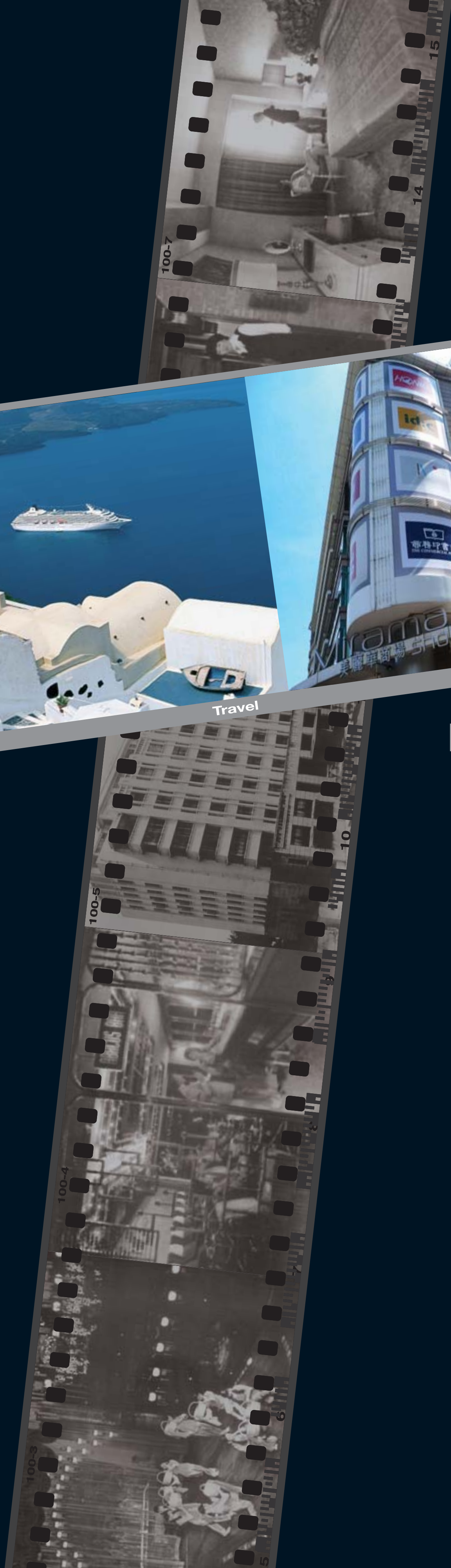

Embracing the New Era of Change

昂首向前・創新里程

INTERIM REPORT 2010

二零一零年中期業績報告

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

Stock code 股份代號：71

CORPORATE INFORMATION

Executive Directors:	@	**Dr the Honourable LEE Shau Kee**, GBM, DBA (Hon), DSSc (Hon), LLD (Hon) *(Chairman)*
	>	**Mr LEE Ka Shing** *(Managing Director)*
	@>	**Mr Richard TANG Yat Sun**, MBA, BBS, JP
	>	**Mr Colin LAM Ko Yin**, FCILT, FHKIoD
	>	**Mr Eddie LAU Yum Chuen**
	>	**Mr Norman HO Hau Chong**, BA, ACA, FCPA
Non-Executive Directors:	+	**Dr Patrick FUNG Yuk Bun**
	+	**Mr Dominic CHENG Ka On**
		Mr Tony NG
		Mr Howard YEUNG Ping Leung
		Mr Thomas LIANG Cheung Biu, BA, MBA
		Mr Alexander AU Siu Kee, OBE, ACA, FCCA, FCPA, AAIA, FCIB, FHKIB
Independent Non-Executive Directors:	@+	**Dr David SIN Wai Kin**, DSSc (Hon) *(Vice Chairman)*
	@+	**Mr WU King Cheong**, BBS, JP
	@+	**Mr Timpson CHUNG Shui Ming**, GBS, JP
Group General Manager:		**Mr Romain CHAN Wai Shing**, BSc, MBA
Chief Financial Officer:		**Dr Charles LAU Kin Shing**, PhD, CA, CISA, CMC, FCPA
Corporate Secretary:		**Mr Charles CHU Kwok Sun**
Auditors:		**KPMG** Certified Public Accountants
Principal Bankers:		**The Hongkong & Shanghai Banking Corporation Limited** **Mizuho Corporate Bank, Ltd.**
Share Registrar:		**Computershare Hong Kong Investor Services Limited** **17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong**
Registered Office:		**15/F, Miramar Tower, 132 Nathan Road,** **Tsim Sha Tsui, Kowloon, Hong Kong**
Website:		**http://www.miramar-group.com**

