance costs		**(16,786)**	(7,745)
Share of profits less losses of associates		**2,086**	822
Profit before taxation		**422,217**	230,769
Income tax	6 (c)	**(89,114)**	(68,505)
Profit for the period		**333,103**	162,264
Attributable to:			
Shareholders of the Company		**327,744**	152,149
Minority interests		**5,359**	10,115
		333,103	162,264
Interim dividend declared after the interim period end	7 (a)	**86,585**	86,585
Basic earnings per share	8	**56.8 ¢**	26.4 ¢
Interim dividend per share		**15.0 ¢**	15.0 ¢

The notes on pages 7 to 24 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2005 - UNAUDITED

	Note	At 30 September 2005 HK$'000	At 31 March 2005 HK$'000 (restated)
Non-current assets			
Fixed assets	9	**6,770,783**	6,564,019
Other non-current assets		**33,333**	75,051
		6,804,116	6,639,070
Current assets			
Properties under development		**144,687**	70,731
Inventories		**95,538**	100,281
Trade and other receivables	10	**156,692**	164,140
Restricted cash		**325**	325
Cash and bank balances		**252,738**	294,367
Tax recoverable		**12,778**	25,932
		662,758	655,776
Current liabilities			
Bank overdrafts		**–**	(98)
Trade and other payables	11	**(140,505)**	(156,064)
Current portion of interest-bearing borrowings		**–**	(146,673)
Sales and rental deposits received		**(62,922)**	(61,597)
Tax payable		**(30,034)**	(19,041)
		(233,461)	(383,473)
Net current assets		**429,297**	272,303
Total assets less current liabilities		**7,233,413**	6,911,373
Non-current liabilities			
Interest-bearing borrowings		**(883,000)**	(825,000)
Deferred liabilities		**(64,397)**	(51,088)
Deferred taxation		**(917,087)**	(872,436)
Amount due to minority shareholders		**(164,612)**	(167,220)
		(2,029,096)	(1,915,744)
Net assets		**5,204,317**	4,995,629
Capital and reserves			
Share capital		**404,062**	404,062
Reserves		**4,782,409**	4,580,849
Total equity attributable to shareholders of the Company	12	**5,186,471**	4,984,911
Minority interests	12	**17,846**	10,718
Total equity	12	**5,204,317**	4,995,629

The notes on pages 7 to 24 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005 - UNAUDITED

	Note	**2005** **HK$'000**	2004 HK$'000 (restated)
Total equity at 1 April			
- Attributable to the shareholders of the Company (as previously reported at 31 March)	12	**7,814,348**	6,977,384
- Minority interests (as previously presented separately from liabilities and equity at 31 March)	12	**11,240**	(1,934)
		7,825,588	6,975,450
- Prior period adjustments arising from changes in accounting policies	2(i)(i)/12	**(2,829,959)**	(2,639,460)
Total equity at 1 April as restated		**4,995,629**	4,335,990
Release of deferred tax upon disposal of investment properties			2,785
- Prior period adjustment arising from changes in accounting policies under HKAS 40			(2,785)
			–
Change in fair value of available-for-sale securities	12	**(4,753)**	6,536
Exchange differences on translation of the financial statements of overseas subsidiaries	12	**7,329**	991
Net gains not recognised in the income statement		**2,576**	7,527

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005 - UNAUDITED

	Note	**2005**	2004
		HK$'000	HK$'000
			(restated)
Net profit for the period			
- Attributable to shareholders of the Company (as previously reported)			158,636
- Minority interests (as previously presented separately in the income statement)			10,131
- Prior period adjustment arising from changes in accounting policies	2(i)(ii)		(6,503)
Net profit for the period (2004: as restated)	12	**333,103**	162,264
Total recognised income and expense for the period (2004: as restated)		**335,679**	169,791
Attributable to			
- Shareholders of the Company		**328,551**	159,075
- Minority interests		**7,128**	10,716
		335,679	169,791
Dividends in respect of the previous year approved and paid during the period	7(b)	**(126,991)**	(115,446)
Revaluation surplus transferred to the income statement upon disposal of investment properties			(8,506)
Prior period adjustment arising from changes in accounting policies under HKAS 40			8,506
			–
		5,204,317	4,390,335

The notes on pages 7 to 24 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005 - UNAUDITED

	2005	2004
	HK$'000	HK$'000
Net cash from operating activities	**137,344**	313,171
Net cash from investing activities	**722**	15,266
Net cash used in financing activities	**(179,597)**	(162,253)
Net (decrease) / increase in cash and cash equivalents	**(41,531)**	166,184
Cash and cash equivalents at 1 April	**294,269**	183,821
Cash and cash equivalents at 30 September	**252,738**	350,005
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**252,738**	350,005

The notes on pages 7 to 24 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 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 29 November 2005.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2005, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2006. Details of these changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2005 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

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 HKICPA. KPMG's independent review report to the board of directors is included on page 34.

