Annual Report 年報

2006-2007

Miramar Hotel and Investment Company, Limited

美麗華酒店企業有限公司

Stock code 股份代號: 71

A RISING STAR

The star on the cover reflects our five core businesses and also our 50 years of heritage. It is a metaphor for how we are entering a new era of success.

THE 50-YEAR MILESTONES

1957

Miramar Hotel and Investment Company, Limited, incorporated under the leadership of Dr Ho Sien Heng and Mr Young Chi Wan, purchased the 192-room Hotel Miramar Hong Kong from a Spanish mission, and subsequently embarked on a series of rapid expansion plans.

1966

Hotel Miramar became the first hotel in Hong Kong to join an international hotel network.

1970

The Miramar Group became publicly-listed.

1973

Tsui Hang Village Restaurant in Hotel Miramar started operation.

1978

Capacity of Hotel Miramar expanded to 1,330 rooms with the completion of 18-storey Princess Wing (the present Hotel Miramar Hong Kong site), including a 26,000 sq. ft. penthouse convention centre, making Hotel Miramar the biggest hotel in Hong Kong and South East Asia.

1983

The Group expanded into the China market by taking a 25% stake in developing Nan Hai Hotel, the first 5-star hotel in Shekou.

1986

Miramar Express incorporated.

1988

The three old hotel buildings (the present Miramar Shopping Centre and Miramar Tower site) were demolished and transformed into an office tower and shopping arcade complex.

1993

Henderson Land Group became the major shareholder.

HENDERSON LAND GROUP

2002

Knutsford Steps commenced development.

2005

The premier restaurant duo Cuisine Cuisine and Lumiere in ifc Mall started operation.

2006

Mr Lee Ka Shing was appointed Managing Director by the Board of Directors.

Miramar Travel incorporated.

The interior refurbishment of Miramar Shopping Centre was completed.

CONTENTS


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Miramar
美麗華商場
ALEXANDRE
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CORPORATE INFORMATION

Chairman:		@	*	**Dr LEE Shau Kee**, DBA (Hon), DSSc (Hon), LLD (Hon)
Vice Chairmen:	+	@	#	**Dr David SIN Wai Kin**, DSSc (Hon)
			Δ	**Mr WOO Kim Phoe**
Directors:	>		*	**Mr LEE Ka Shing**
		+	Δ	**Dr Patrick FUNG Yuk Bun**
		+	Δ	**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**
			Δ	**Mr Tony NG**
	>		*	**Mr Norman HO Hau Chong**, BA, ACA, FCPA
			Δ	**Mr Howard YEUNG Ping Leung**
			Δ	**Mr Thomas LIANG Cheung Biu**, BA, MBA
	+	@	#	**Mr WU King Cheong**, BBS, JP
			Δ	**Mr Alexander AU Siu Kee**, OBE, ACA, FCCA, FCPA, FCIB, FHKIB
	+	@	#	**Mr Timpson CHUNG Shui Ming**, GBS, JP
	>		*	**Mr Peter YU Tat Kong**, BSc, MBA, CA, CHA
Managing Director:				**Mr LEE Ka Shing** (appointed on 1 August 2006)
Group General Manager:				**Mr Peter YU Tat Kong**, BSc, MBA, CA, CHA
Qualified Accountant:				**Mr Ellis CHENG Chi Wai**, FCCA, FCPA, FCIS, FCS
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*

Δ *non-executive directors*

\# *independent non-executive directors*

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

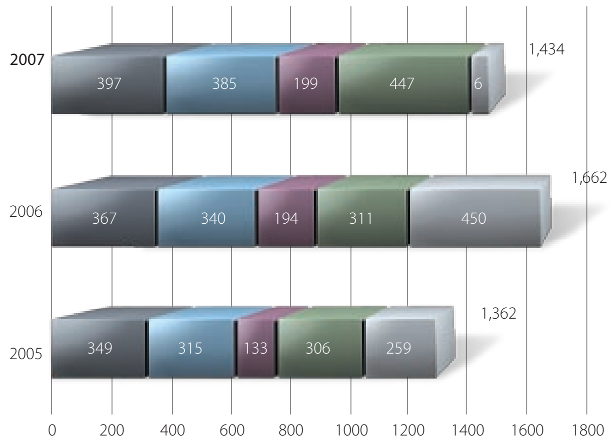
@ *members of the Remuneration Committee, of which Dr Lee Shau Kee is the Chairman*

\> *members of the General Purpose Committee*

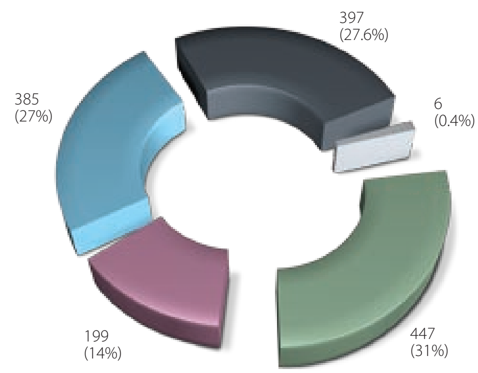
FINANCIAL HIGHLIGHTS

	2007	2006	2005 (restated)
TURNOVER – BY SEGMENT			
	HK$'M	HK$'M	HK$'M
Property investment	397	367	349
Property development & sales	6	450	259
Hotel ownership & management	385	340	315
Food & beverage operation	199	194	133
Travel operation	447	311	306
	1,434	1,662	1,362
SHAREHOLDERS' EQUITY	6,427	5,940	4,985
	HK$	HK$	HK$
NET ASSET VALUE PER SHARE	11.25	10.38	8.65
DIVIDEND PER SHARE	0.39	0.39	0.37
EARNINGS PER SHARE	1.19	2.03	1.47

TURNOVER – BY SEGMENT
HK$ million

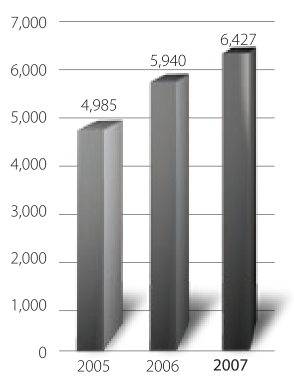


TURNOVER 2007
HK$ million

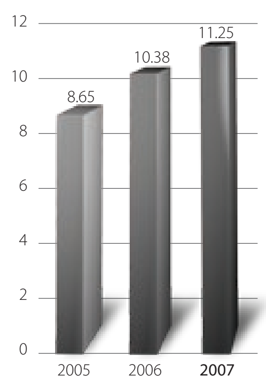


Property investment | Hotel ownership & management | Food & beverage operation | Travel operation | Property development & sales

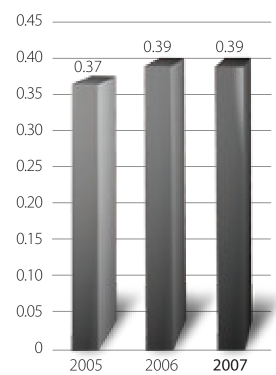
SHAREHOLDERS' EQUITY
HK$ million



NET ASSET VALUE PER SHARE
HK$



DIVIDEND PER SHARE
HK$



CHAIRMAN'S STATEMENT

During the year, the Group's turnover was approximately HK$1,434,000,000 (2006: HK$1,662,000,000). After deducting contribution from its land-sales project in the US and net increase in the fair value of its investment properties, the profit before tax generated from its core businesses was HK$404,000,000 (2006: HK$343,000,000), an increase of 18%. Profit attributable to shareholders was approximately HK$688,000,000 (2006: HK$1,169,000,000).

The year 2006/2007 was a good one for Hong Kong and for Asia as a whole, with robust economic growth driving increased leisure, travel, shopping and dining activities across the region. In Hong Kong, rising salaries and good corporate profits have boosted consumption, while the city's popularity as a business hub for Asia has ensured a steady stream of overseas visitors throughout the year. All these factors have been positive news for the Group, and have translated into improved performances in most areas of its core businesses.

China is predicted to continue to thrive in the coming year, while Hong Kong is responding very positively to an economic upsurge. This larger context has set the scene for promising developments from the Group in the year 2007/2008. I am confident that, from the Group's strong financial position and with a number of exciting new plans in place for improving the quality of its assets and boosting returns from them, the Group under the guidance of Mr Lee Ka Shing, the Group's newly-appointed Managing Director, is extremely well-positioned for future growth. We firmly believe that our new initiatives will be of direct benefit to our shareholders, bringing with them new ways of maximizing shareholder returns.

I would like to express my sincere appreciation to the Board of Directors for their support and guidance over the past year, and to the individual employees of the Group's different businesses for their hard work and ongoing commitment to the Group's success.

LEE SHAU KEE
Chairman

Hong Kong, 27 June 2007

MANAGING DIRECTOR'S MESSAGE

Since becoming Managing Director in August 2006, I have been looking closely at opportunities for expansion and careful diversification. The Group having a solid base with a long history, and a strong tradition for quality is very well positioned for taking challenges with new ventures and innovations. Our key brands, including Hotel Miramar and the Miramar Shopping Centre, are widely known and extensively patronised by travellers and shoppers. Furthermore, good financial management over the years has put us in the enviable position of enjoying high liquidity and low gearing.

The Group is in an excellent position to show renewed ambition and grasp new opportunities. Our first step must be to ensure that our prime assets remain attractive to an expanded new generation of consumers. We have already begun this process by undertaking a renovation of the Miramar Shopping Centre over the past year, helping us improve the centre's retail popularity and tenant mix. The next step will be more significant. We plan to introduce a much larger scale renovation plan aiming for a total makeover of Hotel Miramar, beginning August 2007. This will transform it into a sophisticated upscale business hotel, offering an atmosphere of stylish contemporary living. We expect the level of required investment will generate positive returns for us.

The MTR Corporation's recent announcement of plans to build a tunnel linking the Tsim Sha Tsui MTR station with the Hotel Miramar, the Miramar Shopping Centre and their direct neighbour is a major coup for the Group. The direct link will help merge the Group's adjacent properties in a way that will enable the different components to fully complement each other, creating a truly mixed-use environment that shall enhance returns. Further, we will be able to fully integrate our assets and conveniently stand out into the tourist and shopping circuit in Kowloon, and we expect to see positive contributions for our profits through this investment.

These initiatives will set the tone for the Group's future growth, which will be marked by modernization, expansion, and a readiness to explore new and exciting possibilities.

BUSINESS REVIEW

General overview

During the year, the Group's turnover was approximately HK$1,434,000,000 (2006: HK$1,662,000,000). The Group's profit before tax was HK$864,000,000 (2006: HK$1,509,000,000) for the year. After deducting contribution from its land-sales project in the US of approximately HK$23,000,000 (2006: HK$288,000,000) and net increase in the fair value of its investment properties of approximately HK$437,000,000 (2006: HK$878,000,000), the profit before tax generated from its core businesses was HK$404,000,000 (2006: HK$343,000,000), an increase of 18%. Profit attributable to shareholders was approximately HK$688,000,000 (2006: HK$1,169,000,000).

The Group's activities revolve around five core separate but related businesses. Its hotel operations include owning and/or providing management services for hotels and serviced apartment blocks. A separate property arm owns and manages shopping malls and offices, and leases space to tenants. The Group's food & beverage operations involve the running of several restaurants, situated within the hotels and shopping malls that it owns and elsewhere. Finally, its travel business takes the form of a travel agency that arranges travel and tours. In the year under review, all five of these sectors performed well and reported growth in turnover.

Hotel ownership and hotel management business

Besides ownership or part-ownership of hotels and serviced apartment blocks, the Group's hotel and serviced apartments business also carries out hotel management operations. The Group currently possesses one wholly-owned and operated hotel, the Hotel Miramar in Kowloon. The Group has part-ownership of two other hotels, while for another three non-owned hotels the Group is contracted to provide hotel management services. Similarly, the Group has one wholly-owned serviced apartment block that it operates, and also provides management services for a second, non-owned block. In total, the Group owns and/or provides management services for eight hotels and serviced apartment blocks.

A robust China economy and a refreshed Hong Kong one has kept visitor arrivals high, including a good flow of business travellers from around the world who make up the key target market for the Group's Hotel Miramar. This environment has benefited the Group's hotel and serviced apartments operations, leading to good returns over the year and healthy occupancy rates. The Hotel enjoys a very diversified client base, with similar percentages of guest arrivals coming from China, Europe, South-East Asia and North America. Turnover for this area of the Group's operations increased by 13% over the previous year, reflecting strong demand for quality accommodation in Hong Kong and the good reputation maintained by the Group's hotels, including its flagship Hotel Miramar in Kowloon. Over the year, the average room rate at the Hotel Miramar increased by 17% over the average for the previous year, while at the same time the hotel maintained a very healthy occupancy rate of 90%. With ambitious plans for a makeover of this hotel in the coming year, the Group expects the Hotel Miramar to emerge as one of Hong Kong's most sought-after places to stay. Its attractiveness will be further boosted by the MTR Corporation's plans to develop a pedestrian tunnel that will eventually link the Hotel Miramar with its nearby shopping malls and with the Tsim Sha Tsui MTR station.

Besides its flagship Hotel Miramar, the Group also operates seven other hotel and serviced apartment complexes in Hong Kong and Mainland China, all of which performed steadily over the year. Its status and reputation within the industry meant that the Group's hotel and hotel management division remained a major contributor to the Group's turnover and profitability in 2006/2007. In terms of its contribution to overall turnover, this sector achieved double-digit growth, while also contributing 34% of profits for the year.

Property business

The Group's property business includes both property investment and sales. A major contributor is its Miramar Shopping Centre, a mall located in the heart of the tourist and shopping areas of Tsim Sha Tsui and which is adjacent to the Group's Hotel Miramar Shopping Arcade. In a move to upgrade its market positioning and image, over the past year the Group directed some investment into renovating and upgrading the mall environment, a move which has enabled it to simultaneously adjust the tenant mix there and in the process improve its rental returns. During the year, average rental rates for new and renewed leases were in line with the market, as older leases drawn up in the property downturn have expired and been replaced with new ones reflecting current market values. A number of other leases are coming up for renewal in the coming year, and the Group expects the overall average increment rate to rise as more and more retailers become locked into a new lease cycle that fully reflects the current robust economy and property market. Office rentals have also seen the effects of a much-improved economic climate, with the increment achieved on new and renewed leases at the Group's office tower over the year standing at around 70%. Meanwhile, the Group was able to maintain occupancy rates at a very healthy rate of around 90%.