\+ members of the Audit Committee, of which Mr Timpson Chung Shui Ming is the Chairman

@ members of the Remuneration Committee, of which Dr Lee Shau Kee is the Chairman

> members of the General Purpose Committee

FINANCIAL HIGHLIGHTS

- As compared to the Last Interim Period (note 1), the Group turnover in the Reporting Period (note 2) recorded a growth of 24%, amounting to HK$1 billion;
- Profit attributable to shareholders increased by 85%;
- Excluding the net increase in fair value of the investment properties, profit after tax registered a 89% growth;
- Property investment continued to bring steady revenue to the Group;
- Hotel business returned to profitability, achieving EBITDA of HK$63 million;
- Food and beverage operations also regained profits, achieving EBITDA of HK$7 million;
- Travel operations reflected continuity of good performance; EBITDA rose 30% to HK$14 million;
- Earnings per share at 41 Hong Kong cents;
- Dividend per share at 15 Hong Kong cents.

Note 1: Last Interim Period refers to the six months period from 1 April 2009 to 30 September 2009.

Note 2: Reporting Period refers to the six months period from 1 January 2010 to 30 June 2010.

The Board of Directors of Miramar Hotel and Investment Company, Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 together with the comparative figures of the six months ended 30 September 2009. These interim results have not been audited, but have been reviewed by both the Company's independent auditors and the Company's audit committee. The independent review report of the auditors is attached on page 32.

CONSOLIDATED INCOME STATEMENT

	Note	**For the six months ended 30 June 2010 (unaudited)** *HK$'000*	For the six months ended 30 September 2009 (unaudited) *HK$'000*
Turnover	*3*	**999,387**	808,110
Cost of inventories		**(55,859)**	(39,408)
Staff costs		**(157,332)**	(143,521)
Utilities, repairs and maintenance and rent		**(51,008)**	(47,646)
Tour and ticketing costs		**(415,146)**	(338,738)
Gross profit		**320,042**	238,797
Other revenue		**16,676**	8,970
		336,718	247,767
Operating and other expenses		**(85,862)**	(94,958)
Operating profit before depreciation and amortisation		**250,856**	152,809
Depreciation and amortisation		**(42,840)**	(23,722)
Operating profit		**208,016**	129,087
Finance costs		**(5,557)**	(6,530)
Share of profits less losses of associates		**642**	(575)
		203,101	121,982
Reversal of provision for properties held for resale		**19,091**	–
Loss on disposal of available-for-sale investments		**–**	(205)
Net increase in fair value of investment properties	*7*	**69,328**	41,229
Profit before taxation carried forward		**291,520**	163,006

CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	**For the six months ended 30 June 2010 (unaudited) *HK$'000***	For the six months ended 30 September 2009 (unaudited) *HK$'000*
Profit before taxation brought forward		**291,520**	163,006
Taxation	*4*		
– Current		**(28,584)**	(28,486)
– Deferred		**(12,958)**	(663)
Profit for the period		**249,978**	133,857
Attributable to:			
Shareholders of the Company		**237,321**	128,349
Non-controlling interests		**12,657**	5,508
		249,978	133,857
Earnings per share – basic and diluted	*6*	**41.1¢**	22.2¢

The notes on pages 10 to 23 form an integral part of this interim financial report. Details of dividends payable to shareholders of the Company attributable to the profit for the period are set out in note 5(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2010 (unaudited) ***HK$'000***	For the six months ended 30 September 2009 (unaudited) *HK$'000*
Profit for the period	**249,978**	133,857
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	**(363)**	(17)
Changes in fair value of available-for-sale investments	**2,878**	6,920
	2,515	6,903
Total comprehensive income for the period	**252,493**	140,760
Attributable to:		
Shareholders of the Company	**240,021**	136,538
Non-controlling interests	**12,472**	4,222
Total comprehensive income for the period	**252,493**	140,760

The notes on pages 10 to 23 form an integral part of this interim financial report.