The financial information relating to the financial year ended 31 March 2005 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2005 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 2005.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) that are effective for accounting periods beginning on or after 1 January 2005. The changes in accounting policies, which have significant impacts on the Group's interim financial report are summarised as follows:

(a) *Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes - Recovery of revalued non-depreciable assets)*

Changes in accounting policies relating to investment properties are as follows:

(i) Timing of recognition of movements in fair value in the income statement

In prior years, movements in the fair value of the Group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 April 2005, all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40.

This change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits as of 1 April 2005 has increased by HK$4,519,313,000 (2004: HK$3,880,611,000) to include all of the Group's previous investment properties revaluation reserve. In addition, the Group's profit attributable to shareholders for the six months ended 30 September 2005 has increased by HK$216,288,000 (2004: decreased by HK$8,506,000).

There is no impact on the Group's net assets as at the periods end as a result of the adoption of this new policy.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) *Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes - Recovery of revalued non-depreciable assets) (continued)*

(ii) Measurement of deferred tax on movements in fair value

In prior years, the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties located in Hong Kong, no deferred tax was provided in prior years. In respect of the Group's investment properties located in The People's Republic of China ("PRC"), deferred tax was provided based on the tax rates applicable to the sales of investment properties in the PRC and was recognised directly in investment properties revaluation reserve.

As from 1 April 2005, in accordance with HK(SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

This change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits and minority interests as of 1 April 2005 have reduced by HK$806,975,000 (2004: HK$695,310,000) and HK$123,000 (2004: HK$94,000) respectively, investment properties revaluation reserve has increased by HK$45,428,000 (2004: HK$22,369,000) and deferred tax liabilities has increased by HK$761,670,000 (2004: HK$673,035,000). In addition, the Group's taxation expense and profit attributable to shareholders for the six months ended 30 September 2005 has increased by HK$36,142,000 (2004: decreased by HK$2,836,000) and decreased by HK$36,142,000 (2004: increased by HK$2,836,000) respectively.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) *Hotel properties (HK Interpretation 2, The appropriate policies for hotel properties)*

In prior years, the Group's hotel properties were stated at their open market value based on an annual professional valuation and no depreciation is provided on hotel properties held on lease of more than 20 years as they are maintained in a continuous state of proper repair and improvements thereto from time to time.

Upon the adoption of HK Int 2, all owner-operated hotel properties are stated at cost less accumulated depreciation and impairment losses.

This change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits and capital reserve as of 1 April 2005 have reduced by HK$68,956,000 (2004: HK$67,357,000) and HK$1,998,513,000 (2004: HK$1,898,316,000) respectively. In addition, the change has increased depreciation charge and reduced the Group's profit attributable to shareholders for the six months ended 30 September 2005 by HK$799,000 (2004: HK$799,000).

(c) *Leasehold land held for redevelopment for sale (HKAS 17, Leases)*

In prior years, leasehold land held for redevelopment for sale was stated at the lower of cost and net realisable value.

Upon the adoption of HKAS 17 as from 1 April 2005, land premiums paid for acquiring the land leases, or other lease payments, are amortised on a straight-line basis over the lease term. If the property is in the course of development or re-development, the amortisation charge is included as part of the costs of the property under development. In all other cases, the amortisation charge for the period is recognised in the income statement immediately.

The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and the comparative information adjusted for the amounts relating to prior periods as disclosed in note 2(i).

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) *Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, consolidated and separate financial statements)*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 April 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the shareholders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the attributable profit between the minority interests and the shareholders of the Company.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

(e) *Share of associates' taxation (HKAS 1, Presentation of financial statements)*

In prior years, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement. With effect from 1 April 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and includes the share of taxation of associates accounted for using the equity method in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax. These changes in presentation have been applied retrospectively with comparatives restated.