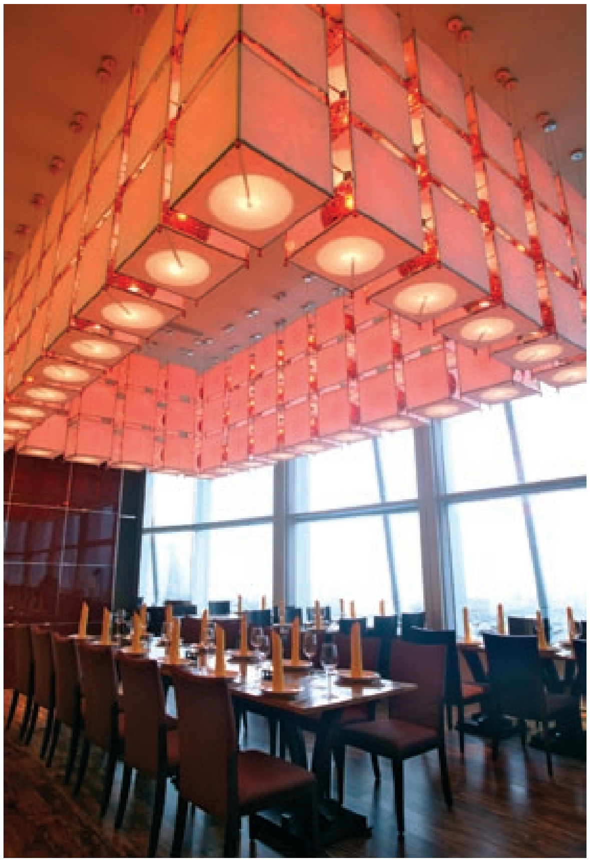
Overall, turnover for the Group's property business increased by 8% over the year in relation to its Hong Kong and China property assets (i.e. excluding the Group's US property activities). Its property business currently contributes around 60% of the Group's total profits, and the Group is working hard to maintain the portfolio's value and boost the levels of return thereof.

The US property market has slowed considerably over recent months, and as a result the Group's overseas land-sales project at Placer County, California has been placed on hold, with no transactions recorded during the year. Currently, 80 acres (290 lots) of residential land and 70 acres of commercial land remain available for sale there.

The Group's Hong Kong shopping malls will become even more attractive and accessible to shoppers in Tsim Sha Tsui in a few years, following the proposal by the MTR Corporation to build a tunnel which will, amongst other things, to link the Tsim Sha Tsui MTR station with the Miramar Shopping Centre and the Hotel Miramar.

Food and beverage operations

During the year, the Group worked to move its steady food and beverage operations into new areas that could generate greater public interest and patronage. It put a lot of effort into building up its highperforming restaurant duo Cuisine Cuisine and Lumiere, located in the prestigious IFC II complex. The consolidated results of these two outlets, which are situated alongside each other in IFC II, have been good, and there remains scope for even better results as the restaurants become more established and the synergies between them are further exploited. Elsewhere, the Group used its resources to boost its highperforming restaurants. With its less high-profile outlets, the Group ensured that efficient cost controls were in place so that returns were in line with expenditure. As a result of these initiatives, aggregate turnover of its continuing food and beverage outlets over the year rose by around 8%, a reasonable sign in a city where F&B competition is high. In terms of its contribution to overall turnover, this area of the Group's operations experienced single digit growth over last year's percentage figure.

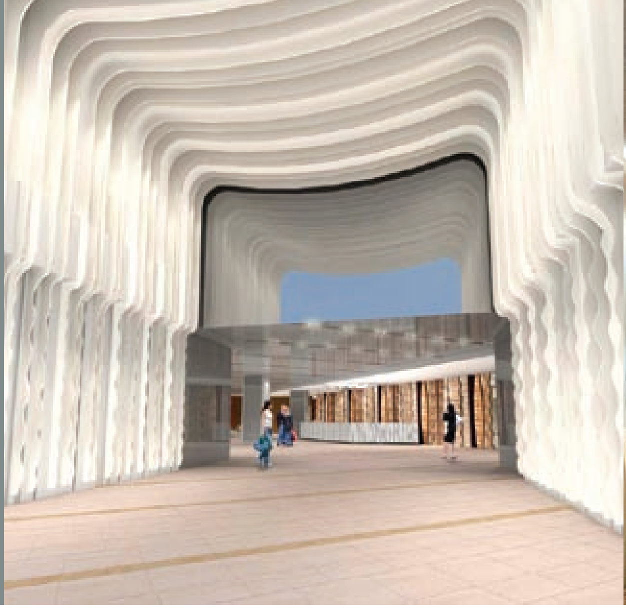


Travel business

Over the past year the Group has taken some bold initiatives to revitalize and improve its travel business. Miramar Travel, created in 2006, primarily looks after the tour business that was previously handled by the Group's Miramar Express travel agency brand. Miramar Express is now responsible primarily for commercial ticketing, hire car and cruise business. As part of the restructuring of its travel business, the Group hired successful travel experts from within the industry. Under new and dynamic leadership since June 2006, the travel division has developed in new directions and responded with a significant rise in turnover. Turnover grew by 44% over the previous year.

More importantly, perhaps, was a significant shift back towards profitability. After struggling in recent years in an industry that typically works on very tight margins, the revitalization of the travel division over the past twelve months has seen its loss for the past fiscal year minimized, setting the scene for what the Group expects to be a return to profitability in the coming year. This is a remarkable achievement given the special challenges of the travel industry in Asia.

The travel business, through the Group's travel agency Miramar Travel and Miramar Express, has been enterprising over the past year in expanding the range of products and services that it can offer its customers. For individuals and private groups, the Group added a number of new package tours and itineraries which have succeeded in boosting customer numbers. Meanwhile, the Commercial travel department has marketed itself strongly to the government and commercial sectors and achieved a satisfactory performance as a result. Leading cruise companies, OCEANIA and CRYSTAL, appointed the Group's cruise department as their official general agent for Hong Kong, a move that has significantly boosted the Group's growing cruise business activities.



Future plans and prospects

In view of the positive economic environment, the Group is entering a new phase in which it plans to engage in more ambitious activity than it has typically done over the past ten years. In line with this, a number of changes are being implemented to symbolize the beginning of a new era of operations. The Group's administrative head office, for instance, will be relocated to a new location to make room for expansion of the Hotel Miramar. At the same time, to better prepare for future growth, the Group is embarking on a programme of actively recruiting new talents across its business sectors, with the aim of building a management and operational pool with further strength and depth.

As mentioned above, some of the Group's key assets will be upgraded to maintain the Group's public profile for quality and style and to enhance their competitiveness in the marketplace. In particular, as part of the Group's planned relaunching of its Hotel Miramar as a sophisticated contemporary business hotel, plans to have a large-scale renovation to transform the hotel's facade, lobby, restaurants, ballrooms and guest suites are in progress. Overseen by renowned architects, planners and designers, this work will take place in phases, beginning from August 2007 and running through to the middle of 2008. The investment involved in this renovation will have the effect of transforming the Hotel Miramar into a truly world-class hotel, competing in the 'upper upscale' hotel segment. Once renovation is completed, visitors to the hotel will be able to see a distinctly clear style that will be eventually extended into further development within the Hotel Miramar Shopping Arcade and Miramar Shopping Centre, making the 'Miramar' site a unique and prominent Tsim Sha Tsui landmark.

The Group also benefits from the pedestrian subway project at the Tsim Sha Tsui MTR station proposed by the MTR Corporation. In conjunction with this, the Group is also considering to carry out major renovations that will help link up its Miramar Shopping Centre and Hotel Miramar Shopping Arcade, creating an integrated and highly accessible shopping environment for a larger number of shoppers coming through the newly-constructed pedestrian subway.

LEE KA SHING
Managing Director

Hong Kong, 27 June 2007

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Dr LEE Shau Kee, *DBA (Hon), DSSc (Hon), LLD (Hon)*
Aged 78. Dr Lee was appointed director of the Company in 1993 and has been the Chairman of the Company since 8 August 2001. He has been engaged in property development in Hong Kong for more than 50 years. He is the founder and also the Chairman and Managing Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited ("Henderson Investment"), the Chairman of The Hong Kong and China Gas Company Limited, the Vice Chairman of Sun Hung Kai Properties Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. He is a director of Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), Henderson Investment, Kingslee S.A., Henderson Land, Henderson Development Limited ("Henderson Development"), Hopkins (Cayman) Limited ("Hopkins"), Riddick (Cayman) Limited ("Riddick") and Rimmer (Cayman) Limited ("Rimmer") which have discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007. He is also a director of certain subsidiaries of the Company. He is the father of Mr Lee Ka Shing.

Dr David SIN Wai Kin, *DSSc (Hon)*
Aged 77. Dr Sin was appointed director of the Company in 1974 and has been a Vice Chairman of the Company since 1985. He is currently a member of the Audit Committee and Remuneration Committee of the Company. Dr Sin has a plenitude of experience in the businesses of jewelry, property development, property rental, hotel operation, and banking and finance. He is the Chairman of Myer Jewelry Manufacturer Limited, an executive director of New World Development Company Limited and a director of Hang Seng Bank Limited. He is also a director of certain subsidiaries of the Company.

Mr WOO Kim Phoe
Aged 88. Mr Woo was appointed director of the Company in 1978 and has been a Vice Chairman of the Company since 1985. He has extensive experience in the hotel and property businesses. He is also the Chairman of Tectona Enterprises Limited and Tong Seng Enterprises Limited.

Mr LEE Ka Shing
Aged 36. Mr Lee was appointed director of the Company in 2004 and has been actively involved in formulating the Group's corporate development strategies and directions. On 1 August 2006, he was appointed as Managing Director of the Company, and has been in charge of corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. He was educated in Canada. He is the Vice Chairman of Henderson Land, Henderson Investment and Henderson Development as well as a director of The Hong Kong and China Gas Company Limited. Mr Lee is a Member of the Ninth Guangxi Zhuangzu Zizhiqu Committee of the Chinese People's Political Consultative Conference and a Member of the Ninth Foshan Committee of the Chinese People's Political Consultative Conference. Henderson Investment, Henderson Land and Henderson Development have discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007. He is also a director of certain subsidiaries of the Company. He is the son of Dr Lee Shau Kee.

Dr Patrick FUNG Yuk Bun
Aged 60. Dr Fung was appointed director of the Company in 1985. He obtained his MBA degree from University of Toronto in 1973, and was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2001 and an Honorary Doctor of Laws by the University of Toronto in 2005. Dr Fung joined Wing Hang Bank in 1976 and was appointed Director in 1980. He was appointed Chief Executive of the Bank in 1992, and then Chairman and Chief Executive in April 1996.

Dr Fung is an independent non-executive director of The Link Management Limited. He is a member of the Exchange Fund Advisory Committee ("EFAC") and the EFAC Financial Infrastructure Sub-Committee, a member of the Hong Kong Tourism Board, a member of the Court of the Hong Kong Polytechnic University, the Chairman of University of Toronto (Hong Kong) Foundation, a member of the Dean's Advisory Council of the Faculty of Management at the University of Toronto, a Council member and Honorary Court member of the Hong Kong University of Science and Technology, Vice President of the Hong Kong Institute of Bankers, a Co-opt member of the Planning, Development and Conservation Committee of the Urban Renewal Authority and a member of the Board of Trustees of the Lord Wilson Heritage Trust. He is also a director of certain subsidiaries of the Company.

Mr Dominic CHENG Ka On
Aged 57. Mr Cheng was appointed director of the Company in 1985. He is currently a member of the Audit Committee of the Company. Mr Cheng has extensive practical experience in corporate management and is also an executive director of King Fook Holdings Limited and the Managing Director of the Onflo International Group of Companies. He is also a director of certain subsidiaries of the Company.

Mr Richard TANG Yat Sun, *MBA, BBS, JP*
Aged 54. Mr Tang was appointed director of the Company in 1986. He is an MBA graduate from the University of Santa Clara, California, U.S.A., and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, U.S.A. He is currently the Chairman and Managing Director of Richcom Company Limited, Vice Chairman of King Fook Holdings Limited, a director of Hang Seng Bank Limited and various private business enterprises. He is a member of Tang Shiu Kin and Ho Tim Charitable Fund. He is also a director of certain subsidiaries of the Company.

Mr Colin LAM Ko Yin, *BSc, ACIB, MBIM, FCILT*
Aged 56. Mr Lam was appointed director of the Company in 1993. He holds a Bachelor of Science (Honours) degree from the University of Hong Kong and has over 33 years' experience in banking and property development. Since October 2003, Mr Lam has been a director of The University of Hong Kong Foundation for Educational Development and Research Limited. Mr Lam was appointed as member of the University Court of the University of Hong Kong in December 2006. He is also the Chairman of Hong Kong Ferry (Holdings) Company Limited, the Vice Chairman of Henderson Land and Henderson Investment, an executive director of Henderson Development as well as a director of The Hong Kong and China Gas Company Limited, Multiglade, Higgins, Threadwell, Aynbury, Hopkins, Riddick and Rimmer. Multiglade, Higgins, Threadwell, Aynbury, Henderson Investment, Henderson Land, Henderson Development, Hopkins, Riddick and Rimmer have discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 61. Mr Lau was appointed director of the Company in 1996. He has over 35 years' experience in banking, finance and investment. He is also an executive director of Henderson Land and Henderson Investment as well as a director of Hong Kong Ferry (Holdings) Company Limited. Both Henderson Land and Henderson Investment have discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007. He is also a director of certain subsidiaries of the Company.

Mr Tony NG

Aged 66. Mr Ng was appointed director of the Company in 1997. He is a graduate of Hotel Management from Ecole Hoteliere Lausanne, Switzerland. He has over 38 years' experience in the fields of hotel management and food and beverage in Hong Kong, Switzerland, Australia, Hawaii and Singapore. He is also a director of certain subsidiaries of the Company. He is the brother-in-law of Mr Howard Yeung Ping Leung.

Mr Norman HO Hau Chong, *BA, ACA, FCPA*

Aged 51. Mr Ho was appointed director of the Company in 1998. He is a member of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Hong Kong Institute of Certified Public Accountants. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 25 years' experience in management and property development. He is also a director of Taifook Securities Group Limited, New World Mobile Holdings Limited and Macau Prime Properties Holdings Limited, as well as an independent non-executive director of CITIC Pacific Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited, Shun Tak Holdings Limited and Starlight International Holdings Limited. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 50. Mr Yeung was appointed director of the Company in 2000. He has lots of experience in the businesses of property development, hotel operation and jewelry. He is also the Chairman of King Fook Holdings Limited and a director of New World Development Company Limited. He is the brother-in-law of Mr Tony Ng.

Mr Thomas LIANG Cheung Biu, *BA, MBA*

Aged 60. Mr Liang was appointed director of the Company in 2004. He holds a Bachelor degree in Economics from the University of California, Berkeley and a Master degree in Business Administration from the Columbia University and has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. He is also the Group Chief Executive of Wideland Investors Limited and a non-executive director of New World Development Company Limited.

Mr WU King Cheong, *BBS, JP*

Aged 56. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is a Councillor of the Eastern District Council of the Hong Kong Special Administrative Region ("HKSAR"), Vice Chairman of the Chinese General Chamber of Commerce, Member of Hong Kong Housing Authority, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Stockbrokers Association. He is an executive director of Lee Cheong Gold Dealers Limited. He is also an independent non-executive director of Yau Lee Holdings Limited, Chevalier iTech Holdings Limited, Henderson Land, Henderson Investment and Hong Kong Ferry (Holdings) Company Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Both Henderson land and Henderson Investment have discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007.

Mr Alexander AU Siu Kee, *OBE, ACA, FCCA, FCPA, FCIB, FHKIB*

Aged 60. Mr Au was appointed as an independent non-executive director on 17 January 2005 and re-designated as a non-executive director of the Company on 7 November 2005. Mr Au is a well-known banker in Hong Kong and has more than 30 years' experience in local and international banking business, having been the Chief Executive of Hang Seng Bank Limited (from October 1993 to March 1998) and of Overseas-Chinese Banking Corporation Limited in Singapore (from September 1998 to April 2002). He is currently an executive director and the Chief Financial Officer of Henderson Land, an independent non-executive director of Wheelock and Company Limited and a non-executive director of Hong Kong Ferry (Holdings) Company Limited. He is also a member of the Council of the Hong Kong University of Science and Technology. Henderson Land has discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance as at 31 March 2007.