CONSOLIDATED BALANCE SHEET

	Note	**At 30 June 2010 (unaudited)** ***HK$'000***	At 31 December 2009 (audited) *HK$'000*
Non-current assets			
Fixed assets	*7*		
– Investment properties		**8,264,560**	8,194,426
– Other fixed assets		**731,619**	728,488
		8,996,179	8,922,914
Interest in associates		**5,963**	7,495
Available-for-sale investments		**19,594**	16,716
Deferred tax assets		**12,039**	9,896
		9,033,775	8,957,021
Current assets			
Properties under development		**241,092**	241,180
Inventories		**151,084**	132,996
Trade and other receivables	*8*	**190,277**	149,826
Cash and bank balances		**424,380**	427,714
Tax recoverable		**2,791**	2,930
		1,009,624	954,646
Current liabilities			
Trade and other payables	*9*	**(359,276)**	(440,124)
Interest-bearing borrowings		**(310,756)**	(299,919)
Sales and rental deposits received		**(124,033)**	(79,935)
Tax payable		**(15,270)**	(56,395)
Dividend payable		**(57,723)**	(75,040)
		(867,058)	(951,413)
Net current assets		**142,566**	3,233
Total assets less current liabilities carried forward		**9,176,341**	8,960,254

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**At 30 June 2010 (unaudited) *HK$'000***	At 31 December 2009 (audited) *HK$'000*
Total assets less current liabilities brought forward		**9,176,341**	8,960,254
Non-current liabilities			
Interest-bearing borrowings		**(513,400)**	(541,911)
Deferred liabilities		**(82,267)**	(95,327)
Amounts due to non-controlling interests of a subsidiary	*10*	**(56,317)**	–
Deferred tax liabilities		**(1,160,191)**	(1,145,090)
		(1,812,175)	(1,782,328)
NET ASSETS		**7,364,166**	7,177,926
CAPITAL AND RESERVES			
Share capital		**404,062**	404,062
Reserves		**6,870,302**	6,688,004
Total equity attributable to shareholders of the Company		**7,274,364**	7,092,066
Non-controlling interests		**89,802**	85,860
TOTAL EQUITY		**7,364,166**	7,177,926

The notes on pages 10 to 23 form an integral part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2010 – unaudited

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	General reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2009	404,062	287,628	(91,086)	64,441	304,827	1,250	6,032,298	7,003,420	78,423	7,081,843
Changes in equity for the six months ended 30 September 2009:										
Final dividends approved in respect of the previous year	–	–	–	–	–	–	(98,129)	(98,129)	–	(98,129)
Total comprehensive income for the period	–	–	–	1,269	–	6,920	128,349	136,538	4,222	140,760
At 30 September and 1 October 2009	404,062	287,628	(91,086)	65,710	304,827	8,170	6,062,518	7,041,829	82,645	7,124,474
Changes in equity for the three months ended 31 December 2009:										
Interim dividends declared in respect of the current period	–	–	–	–	–	–	(75,040)	(75,040)	–	(75,040)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,561)	(1,561)
Total comprehensive income for the period	–	–	–	10,765	–	240	114,272	125,277	4,776	130,053
At 31 December 2009	404,062	287,628	(91,086)	76,475	304,827	8,410	6,101,750	7,092,066	85,860	7,177,926
At 1 January 2010	**404,062**	**287,628**	**(91,086)**	**76,475**	**304,827**	**8,410**	**6,101,750**	**7,092,066**	**85,860**	**7,177,926**
Changes in equity for the six months ended 30 June 2010:										
Final dividends approved in respect of the previous period	**–**	**–**	**–**	**–**	**–**	**–**	**(57,723)**	**(57,723)**	**–**	**(57,723)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,845)**	**(5,845)**
Liquidation of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,685)**	**(2,685)**
Total comprehensive income for the period	**–**	**–**	**–**	**(178)**	**–**	**2,878**	**237,321**	**240,021**	**12,472**	**252,493**
At 30 June 2010	**404,062**	**287,628**	**(91,086)**	**76,297**	**304,827**	**11,288**	**6,281,348**	**7,274,364**	**89,802**	**7,364,166**

The notes on pages 10 to 23 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June 2010 (unaudited) ***HK$'000***	For the six months ended 30 September 2009 (unaudited) *HK$'000*
Net cash generated from operating activities	**54,835**	177,294
Net cash used in investing activities	**(24,011)**	(225,392)
Net cash (used in)/generated from financing activities	**(17,639)**	47,055
Net increase/(decrease) in cash and cash equivalents	**13,185**	(1,043)
Cash and cash equivalents at 1 January/1 April	**368,866**	384,571
Effect of foreign exchange rate changes	**1,990**	–
Cash and cash equivalents at 30 June/30 September	**384,041**	383,528
Analysis of the balances of cash and cash equivalents at 30 June/30 September		
Cash and bank balances	**424,380**	420,274
Less: Time deposits with maturity more than 3 months	**(40,339)**	(36,746)
	384,041	383,528

The notes on pages 10 to 23 form an integral part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

(a) 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").