As a result of this new presentation, the Group's share of profits less losses of associates has decreased by HK$362,000 (2004: HK$173,000). The Group's income tax has decreased by the same amount and there is accordingly no net effect on net assets in either period.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(f) *Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)*

In prior periods:

– positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business;

– positive goodwill which arose on or after 1 January 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

– negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

With effect from 1 April 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1 April 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises.

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e. goodwill which arose before 1 January 2001) will not be recognised in the income statement on disposal or impairment of the acquired business, or under any other circumstances.

The change in policy has had no impact on the interim financial report for the six months ended 30 September 2005.

(g) *Retranslation of goodwill relating to a net investment in a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)*

In prior years, goodwill was recognised directly in equity or carried at cost less amortisation and impairment as described in note 2(f).

With effect from 1 April 2005, in order to comply with HKAS 21, any goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation. Thus it is expressed in the functional currency of that foreign operation and is retranslated at the closing rate at each balance sheet date. Any resulting exchange difference is taken directly to the exchange reserves, together with any other differences arising from the re-translation of the net assets of the foreign operation.

In accordance with the transitional provisions in HKAS 21, this new policy has not been adopted retrospectively and will only be applied to acquisitions occurring on or after 1 January 2005. As the Group has not acquired any new foreign operations since that date, the change in policy has had no impact on the interim financial report for the six months ended 30 September 2005.

(h) *Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)*

In prior years, non-trading securities are stated in the balance sheets at fair value. Changes in fair value are recognised in the non-trading securities revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the non-trading securities revaluation reserve to the income statement.

With effect from 1 April 2005, and in accordance with HKAS 39, all non-trading investments are classified as available-for-sale securities and carried at fair value. Changes in fair value are recognised in equity, unless there is objective evidence that an individual investment has been impaired. If there is objective evidence that an individual investment has been impaired, any amount held in the investment revaluation reserve in respect of the investment is transferred to the income statement for period in which the impairment is identified. Any subsequent increase in the fair value of available-for-sale equity securities is recognised directly in equity.

The change in policy has had no impact on the interim financial report for the six months ended 30 September 2005.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) *Summary of the effect of changes in the accounting policies*

The following tables set out the adjustments that have been made as a result of the adoption of new accounting policies for the period:

(i) Effect on opening balance of total equity at 1 April 2005 and 2004 (as adjusted)

	Opening balance of retained profits		*Opening balance of capital reserve*		*Opening balance of investment properties revaluation reserve*		*Opening balance of minority interests*		*Total*	
	2005	*2004*	***2005***	*2004*	***2005***	*2004*	***2005***	*2004*	***2005***	*2004*
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Effect of new policy increase/(decrease)										
Prior period adjustments:										
HKAS 40										
Investment properties	**3,712,338**	3,185,301	**—**	—	**(4,473,885)**	(3,858,242)	**(123)**	(94)	**(761,670)**	(673,035)
HK Interpretation 2										
Hotel properties	**(68,956)**	(67,357)	**(1,998,513)**	(1,898,316)	**—**	—	**—**	—	**(2,067,469)**	(1,965,673)
HKAS 17										
Leasehold land held for redevelopment for sale	**(421)**	(386)	**—**	—	**—**	—	**(399)**	(366)	**(820)**	(752)
	3,642,961	3,117,558	**(1,998,513)**	(1,898,316)	**(4,473,885)**	(3,858,242)	**(522)**	(460)	**(2,829,959)**	(2,639,460)

(ii) Effect on profit after taxation for the six months ended 30 September 2005 and 2004

	Profit attributable to					
	Shareholders		*Minority interests*		*Total*	
	2005	*2004*	***2005***	*2004*	***2005***	*2004*
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Effect of new policy increase/(decrease)						
HKAS 40						
Investment properties	**180,146**	(5,670)	**—**	—	**180,146**	(5,670)
HK Interpretation 2						
Hotel properties	**(799)**	(799)	**—**	—	**(799)**	(799)
HKAS 17						
Leasehold land held for redevelopment for sale	**(18)**	(18)	**(17)**	(16)	**(35)**	(34)
	179,329	(6,487)	**(17)**	(16)	**179,312**	(6,503)

3 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.