Mr Timpson CHUNG Shui Ming, *GBS, JP*

Aged 56. Mr Chung was appointed as an independent non-executive director of the Company in 2006. Mr Chung obtained a bachelor's degree in science from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a member of the National Committee of the 10th Chinese People's Political Consultative Conference and the Chairman of the Council of the City University of Hong Kong. Currently, Mr Chung is an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited, Nine Dragons Paper (Holdings) Limited, Tai Shing International (Holdings) Limited and Glorious Sun Enterprises Limited. Formerly, Mr Chung was the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust. He was previously the Managing Director of Hantec Investment Holdings Limited and an executive director and the Chief Executive Officer of Shimao International Holdings Limited, an independent non-executive director of Stockmartnet Holdings Limited and Extrawell Pharmaceutical Holdings Limited.

Mr Peter YU Tat Kong, *BSc, MBA, CA, CHA*

Aged 58. Mr Yu joined the Company in 1996 as the Group General Manager and was appointed director of the Company in 1997. He holds a Bachelor degree in Statistics & Computer Science from the University of Manitoba and a Master degree in Business Administration from the University of British Columbia in Canada. He is a U.S. Certified Hotel Administrator as well as a Canadian Chartered Accountant. He has over 29 years' solid experience in the fields of hospitality and tourism, general administration and corporate finance. He is also a director of certain subsidiaries of the Company.

Senior Management

Mr Frankie CHAN Fung Kee

Aged 69. Mr Chan holds a Diploma in Building Course from the Hong Kong Technical College. He joined the Group in 1970. He is now the Director of Property Development and Maintenance.

Mr Ellis CHENG Chi Wai, *FCCA, FCPA, FCIS, FCS*

Aged 42. Mr Cheng is the Chief Financial Officer of the Group. Mr Cheng holds a bachelor's degree in accounting and is a Fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants as well as a chartered secretary. Mr Cheng has more than 19 years' experience in auditing, financial control and corporate finance and previously worked in an international accounting firm and held key finance positions in several companies whose shares are listed on the Stock Exchange. Mr Cheng joined the Group in 2007.

Ms Sylvia CHUNG Wai Man

Aged 46. Ms Chung joined the Group as General Manager of the Hotel Miramar in 1997 and she has been involved in a number of the Group's food and beverages businesses. She is a Certified Hotel Administrator and was awarded the Bauhinia Cup Outstanding Entrepreneur Awards by the Hong Kong Polytechnic University in 2002. She is the Council Member of the Hong Kong Polytechnic University, as well as the Chairman of the Advisory Committee of its School of Hotel & Tourism Management, 1st Vice Chairman of the Hong Kong Hotels Association and the President of the Women Executives Club of the Hong Kong General Chamber of Commerce.

Mr Uris FONG See Shun

Aged 51. Mr Fong joined the Henderson Group in 1992, and then transferred to the Group in 1998 as Vice President - Group Marketing & Sales of Group Hotel Management Company. He is responsible for marketing, sales, planning & development for all hotels within our Group. He also manages overseas offices in Beijing, Shanghai, Taipei, Tokyo and London. He has worked for some renowned international chain hotels in Hong Kong and Europe. Mr Fong has over 28 years of extensive sales & marketing experience in the hospitality and tourism industry.

Ms Carmen LAM Chun Man
Aged 46. Ms Lam joined the Group in 2007 as Director of Group Strategy & Brand Development of the Miramar Group and Senior Vice President – Product and Branding of Miramar International Hotel Management Corp. S. A. She holds a Bachelor of Business Administration in Hotel Management from the University of Hawaii. She is a founding member of the Hospitality Sales & Marketing Association International (HSMAI), Asia Pacific Chapter and a member of the Society of Incentive & Travel Executives (SITE).

Mr Eddy LAU Wai Lik, *MPA, FCPA, FCCA, ACMA*
Aged 51. Mr Lau holds a Master of Professional Accounting degree from the Hong Kong Polytechnic University and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of the Chartered Institute of Management Accountants. He has over 28 years' experience in auditing, financial management and accounting. He joined the Group in 1989 and his present position is Director of Internal Audit. He is responsible for the independent review of financial and operational controls of the Group.

Ms Clara NGAN King Ha, *MBA*
Aged 43. Ms Ngan joined the Group in 1996 and was appointed as Director of Group Human Resources and Administration in 2005. Ms Ngan graduated from the Hong Kong Polytechnic University and obtained a professional diploma in Company Secretaryship and Administration. She also holds a Postgraduate Diploma and a Master Degree in Business Administration from the Sheffield Hallam University in the United Kingdom. She has over 13 years of business administration and human resources management experience in commercial sector.

Ms Iris WONG Po Yee, *BA, MBA*
Aged 43. Ms Wong joined the Group in 2006 and was appointed as Director of Group Marketing and Communications. She holds a Bachelor Degree in English Language and Literature from Hong Kong Baptist University and a Master Degree in Business Administration from City University of Hong Kong. She has over 21 years' extensive marketing, business development and brand communications experience in the fields of hospitality, journalism, newspaper publishing and global newswire services.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance. During the financial year ended 31 March 2007, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with deviation from CG Code E.1.1.

According to CG Code E.1.1, persons proposed to be appointed or re-elected as directors at a general meeting should be nominated by means of separate resolutions. With unanimous approval from the shareholders attending the Company's Annual General Meeting of 2006, the retiring directors proposed for re-election in the year were nominated by means of a single resolution.

BOARD OF DIRECTORS

The Board of Directors (the "Board") currently comprises seventeen members, of whom seven are executive directors, seven non-executive directors and three independent non-executive directors, as detailed below:

Executive directors:

Dr LEE Shau Kee *(Chairman)*
Mr LEE Ka Shing
Mr Richard TANG Yat Sun
Mr Colin LAM Ko Yin
Mr Eddie LAU Yum Chuen
Mr Norman HO Hau Chong
Mr Peter YU Tat Kong

Non-executive directors:

Mr WOO Kim Phoe
Dr Patrick FUNG Yuk Bun
Mr Dominic CHENG Ka On
Mr Tony NG
Mr Howard YEUNG Ping Leung
Mr Thomas LIANG Cheung Biu
Mr Alexander AU Siu Kee

Independent non-executive directors:

Dr David SIN Wai Kin
Mr WU King Cheong
Mr Timpson CHUNG Shui Ming

The biographical details of the directors and relationship among them are shown under the section "Biographical Details of Directors and Senior Management" in this Annual Report. Save as disclosed therein, there is no financial, business, family or other material/relevant relationship among the directors.

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee are up to 31 December 2007; Dr David Sin Wai Kin, Mr Woo Kim Phoe, Mr Thomas Liang Cheung Biu and Mr Timpson Chung Shui Ming up to 31 December 2008; Dr Patrick Fung Yuk Bun, Mr Howard Yeung Ping Leung and Mr Tony Ng up to 31 December 2009; and all are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The Board has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the independent non-executive directors are independent.

The roles undertaken by Dr Lee Shau Kee as Chairman of the Company and Mr Lee Ka Shing as Managing Director (whose status is equivalent to chief executive officer for the purpose of the CG Code but not otherwise) are segregated.

The Board makes broad policy decisions and has delegated the responsibility to the Managing Director for corporate policy formulation and schematization, as well as promoting the Group's business development and enhancing its competitiveness and status in the industry. The key function of the Chairman is the management of the Board. The day-to-day management and operation of the Company's businesses are delegated to the senior management. The Board has the following matters specifically reserved for its approval:

1. Major acquisitions and disposals, and joint ventures;

2. Major project investments, and major capital expenditure programmes;

3. Annual budgets, and business and financial plans;

4. Financial statements, dividend distributions, capital structure, treasury policy, and accounting policy;

5. Remuneration policy and terms of employment of the senior executive team;

6. Public announcements as required under the Listing Rules.

During the year, four board meetings were held to review and approve financial results, evaluate operating performance and direct business development. The Board has established three board committees to assist it in carrying out its responsibilities; and they are the General Purpose Committee, the Remuneration Committee and the Audit Committee, all of which have defined terms of reference setting out their respective duties, powers and functions.

GENERAL PURPOSE COMMITTEE

The General Purpose Committee comprises six members, all of them are executive directors, namely Mr Lee Ka Shing, Mr Richard Tang Yat Sun, Mr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen, Mr Norman Ho Hau Chong and Mr Peter Yu Tat Kong. The General Purpose Committee operates with delegated authority from the Board.

REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, three of them are independent non-executive directors, namely Dr David Sin Wai Kin, Mr Wu King Cheong and Mr Timpson Chung Shui Ming, and two are executive directors, namely Dr Lee Shau Kee and Mr Richard Tang Yat Sun. Dr Lee Shau Kee is the Chairman of the Remuneration Committee.

The Remuneration Committee meets at least once a year to review the structure of remunerations for directors and senior management with reference to the skill, knowledge, experience, responsibilities, individual performance and the overall profitability of the Company. The Remuneration Committee regards that the remunerations offered to the directors and senior management are appropriate for their duties and in line with market practice. No director would be involved in deciding his own remunerations.

AUDIT COMMITTEE

The Audit Committee is primarily responsible for review of the financial results of the Group and oversight of the Group's financial controls, internal controls and risk management systems. It comprises five members, three of them are independent non-executive directors, namely Dr David Sin Wai Kin, Mr Wu King Cheong and Mr Timpson Chung Shui Ming, and two are non-executive directors, namely Dr Patrick Fung Yuk Bun and Mr Dominic Cheng Ka On. Mr Timpson Chung Shui Ming is the Chairman of the Audit Committee.

The Audit Committee met four times during the year ended 31 March 2007. The major work performed by the Audit Committee included reviewing the Group's internal controls, internal audit reports, audit plans, annual reports, interim reports, financial statements, connected transactions and approving the remunerations and terms of engagement of the external auditors.

ATTENDANCE RECORD OF THE MEETINGS

The number of meetings held by the Board and Committees during the year and the attendance of directors is set out in the table below:

	Meetings attended/held		
Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Dr LEE Shau Kee *(Chairman)*	4/4	N/A	1/1
Mr LEE Ka Shing	4/4	N/A	N/A
Mr Richard TANG Yat Sun	4/4	N/A	1/1
Mr Colin LAM Ko Yin	3/4	N/A	N/A
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A
Mr Norman HO Hau Chong	4/4	N/A	N/A
Mr Peter YU Tat Kong	4/4	N/A	N/A
Non-executive Directors			
Mr WOO Kim Phoe	2/4	N/A	N/A
Dr Patrick FUNG Yuk Bun	3/4	4/4	N/A
Mr Dominic CHENG Ka On	4/4	4/4	N/A
Mr Tony NG	3/4	N/A	N/A
Mr Howard YEUNG Ping Leung	4/4	N/A	N/A
Mr Thomas LIANG Cheung Biu	4/4	N/A	N/A
Mr Alexander AU Siu Kee	2/4	N/A	N/A
Independent Non-executive Directors			
Dr David SIN Wai Kin	4/4	4/4	1/1
Mr WU King Cheong	4/4	4/4	1/1
Mr Timpson CHUNG Shui Ming	4/4	4/4	1/1

NOMINATION COMMITTEE

The Company does not have a nomination committee, and the power to nominate or appoint additional directors is vested in the Board according to the Articles of Association. In addition, the shareholders can nominate any person to become a director of the Company in accordance with the Articles of Association of the Company and the law of Hong Kong.

The Board from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board. The Directors will evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time.

AUDITORS' REMUNERATION

During the year, the fees (before out-of-pocket expenses) paid/payable to the Company's auditors, KPMG, for the provision of audit services and non-audit services are as follows:

	Remuneration
	HK$
Audit services	2,490,000
Non-audit services:	
Interim review	330,000
Taxation services	158,750
Advisory on internal audit services	173,800
Other services	23,000
	3,175,550

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the annual financial statements which give a true and fair view of the Group's state of affairs and of the results and cash flow for the year. The Group's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable; and that the accounts are prepared on an ongoing-concern basis.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on pages 41 to 42 of this Annual Report.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Company and has reviewed its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the Company's assets.

During the year, the Company has conducted a gap analysis with reference to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework, in order to assess the internal controls system against the five elements of COSO, namely control environment, risk assessment, control activities, information & communication and monitoring.

The Internal Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting risk-based audits on the major operating activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

The Audit Committee has reviewed the financial results of the Group for the year ended 31 March 2007 and discussed with the internal auditor and independent auditors matters on auditing, internal control and financial report of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and the principal activities of its principal subsidiaries are property investment, property development and sales, hotel ownership and management, food and beverage operation and travel operation; the particulars of which are set out in note 11 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Due to the diversity and nature of the Group's activities, the aggregate percentage of the Group's sales and purchases attributable to the Group's five largest customers and suppliers respectively was less than 30%.

At 31 March 2007, none of the directors, their associates or shareholders who, to the knowledge of the directors, own more than 5% of the Company's share capital, had an interest in any of the five largest customers and suppliers.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 March 2007 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 43 to 104.

An interim dividend of HK$0.15 per share (2006: HK$0.15 per share) was paid on 10 January 2007. The directors now recommend the payment of a final dividend of HK$0.24 per share (2006: HK$0.24 per share) in respect of the year ended 31 March 2007, totalling HK$138,535,500.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$31,659 (2006: HK$24,750).

FIXED ASSETS

Details of movements in fixed assets are set out in note 12 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

	@	*	Dr LEE Shau Kee, *DBA (Hon), DSSc (Hon), LLD (Hon)*
+	@	#	Dr David SIN Wai Kin, *DSSc (Hon)*
		Δ	Mr WOO Kim Phoe
>		*	Mr LEE Ka Shing
	+	Δ	Dr Patrick FUNG Yuk Bun
	+	Δ	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
		Δ	Mr Tony NG
>		*	Mr Norman HO Hau Chong, *BA, ACA, FCPA*
		Δ	Mr Howard YEUNG Ping Leung
		Δ	Mr Thomas LIANG Cheung Biu, *BA, MBA*
+	@	#	Mr WU King Cheong, *BBS, JP*
		Δ	Mr Alexander AU Siu Kee, *OBE, ACA, FCCA, FCPA, FCIB, FHKIB*
+	@	#	Mr Timpson CHUNG Shui Ming, *GBS, JP*
>		*	Mr Peter YU Tat Kong, *BSc, MBA, CA, CHA*

*	*executive directors*
Δ	*non-executive directors*
#	*independent non-executive directors*
+	*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*

In accordance with Articles 77, 78 and 79, Dr Lee Shau Kee, Dr Patrick Fung Yuk Bun, Mr Dominic Cheng Ka On, Mr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen and Mr Thomas Liang Cheung Biu will retire at the forthcoming Annual General Meeting by rotation. The above six directors, being all eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

DISCLOSURE OF INTERESTS

Directors' interests in shares

As at 31 March 2007, 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 WOO Kim Phoe	11,426,400	–	–	–	1.98%
	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%
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 7)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 7)*	100%
Placer Holdings, Inc.	Mr Richard TANG Yat Sun	4,000	–	–	–	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 31 March 2007, 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 year 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 31 March 2007, 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%
Kingslee S.A.	255,188,250	*(note 11)*	44.21%
Henderson Investment Limited ("Henderson Investment")	255,188,250	*(note 11)*	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250	*(note 11)*	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750	*(note 11)*	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500	*(note 11)*	13.71%
Threadwell Limited ("Threadwell")	75,454,000	*(note 11)*	13.07%
Person other than Substantial Shareholders			
Mr Chong Wing Cheong	57,587,210		9.98%

Save as disclosed above, as at 31 March 2007, 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, 10 and 11.