The interim financial report has been prepared in accordance with same accounting policies adopted in the financial statements for the nine months ended 31 December 2009, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 December 2010. 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 Company and the Group since the financial statements for nine months ended 31 December 2009. 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 ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's review report to the Board of Directors is included on page 32. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial period ended 31 December 2009 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 period but is derived from those financial statements. Statutory financial statements for the nine months ended 31 December 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 March 2010.

(b) The Company changed its financial year end date from 31 March to 31 December in the last financial period. Accordingly, the financial period under review covers the period from 1 January 2010 to 30 June 2010. The comparative figures (which cover the period from 1 April 2009 to 30 September 2009) for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes are therefore not entirely comparable with those of the current period.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

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

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests located in the Hong Kong Special Administrative Region, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Further details of these changes in accounting policy are as follows:

– As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill computed as if accumulated at each stage of the acquisition.

  - Contingent consideration will be measured at fair value at the acquisition date. Any subsequent changes in the measurement of that contingent consideration will be recognised in profit or loss, unless they arise from obtaining additional information about facts and circumstances that existed at the acquisition date within 12 months from the date of acquisition (in which case they will be recognised as an adjustment to the cost of the business combination). Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. All subsequent changes in the measurement of contingent consideration and from its settlement were previously recognised as an adjustment to the cost of the business combination and therefore impact the amount of goodwill recognised.

  - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  - In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interests at fair value.

  In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

– As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

- If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

- If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

– In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, *Investments in associates*, the following policies will be applied as from 1 January 2010:

- If the Group holds interests in the acquiree immediately prior to obtaining significant influence, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining significant influence. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

- If the Group loses significant influence, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

– As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

– As a result of the amendment to HKAS 17, *Leases*, arising from the "*Improvements to HKFRSs (2009)*" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of those interests which are registered and transferable ownership interests in land located in the Hong Kong Special Administrative Region and subject to the Government's land policy of renewal without payment of additional land premium. These leasehold interests will no longer be classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

– As a result of the amendment to HKFRS 8, *Operating segments*, arising from the "*Improvement to HKFRSs (2009)*" omnibus standard, it clarified that segment assets should only be disclosed if that amounts are regularly provided to the most senior executive management. Accordingly, no information on segment assets is disclosed in the current period interim financial report as the Group does not provide such information to its most senior executive management.

3. TURNOVER AND SEGMENTAL REPORTING

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable 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 hotel and provision of hotel management services
Food and beverage operation	:	The operation of restaurants
Travel operation	:	The operation of travel agency services

The principal activity of the Group are property investment, property development and sales, hotel ownership and management, food and beverage operation and travel operation. Turnover represents rental income, income from sale of properties and properties under development, income from hotel, food and beverage and travel operations.

Revenue and expense are allocated to the reportable segments with reference to sales generated by those segments and the expenses directly incurred by those segments. The measure used for reporting segment results is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, other non-operating items and other corporate expenses.

3. TURNOVER AND SEGMENTAL REPORTING (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the six months ended 30 June 2010 and 30 September 2009 is set out below.

	For the six months ended 30 June 2010					
	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$'000*	Total *HK$'000*
Revenue from external customers	232,371	227	203,989	97,497	465,303	999,387
Inter-segment revenue	–	–	909	2,768	–	3,677
Reportable segment revenue	232,371	227	204,898	100,265	465,303	1,003,064
Elimination of inter-segment revenue						(3,677)
Consolidated turnover						999,387
Reportable segment results (adjusted EBITDA)	202,079	(7,032)	63,390	6,841	13,918	279,196
Unallocated corporate expenses						(71,180)
						208,016
Finance costs						(5,557)
Share of profits less losses of associates						642
Reversal of provision for properties held for resale						19,091
Net increase in fair value of investment properties	69,328	–	–	–	–	69,328
Consolidated profit before taxation						291,520

3. TURNOVER AND SEGMENTAL REPORTING (CONTINUED)

	For the six months ended 30 September 2009					
	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$'000*	Total *HK$'000*
Revenue from external customers	244,062	–	105,434	74,794	383,820	808,110
Inter-segment revenue	–	–	254	2,187	–	2,441
Reportable segment revenue	244,062	–	105,688	76,981	383,820	810,551
Elimination of inter-segment revenue						(2,441)
Consolidated turnover						808,110
Reportable segment results (adjusted EBITDA)	207,563	(3,349)	(5,179)	(5,774)	10,685	203,946
Unallocated corporate expenses						(74,859)
						129,087
Finance costs						(6,530)
Share of profits less losses of associates						(575)
Loss on disposal of available-for-sale investments						(205)
Net increase in fair value of investment properties	41,229	–	–	–	–	41,229
Consolidated profit before taxation						163,006

4. TAXATION

Taxation in the consolidated income statement represents:

	For the six months ended 30 June 2010	For the six months ended 30 September 2009
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**25,902**	27,706
Current tax – Overseas		
Provision for the period	**2,682**	780
Deferred tax		
Origination and reversal of temporary differences	**12,958**	663
	41,542	29,149

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2009: 16.5%) to the six months ended 30 June 2010.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

Share of associates' taxation for the six months ended 30 June 2010 of HK$70,000 (six months ended 30 September 2009: HK$72,000) is included in the share of profits less losses of associates.