3 TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

Business segments (continued)
Six months ended 30 September 2005

	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
TURNOVER							
Revenue from external customers	**172,630**	**66,459**	**148,887**	**90,517**	**157,454**	**—**	**635,947**
Inter-segment revenue	**6,959**	**—**	**2,086**	**—**	**228**	**(9,273)**	**—**
Other revenue from external customers	**1,580**	**14**	**1,442**	**632**	**893**	**—**	**4,561**
Total	**181,169**	**66,473**	**152,415**	**91,149**	**158,575**	**(9,273)**	**640,508**
RESULTS							
Contribution from operations	**132,483**	**54,052**	**60,779**	**(3,043)**	**(3,349)**		**240,922**
Provision for diminution in value of properties held for resale	**—**	**—**	**—**	**—**	**—**		**—**
Net increase in fair value of investment properties	**218,352**	**—**	**—**	**—**	**—**		**218,352**
Unallocated operating income and expenses							**(22,357)**
Profit from operations							**436,917**

Six months ended 30 September 2004 (restated)

	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
TURNOVER							
Revenue from external customers	172,495	232,622	129,450	55,752	152,061	—	742,380
Inter-segment revenue	6,841	—	2,334	—	211	(9,386)	—
Other revenue from external customers	711	14	1,525	485	1,245	—	3,980
Total	180,047	232,636	133,309	56,237	153,517	(9,386)	746,360
RESULTS							
Contribution from operations	127,561	97,571	47,711	(2,605)	(2,953)		267,285
Provision for diminution in value of properties held for resale	—	(7,500)	—	—	—		(7,500)
Net increase in fair value of investment properties	—	—	—	—	—		—
Unallocated operating income and expenses							(22,093)
Profit from operations							237,692

3 TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

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 2005

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

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	484,941	34,315	223,124	742,380

4 OTHER REVENUE

	Six months ended 30 September **2005** **HK$'000**	2004 HK$'000
Interest income	**2,923**	1,224
Management fee income	**–**	550
Forfeited deposits	**1,172**	454
Sundry income	**8,093**	7,812
	12,188	10,040

5 OTHER NET LOSS

	Six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
		(restated)
Loss on disposal of investment properties	**650**	518

6 INCOME TAX

(a) Provision for Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the period.

(b) Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.

(c) Income tax in the consolidated income statement represents:

	Six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
		(restated)
Current tax - Provision for Hong Kong Profits Tax		
Tax for the period	**21,144**	20,972
Current tax - Overseas		
Tax for the period	**23,244**	46,496
Deferred taxation		
Origination and reversal of temporary differences	**44,726**	1,037
	89,114	68,505

(d) Share of associates' taxation for the six months ended 30 September 2005 of HK$362,000 (2004: HK$173,000) is included in the share of profits less losses of associates.

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

7 DIVIDENDS

(a) Dividend attributable to the interim period:

	Six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Interim dividend declared after the interim period end of 15 cents per share (2004: 15 cents per share)	**86,585**	86,585

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:

	Six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Final dividend in respect of the previous financial year approved and paid during the interim period, of 22 cents per share (2004: 20 cents per share)	**126,991**	115,446

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to ordinary shareholders of HK$327,744,000 (2004 (restated) : HK$152,149,000) and 577,231,252 shares (2004 : 577,231,252 shares) in issue during the period.

9 FIXED ASSETS

(a) Investment properties

Investment properties of the Group were revalued at 30 September 2005 by the directors with reference to a professional valuation that was carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited who have among their staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. During the period, the net increase in fair value of investment properties was HK$218,352,000 (2004 : HK$ Nil).

(b) Hotel property

Hotel property with net book value of HK$53,568,000 was valued at 30 September 2005 by the directors with reference to a professional valuation that was carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited who have among their staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis at HK$2,227,000,000 (as at 31 March 2005: HK$2,170,000,000). The valuation is for information purpose only and has not been incorporated in the interim financial report.

10 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 2005 HK$'000	At 31 March 2005 HK$'000
0 to 3 months	**43,458**	41,233
More than 3 months	**9,994**	11,700
Trade receivables	**53,452**	52,933
Other receivables	**103,240**	111,207
	156,692	164,140

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.