(2) As 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, 10 and 11, 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, 10 and 11.

(7) 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, 2, 9, 10 and 11.

(8) These 2 shares in Strong Guide Property Ltd were equally owned by a wholly-owned subsidiary of the Company and 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, 2, 9, 10 and 11.

(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, 10 and 11.

(10) 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, 2, 9 and 11.

(11) 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, 2, 9 and 10.

DIRECTORS' AND MANAGEMENT EMOLUMENTS

Particulars of directors' emoluments and the five highest paid individuals in the Group are set out in notes 6 and 7 respectively to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

The Group has the following continuing connected transactions during the year under review:

(1) On 8 February 2005, a confirmation of sub-lease (the "Confirmation of Sub-Lease") was entered into between Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant (the "Tenant") and IFC Development Limited as landlord (the "Landlord"), whereby the Landlord agreed to sub-lease to the Tenant the premises upon the terms as detailed below.

Premises : Shop Nos. 3101-3107 on Level Three of ifc Mall (Retail Accommodation on Site R of Inland Lot No.8898), of approximately 16,138 square feet

Term : Initial term of three years taken to commence from 7 July 2004

Rent and other charges : The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term shall be as follows:

(i) From 7 November 2004 to 6 July 2005, basic rent in the sum of HK$435,726 per month together with turnover rent representing the amount by which 10% of the gross amount of all sums billed or received in the course of the Tenant's business conducted at the Premises (excluding 10% service charge) exceeds the basic rent per month (the "Turnover Rent");

(ii) From 7 July 2005 to 6 July 2007, basic rent in the sum of HK$484,140 per month together with the Turnover Rent;

(iii) From 7 July 2007 to 6 July 2010 (the "First Renewed Period"), provided the 1st Option (as defined below) is exercised by the Tenant, at open market rent provided that the basic rent shall not be less than HK$484,140 per month or more than HK$580,968 per month, together with the Turnover Rent;

(iv) From 7 July 2010 to 6 July 2013 (the "Second Renewed Period"), provided the 2nd Option (as defined below) is exercised by the Tenant, at open market rent provided that the basic rent shall not be less than the basic rent paid for the last calendar month of the First Renewed Period or more than 120% of the basic rent paid for the last calendar month of the First Renewed Period, together with the Turnover Rent.

Air-conditioning and management charges and promotional levy payable on monthly basis during the term shall be approximately HK$193,656 per month (subject to review from time to time in accordance with the terms of the Confirmation of Sub-Lease).

Option	:	A first option (the "1st Option") exercisable by the Tenant at the expiry of the initial sub-lease period on 6 July 2007 to renew the sub-lease of the Premises for three years, and a second option (the "2nd Option") exercisable by the Tenant at the expiry of the First Renewed Period to renew the sub-lease of the Premises for a further three years if the 1st Option is exercised by the Tenant.

As the Landlord is an associate of Henderson Land, a substantial shareholder of the Company, it is a connected person of the Company under Rule 14A.11 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the entering into of the Confirmation of Sub-Lease constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Group has commenced operating two up-market restaurants serving Cantonese and Szechuan cuisine at the Premises since their soft openings on 6 February 2005 and the Directors (including independent non-executive Directors) are of the opinion that the ifc Mall, being a new landmark in Hong Kong and ideally located in the city center, would be an ideal location for the Company to expand its restaurant operation and to bring profits to the Group.

(2) On 22 April 2005, a lease (the "First Lease") was entered into between Shahdan Limited ("Shahdan"), a wholly-owned subsidiary of the Company as landlord, and Union Medical Centre Limited ("Union Medical") as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

First Premises	:	Units 1809-10, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, of approximately 5,280 square feet
Term	:	Three years commencing from 25 April 2005 to 24 April 2008
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK$79,200 The aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the premises) is HK$21,120
Rent-free period	:	Two months of rent-free period commencing from 25 April 2005 during which Union Medical was not obliged to pay rent but shall pay for the management fee, air-conditioning charges, government rates and utility charges for the First Premises

On 28 June 2006, a lease (the "Second Lease") was entered into between Shahdan as landlord, and Union Medical as tenant, whereby Shahdan agreed to let to Union Medical the premises upon the terms as detailed below:

Second Premises	:	Units 1817-18, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong of approximately 2,399 square feet
Term	:	Three years commencing from 12 June 2006 to 11 June 2009
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK$62,374 The aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the premises) is HK$9,596
Rent-free period	:	Two months of rent-free period commencing from 12 June 2006 during which Union Medical shall not be obliged to pay rent but shall pay for the management fee, air-conditioning charges, government rates and utility charges for the Second Premises

Union Medical is a company in which Dr Lee Shau Kee and Mr Lee Ka Shing have 100% deemed interest under the Listing Rules and therefore is an associate of Dr Lee Shau Kee and Mr Lee Ka Shing. As Dr Lee Shau Kee and Mr Lee Ka Shing are Directors of the Company and are, by virtue of their respective deemed interests under the Listing Rules, also taken as substantial shareholders of the Company, Union Medical is a connected person of the Company thereby rendering the First Lease and the Second Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the First Lease and the Second Lease were entered into by Shahdan with the same connected person and both leases were in respect of the premises in the same building and on the same floor, they were regarded as related transaction and therefore were treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules.

(3) On 1 March 2007, the Group entered into the following three agreements with Henderson Real Estate Agency Limited ("HREAL") which constituted continuing connected transactions for the Company:

(1) A tenancy agreement (the "Tenancy Agreement") entered into between Shahdan as landlord and HREAL as tenant;

(2) A first licence agreement (the "First Licence Agreement") entered into between Shahdan as licensor and HREAL as licencee; and

(3) A second licence agreement (the "Second Licence Agreement") entered into between Contender Limited ("Contender"), a wholly-owned subsidiary of the Company, as licensor and HREAL as licensee.

The Tenancy Agreement, First Licence Agreement and Second Licence Agreement were treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules. Details of terms and conditions of the Agreements are set out as follows:

Details of the Tenancy Agreement

Premises I	:	Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Premises II	:	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Terms for Premises I and Premises II	:	One year commencing from 5 February 2007 to 4 February 2008
Rent and other charges for Premises I and Premises II	:	Premises I:

(a) rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK$125,450.00;

(b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises I) is HK$24,989.60; and

(c) monthly promotion contribution, being 1% of the monthly rent of Premises I (subject to periodic review by Shahdan) is HK$1,254.50.

Premises II:

(a) rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK$255,000.00; and

(b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises II) is HK$42,024.00.

Premises I and Premises II:

(a) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK$15,218.00; and

(b) debris disposal fee payable to Shahdan upon signing of the Tenancy Agreement is HK$30,436.00.

Rent-free period for Premises I and Premises II	:	Rent-free period from 5 February 2007 to 4 March 2007 during which HREAL is not obliged to pay rent but pay for management fee, air conditioning charges, government rates for Premises I and Premises II, and in respect of Premises I only, the promotion contribution
User	:	To be used as a property agency only

Details of the First Licence Agreement

Signage A	:	Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term	:	Seven months from the date which shall be the 7th day from the date of notification by Shahdan or its agent that the vacant possession is ready for delivery while the expiry date of the licence shall be not later than 29 February 2008
Licence Fee	:	The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$60,000.00
User	:	To be used for advertising the trade name of the licensee

Details of the Second Licence Agreement

Signage B	:	Signage B on the external wall facing Kimberley Road of Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term	:	Ten months commencing from 1 May 2007 to 29 February 2008
Licence Fee	:	The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$80,000.00
User	:	To be used for advertising the trade name of the licensee

HREAL is a wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company holding approximately 44.21% interests in the Company. Accordingly, HREAL is a connected person of the Company, thereby the entering into of the Tenancy Agreement, First Licence Agreement and Second Licence Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the above relevant agreements which terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The auditors of the Company have reviewed the above-mentioned continuing connected transactions and confirmed in writing to the board of directors of the Company that they:

(i) have received the approval of the board of directors of the Company;

(ii) are in accordance with the pricing policies of the Group;

(iii) have been entered into in accordance with the terms of the above relevant agreements; and have not exceeded the cap amount of such transactions for the financial year ended 31 March 2007.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the material interest that some of the directors held in the contracts under the paragraph of the continuing connected transactions, there were no contracts of significance which subsisted during or at the end of the financial year in which the Company or any subsidiary was a party and in which a director was interested, directly or indirectly, and the director's interest was material.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The following directors are considered to have interests in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules:

1. Dr David Sin Wai Kin is also a director of New World Development Company Limited. The principal activities of this group include property investment, hotel management and operation and other related services.

2. Dr Lee Shau Kee, Mr Lee Ka Shing and Mr Colin Lam Ko Yin are also directors of Henderson Development, Henderson Land and Henderson Investment which, through their subsidiaries, are also engaged in the businesses of property investment, hotel management and operation and other related services.

3. Mr Eddie Lau Yum Chuen is also a director of Henderson Land and Henderson Investment which, through their subsidiaries, are also engaged in the businesses of property investment, hotel management and operation and other related services.

4. Mr Alexander Au Siu Kee is also a director of Henderson Land which, through its subsidiaries, is engaged in the business of property investment, hotel management and operation and other related services.

5. Dr Lee Shau Kee, Mr Colin Lam Ko Yin, Mr Eddie Lau Yum Chuen, Mr Norman Ho Hau Chong and Mr Alexander Au Siu Kee are also directors of Hong Kong Ferry (Holdings) Company Limited, the principal activities of this group include property investment, hotel management and operation, travel and other related services.

6. Mr Norman Ho Hau Chong is a director of CITIC Pacific Limited which, through its subsidiaries, is engaged in the business of property investment.

7. Mr Thomas Liang Cheung Biu is the Group Chief Executive of Wideland Investors Limited which, through its subsidiaries, is engaged in the ownership and management of investment properties. He is also a director of New World Development Company Limited and Milford (International) Investment Company Limited, which are also engaged in the businesses of property development, hotel, travel and food and beverages.

8. Mr Howard Yeung Ping Leung is the Chairman of King Fook Holdings Limited and also director of New World Development Company Limited, Chi Kai Company Limited, New Lee Yuen Investment Company Limited and Wui Fung Lee Investment Company Limited, which themselves or through their subsidiaries are also engaged in the like business of the Company.

As the board of directors of the Company is independent from the boards of the above-mentioned companies and none of the above directors controls the board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of those companies.

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

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2007 are set out in note 22 to the financial statements.

PARTICULARS OF LOAN CAPITAL, CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS ISSUED BY THE COMPANY AND ITS SUBSIDIARIES

The Company and its subsidiaries have not issued, during the financial year, any loan capital, convertible securities, warrants or options.

BORROWING COST CAPITALISATION

No borrowing cost was capitalised by the Company and its subsidiaries during the year (2006: HK$195,000).

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 25 to the financial statements.

SHARE CAPITAL

Details of the share capital during the year are set out in note 26 to the financial statements.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

RESERVES

Movements in reserves during the year are set out in note 26 to the financial statements.

GROUP'S FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 105.

GROUP PROPERTIES

Particulars of the major properties and property interests of the Group are shown on pages 106 to 108.

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 12% only (at 31 March 2006: 14%) as at 31 March 2007.

The Group has negligible foreign currency risk, given that the majority of the financing facilities obtained by the Group are denominated in Hong Kong dollars. Interests on bank loans and borrowings of the Group are chargeable mainly based on certain agreed interest margin over the Hong Kong Interbank Offer Rate, which is therefore of floating rate in nature.

The Group has adequate credit facilities available to fund its development programme for the foreseeable future. At 31 March 2007, total available facilities amounted to approximately HK$1.8 billion (at 31 March 2006: approximately HK$1.8 billion), and 42% (at 31 March 2006: 46%) were utilized. At 31 March 2007, consolidated net borrowings were approximately HK$0.6 billion (at 31 March 2006: approximately HK$0.4 billion), of which none was secured borrowings (at 31 March 2006: none).

EMPLOYEES

As at 31 March 2007, the Company employed about 1,479 full-time employees, including 1,175 employed in Hong Kong, 302 employed in the People's Republic of China and 2 employed in the United States of America. The Company's remuneration policy is to reward employees on performance basis. Employees' salary is commensurate with their job nature, qualification, individual performance and contribution to the Group. Discretionary bonus and incentive schemes adopted are based on staff and departmental performance which effectively motivate employees' performance. To maintain competitiveness in the employment market, survey on salary and benefits and review of employees' total remuneration package are regularly conducted. Other than the monetary reward, different kinds of fringe benefits like medical and life insurance program, long service award, provision of duty meal, etc., are offered to the employees. Their total remunerations are at competitive levels in the market.