5. DIVIDENDS

(a) Dividends attributable to the interim period:

	For the six months ended 30 June 2010	For the six months ended 30 September 2009
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of 15 Hong Kong cents per share (six months ended 30 September 2009: 13 Hong Kong cents per share)	**86,585**	75,040

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

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

	For the six months ended 30 June 2010	For the six months ended 30 September 2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial period/year, approved during the interim period, of 10 Hong Kong cents per share (six months ended 30 September 2009: 17 Hong Kong cents per share)	**57,723**	98,129

The final dividend of HK$57,723,000 for nine months ended 31 December 2009 was paid in July 2010.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK$237,321,000 (six months ended 30 September 2009: HK$128,349,000) and 577,231,252 shares (six months ended 30 September 2009: 577,231,252 shares) in issue during the interim period.

There were no potential dilutive ordinary shares in existence during the six months ended 30 June 2010 and 30 September 2009, and hence diluted earnings per share is the same as the basic earnings per share.

7. FIXED ASSETS

Investment properties

Investment properties of the Group were revalued at 30 June 2010 on a market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuations were carried out by an independent firm of surveyors, DTZ, who have among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. During the period, the net increase in fair value of investment properties was HK$69,328,000 (six months ended 30 September 2009: HK$41,229,000).

8. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2010	At 31 December 2009
	HK$'000	*HK$'000*
Current	**37,057**	35,091
Less than 1 month past due	**11,560**	12,172
1 – 2 months past due	**4,401**	5,459
Over 2 months past due	**10,498**	8,198
	26,459	25,829
Trade receivables	**63,516**	60,920
Other receivables	**126,761**	88,906
	190,277	149,826

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK$11,092,000 (at 31 December 2009: HK$12,202,000) which is expected to be recoverable after more than one year.

The Group has a defined credit policy. The general credit terms allowed range from 7 to 60 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted.

9. TRADE AND OTHER PAYABLES

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

	At 30 June 2010 *HK$'000*	At 31 December 2009 *HK$'000*
Due within 3 months or on demand	**74,874**	76,038
Due after 3 months but within 6 months	**5,719**	2,909
Trade payables	**80,593**	78,947
Other payables	**183,601**	209,139
Amounts due to non-controlling interests of subsidiaries (see note 10)	**95,082**	152,038
	359,276	440,124

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

10. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

Except the amounts due to non-controlling interests of a subsidiary amounting to HK$56,317,000 (at 31 December 2009: HK$56,317,000), which is interest bearing at 5.40% (at 31 December 2009: 7.56%) per annum and not expected to be settled within one year (at 31 December 2009: have no fixed terms of repayment), all of the amounts due to non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

11. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2010 not provided for in the interim financial report were as follows:

	At 30 June 2010 *HK$'000*	At 31 December 2009 *HK$'000*
Future expenditure relating to properties:		
Contracted for	**58,502**	229,758
Authorised but not contracted for	**124,597**	1,342
	183,099	231,100

12. MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group incurred a fee of HK$681,000 (six months ended 30 September 2009: HK$681,000) 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$7,860,000 (six months ended 30 September 2009: HK$7,610,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due from these companies at the period end amounted to HK$6,755,000 (at 31 December 2009: amounts due to HK$1,122,000).

(b) The Group provides hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the period amounted to HK$1,179,000 (six months ended 30 September 2009: HK$1,447,000) 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$2,176,000 (at 31 December 2009: HK$1,590,000).

(c) The Group entered into management agreements with certain affiliated companies of its major shareholder for the provision of management service to a service apartment in Hong Kong under normal commercial terms. The management fees was calculated at a certain percentage of revenue generated from that service apartment for the period the service provided. Total management fees for the period received/receivables amounted to HK$600,000 (six months ended 30 September 2009: HK$6,594,000). Out of the total received/receivables amount for the six months ended 30 September 2009, HK$6,038,000 was the management fee generated from the said management service rendered to this service apartment in prior years. The net amounts due from these companies at the period end amounted to HK$4,904,000 (at 31 December 2009: HK$4,209,000).