11 TRADE AND OTHER PAYABLES

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

	At 30 September 2005 HK$'000	At 31 March 2005 HK$'000
Due within 3 months or on demand	**35,224**	42,464
Due after 3 months but within 6 months	**5,311**	7,909
Trade payables	**40,535**	50,373
Other payables	**99,970**	105,691
	140,505	156,064

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

12 CAPITAL AND RESERVES

	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	General reserve HK$'000	Investment properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2005												
— As previously reported		404,062	287,628	1,849,197	4,409	304,827	4,473,885	(32,198)	522,538	7,814,348	11,240	7,825,588
— Prior period adjustments in respect of :												
Investment properties and related deferred taxation	2 (a)	—	—	—	—	—	(4,473,885)	—	3,712,338	(761,547)	(123)	(761,670)
Hotel property	2 (b)	—	—	(1,998,513)	—	—	—	—	(68,956)	(2,067,469)	—	(2,067,469)
Leasehold land held for redevelopment for sale	2 (c)	—	—	—	—	—	—	—	(421)	(421)	(399)	(820)
— As restated		404,062	287,628	(149,316)	4,409	304,827	—	(32,198)	4,165,499	4,984,911	10,718	4,995,629
Dividend in respect of the previous year approved and paid during the period	7 (b)	—	—	—	—	—	—	—	(126,991)	(126,991)	—	(126,991)
Reclassification		—	—	48,535	—	—	—	—	(48,535)	—	—	—
Exchange differences on translation of financial statements of overseas subsidaries		—	—	—	5,560	—	—	—	—	5,560	1,769	7,329
Change in fair value of available-for-sales securities		—	—	—	—	—	—	(4,753)	—	(4,753)	—	(4,753)
Profit for the period		—	—	—	—	—	—	—	327,744	327,744	5,359	333,103
At 30 September 2005		404,062	287,628	(100,781)	9,969	304,827	—	(36,951)	4,317,717	5,186,471	17,846	5,204,317

13 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2005 not provided for in the interim financial report were as follow:

	The Group	
	At 30 September 2005 HK$'000	At 31 March 2005 HK$'000
Contracted for:		
- Future expenditure relating to properties	**164,570**	21,442
Authorised but not contracted for	**1,200**	1,500
	165,770	22,942

14 CONTINGENT LIABILITIES

At 30 September 2005, there were contingent liabilities in respect of the following:

- Guarantees given to banks by the Company in respect of mortgage loans granted by the banks to third parties for financing their purchases of the properties from a 51.36% subsidiary, amounted to HK$232,000 (As at 31 March 2005: HK$332,000). The Company's liabilities under the guarantees shall be limited to US$855,000, out of the total guarantee of US$1,069,000.
- An associate of the Group has executed a guarantee to a bank to cover the mortgage loans granted by the bank to third parties for financing their purchases of the properties from the associate. The Group's share of the contingent liability in this respect at 30 September 2005 was HK$237,000 (As at 31 March 2005: HK$469,000).

15 MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group incurred a fee of HK$681,000 (2004: HK$950,000) to a subsidiary of its major shareholder for the provision of property agency services to the Group's investment properties in Hong Kong which was calculated at a certain percentage of the gross rental income from the Group's investment properties during the period.

The Group's travel division provides agency services to certain subsidiaries and associates of its major shareholder amounted to HK$7,208,000 (2004: HK$5,410,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amount due to these companies at the period end amounted to HK$3,842,000 (As at 31 March 2005: HK$2,594,000)

The Group's travel division receives agency services from associates of its major shareholder in respect of air ticket booking and hotel accommodation under similar terms it receives from other suppliers. Services fees paid to these associates for the period amounted to HK$137,000 (2004: HK$188,000). The amounts due to these associates at the period end amounted to HK$25,000 (As at 31 March 2005: HK$42,000)

(b) During the period, no hotel management services were received by the Group from an associate in respect of the Group's hotel operation in Hong Kong. Management fee paid for last period amounted to HK$1,230,000 which was calculated at 3% of the gross income derived from the Group's hotel operation in Hong Kong for the period. The amount due from the associate at the period end amounted to HK$Nil (As at 31 March 2005: HK$2,447,000).