TRAINING

The core business of the Group is service. It makes every sense for the Group to strive for excellence in the area of customer service to sustain its business success. Following the managerial training that the Group had conducted in the first half of the year, its focus has turned to sharpening and enhancing the service for its front-line staff in the remaining months. Programs like Standard Service Procedures Training, Menu Items and Selling Skills Training and Product Knowledge Training are provided to the employees. This year, the Group has appointed a renowned external consultancy company to provide a "Service & Selling Excellence Programme" to the staff, with the aim of shaping their abilities to provide friendly, natural and genuine service.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2007 and discussed with the internal auditor and independent auditors matters on auditing, internal control and financial report of the Group.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General meeting is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board
LEE SHAU KEE
Chairman

Hong Kong, 27 June 2007

Independent auditor's report to the shareholders of
Miramar Hotel and Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Miramar Hotel and Investment Company, Limited (the "Company") set out on pages 43 to 104, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

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

Hong Kong, 27 June 2007

CONSOLIDATED INCOME STATEMENT

(Expressed in Hong Kong dollars)

		For the year ended 31 March	
		2007	2006
	Note	$'000	$'000
Turnover	2	1,434,088	1,662,862
Cost of inventories		(123,232)	(123,789)
Cost of properties under development		–	(152,342)
Staff costs	4(b)	(245,873)	(238,452)
Utilities, repairs and maintenance and rent		(97,722)	(95,695)
Tour and ticketing costs		(400,761)	(270,432)
Gross profit		566,500	782,152
Other revenue	3	69,996	26,023
Other income/(loss), net	3	968	(580)
		637,464	807,595
Operating and other expenses		(133,793)	(108,843)
Operating profit before depreciation and amortisation		503,671	698,752
Depreciation and amortisation		(36,928)	(37,432)
Operating profit		466,743	661,320
Finance costs	4(a)	(40,060)	(37,013)
Share of profits less losses of associates		2,070	5,319
Profit before non-operating items		428,753	629,626
Reversal of impairment of interest in associates		–	1,320
(Provision for)/reversal of impairment of properties held for resale		(1,022)	97
Net increase in fair value of investment properties	12(a)	436,412	878,484
Profit before taxation	4	864,143	1,509,527
Taxation			
– Current	5(a)	(88,000)	(166,062)
– Deferred	5(a)	(83,377)	(135,847)
Profit for the year		692,766	1,207,618
Attributable to:			
Shareholders of the Company	8 & 26(a)	688,439	1,169,432
Minority interests	26(a)	4,327	38,186
	26(a)	692,766	1,207,618
Dividends attributable to the year:	9		
Interim dividend declared and paid during the year		86,585	86,585
Final dividend proposed after the balance sheet date		138,536	138,536
		225,121	225,121
Earnings per share – basic and diluted	10	$1.19	$2.03

The notes on pages 50 to 104 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(Expressed in Hong Kong dollars)

		At 31 March			
		2007		2006	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets					
– Investment properties	12(a)		7,686,995		7,211,817
– Other fixed assets	12(a)		204,003		210,227
			7,890,998		7,422,044
Interest in associates	14		3,068		7,260
Available-for-sale investments	15		34,702		28,857
Deferred tax assets	24(b)(iii)		16,516		17,050
			7,945,284		7,475,211
Current assets					
Properties under development	16	236,278		185,551	
Inventories	17	92,606		89,887	
Trade and other receivables	18	126,393		103,878	
Restricted cash	19	–		47	
Available-for-sale investments	15	279,895		–	
Cash and bank balances	20	194,646		451,225	
		929,818		830,588	
Current liabilities					
Trade and other payables	21	(342,728)		(304,497)	
Interest-bearing borrowings	22	–		(125,357)	
Sales and rental deposits received		(83,759)		(71,682)	
Tax payable	24(a)	(28,091)		(22,804)	
		(454,578)		(524,340)	
Net current assets			475,240		306,248
Total assets less current liabilities carried forward			8,420,524		7,781,459

		At 31 March			
		2007		2006	
	Note	$'000	$'000	$'000	$'000
Total assets less current liabilities brought forward			8,420,524		7,781,459
Non-current liabilities					
Interest-bearing borrowings	22	(750,828)		(696,000)	
Deferred liabilities	23	(68,714)		(70,586)	
Deferred tax liabilities	24(b)(iii)	(1,108,909)		(1,023,976)	
			(1,928,451)		(1,790,562)
NET ASSETS			6,492,073		5,990,897
CAPITAL AND RESERVES					
Share capital			404,062		404,062
Reserves			6,022,714		5,535,640
Total equity attributable to shareholders of the Company			6,426,776		5,939,702
Minority interests			65,297		51,195
TOTAL EQUITY	26(a)		6,492,073		5,990,897

Approved and authorised for issue by the board of directors on 27 June 2007.

LEE SHAU KEE
Chairman

COLIN K.Y. LAM
Director

The notes on pages 50 to 104 form an integral part of these financial statements.

BALANCE SHEET

(Expressed in Hong Kong dollars)

		At 31 March			
		2007		2006	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets					
– Investment properties	12(b)		143,513		134,257
– Other fixed assets	12(b)		11,174		11,706
			154,687		145,963
Interest in subsidiaries	13		2,308,319		2,272,483
Interest in associates	14		853		887
Available-for-sale investments	15		14,061		11,530
			2,477,920		2,430,863
Current assets					
Inventories	17	4,383		4,562	
Trade and other receivables	18	17,637		12,050	
Cash and bank balances	20	10,556		9,111	
		32,576		25,723	
Current liabilities					
Trade and other payables	21	(55,281)		(39,774)	
Deposits received		(1,842)		(1,110)	
Tax payable	24(a)	(14,415)		(5,106)	
		(71,538)		(45,990)	
Net current liabilities			(38,962)		(20,267)
Total assets less current liabilities			2,438,958		2,410,596
Non-current liabilities					
Deferred liabilities	23		(1,055)		(1,379)
Deferred tax liabilities	24(b)(iii)		(14,911)		(12,768)
			(15,966)		(14,147)
NET ASSETS			2,422,992		2,396,449
CAPITAL AND RESERVES					
Share capital			404,062		404,062
Reserves			2,018,930		1,992,387
TOTAL EQUITY	26(b)		2,422,992		2,396,449

Approved and authorised for issue by the board of directors on 27 June 2007.

LEE SHAU KEE
Chairman

COLIN K.Y. LAM
Director

The notes on pages 50 to 104 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Hong Kong dollars)

		For the year ended 31 March	
		2007	2006
	Note	$'000	$'000
Total equity at 1 April		5,990,897	4,995,629
Net income for the year recognised directly in equity:			
Exchange differences on translation of the financial statements of overseas subsidiaries	26(a)	22,033	7,926
Changes in fair value of available-for-sale investments	26(a)	5,845	(6,700)
Minority interests of a subsidiary acquired during the year	26(a)	5,653	–
Net income for the year recognised directly in equity		33,531	1,226
Net profit for the year	26(a)	692,766	1,207,618
Total recognised income and expense for the year		726,297	1,208,844
Attributable to:			
– Shareholders of the Company		712,195	1,168,367
– Minority interests		14,102	40,477
		726,297	1,208,844
Dividends approved and paid during the year	9	(225,121)	(213,576)
Total equity at 31 March		6,492,073	5,990,897

The notes on pages 50 to 104 form an integral part of these financial statements.

(Expressed in Hong Kong dollars)

		For the year ended 31 March	
		2007	2006
	Note	$'000	$'000
Operating activities			
Profit before taxation		864,143	1,509,527
Adjustments for:			
– Depreciation and amortisation		36,928	37,432
– Finance costs		40,060	37,013
– Interest income		(10,240)	(7,984)
– Share of profits less losses of associates		(2,070)	(5,319)
– Loss on disposal of investment properties		–	580
– Net loss on disposal of other fixed assets		599	198
– Gain on disposal of an associate		(968)	–
– Reversal of impairment of interest in associates		–	(1,320)
– Provision for/(reversal of) impairment of properties held for resale		1,022	(97)
– Net increase in fair value of investment properties		(436,412)	(878,484)
Operating profit before changes in working capital		493,062	691,546
Increase in properties under development		(50,727)	(114,625)
Decrease in inventories		4,055	11,825
(Increase)/decrease in trade and other receivables		(23,909)	60,394
Decrease in restricted cash		47	278
Decrease in amounts due from associates		4,214	743
Increase/(decrease) in trade and other payables		37,618	(15,348)
Increase in sales and rental deposits received		12,077	10,085
(Decrease)/increase in deferred liabilities		(1,872)	19,498
Exchange adjustments		(11,187)	(2,880)
Cash generated from operations		463,378	661,516
Interest received		10,234	7,982
Interest and other borrowing costs paid		(42,161)	(34,005)
Dividends paid		(225,121)	(213,576)
Dividends received from associates		1,716	623
Tax paid			
– Hong Kong Profits Tax paid		(51,714)	(55,043)
– Hong Kong Profits Tax refunded		81	608
– Overseas tax paid		(31,080)	(81,932)
Net cash generated from operating activities		125,333	286,173

	Note	2007 $'000	2006 $'000
		For the year ended 31 March	
Investing activities			
Payment for purchase of investment properties		(15,257)	(179)
Payment for purchase of other fixed assets		(31,322)	(13,854)
Payment for purchase of available-for-sale investments		(279,895)	(2,565)
Proceeds from disposal of investment properties		–	5,588
Proceeds from disposal of other fixed assets		292	166
Proceeds from disposal of an associate		1,300	–
Loans repaid by associates		–	40
Net cash used in investing activities		(324,882)	(10,804)
Financing activities			
Release of pledged deposits		–	38,675
Proceeds from new bank loans		1,192,000	618,000
Repayment of bank loans		(1,261,000)	(768,673)
Drawdown/(repayment) of advances from minority shareholders		2,942	(6,772)
Issue of shares of a subsidiary attributable to minority interests		5,653	–
Net cash used in financing activities		(60,405)	(118,770)
Net (decrease)/increase in cash and cash equivalents		(259,954)	156,599
Cash and cash equivalents at 1 April		450,868	294,269
Effect of foreign exchange rate changes		3,732	–
Cash and cash equivalents at 31 March		194,646	450,868
Analysis of the balances of cash and cash equivalents at 31 March			
Cash and bank balances	20	194,646	451,225
Bank overdrafts – unsecured	22	–	(357)
		194,646	450,868

The notes on pages 50 to 104 form an integral part of these financial statements.

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs has not resulted in any significant impact on the Group's results of operations for the year and financial position as at 31 March 2007.

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKFRS 4, *Insurance contracts*, and HKAS 37, *Provisions, contingent liabilities and contingent assets*. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 April 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where material and the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37. Further details of the new policy are set out in note 1(r).

The adoption of these amendments does not have a significant impact on the Group's and the Company's results of operations and financial position for financial years 2006 and 2007.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 34).

1 Significant accounting policies *(Cont'd)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investment property (see note 1(g)); and

– financial instruments classified as available-for-sale investments (see note 1(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in next year are discussed in note 33.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(c) Subsidiaries and minority interests *(Cont'd)*

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 1(m) or (n) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year (see notes 1(e) and (j)).

1 Significant accounting policies *(Cont'd)*

(d) Associates *(Cont'd)*

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(j)), unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities and investment funds

The Group's and the Company's policies for investments in equity securities and investment funds, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities and investment funds are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(j)).

Investments in equity securities and investment funds which do not fall into the above category are classified as available-for-sale investments. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. When these investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(s)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(i).

(h) Other fixed assets

The following items of other fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(j)):

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 1(i));

– hotel property; and

– machinery, furniture, fixtures and equipment.

Gains or losses arising from the retirement or disposal of an item of other fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of other fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– leasehold land is depreciated over the remaining term of the lease;

– buildings including hotel property situated on leasehold land are depreciated over the unexpired term of the lease; and

– machinery, furniture, fixtures and equipment 4 – 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 Significant accounting policies *(Cont'd)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(g)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held for use in operating leases

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in note 1(s)(i).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(g)).

(j) Impairment of assets

(i) Impairment of investments in equity securities and investment funds, and other receivables

Investments in equity securities and investment funds, and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale investments, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

1 Significant accounting policies *(Cont'd)*

(j) Impairment of assets *(Cont'd)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– investments in subsidiaries and associates (except for those classified as held for sale (or included in a disposal group that is classified as held for sale)); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

(i) Consumable stores

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Properties under development

  The cost of properties under development comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Properties held for resale

  In the case of properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

  The cost of properties held for resale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 1(j)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1 Significant accounting policies *(Cont'd)*

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

(q) Income tax *(Cont'd)*

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

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  • the same taxable entity; or

  • different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

(r) Financial guarantees issued, provisions and contingent liabilities *(Cont'd)*

(i) Financial guarantees issued (Cont'd)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Revenue arising from the sale of properties held for resale is recognised upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Revenue arising from properties under development is recognised upon the transfer of legal titles. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under sales deposits and instalments received.

(s) Revenue recognition *(Cont'd)*

(iii) Income from hotel, food and beverage, travel operations and management services is recognised when the relevant services are provided.

(iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

1 Significant accounting policies *(Cont'd)*

(u) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one of more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influences of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

1 Significant accounting policies *(Cont'd)*

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2 Turnover

The principal activities 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. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007 $'000	2006 $'000
Gross rental from investment properties	396,689	366,703
Gross proceeds from sale of properties and properties under development	5,833	450,502
Income from hotel ownership and management operation	384,845	340,161
Income from food and beverage operation	199,655	194,553
Income from travel operation	447,066	310,943
	1,434,088	1,662,862

3 Other revenue and net income/(loss)

	2007 $'000	2006 $'000
Other revenue		
Interest income	10,240	7,984
Forfeited deposits	34,460	1,545
Sundry income	25,296	16,494
	69,996	26,023
Other income/(loss), net		
Gain on disposal of an associate	968	–
Loss on disposal of investment properties	–	(580)
	968	(580)

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2007 $'000	2006 $'000
(a) Finance costs		
Interest on bank advances and other borrowings repayable within five years	38,680	35,882
Other borrowing costs	1,380	1,326
Total borrowing costs	40,060	37,208
Less: Borrowing costs capitalised into properties under development* (note 16)	–	(195)
	40,060	37,013

* The borrowing costs had been capitalised at a rate of 4.34% per annum in 2006 for properties under development.

	2007 $'000	2006 $'000
(b) Staff costs		
Contributions to defined contribution plan	10,781	10,731
Salaries, wages and other benefits	235,092	227,721
	245,873	238,452

	2007 $'000	2006 $'000
(c) Others		
Auditors' remuneration	3,278	3,224
Net foreign exchange gain	(9,849)	(4,344)
Net loss on disposal of other fixed assets	599	198
Rentals receivable from investment properties less direct outgoings of $46,020,000 (2006: $46,739,000)	(350,669)	(319,964)
Operating lease charges: minimum lease payments – property rentals	24,209	21,492

5 Taxation in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2007 $'000	2006 $'000
Current tax – Hong Kong Profits Tax		
Provision for the year	60,913	50,303
(Over)/under-provision in respect of prior years	(17)	536
	60,896	50,839
Current tax – Overseas		
Provision for the year	12,287	119,540
Under/(over)-provision in respect of prior years	14,817	(4,317)
	27,104	115,223
Deferred tax		
Origination and reversal of temporary differences	83,377	135,847
	171,377	301,909

Provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

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

Share of associates' taxation for the year ended 31 March 2007 of $781,000 (2006: $955,000) is included in the share of profits less losses of associates.

5 Taxation in the consolidated income statement *(Cont'd)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2007 $'000	2006 $'000
Profit before taxation	864,143	1,509,527
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	158,820	306,362
Tax effect of non-deductible expenses	5,711	3,043
Tax effect of non-taxable income	(8,685)	(2,410)
Tax effect of unused tax losses not recognised in the year	1,338	116
Tax effect of tax losses not recognised in prior years utilised this year	(607)	(1,421)
Under/(over)-provision in prior years	14,800	(3,781)
Actual tax expense	171,377	301,909

6 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2007 Total $'000
Board of directors					
Dr Lee Shau Kee	50	50	–	–	100
Mr Woo Kim Phoe	50	–	–	–	50
Mr Lee Ka Shing	50	–	–	–	50
Dr Patrick Fung Yuk Bun	50	150	–	–	200
Mr Dominic Cheng Ka On	50	150	–	–	200
Mr Richard Tang Yat Sun	50	50	–	–	100
Mr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Tony Ng	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
Mr Alexander Au Siu Kee	50	–	–	–	50
Mr Peter Yu Tat Kong	50	3,609	601	325	4,585
Independent non-executive directors					
Dr David Sin Wai Kin	50	200	–	–	250
Mr Wu King Cheong	50	200	–	–	250
Mr Timpson Chung Shui Ming	50	200	–	–	250
	850	4,609	601	325	6,385

6 Directors' remuneration *(Cont'd)*

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2006 Total $'000
Board of directors					
Dr Lee Shau Kee	50	50	–	–	100
Mr Woo Kim Phoe	50	–	–	–	50
Mr Lee Ka Shing	50	–	–	–	50
Dr Patrick Fung Yuk Bun	50	150	–	–	200
Mr Dominic Cheng Ka On	50	150	–	–	200
Mr Richard Tang Yat Sun	50	50	–	–	100
Mr Colin Lam Ko Yin	50	–	–	–	50
Mr Eddie Lau Yum Chuen	50	–	–	–	50
Mr Tony Ng	50	–	–	–	50
Mr Norman Ho Hau Chong	50	–	–	–	50
Mr Howard Yeung Ping Leung	50	–	–	–	50
Mr Thomas Liang Cheung Biu	50	–	–	–	50
Mr Alexander Au Siu Kee	50	121	–	–	171
Mr Peter Yu Tat Kong	50	3,504	584	257	4,395
Independent non-executive directors					
Dr David Sin Wai Kin	50	200	–	–	250
Mr Wu King Cheong	50	200	–	–	250
Mr Timpson Chung Shui Ming	7	30	–	–	37
	807	4,455	584	257	6,103

7 Individuals with the highest emoluments

Of the five individuals with the highest emoluments, one (2006: one) is a director whose emolument is disclosed in note 6. The aggregate of the emoluments in respect of the other four (2006: four) individuals is as follows:

	2007 $'000	2006 $'000
Salaries, allowances and benefits in kind	4,645	4,458
Discretionary bonuses	592	540
Retirement scheme contributions	222	154
	5,459	5,152

The emoluments of the four (2006: four) individuals with the highest emoluments are within the following bands:

	Number of individuals 2007	2006
$0 – $1,000,000	1	1
$1,000,001 – $1,500,000	2	2
$1,500,001 – $2,000,000	–	1
$2,000,001 – $2,500,000	1	–
	4	4

8 Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company includes a profit of $249,133,000 (2006: $271,943,000) which has been dealt with in the financial statements of the Company.