(d) The Company and its wholly-owned subsidiaries received net repayment balances due from certain associates totalling HK$334,000 (six months ended 30 September 2009: HK$267,000) during the period. Such balances are unsecured, interest free and have no fixed terms of repayment. The amounts due from these associates at the period end amounted to HK$54,247,000 (at 31 December 2009: HK$54,581,000).

(e) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 2004, 2/F, Miramar Shopping Centre under the normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$1,088,000 (six months ended 30 September 2009: HK$1,078,000). The amount due from this subsidiary at the period end amounted to HK$5,000 (at 31 December 2009: HK$6,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

12. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(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 and certain storerooms and advertisement light boxes of ifc Mall under normal commercial terms. Total rental and building management fee expense for the period amounted to HK$6,067,000 (six months ended 30 September 2009: HK$5,843,000) including contingent rental of HK$159,000 (six months ended 30 September 2009: HK$Nil). There was no balance due from/to that associate at the period end (at 31 December 2009: HK$Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(g) The Group entered into lease agreements with an associate of its major shareholder for the leasing of Office Units 1801-02, 1803-08, 1812-13 and 1817-18, 18/F, Miramar Tower under the normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$2,401,000 (six months ended 30 September 2009: HK$1,483,000). The amount due from that associate at the period end amounted to HK$112,000 (at 31 December 2009: HK$2,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

(h) The Group entered into lease agreements with a subsidiary of its major shareholder for the leasing of Shop 503A, 503B and 503C, 5/F, Miramar Shopping Centre and Office Units 609-12, 6/F, Miramar Tower under the normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$5,506,000 (six months ended 30 September 2009: HK$6,995,000). The amount due from this company at period end amounted to HK$55,000 (at 31 December 2009: HK$1,006,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

(i) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop 3013, Portion of Podium Roof and Fan Room, 3/F, Miramar Shopping Centre under normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$4,790,000 (six months ended 30 September 2009: HK$4,746,000). The amount due from this company at the period end amounted to HK$17,000 (at 31 December 2009: HK$751,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(j) The Group received security services from a subsidiary of its major shareholder under the normal commercial terms. Total service fee for the period amounted to HK$91,000 (six months ended 30 September 2009: HK$2,044,000). The amount due to this company at the period end amounted to HK$783,000 (at 31 December 2009: HK$967,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 15 Hong Kong cents per share in respect of the six months ended 30 June 2010 to shareholders listed on the Register of Members at the close of business on 4 October 2010. Dividend warrants for the interim dividend will be despatched by mail to shareholders on or about 12 October 2010.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28 September 2010 to 4 October 2010, both dates inclusive. In order to qualify for the interim dividend for the period, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 27 September 2010.

REVIEW OF OPERATIONS AND PROSPECTS

For the six months ended 30 June 2010 (the "Reporting Period"), the Group's turnover was approximately HK$1 billion, representing a 24% growth as compared to that of the six months ended 30 September 2009 (the "Last Interim Period") and the profit attributable to shareholders rose 85% to HK$237 million. Excluding the net increase in fair value of the investment properties, profit after tax posted a significant growth of 89%, amounted to HK$178 million.

Business Overview

The ongoing improvement in the economic environment of Hong Kong benefited the Group and in particular the strengthening of the local property market, our property rental business maintained a solid performance and there was a modest growth in the valuation of the Group's investment properties during the Reporting Period. Furthermore, the operational efficiency of all our core businesses has considerably strengthened. The core businesses of the Group include: Hotel Business, Property Investment, Food and Beverage, and Travel.

During the Reporting Period, the Miramar Group registered an 85% increase in terms of profit attributable to shareholders as compared to the Last Interim Period. This was largely due to our dedication to implementing our re-branding development strategy. We are committed to offering services with style to our customers based on the unique branding positioning of Mira, our exclusive hotel brand. The Group benefited as a whole as The Mira Hong Kong ("The Mira") registered a substantial improvement in performance during the Reporting Period.

As for our food and beverage business, we remain firmly committed to innovation and quality. We are actively promoting fine cuisine and have successfully developed exclusive food and beverage branding in our up-scale Chinese and Western restaurants, stylish cafés, bars and buffet restaurants, etc. During the Reporting Period, the restaurants of the Group received various prestigious awards.