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) The Group provides hotel management services to certain associates which run hotel operations in the PRC and Hong Kong. Total management fees received for the period amounted to HK$2,336,000 (2004: HK$1,856,000) which were calculated at a certain percentage of the respective associates' revenue for the period. The net amounts due from these associates at the period end amounted to HK$6,711,000 (As at 31 March 2005: HK$5,337,000).

(d) The Company and its wholly-owned subsidiaries received repayment of loans to certain associates totaling HK$445,000 (2004: HK$33,000) during the period. Such loans are unsecured, non-interest bearing and repayable on demand. The amounts due from these associates at the period end amounted to HK$22,514,000 (As at 31 March 2005: HK$22,069,000).

(e) The Group entered into a lease with a subsidiary of its major shareholder for the leasing of a Group's premises in Hong Kong, under normal commercial terms it offers to other tenants, during the period. Total rental and building management fee received for the period amounted to HK$377,000 (2004: HK$1,115,000). The amount due from this company at the period end amounted to HK$Nil (As at 31 March 2005: HK$1,291,000).

(f) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop Nos.3101-3107 on Level Three of ifc Mall under the normal commercial terms during the period. Total rental and building management fee expense for the period amounted to HK$4,623,000 (2004: HK$1,163,000) including contingent rental of HK$589,000 (2004: HK$Nil).The amount due to the associate at the period end amounted to HK$Nil (As at 31 March 2005: HK$690,000).

(g) As disclosed in note 14, the Company provided guarantees to banks in respect of banking facilities extended to an associated company.

16 COMPARATIVE FIGURES

Comparative figures have been adjusted as a result of the changes in accounting policies as set out in note 2 to conform with the current period's presentation.

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 2006 to shareholders listed on the Register of Members on 6 January 2006. Dividend warrants will be despatched by mail to shareholders on or about 12 January 2006.

CLOSING OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 December 2005 to 6 January 2006, 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 Wednesday, 28 December 2005.

REVIEW OF OPERATIONS AND PROSPECTS

The Group's unaudited profit attributed to shareholders amounted to HK$327,740,000 for the six months period ended 30 September 2005, an increase of 115% as compared to the same period last year (the first half of FY2004 restated: HK$152,150,000). For the financial period under review, the Group adopted the new accounting policies as stipulated by Hong Kong Institute of Certified Public Accountants, in relation to investment properties and hotels. The new policies led to a reported increase in net profit amounting to HK$179,330,000. Without these changes, the unaudited profit attributed to shareholders for the financial period under review was HK$148,410,000, a decline of 6% as compared to the same period last year. This decrease was primarily due to the drop in sales for this period in the development project in California, USA, as compared to that of the previous period.

Business Overview

The Group's hotel business recorded satisfactory results, benefiting from the continuous growth in the local economy. Improvements in consumer confidence along with healthy growth in the business and leisure travel sectors are all contributing factors. The Group's rental property business continues to look promising with the repositioning of the Miramar Shopping Centre, augmented by fundamental growth in the economy.

Hotel Operations

Hotel Miramar experienced a respectable growth in its operating results, achieving an average occupancy of 88%, while average room rate improved by almost 20% as compared to that of the previous period. Client mix from various geographic regions were also well managed. The hotel food and beverage operations also recorded satisfactory results. However, for the overall hotel industry in Hong Kong, increases in salaries, utilities and food costs were putting pressure on profit margins.

With seven other hotels/serviced apartments under its management in Hong Kong and the Mainland, the Group's hotel management operations reported steady growth. The Nan Hai Hotel in Shenzhen (in which the Group holds a 25% share) registered an increase of more than 30% in operating profit over the same period last year.

Property Business

The Group's property leasing business in Hong Kong maintained a steady growth. During the period under review, the increasing demand for retail shops was driven by the growth in the local retail sector. The Miramar Shopping Centre and the Hotel Miramar Shopping Arcade took advantage of this favourable environment, and successfully reorganized the tenant mix; upgraded the market position and drew in a number of high quality, trendy international brands into the arcades. These initiatives have brought in positive impacts on the traffic figures as well as in leasing activities. New tenants included CK Jeans, Laurel, Folli Follie, Uni-Qlo, Vivienne Westwood, Muji, etc., which took up collectively approximately 60,000 square feet of rental area. Average rental for new retail tenants increased by 47% as compared to rentals for previous tenants. The overall average occupancy rate of the Miramar Shopping Centre and the Hotel Miramar Shopping Arcade reached 87% with only a moderate increase in total rental income due to free rental periods granted to new tenants. For the office market, the Miramar Tower recorded over 95% average occupancy rate. Since only a small percentage of leasing contracts of Miramar Tower expired during the period under review, the office market rental increases did not immediately benefit the Group.