9 Dividends

(a) Dividends attributable to the year

	2007 $'000	2006 $'000
Interim dividend declared and paid of 15 cents per share (2006: 15 cents per share)	86,585	86,585
Final dividend proposed after the balance sheet date of 24 cents per share (2006: 24 cents per share)	138,536	138,536
	225,121	225,121

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

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2007 $'000	2006 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 24 cents per share (2006: 22 cents per share)	138,536	126,991

10 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of $688,439,000 (2006: $1,169,432,000) and 577,231,252 shares (2006: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 March 2007 and 2006, and hence the diluted earnings per share is the same as the basic earnings per share.

11 Segment reporting

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

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 hotel and provision of hotel management services
Food and beverage operation	:	The operation of restaurants
Travel operation	:	The operation of travel agency services

11 Segment reporting *(Cont'd)*

Business segments *(Cont'd)*

	2007						
	Property investment	Property development and sales	Hotel ownership and management	Food and beverage operation	Travel operation	Inter-segment elimination	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	396,689	5,833	384,845	199,655	447,066	–	1,434,088
Inter-segment revenue	14,561	–	4,438	–	669	(19,668)	–
Other revenue from external customers	3,682	33,842	4,815	1,562	4,091	–	47,992
Total	414,932	39,675	394,098	201,217	451,826	(19,668)	1,482,080
Contribution from operations	315,894	23,484	173,880	2,985	(2,857)	–	513,386
Unallocated operating income and expenses							(46,643)
Operating profit							466,743
Finance costs							(40,060)
Share of profits less losses of associates	270	(2,943)	3,964	779	–	–	2,070
Reversal of impairment of interest in associates							–
Provision for impairment of properties held for resale							(1,022)
Net increase in fair value of investment properties	436,412	–	–	–	–	–	436,412
Taxation							(171,377)
Profit for the year							692,766
Segment assets	7,864,919	333,016	155,674	40,721	112,481	(6,965)	8,499,846
Interest in associates	–	(12,326)	16,576	(1,182)	–	–	3,068
Unallocated assets							372,188
Total assets							8,875,102
Segment liabilities	133,960	2,669	33,219	17,678	76,404	(6,965)	256,965
Unallocated liabilities							2,126,064
Total liabilities							2,383,029
Capital expenditure incurred during the year	33,051	16	5,996	2,015	2,628		
Depreciation and amortisation for the year	16,957	496	11,981	4,875	889		

11 Segment reporting *(Cont'd)*

Business segments *(Cont'd)*

	2006						
	Property investment $'000	Property development and sales $'000	Hotel ownership and management $'000	Food and beverage operation $'000	Travel operation $'000	Inter-segment elimination $'000	Consolidated $'000
Revenue from external customers	366,703	450,502	340,161	194,553	310,943	–	1,662,862
Inter-segment revenue	14,374	–	4,327	–	556	(19,257)	–
Other revenue from external customers	2,761	51	3,199	1,666	1,519	–	9,196
Total	383,838	450,553	347,687	196,219	313,018	(19,257)	1,672,058
Contribution from operations	287,692	287,464	145,381	41	(8,896)	–	711,682
Unallocated operating income and expenses							(50,362)
Operating profit							661,320
Finance costs							(37,013)
Share of profits less losses of associates	308	(1,582)	5,103	1,490	–	–	5,319
Reversal of impairment of interest in associates							1,320
Reversal of impairment of properties held for resale							97
Net increase in fair value of investment properties	878,484	–	–	–	–	–	878,484
Taxation							(301,909)
Profit for the year							1,207,618
Segment assets	7,375,466	627,068	144,493	43,800	35,005	(6,638)	8,219,194
Interest in associates	312	(9,259)	14,453	1,754	–	–	7,260
Unallocated assets							79,345
Total assets							8,305,799
Segment liabilities	130,073	18,131	30,583	14,473	35,390	(6,638)	222,012
Unallocated liabilities							2,092,890
Total liabilities							2,314,902
Capital expenditure incurred during the year	3,476	17	3,836	3,706	1,671		
Depreciation and amortisation for the year	17,620	678	11,744	4,993	896		

11 Segment reporting *(Cont'd)*

Geographical segments

The Group's business participates in three principal economic environments. The Hong Kong Special Administrative Region is a major market for all of the Group's businesses, except for property development and sales where the People's Republic of China and the United States of America are the major markets.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	The Hong Kong Special Administrative Region		The People's Republic of China		The United States of America	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	1,376,415	1,160,573	57,673	63,858	–	438,431
Segment assets	7,641,981	7,120,220	617,068	559,827	247,762	545,785
Capital expenditure incurred during the year	43,026	12,018	664	671	16	17

12 Fixed assets

(a) The Group

	Investment properties $'000	Other fixed assets: Hotel $'000	Other fixed assets: Leasehold land and buildings held for own use $'000	Other fixed assets: Others* $'000	Other fixed assets: Sub-total $'000	Total $'000
Cost or valuation:						
At 1 April 2006	7,211,817	131,122	18,865	899,783	1,049,770	8,261,587
Additions	15,257	–	–	31,322	31,322	46,579
Disposals	–	–	–	(22,094)	(22,094)	(22,094)
Exchange adjustments	23,509	–	–	1,884	1,884	25,393
Surplus on revaluation	436,412	–	–	–	–	436,412
At 31 March 2007	7,686,995	131,122	18,865	910,895	1,060,882	8,747,877
Representing:						
Cost	–	131,122	18,865	910,895	1,060,882	1,060,882
Valuation – 2007	7,686,995	–	–	–	–	7,686,995
	7,686,995	131,122	18,865	910,895	1,060,882	8,747,877
Accumulated depreciation and amortisation:						
At 1 April 2006	–	78,353	8,695	752,495	839,543	839,543
Charge for the year	–	1,599	327	35,002	36,928	36,928
Written back on disposals	–	–	–	(21,203)	(21,203)	(21,203)
Exchange adjustments	–	–	–	1,611	1,611	1,611
At 31 March 2007	–	79,952	9,022	767,905	856,879	856,879
Net book value:						
At 31 March 2007	7,686,995	51,170	9,843	142,990	204,003	7,890,998

* Others comprise machinery, furniture, fixtures and equipment.

12 Fixed assets *(Cont'd)*

(a) The Group *(Cont'd)*

	Investment properties $'000	Other fixed assets: Hotel $'000	Other fixed assets: Leasehold land and buildings held for own use $'000	Other fixed assets: Others* $'000	Other fixed assets: Sub-total $'000	Total $'000
Cost or valuation:						
At 1 April 2005	6,329,933	131,122	18,865	889,875	1,039,862	7,369,795
Additions	179	–	–	13,854	13,854	14,033
Disposals	(6,168)	–	–	(5,432)	(5,432)	(11,600)
Exchange adjustments	9,389	–	–	1,486	1,486	10,875
Surplus on revaluation	878,484	–	–	–	–	878,484
At 31 March 2006	7,211,817	131,122	18,865	899,783	1,049,770	8,261,587
Representing:						
Cost	–	131,122	18,865	899,783	1,049,770	1,049,770
Valuation – 2006	7,211,817	–	–	–	–	7,211,817
	7,211,817	131,122	18,865	899,783	1,049,770	8,261,587
Accumulated depreciation and amortisation:						
At 1 April 2005	–	76,754	8,324	720,698	805,776	805,776
Charge for the year	–	1,599	371	35,462	37,432	37,432
Written back on disposals	–	–	–	(5,068)	(5,068)	(5,068)
Exchange adjustments	–	–	–	1,403	1,403	1,403
At 31 March 2006	–	78,353	8,695	752,495	839,543	839,543
Net book value:						
At 31 March 2006	7,211,817	52,769	10,170	147,288	210,227	7,422,044

* Others comprise machinery, furniture, fixtures and equipment.

12 Fixed assets *(Cont'd)*

(b) The Company

	Investment properties $'000	Other fixed assets: Leasehold land and buildings held for own use $'000	Other fixed assets: Others* $'000	Other fixed assets: Sub-total $'000	Total $'000
Cost or valuation:					
At 1 April 2006	134,257	260	128,194	128,454	262,711
Additions	–	–	2,869	2,869	2,869
Disposals	–	–	(769)	(769)	(769)
Surplus on revaluation	9,256	–	–	–	9,256
At 31 March 2007	143,513	260	130,294	130,554	274,067
Representing:					
Cost	–	260	130,294	130,554	130,554
Valuation – 2007	143,513	–	–	–	143,513
	143,513	260	130,294	130,554	274,067
Accumulated depreciation and amortisation:					
At 1 April 2006	–	202	116,546	116,748	116,748
Charge for the year	–	3	3,004	3,007	3,007
Written back on disposals	–	–	(375)	(375)	(375)
At 31 March 2007	–	205	119,175	119,380	119,380
Net book value:					
At 31 March 2007	143,513	55	11,119	11,174	154,687

* Others comprise machinery, furniture, fixtures and equipment.

12 Fixed assets *(Cont'd)*

(b) The Company *(Cont'd)*

	Investment properties $'000	Other fixed assets: Leasehold land and buildings held for own use $'000	Other fixed assets: Others* $'000	Other fixed assets: Sub-total $'000	Total $'000
Cost or valuation:					
At 1 April 2005	108,992	260	129,603	129,863	238,855
Additions	–	–	2,506	2,506	2,506
Disposals	–	–	(3,915)	(3,915)	(3,915)
Surplus on revaluation	25,265	–	–	–	25,265
At 31 March 2006	134,257	260	128,194	128,454	262,711
Representing:					
Cost	–	260	128,194	128,454	128,454
Valuation – 2006	134,257	–	–	–	134,257
	134,257	260	128,194	128,454	262,711
Accumulated depreciation and amortisation:					
At 1 April 2005	–	199	117,171	117,370	117,370
Charge for the year	–	3	3,269	3,272	3,272
Written back on disposals	–	–	(3,894)	(3,894)	(3,894)
At 31 March 2006	–	202	116,546	116,748	116,748
Net book value:					
At 31 March 2006	134,257	58	11,648	11,706	145,963

* Others comprise machinery, furniture, fixtures and equipment.

12 Fixed assets *(Cont'd)*

(c) The analysis of cost or valuation of properties is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Land and buildings in Hong Kong:				
– long term leases	123,909	123,909	145	145
– medium term leases	7,293,302	6,846,409	143,628	134,372
Land and buildings outside Hong Kong:				
– long term leases	391,250	365,065	–	–
– medium term leases	28,300	26,200	–	–
– short term leases	221	221	–	–
	7,836,982	7,361,804	143,773	134,517

(d) Investment properties of the Group and the Company were revalued at 31 March 2007 on an open 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 Debenham Tie Leung Limited, which has among its staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(e) The Group and the Company lease out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenant's sales receipts.

The total contingent rents recognised in the consolidated income statement for the year are $10,367,000 (2006: $5,994,000).

(f) The gross carrying amounts of investment properties of the Group and the Company held for use in operating leases are $7,686,995,000 (2006: $7,211,817,000) and $143,513,000 (2006: $134,257,000) respectively.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment property.

12 Fixed assets *(Cont'd)*

(g) Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Within 1 year	300,345	273,092	4,868	5,420
After 1 year but within 5 years	209,568	252,287	2,732	1,592
After 5 years	1,728	4,778	–	–
	511,641	530,157	7,600	7,012

(h) Hotel property with net book value of $51,170,000 (2006: $52,769,000) was valued at 31 March 2007 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, which has among its staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis at $2,700,685,000 (2006: $2,522,184,000). The valuation of hotel property is for information purpose only and has not been incorporated in the financial statements.

13 Interest in subsidiaries

	The Company	
	2007	2006
	$'000	$'000
Unlisted shares, at cost	94,700	87,700
Amounts due from subsidiaries	3,863,481	3,825,954
Amounts due to subsidiaries	(1,183,693)	(1,167,314)
	2,774,488	2,746,340
Less: Impairment loss	(466,169)	(473,857)
	2,308,319	2,272,483

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the amounts due from/(to) certain subsidiaries amounting to $2,772,787,000 (2006: $2,667,901,000) and $21,387,000 (2006: $18,927,000) respectively, which are interest bearing with reference to the prevailing market rate.

13 Interest in subsidiaries *(Cont'd)*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

All of these are subsidiaries as defined under note 1(c) and have been consolidated into the Group's financial statements.