REVIEW OF OPERATIONS AND PROSPECTS (CONTINUED)

Hotel Business

The Group owns and/or provides management services for six hotels and serviced apartments in Hong Kong and mainland China. The Group is the sole owner of The Mira, and of Miramar Apartments in Shanghai, a block of serviced apartments. The Group also holds part-ownership of two hotels in Shekou, and provides management services for both, along with an independently owned serviced apartment complex and a hotel in Hong Kong.

With the marked improvement in the economic environment in Hong Kong, particularly the increasing growth in travel and tourism within Asia, the success of our strategic brand building was reflected by The Mira's substantially improved performance during the Reporting Period. Both the occupancy rate and average room rate of The Mira improved by 33 percentage points and 36% respectively as compared to the Last Interim Period. The EBITDA (earnings before interest, taxes, depreciation and amortisation) of the hotel business approximates to HK$63 million as compared to a loss of HK$5 million during the Last Interim Period.

As disclosed in our 2009 Annual Report, the shopping mall located in The Mira was undergoing refurbishment during the Reporting Period, and this refurbishment is expected to complete by the first quarter of 2011, which will further improve rental income.

Property Rental Business

The Group's property rental business has a good investment portfolio. Revenue was mainly derived from two sources: rental income from retail businesses leasing shop space in the Miramar Shopping Centre and rental income from businesses leasing offices in its Miramar Tower. These two revenue streams provide steady revenue to the Group. The total contribution from our Property Business slightly decreased as compared to the Last Interim Period. This was due to an increase in the supply of office space in other areas in Kowloon, leading to a drop in occupancy rate for offices in Tsim Sha Tsui as a whole, and thus a slight retreat in the occupancy rate and average unit rate of Miramar Tower. Compared to the Last Interim Report, the total revenue from the property rental business recorded a slight decrease, with the EBITDA fell approximately 2.6% to HK$202 million.

The refurbishment work in Basement 1 of the Miramar Shopping Centre, as disclosed in the 2009 Annual Report, was completed on schedule, with various prestigious new tenants such as A/X, Commercial Press and Honma Golf moving in. In addition, the Group's special promotional activities held in the shopping centre from time to time also attracted further traffic.

Refurbishment work for public areas in Miramar Tower commenced in May 2010 and is expected to complete in early 2011, which will enhance the image of our Grade A office building and add value to the property asset, leading to a gradual increase in rental income.

REVIEW OF OPERATIONS AND PROSPECTS (CONTINUED)

Food and Beverage

The Group operates three Tsui Hang Village restaurants (one located in the Miramar Shopping Centre, Tsim Sha Tsui, one in the New World Tower, Central; and one in Club Marina Cove, Sai Kung); two IFC venue outlets namely Cuisine Cuisine and The French Window; one Sichuan restaurant named Yunyan Sichuan restaurant located in Miramar Shopping Centre; and a canteen and Green Café in the Union Hospital.

During the Reporting Period, Yunyan Sichuan restaurant was closed for two months for renovation and re-opened in early June. The Group's food and beverage business recorded an EBITDA of HK$7 million during the Reporting Period as compared to a loss for the Last Interim Period. This "turnaround" was mainly due to stringent cost control and effective operation strategies as well as the gradual improvement of personal consumer sentiment in Hong Kong. We believe that these positive results indicate a promising future of our Food and Beverage business.

Travel Business

The performance of the Group's travel business was encouraging as it continued to grow with a double-digit increase in both revenue and operating profits. The increase in Japan tours was particularly significant, with revenue growth of approximately 20%. During the Reporting Period, the EBITDA of our travel business rose 30% to HK$14 million.

The volcanic ash cloud crisis in Europe along with the British Airways flight crew strike were a severe blow to tourism from those regions, but the impact on the performance of the Asia travel business, and in particular that of the Group, was minimal. As the global economy continued to gradually recover from the financial turmoil, revenue generated from commercial ticketing significantly increased by almost 40%.

Prospects

As business sentiment in Hong Kong and mainland China continues to recover, the operations of the Group are expected to further improve under the management's long-term strategy of focused business and market differentiation. The Group always stay ahead by anticipating customer trends and needs. I believe that the Group's refreshed brand image and style will continue to reap rewards in the times ahead. With our experience, high quality of products and services, together with resourceful teams, all leveraging on the recognition and support earned from our customers, we are confident of realising the Group's vision. Our management and all our team members will move on with confidence and continue to generate satisfactory returns to our shareholders.