During the period under review, the Group sold approximately 20 acres of commercial land in Placer County, California (FY2004: 16 acres of commercial land and 280 residential lots) that contributed to the Group's profit. At present, the Group is negotiating with three developers regarding the sale of over 300 residential lots.

Food and Beverage Operations

During the period under review, the food and beverage business remained stable in spite of the intense market competition and rising operating costs that were evidenced by substantial increase in energy costs and rentals. Tsui Hang Village Restaurant outlets performed better, while Cuisine Cuisine and Lumiere, the new up-market restaurants in ifc Mall also made profit contribution to the Group . However, the Mainland's food and beverage operations were less satisfactory. In view of the upcoming festive seasons along with more business meetings and trade fairs to be held in Hong Kong, it is anticipated that the food and beverage operations will achieve better results in the second half of the financial year.

Travel Business

Turnover increased slightly compared to the same period last year. However, due to fierce market competition and increasing operating costs and rental, the travel business did not generate profit despite implementation of various cost control measures. It is anticipated that the performance in the second half of the financial period will improve as a result of increasing travel demands during the Christmas and Lunar New Year holiday seasons.

Prospects

High oil prices along with rising interest rates present challenges. However, it is anticipated that steady economic growth will continue as the Mainland's economic structure and growth patterns are effectively planned and managed by the Central Government. The local economy is expected to benefit from the closer business ties between Hong Kong and the Mainland, with anticipated higher demand for offices, retail shops and hotels due to sustained growth momentum. The Group will continue to focus on effective and efficient management initiatives to take advantage of these favourable opportunities to increase profits for the various business operations. The Board of Directors is confident that, barring any unforeseeable circumstances, and discounting the financial reporting impact due to the revaluation of investment properties, the Group shall continue to achieve satisfactory results this financial year as compared to that of the previous year.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

As at 30 September 2005, the interests and short positions of the directors and the 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 LEE Shau Kee	—	—	255,188,250 *(note 1)*	—	44.21%
	Dr David SIN Wai Kin	4,158,000	—	—	—	0.72%
	Mr WOO Kim Phoe	11,426,400	—	—	—	1.98%
	Mr Patrick FUNG Yuk Bun	—	—	—	8,426,710 *(note 2)*	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 3)*	—	1.97%
	Mr Thomas LIANG Cheung Biu	—	1,080,000 *(note 4)*	—	—	0.19%
	Mr LEE Ka Shing	—	—	—	255,188,250 *(note 11)*	44.21%
Booneville Company Limited	Dr LEE Shau Kee	—	—	2 *(note 5)*	—	100%
	Mr LEE Ka Shing	—	—	—	2 *(note 5)*	100%
Fook Po Enterprises Company Limited	Dr LEE Shau Kee	270	—	—	—	9.80%
	Dr David SIN Wai Kin	225	—	—	—	8.17%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	—	—	2 *(note 6)*	—	100%
	Mr LEE Ka Shing	—	—	—	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%
	Mr LEE Ka Shing	—	—	—	2 *(note 7)*	100%

Save as disclosed above, as at 30 September 2005, none of the directors or the 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 2005, amounting to 5% or more of the shares in issue:

Substantial Shareholders	**Ordinary shares held**		**Percentage of total issued shares**
Dr Lee Shau Kee	255,188,250	*(note 1)*	44.21%
Mr Lee Ka Shing	255,188,250	*(note 11)*	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250	*(note 8)*	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250	*(note 8)*	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250	*(note 8)*	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250	*(note 9)*	44.21%
Henderson Land Development Company Limited ("Henderson Land")	255,188,250	*(note 9)*	44.21%
Kingslee S.A.	255,188,250	*(note 10)*	44.21%
Henderson Investment Limited ("Henderson Investment")	255,188,250	*(note 10)*	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250	*(note 10)*	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750	*(note 10)*	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500	*(note 10)*	13.71%
Threadwell Limited ("Threadwell")	75,454,000	*(note 10)*	13.07%
Persons other than Substantial Shareholders			
Mr Chong Wing Cheong	57,587,210		9.98%

Save as disclosed above, as at 30 September 2005, 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 255,188,250 shares, which are duplicated in the interests described in Notes 8, 9, 10 and 11.