				Percentage of equity			
Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Group's effective holding	held by the Company	held by subsidiary	Principal activity
All Best Resources Limited	Hong Kong	The People's Republic of China	$100	100	–	100	Property rental
Chitat Construction Limited	Hong Kong	The People's Republic of China	$10,000	100	99	1	Property rental
Contender Limited	Hong Kong	Hong Kong	$200,000	100	100	–	Hotel operation and property rental
East Dragon Resources Limited	Hong Kong	The People's Republic of China	$100	100	–	100	Property rental
Globe Century Development Limited	Hong Kong	Hong Kong	$10,000	100	100	–	Property rental
Grand City Resources Limited	Hong Kong	The People's Republic of China	$100	100	–	100	Property rental
Gourmet Enterprises Limited	Hong Kong	Hong Kong	$180,000	94.4	94.4	–	Property rental
How Good Investments Limited	Hong Kong	Hong Kong	$2	100	50	50	Property rental
How Light Investments Limited	Hong Kong	The People's Republic of China	$100,000	100	–	100	Property sale
Korngold Limited	Hong Kong	Hong Kong	$2	100	100	–	Property investment
Miramar Finance Limited	Hong Kong	Hong Kong	$100,000	100	100	–	Finance
Miramar Group (Corporate Funding) Co. Limited	Hong Kong	Hong Kong	$1,000	100	99	1	Finance
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	$10,000	100	100	–	Restaurant operation and hotel management

13 Interest in subsidiaries *(Cont'd)*

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Percentage of equity: Group's effective holding	Percentage of equity: held by the Company	Percentage of equity: held by subsidiary	Principal activity
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	$10,000,000	100	100	–	Travel agency
Miramar Travel Limited	Hong Kong	Hong Kong	$13,000,000	53.8	53.8	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	$1,000	100	100	–	Property Investment
Profit Advantage Limited	Hong Kong	Hong Kong	$10,000	100	–	100	Restaurant operation
Prosperwell Properties Limited	Hong Kong	Hong Kong	$10,000	100	93	7	Property rental
Randall Resources Limited	Hong Kong	The People's Republic of China	$100	100	–	100	Property rental
Shahdan Limited	Hong Kong	Hong Kong	$200,000	100	100	–	Property rental
Strong Profit Resources Limited	Hong Kong	The People's Republic of China	$10,000	70	–	100	Property sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	$500,000	100	100	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	$10,000	100	100	–	Property rental
Wide Trade Investments Limited	Hong Kong	Hong Kong	$10,000	100	100	–	Property investment
Grand Mira Property Management (Shanghai) Co Ltd ~*	The People's Republic of China	The People's Republic of China	US$5,000,000	100	–	100	Property rental and management
Placer Holdings, Inc.	The United States of America	The United States of America	US$400,000	88	–	88	Property development
Shanghai Henderson - Miramar Hotels Management Co. Ltd. ^*	The People's Republic of China	The People's Republic of China	US$200,000	100	–	100	Hotel management
Shanghai Shangmei Property Co., Ltd. ^ *	The People's Republic of China	The People's Republic of China	US$13,000,000	51.4	–	68.6	Property development

* KPMG are not statutory auditors of these subsidiaries. The total net assets and total turnover of these subsidiaries constituting approximately 5% (2006: 5%) and 3% (2006: 2%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

14 Interest in associates

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Unlisted shares, at cost	–	–	250	250
Share of net liabilities	(7,440)	(7,462)	–	–
Amounts due from associates	9,566	13,780	16,758	19,740
Loans to associates	79,590	79,590	–	–
	81,716	85,908	17,008	19,990
Less: Impairment loss	(78,648)	(78,648)	(16,155)	(19,103)
	3,068	7,260	853	887

Amounts due from associates and loans to associates are unsecured, interest-free and have no fixed terms of repayment.

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group.

			Percentage of equity			
Name of company	Place of incorporation	Place of operation	Group's effective holding	held by the Company	held by subsidiary	Principal activity
Beijing Henderson-Miramar Gourmet & Entertainment Company Limited*	The People's Republic of China	The People's Republic of China	45	–	45	Restaurant operation
Booneville Company Limited	Hong Kong	Hong Kong	50	–	50	Restaurant operation
Kamliease International Limited*	Hong Kong	The People's Republic of China	49	–	49	Property sale
Mills International Limited*	British Virgin Islands	The People's Republic of China	49	–	49	Investment holding
Shenzhen Haitao Hotel Company Limited*	The People's Republic of China	The People's Republic of China	30	–	30	Hotel operation
Shekou Nam Shan Tsui Hang Village Food and Beverage Services Limited*	The People's Republic of China	The People's Republic of China	50	–	50	Restaurant operation

14 Interest in associates *(Cont'd)*

			Percentage of equity			
Name of company	Place of incorporation	Place of operation	Group's effective holding	held by the Company	held by subsidiary	Principal activity
Shenzhen Nanhai Hotel Limited*	The People's Republic of China	The People's Republic of China	25	–	25	Hotel operation
Strong Guide Property Limited	Hong Kong	The People's Republic of China	50	–	50	Investment holding

* KPMG are not statutory auditors of these associates.

Summary of financial information on associates:

	Assets $'000	Liabilities $'000	Equity $'000	Revenues $'000	Profit $'000
2007					
Aggregate of associates' financial statements	323,182	(295,100)	28,082	140,499	12,420
Group's effective interest	128,113	(135,553)	(7,440)	42,005	2,070
2006					
Aggregate of associates' financial statements	364,486	(342,797)	21,689	142,241	20,732
Group's effective interest	148,265	(155,727)	(7,462)	42,447	5,319

Included in the balance sheet of an associate is an amount of $21,684,000 (2006: $51,770,000) in respect of properties situated in the People's Republic of China. The associate is in the process of completing the necessary legal formalities in order to obtain the legal title of the properties. This associate is 49% held by the Group (2006: 49%).

15 Available-for-sale investments

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current				
Unlisted shares, at cost	313	313	–	–
Listed shares in Hong Kong	34,389	28,544	14,061	11,530
	34,702	28,857	14,061	11,530
Current				
Investment fund, unlisted	279,895	–	–	–
Total	314,597	28,857	14,061	11,530
Market value of listed securities	34,389	28,544	14,061	11,530

16 Properties under development

The Group

	Outside Hong Kong on freehold land	
	2007	2006
	$'000	$'000
Cost:		
At 1 April	185,551	70,731
Movements during the year:		
Development expenditure:		
– borrowing costs capitalised (note 4(a))	–	195
– other expenses	50,727	266,967
Disposals	–	(152,342)
	50,727	114,820
Cost:		
At 31 March	236,278	185,551

17 Inventories

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Consumable stores	12,390	11,573	4,383	4,562
Properties held for resale	80,216	78,314	–	–
	92,606	89,887	4,383	4,562

Properties held for resale of $80,216,000 (2006: $78,314,000) is net of a provision in order to state these properties at the lower of their cost and estimated net realisable value.

18 Trade and other receivables

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade receivables	61,895	52,835	9,764	5,284
Other receivables	64,498	51,043	7,873	6,766
	126,393	103,878	17,637	12,050

All of the trade and other receivables are expected to be recovered within one year.

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

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
0 to 3 months	49,781	42,277	5,295	3,735
More than 3 months	12,114	10,558	4,469	1,549
	61,895	52,835	9,764	5,284

The Group's credit policy is set out in note 27(a).

19 Restricted cash

Under an agreement entered into by an overseas subsidiary of the Group with a third party company, the Group is required to deposit funds into an escrow account in respect of properties under development held by the Group's overseas subsidiary, which is expected to be utilised within one year.

20 Cash and bank balances

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deposits with banks and other financial institutions	71,835	325,283	–	–
Cash at bank and in hand	122,811	125,942	10,556	9,111
	194,646	451,225	10,556	9,111

21 Trade and other payables

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade payables	69,514	42,200	22,187	18,709
Other payables	109,824	101,849	33,094	21,065
Amounts due to minority shareholders of subsidiaries	163,390	160,448	–	–
	342,728	304,497	55,281	39,774

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

Amounts due to minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for the amount due to a minority shareholder of a subsidiary amounting to $54,243,000 (2006: $52,533,000), which is interest bearing with reference to the prevailing market rate.

21 Trade and other payables *(Cont'd)*

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

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Due within 3 months or on demand	65,392	39,035	21,419	18,709
Due after 3 months but within 6 months	4,122	3,165	768	–
	69,514	42,200	22,187	18,709

22 Interest-bearing borrowings

	The Group	
	2007	2006
	$'000	$'000
Current portion of long-term bank loans, unsecured and repayable within one year	–	125,000
Unsecured bank overdrafts, repayable on demand	–	357
	–	125,357
Long-term bank loans, unsecured and repayable:		
Within one year	–	125,000
Between one and two years	246,729	–
Between two and five years	504,099	696,000
	750,828	821,000
Less: Current portion of long-term bank loans	–	(125,000)
Non-current portion of long-term bank loans	750,828	696,000
Total interest-bearing borrowings	750,828	821,357

Interest on bank loans is charged at prevailing market rates.

23 Deferred liabilities

Deferred liabilities represent refundable rental deposits received on properties held under operating leases with unexpired lease terms exceeding one year as at the balance sheet date.

24 Taxation in the balance sheet

(a) Current taxation in the balance sheet represents:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Provision for Hong Kong Profits Tax for the year	60,913	50,303	18,506	5,106
Provisional Profits Tax paid	(37,990)	(36,515)	(4,091)	–
	22,923	13,788	14,415	5,106
Balance of Profits Tax recoverable relating to prior years	(30)	(158)	–	–
Overseas tax payable	5,198	9,174	–	–
Tax payable	28,091	22,804	14,415	5,106

None of the tax payable is expected to be settled after more than one year.

(b) Deferred tax assets and liabilities recognised:

(i) The Group

The components of deferred tax liabilities/(assets) recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation	Revaluation of properties	Future benefit of tax loss	Others	Total
	$'000	$'000	$'000	$'000	$'000
Deferred tax arising from:					
At 1 April 2005	65,414	807,098	(1,433)	–	871,079
(Credited)/charged to profit or loss	(8,550)	157,244	219	(13,066)	135,847
At 31 March 2006	56,864	964,342	(1,214)	(13,066)	1,006,926
At 1 April 2006	56,864	964,342	(1,214)	(13,066)	1,006,926
Charged to profit or loss	4,865	77,432	344	736	83,377
Exchange adjustments	–	2,090	–	–	2,090
At 31 March 2007	61,729	1,043,864	(870)	(12,330)	1,092,393

24 Taxation in the balance sheet *(Cont'd)*

(b) Deferred tax assets and liabilities recognised: *(Cont'd)*

(ii) The Company

The components of deferred tax liabilities recognised in the balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Revaluation of properties $'000	Total $'000
Deferred tax arising from:			
At 1 April 2005	2,630	5,224	7,854
Charged to profit or loss	493	4,421	4,914
At 31 March 2006	3,123	9,645	12,768
At 1 April 2006	3,123	9,645	12,768
Charged to profit or loss	472	1,671	2,143
At 31 March 2007	3,595	11,316	14,911

(iii)

	The Group		The Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Net deferred tax assets recognised on the balance sheet	(16,516)	(17,050)	–	–
Net deferred tax liabilities recognised on the balance sheet	1,108,909	1,023,976	14,911	12,768
	1,092,393	1,006,926	14,911	12,768

24 Taxation in the balance sheet *(Cont'd)*

(c) Deferred tax assets not recognised

The Group has not recognised deferred assets of $31,977,000 (2006: $29,803,000) in respect of accumulated tax losses of $102,997,000 (2006: $97,897,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 March 2007.

The tax losses can be carried forward to offset against the taxable profits of subsequent years for up to five years from the year in which they were incurred or there is no restriction on their expiry, depending on the tax jurisdiction concerned.

25 Retirement schemes

The Group operates various defined contribution retirement schemes for its employees in Hong Kong and in certain overseas locations. The assets of these schemes are held in funds administered by independent trustees. The retirement schemes in Hong Kong are registered under and comply with the Occupational Retirement Schemes Ordinance and the Mandatory Provident Fund Schemes Ordinance. Most of the employees engaged outside Hong Kong are covered by appropriate local arrangements.

The Group operates the following principal schemes:

Defined contribution retirement schemes and Mandatory Provident Fund Scheme

The defined contribution scheme is available to employees who completed the probation period prior to 1 December 2000. The scheme requires scheme members and the Group to contribute funds calculated at a percentage of the members' actual basic salaries.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the above defined contribution scheme. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

During the year, the Group made a contribution of $10.8 million (2006: $10.7 million) to the defined contribution scheme and the MPF Scheme and charged it to the consolidated income statement. Forfeited contributions of the defined contribution scheme may be used by the Group to reduce the level to contributions made by the Group to this scheme. During the year, forfeited contributions of approximately $0.4 million (2006: $0.2 million) were utilised to reduce the Group's contributions. At the balance sheet date, there was no unutilised forfeited contribution available to reduce the contributions payable in the future (2006: $Nil).

26 Total equity

(a) The Group

	Share capital	Share premium	Capital reserve	Exchange reserve	General reserve	Investment revaluation reserve	Retained profits	Total	Minority interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2005	404,062	287,628	(149,316)	4,409	304,827	(32,198)	4,165,499	4,984,911	10,718	4,995,629
Dividends approved in respect of the previous year (note 9(b))	–	–	–	–	–	–	(126,991)	(126,991)	–	(126,991)
Reclassification	–	–	48,535	–	–	–	(48,535)	–	–	–
Exchange differences on translation of the financial statements of overseas subsidiaries	–	–	–	5,635	–	–	–	5,635	2,291	7,926
Changes in fair value of available- for-sale investments	–	–	–	–	–	(6,700)	–	(6,700)	–	(6,700)
Profit for the year	–	–	–	–	–	–	1,169,432	1,169,432	38,186	1,207,618
Dividends declared in respect of the current year (note 9(a))	–	–	–	–	–	–	(86,585)	(86,585)	–	(86,585)
At 31 March 2006	404,062	287,628	(100,781)	10,044	304,827	(38,898)	5,072,820	5,939,702	51,195	5,990,897
At 1 April 2006	404,062	287,628	(100,781)	10,044	304,827	(38,898)	5,072,820	5,939,702	51,195	5,990,897
Dividends approved in respect of the previous year (note 9(b))	–	–	–	–	–	–	(138,536)	(138,536)	–	(138,536)
Exchange differences on translation of the financial statements of overseas subsidiaries	–	–	–	17,911	–	–	–	17,911	4,122	22,033
Changes in fair value of available- for-sale investments	–	–	–	–	–	5,845	–	5,845	–	5,845
Minority interests of a subsidiary acquired during the year	–	–	–	–	–	–	–	–	5,653	5,653
Profit for the year	–	–	–	–	–	–	688,439	688,439	4,327	692,766
Dividends declared in respect of the current year (note 9(a))	–	–	–	–	–	–	(86,585)	(86,585)	–	(86,585)
At 31 March 2007	404,062	287,628	(100,781)	27,955	304,827	(33,053)	5,536,138	6,426,776	65,297	6,492,073

26 Total equity *(Cont'd)*

(b) The Company

	Share capital	Share premium	Capital reserve	General reserve	Investment revaluation reserve	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2005	404,062	287,628	1,019,874	300,000	(14,821)	345,276	2,342,019
Dividends approved in respect of the previous year (note 9(b))	–	–	–	–	–	(126,991)	(126,991)
Change in fair value of available- for- sale investments	–	–	–	–	(3,937)	–	(3,937)
Profit for the year	–	–	–	–	–	271,943	271,943
Dividends declared in respect of the current year (note 9(a))	–	–	–	–	–	(86,585)	(86,585)
At 31 March 2006	404,062	287,628	1,019,874	300,000	(18,758)	403,643	2,396,449
At 1 April 2006	404,062	287,628	1,019,874	300,000	(18,758)	403,643	2,396,449
Dividends approved in respect of the previous year (note 9(b))	–	–	–	–	–	(138,536)	(138,536)
Change in fair value of available- for- sale investments	–	–	–	–	2,531	–	2,531
Profit for the year	–	–	–	–	–	249,133	249,133
Dividends declared in respect of the current year (note 9(a))	–	–	–	–	–	(86,585)	(86,585)
At 31 March 2007	404,062	287,628	1,019,874	300,000	(16,227)	427,655	2,422,992

(c) Share capital

	2007		2006	
	No. of shares	$'000	No. of shares	$'000
Authorised:				
Ordinary shares of $0.70 each	700,000,000	490,000	700,000,000	490,000
Issued and fully paid:				
Ordinary shares of $0.70 each	577,231,252	404,062	577,231,252	404,062

26 Total equity *(Cont'd)*

(d) Nature and purpose of reserves

(i) The Group

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

The capital reserve represents positive goodwill arose from acquisition of subsidiaries and associates prior to 1 January 2001 which was taken directly to equity on acquisition.