DISCLOSURE OF INTERESTS

Directors' interests in shares

As at 30 June 2010, 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 Issuers 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 LEE Ka Shing	–	–	–	255,188,250 *(note 2)*	44.21%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 *(note 3)*	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 *(note 4)*	–	1.97%
	Mr Thomas LIANG Cheung Biu	–	1,080,000 *(note 5)*	–	–	0.19%
Booneville Company Limited	Dr LEE Shau Kee	–	–	2 *(note 6)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 6)*	100%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	–	–	2 *(note 7)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 7)*	100%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	–	–	–	2%
Strong Guide Property Limited	Dr LEE Shau Kee	–	–	2 *(note 8)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 8)*	100%

Save as disclosed above, as at 30 June 2010, 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 the 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 June 2010, 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 2)*	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250 *(note 9)*	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250 *(note 9)*	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250 *(note 9)*	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250 *(note 10)*	44.21%
Henderson Land Development Company Limited ("Henderson Land")	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%
Person other than substantial shareholders		
Mr Chong Wing Cheong	57,594,210	9.98%

Save as disclosed above, as at 30 June 2010, 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 2, 9 and 10.

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

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

(6) 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, 2, 9 and 10.

(7) These 2 shares in Henderson-Miramar Hotels Holdings Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Investment which was 67.94% 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, 2, 9 and 10.

(8) These 2 shares in Strong Guide Property Ltd were equally owned by the respective wholly-owned subsidiaries 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, 2, 9 and 10.

(9) Rimmer and Riddick, trustees of different discretionary trusts, held units in the 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, 2 and 10.

(10) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 255,188,250 shares were beneficially owned by some of the subsidiaries of Aynbury. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. These 255,188,250 shares represent the shares described in Notes 1, 2 and 9.

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 11% as at 30 June 2010 (at 31 December 2009: 12%).

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 Offered Rate, which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 30 June 2010, total available facilities amounted to approximately HK$1.6 billion (at 31 December 2009: approximately HK$1.4 billion), and 50% of that (at 31 December 2009: 60%) were utilized. At 30 June 2010, consolidated net borrowings were approximately HK$0.46 billion (at 31 December 2009: HK$0.47 billion), of which none was secured borrowings (at 31 December 2009: none).

EMPLOYEES

As at 30 June 2010, the Group had a total about of 1,600 full-time employees, including 1,400 employed in Hong Kong, 200 employed in The People's Republic of China and the United States of America. The Group regards employees as the building block of our success. Therefore, we offer competitive remuneration and benefits packages to attract, retain and motivate our employees.

We conduct regular review on employees' salary, benefits programs, incentive and bonus payment with a view to ensuring our remuneration system is internally equitable in relation to the performance of each employee and externally competitive in relation to the remuneration packages in the market. When conducting the review, we take various factors into consideration including individual and business performance, job responsibilities, duties and scope, internal relativities and external market practice. Under the prevailing remuneration system, the employees' salary levels remain competitive in the market.

Being a caring employer, we put sustained efforts to promote employee wellness. This year, we improve the medical benefits, annual leave and holiday entitlement to most of the operational staff. Our concern also extends to the employees' families and the society. We arrange free sports facilities, staff gatherings, recreation and charity activities, leisure trip to our managed hotel in the PRC to our employees and their families to enjoy and promote work-life balance.

TRAINING

Moving forward with the newly developed business opportunities, clear goals and strategic alignment in leadership level is the core of success. The Highly Effective People Programme delivered for our leaders in the second quarter 2010 created this new chapter. With this, commitments from top tiers (a total of 46 key leaders) were built with strong team spirit. Together with strategic leadership programme to be arranged in the last quarter of 2010, this strengthening the leadership team and enhance the Group's market competitiveness in return. To cope with the driving force from above, emerging leadership programme were delivered to those front line managers in the past few months for equipping them for further achievement.

Total customer satisfaction is always the highest priorities of the Group's mission. Continuation of the mystery shoppers' programme, the successful development and implementation of "Service Excellence Manual" in first and second quarters of 2010 assisted on the service level enhancement. This provides clear guiding principles in mindset, skills and service standards for our service team members.

"Promote from within" leads the Company to be a selected employer. Designated Trainer Programme in third quarter 2010 is the key milestone for the beginning of talent pool development and entering the new era of "Talent Management" – Phase II.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six-month period ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

By Order of the Board
LEE SHAU KEE
Chairman

Hong Kong, 25 August 2010

REVIEW REPORT TO THE BOARD OF DIRECTORS OF MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 3 to 23 which comprises the consolidated balance sheet of Miramar Hotel and Investment Company, Limited as of 30 June 2010 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. 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 directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

Our responsibility is to form a 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2010 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 25 August 2010

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