(2) All these shares were held by a unit trust of which Mr Patrick Fung Yuk Bun was a beneficiary.

(3) These shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued share capital.

(4) All these shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was a beneficiary.

(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 and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 8, 9, 10 and 11.

(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 and Mr Lee Ka Shing are taken to be interested in Henderson Investment and the Company as set out in Notes 1, 8, 9, 10 and 11.

(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 100% held by Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 8, 9, 10 and 11.

(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 255,188,250 shares are duplicated in the interests described in Notes 1, 9, 10 and 11.

(9) Henderson Development had a controlling interest in Henderson Land which was the holding company of Kingslee S.A. These 255,188,250 shares are duplicated in the interests described in Notes 1, 8, 10 and 11.

(10) Kingslee S.A., a subsidiary of Henderson Land, was the holding company of Henderson Investment. The 255,188,250 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 255,188,250 shares represent the shares described in Notes 1, 8, 9 and 11.

(11) As director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr Lee Ka Shing is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 1, 8, 9 and 10, by virtue of the SFO.

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, is 11% (at 31 March 2005 (restated): 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 2005, total available facilities amounted to HK$1.8 billion (at 31 March 2005: HK$1.8 billion), and 50% (at 31 March 2005: 55%) were drawn down. At 30 September 2005, consolidated net borrowings were HK$0.6 billion (at 31 March 2005: HK$0.6 billion), of which none was secured borrowings (at 31 March 2005: HK$0.1 billion).

EMPLOYEES

As at 30 September 2005, the Company had a total of about 1,457 full-time employees, including 1,130 employed in Hong Kong, 319 employed in the People's Republic of China and 8 employed in the United States of America. The Company has developed its compensation and benefits policies and practices based on performance and merit, taking into account the nature of the job and market trends. Other than the basic salary, through the incentive and bonus schemes, the employees are remunerated on a performance-related basis. Under the prevailing remuneration system, the employees' pay levels stay competitive in the market.

We understand that in today's business arena, one of the most decisive elements that differentiates the success and failure of a corporation is its "Employees". Therefore, our Company has devoted tremendous efforts in enhancing the competence of our employees with the aim to provide better service and achieve better business results. Besides providing on-the-job training on job skills and knowledge, we also provide training on other soft skills such as effective communication, critical thinking and problem solving. Hygiene management and crisis management are also part of the schedule while language training such as Putonghua and Basic English are continued.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six-month period ended 30 September 2005, with deviations from code provisions A.4.2 and E.1.1.

Code provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to Article 77 of the Articles of Association of the Company in effect before 31 August 2005, at every annual general meeting one-third of the Directors for the time being or, if their number is not a multiple of three, then the nearest number to but not exceeding one-third shall retire from office, which is inconsistent with the requirements under the code provision A.4.2. To comply with the code provision A.4.2, amendments to Article 77 of the Articles of Association of the Company were proposed and approved by shareholders at the annual general meeting of the Company held on 31 August 2005.

According to Code provision E.1.1, persons proposed to be appointed or re-elected as directors at a general meeting should be nominated by means of a separate resolution. With the unanimous approval from the shareholders at the Company's Annual General Meeting, the retiring directors proposed for re-election this year were nominated by means of a single resolution.

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 enquiry, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

As announced by the Company on 8 November 2005, Mr Au Siu Kee, Alexander, previously an independent non-executive director of the Company, has been re-designated as a non-executive director of the Company with effect from 7 November 2005. He also resigned from the Audit Committee and Remuneration Committee with effect from 7 November 2005. With the re-designation of Mr Au, the requirements under Rules 3.10(1) and (2) of the Listing Rules relating to number of independent non-executive directors ("INEDs") and professional qualification of at least one INEDs, and under Rule 3.21 of the Listing Rules relating to audit committee are not met by the Company.

The Company will endeavour to ensure that suitable candidates will be identified as INEDs within three months after 7 November 2005 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.

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, 29 November 2005

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 24.

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 Hong Kong Accounting Standard 34, 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 2005.

KPMG
Certified Public Accountants

Hong Kong, 29 November 2005