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(t).

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale investments held at balance sheet date and is dealt with in accordance with the accounting policy in note 1(f).

The applications of the general reserve are in accordance with Article 117 of the Company's Articles of Association.

The accumulated losses attributable to associates at 31 March 2007 were $35,365,000 (2006: $35,387,000).

(ii) The Company

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale investments held at balance sheet date and is dealt with in accordance with the accounting policy in note 1(f).

The applications of the capital reserve and the general reserve are in accordance with Article 117 of the Company's Articles of Association.

Distributable reserves of the Company at 31 March 2007, calculated in accordance with section 79B of the Hong Kong Companies Ordinance, amounted to $674,598,000 (2006: $658,171,000).

After the balance sheet date the directors proposed a final dividend of 24 cents per share (2006: 24 cents per share) amounting to $138,536,000 (2006: $138,536,000). This dividend has not been recognised as a liability at the balance sheet date.

27 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due ranging 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. Normally, the Group does not obtain any collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. There is no significant concentration of credit risk within the Group.

(b) Liquidity risk

The treasury function of the Group is centralised at the head office. The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing bank borrowings. In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

	2007		
	Fixed/ Floating	Effective interest rate	Within one year
			$'000
Cash and bank balances	Floating	0%-2.5%	122,811
Cash and bank balances	Fixed	0.63%-4.13%	71,835
Bank loans	Floating	4.26%-4.95%	(750,828)

27 Financial instruments *(Cont'd)*

(c) Interest rate risk *(Cont'd)*

	2006		
	Fixed/ Floating	Effective interest rate	Within one year $'000
Cash and bank balances	Floating	0%-4.36%	125,942
Cash and bank balances	Fixed	0.44%-4%	325,283
Bank loans	Floating	1.9%-4.97%	(821,000)

(d) Foreign currency risk

The Group owns assets and conducts its business primarily in Hong Kong with its cash flows substantially denominated in Hong Kong dollars.

The Group's primary foreign currency exposures arise from its direct property development and investment in the PRC and the United States of America. Where appropriate and cost-efficient, the Group seeks to finance these investments by Renminbi or United States Dollars borrowings with reference to the future RMB or USD funding requirements from the investment and related returns.

(e) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2007 and 31 March 2006.

28 Capital commitments

Capital commitments outstanding at 31 March 2007 not provided for in the financial statements were as follows:

	The Group	
	2007 $'000	2006 $'000
Future expenditure relating to properties:		
Contracted for	47,906	5,596
Authorised but not contracted for	187,000	1,804
	234,906	7,400

29 Operating lease commitments

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Within 1 year	13,445	9,306	4,239	585
After 1 year but within 5 years	29,487	24,784	4,945	–
After 5 years	7,356	13,166	–	–
	50,288	47,256	9,184	585

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 9 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals.

30 Contingent liabilities

The Company has given guarantees in respect of banking facilities of certain wholly owned subsidiaries to the extent of $1,580,000,000 (2006: $1,580,000,000). The banking facilities were utilised to the extent of $752,000,000 (2006: $821,000,000) at 31 March 2007.

31 Material related party transactions

(a) The Group incurred a fee of $1,362,000 (2006: $1,362,000) 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 year.

The Group's travel division provides agency services to certain subsidiaries and associates of its major shareholder amounted to $13,672,000 (2006: $13,886,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due to these companies at the year end amounted to $22,000 (2006: $4,130,000).

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. Service fees paid to these associates for the year amounted to $480,000 (2006: $179,000). The amounts due to these associates at the year end amounted to $54,000 (2006: $32,000).

31 Material related party transactions *(Cont'd)*

(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 for the year amounted to $4,458,000 (2006: $4,798,000) which were calculated at a certain percentage of the respective associates' revenue for the year. The net amounts due from these associates at the year end amounted to $4,086,000 (2006: $3,946,000).

(c) The Company and its wholly-owned subsidiaries received net repayment of loans from certain associates totalling $130,000 (2006: provided loans of $27,000) during the year. Such loans are unsecured, non-interest bearing and repayable on demand. The amounts due from these associates at the year end amounted to $21,966,000 (2006: $22,096,000).

(d) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of a Group's premises in Hong Kong, under the normal commercial terms. Total rental and building management fee received for the year amounted to $1,394,000 (2006: $480,000). The amount due from this company at the year end amounted to $3,000 (2006: $3,000).

(e) 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 normal commercial terms. Total rental and building management fee expense for the year amounted to $10,404,000 (2006: $9,336,000) including contingent rental of $1,471,000 (2006: $1,078,000). There was no balance due from/to that associate at the year end (2006: $Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(f) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Units 1809-10 and 1817-18, 18th Floor, Miramar Tower under normal commercial terms. Total rental and building management fee expenses for the year amounted to $1,829,000 (2006: $954,000). The amount due from that associate at year end amounted to $11,000 (2006: $11,000). 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 a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 503C, 5/F., Miramar Shopping Centre and Office units 609-12, 6/F., Miramar Tower under normal commercial terms. Total rental and building management fee expenses for the year amounted to $458,000 (2006: $Nil). The amount due from this company at year end amounted to $458,000 (2006: $Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(h) During the year, the remuneration for the directors and the key management personnel of the Group amounted to $11,844,000 (2006: $11,255,000) as disclosed in notes 6 and 7. The remuneration of directors and senior management is determined by the Remuneration Committee having regard to the performance and responsibilities of individuals and market trends.

32 Post balance sheet events

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 9.

33 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 1, management has made the following judgements that have significant effect on the amounts recognised in the financial statements.

Valuation of investment properties

Investment properties are included in the balance sheet at their open market value, which are assessed annually by external qualified valuers, after taking into consideration the net rental income allowing for reversionary income potential.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment properties.

Assessment of the useful economic lives for depreciation of fixed assets

The Group's net book value of fixed assets other than investment properties as at 31 March 2007 was $204,003,000 (2006: $210,227,000). The Group depreciates other fixed assets in accordance with depreciation policy as set out in note 1(h). The estimated useful lives reflect the directors' estimate of the periods during which the Group intends to derive future economic benefits from the use of these assets.

Assessment of provision for properties held under development and for resale

Management determines the net realisable value of properties held under development and for resale by using the prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers.

Management's assessment of net realisable value of properties held under development and for resale requires judgement as to the anticipated sale prices with reference to the recent sale transactions in nearby locations and the related costs to be incurred in selling the property. The Group's estimates may not be accurate and might need to be adjusted in later periods.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 March 2007

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 March 2007 and which have not been adopted in these financial statements.

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

GROUP'S FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

	2007 $'M	2006 $'M	2005 $'M (restated)	2004 $'M	2003 $'M (restated)
Results					
Turnover	1,434	1,663	1,362	1,403	1,381
Profit attributable to shareholders (Notes (i) and (ii))	688	1,169	846	250	224
Assets and liabilities					
Fixed assets (Note (i))	7,891	7,422	6,564	7,918	7,474
Properties under development	–	–	–	105	270
Interest in associates	3	7	2	5	42
Available-for-sale investments	35	29	33	31	17
Deferred tax assets (Note (ii))	16	17	1	1	–
Restricted cash	–	–	–	–	30
Pledged deposits	–	–	39	39	39
Net current assets/(liabilities)	476	306	105	228	(83)
Total assets less current liabilities	8,421	7,781	6,744	8,327	7,789
Long term liabilities	(751)	(696)	(825)	(1,026)	(1,052)
Deferred liabilities	(69)	(70)	(51)	(49)	(53)
Deferred tax liabilities (Notes (i) and (ii))	(1,109)	(1,024)	(872)	(81)	(79)
	6,492	5,991	4,996	7,171	6,605
Capital and reserves					
Share capital	404	404	404	404	404
Reserves (Notes (i) and (ii))	6,023	5,536	4,581	6,573	6,008
Total equity attributable to shareholders of the Company	6,427	5,940	4,985	6,977	6,412
Minority interests (Notes (i) and (ii))	65	51	11	194	193
	6,492	5,991	4,996	7,171	6,605
Per share					
Earnings	$ 1.19	$ 2.03	$ 1.47	$ 0.43	$ 0.39
Dividends attributable to the year	$ 0.39	$ 0.39	$ 0.37	$ 0.33	$ 0.33
Net asset value	$ 11.25	$ 10.38	$ 8.65	$ 12.09	$ 11.11

Notes:

(i) The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs is provided in note 2 to the financial statements of 2006. Figures for 2005 and 2006 have been adjusted for these new and revised policies as disclosed in note 2 to the financial statements of 2006. Figures for 2004 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit of shareholders.

(ii) Hong Kong Statement of Standard Accounting Practice No. 12 (revised) "Income taxes" was first effective for accounting periods beginning on or after 1 January 2003. In order to comply with this revised statement, the Group adopted a new accounting policy for deferred tax in 2004. Figures for the year 2003 have been adjusted. However, it is not practicable to restate earlier years for comparison purposes.

1 MAJOR PROPERTIES UNDER DEVELOPMENT

Location	Intended use	Stage	Site area	Group's interest (%)
OUTSIDE HONG KONG				
Land near Roseville area close by Sacramento California U.S.A.	Commercial and Residential	Development being planned	678 acres	88

2 MAJOR PROPERTIES HELD FOR INVESTMENT AND/OR OWN USE

Location	Lot number	Use	Lease	Group's interest (%)
IN HONG KONG				
The Miramar Hotel 118-130 Nathan Road Tsimshatsui, Kowloon	Sections A and C of KIL6022	Hotel and Commercial	Medium	100
Miramar Tower and Miramar Shopping Centre 1 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6454	Commercial	Medium	100
6 Knutsford Terrace Tsimshatsui, Kowloon	Portion of KIL7415	Commercial	Medium	100
1/F., Champagne Court 16 Kimberley Road Tsimshatsui, Kowloon	Portion of KIL6022B	Commercial	Medium	100
A3, 13/F., United Mansion Nos. 37E-37H and 37J-37K Jordan Road and Nos. 95-103 Shanghai Street Kowloon	Portion of KIL6727	Residential	Medium	100
Commercial Unit, Ground Floor Block K, Bedford Gardens 151-173 Tin Hau Temple Road North Point	Portion of IL8430	Commercial	Long	100

2 MAJOR PROPERTIES HELD FOR INVESTMENT AND/OR OWN USE *(Cont'd)*

Location	Lot number	Use	Lease	Group's interest (%)
IN HONG KONG *(Cont'd)*				
1 & 2/F., and Rooftop and the external wall of the 5th to 20th Floors (inclusive) Winner House, 310 King's Road North Point	Portion of IL2366J	Commercial	Long	100
Shops 10, 11 and 12 on Ground Floor Kam Tong Building 12-14 and 18-34 Mok Cheong Street 68-70 Pak Tai Street Tokwawan, Kowloon	Portion of KIL1404A	Commercial	Long	94.4
Units 2101-8 on 21/F., and Vehicle Parking Spaces Nos. 20 and 102 on 1/F Tsuen Wan Industrial Centre 222-248 Texaco Road Tsuen Wan, New Territories	Portion of TW Town 24	Commercial and Car parking	Medium	100
G/F., Fuk Wo Industrial Building 5 Sheung Hei Street Sanpokong, Kowloon	Portion of NKIL4728	Commercial	Medium	100
Apartment A, 1st level Beach Chalet No. 5 Sea Ranch Lantau Island New Territories	Portion of 178DD337	Residential	Medium	100
3/F., 47 and 49 Sa Po Road Kowloon City, Kowloon	Portion of NKIL498B&C	Residential	Medium	100
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
Basement, South China Building No. 1 Wyndham Street Hong Kong	Portion of Sections K and L of IL80	Commercial	Long	100

2 MAJOR PROPERTIES HELD FOR INVESTMENT AND/OR OWN USE *(Cont'd)*

Location	Lot number	Use	Lease	Group's interest (%)
OUTSIDE HONG KONG				
Flat A, 1/F., Block 2 Crystal Garden Shekou Special Industrial Zone Shenzhen The People's Republic of China	Portion of 102 in Shekou Special Industrial Zone	Residential	Short	100
Level 4 of Miramar Shopping Arcade in Guang Fat Gardens 496 Huan Shi Dong Lu Guangzhou Guangdong Province The People's Republic of China	–	Commercial	Medium	100
Flat Nos. 403 and 503, Block 1 24 Jian Quo Men Wai Avenue Chao Yang District, Beijing The People's Republic of China	–	Residential	Long	100
80 Flats and 31 Car Parking Spaces in Shang-Mira Garden Hongqiao Road Shanghai The People's Republic of China	–	Residential and Car parking	Long	100
Level 1, portion of Level 2 portion of Level 3 and Basement Level of the Commercial Podium of Shang-Mira Garden Hongqiao Road Shanghai The People's Republic of China	–	Commercial	Long	51.4

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the "Meeting") of the Company will be held at Tsui Hang Village Restaurant, G/F, Miramar Shopping Centre, 132-134 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 24 August 2007 at 12:00 noon to transact the following business:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2007.

2. To declare a Final Dividend.

3. To re-elect Directors.

4. To re-appoint Auditors and authorise the Directors to fix their remuneration.

5. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:

(A) "**THAT**:

(a) a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined in paragraph (b) of this Resolution) all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements or options (including warrants, bonds, debentures, notes and other securities convertible into shares in the Company) which would or might require the exercise of such powers either during or after the Relevant Period, provided that the aggregate nominal amount of the share capital of the Company to be allotted, issued and dealt with pursuant to the general mandate herein, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iii) an issue of shares in the Company upon the exercise of the subscription or conversion rights attaching to any warrants or convertible notes which may be issued by the Company or any of its subsidiaries, or (iv) any scrip dividend pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly;

(b) for the purposes of this Resolution:

"Relevant Period" means the period from the date of passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

"Rights Issue" means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong)."

(B) "**THAT**:

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares of HK$0.70 each in the capital of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of the shares of the Company to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

"Relevant Period" shall have the same meaning as assigned to it under Ordinary Resolution 5(A) as set out in the notice convening this Meeting."

(C) "**THAT**:

the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution 5(A) as set out in the notice convening this Meeting be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company since the granting of the said general mandate pursuant to the exercise by the Directors of the powers of the Company to repurchase such shares under the authority granted pursuant to Ordinary Resolution 5(B) as set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution."

By Order of the Board
CHU KWOK SUN
Corporate Secretary

Hong Kong, 24 July 2007

Registered Office:
118-130 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of him. A proxy need not be a member. Form of proxy must be lodged at the registered office of the Company at 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.

(2) The Register of Members of the Company will be closed from Monday, 20 August 2007 to Friday, 24 August 2007, both days inclusive, during which period no requests for transfer of shares will be accepted.

(3) In order to qualify for the proposed final dividend and attending the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 17 August 2007.

(4) An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against Ordinary Resolutions 5(A) to 5(C) as set out in this notice will be sent to members of the Company together with the Company's 2006/2007 Annual Report.

Miramar Hotel and Investment Company, Limited
美麗華酒店企業有限公司

118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
香港九龍尖沙咀彌敦道118-130號

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