MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 71)

ANNOUNCEMENT OF RESULTS

The Board of Directors of Miramar Hotel & Investment Company, Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH:

	Note	2006 HK$'000	2005 HK$'000 (restated)
Turnover	3	**1,662,862**	1,362,146
Other revenue	4	**26,023**	15,309
Other net (loss) / income	5	**(580)**	2,524
Tour and ticketing costs		**(270,432)**	(266,429)
Cost of properties under development		**(152,342)**	(118,358)
Cost of inventories		**(123,789)**	(108,144)
Staff costs		**(238,452)**	(209,040)
Depreciation and amortisation		**(37,432)**	(36,760)
Utilities, repairs and maintenance and rent		**(95,695)**	(87,559)
Operating and other expenses		**(108,843)**	(118,328)
Reversal of impairment of interest in associates		**1,320**	540
Reversal of / (provision) for impairment of properties held for resale		**97**	(6,511)
Net increase in fair value of investment properties		**878,484**	655,219
Profit from operations		**1,541,221**	1,084,609
Finance costs		**(37,013)**	(16,029)
Share of profits less losses of associates		**5,319**	2,866
Profit before taxation		**1,509,527**	1,071,446
Income tax	6	**(301,909)**	(213,292)
Profit for the year	3	**1,207,618**	858,154

	Note	2006 HK$'000	2005 HK$'000 (restated)
Attributable to:			
Shareholders of the Company		**1,169,432**	846,138
Minority interests		**38,186**	12,016
		1,207,618	858,154
Dividends attributable to the year:	7		
Interim dividend declared and paid during the year		**86,585**	86,585
Final dividend proposed after the balance sheet date		**138,536**	126,991
		225,121	213,576
Basic earnings per share	8	**HK$2.03**	HK$1.47

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2006

	Note	2006 HK$'000	2005 HK$'000 (restated)
Non-current assets			
Fixed assets	9		
- Investment properties		**7,211,817**	6,329,933
- Other fixed assets		**210,227**	234,086
		7,422,044	6,564,019
Interest in associates		**7,260**	2,027
Available-for-sale securities		**28,857**	32,992
Deferred tax assets		**17,050**	1,357
Pledged Deposits		**—**	38,675
		7,475,211	6,639,070
Current assets			
Properties under development		**185,551**	70,731
Inventories		**89,887**	100,281
Trade and other receivables	10	**103,878**	164,140
Restricted cash		**47**	325
Cash and bank balances		**451,225**	294,367
Tax recoverable		**—**	25,932
		830,588	655,776
Current liabilities			
Bank overdrafts		**(357)**	(98)
Trade and other payables	11	**(304,497)**	(323,284)
Current portion of interest-bearing borrowings		**(125,000)**	(146,673)
Sales and rental deposits received		**(71,682)**	(61,597)
Tax payable		**(22,804)**	(19,041)
		(524,340)	(550,693)

	Note	2006 HK$'000	2005 HK$'000 (restated)
Net current assets		**306,248**	105,083
Total assets less current liabilities		**7,781,459**	6,744,153
Non-current liabilities			
Interest-bearing borrowings		**(696,000)**	(825,000)
Deferred liabilities		**(70,586)**	(51,088)
Deferred tax liabilities		**(1,023,976)**	(872,436)
		(1,790,562)	(1,748,524)
NET ASSETS		**5,990,897**	4,995,629
CAPITAL AND RESERVES			
Share capital		**404,062**	404,062
Reserves		**5,535,640**	4,580,849
Total equity attributable to shareholders of the Company		**5,939,702**	4,984,911
Minority interests		**51,195**	10,718
TOTAL EQUITY		**5,990,897**	4,995,629

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005. The changes in accounting policies, which have significant impacts on the Group's financial report are summarised as follows:

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

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

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

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

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

This change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits of the Group as of 1 April 2005 has increased by HK$4,519,313,000 (2004: HK$3,880,611,000) to include all of the Group's previous investment properties revaluation reserve.

In addition, the Group's profit attributable to shareholders has increased by HK$860,090,000 (2005: HK$638,702,000).

There is no net effect to the Group's opening net assets as at 1 April 2005 or 1 April 2004 as a result of the adoption of HKAS 40.

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

In prior years, the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. Consequently, deferred tax was only provided to the extent that tax allowances already given would be clawed back if the property was disposed of at its carrying value, as there would be no additional tax payable on disposal of the Group's investment properties located in Hong Kong. In respect of the Group's investment properties located in the People's Republic of China ("PRC"), deferred tax was provided based on the tax rates applicable to the sales of investment properties in the PRC and was recognised directly in investment properties revaluation reserve.

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

The change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits of the Group as of 1 April 2005 has reduced by HK$806,975,000 (2004: HK$695,310,000), investment properties revaluation reserve has increased by HK$45,428,000 (2004: HK$22,369,000) and deferred tax liabilities has increased by HK$761,670,000 (2004: HK$673,035,000) respectively.

Furthermore, the Group's tax expense and profit attributable to shareholders for the year has increased by HK$142,087,000 (2005: HK$111,694,000) and decreased by HK$137,336,000 (2005: HK$111,665,000) respectively.

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

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

Upon the adoption of HK-INT 2 as from 1 April 2005, the owner-operated hotel property is stated at cost less accumulated depreciation and impairment losses.

The change in accounting policy has been adopted retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits and capital reserve as of 1 April 2005 have reduced by HK$68,956,000 (2004: HK$67,357,000) and HK$1,998,513,000 (2004: HK$1,898,316,000) respectively. In addition, the change has increased the depreciation charge and reduced the Group's profit attributable to shareholders for the year by HK$1,599,000 (2005: HK$1,599,000).

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

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

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

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

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

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

With effect from 1 April 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interest. Under the new policy, minority interests at the balance sheet date are presented in the consolidated balance sheet as part of equity, separately from the interests attributable to the equity shareholders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the attributable profit between the minority interests and the equity shareholders of the Company.

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

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

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

As a result of this new presentation, the Group's share of profits less losses of associates has decreased by HK$955,000 (2005: HK$418,000) and the Group's tax expense has decreased by the same amount and there is accordingly no net effect on net assets in either year.

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

In prior years:

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

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

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

With effect from 1 April 2005, in order to comply with HKFRS 3 and HKAS 36, the Group has changed its accounting policies relating to goodwill. Under the new policy, the Group no longer amortises positive goodwill but tests it at least annually for impairment. Also with effect from 1 April 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in profit or loss as it arises.

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

The change in policy had no effect on the financial statements for the year ended 31 March 2006.

(g) *Retranslation of goodwill on consolidation of a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)*

In prior years, goodwill arising on the acquisition of a foreign operation was translated at the exchange rate ruling at the transaction dates.

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

In accordance with the transitional provisions in HKAS 21, this new policy has not been adopted retrospectively and is only applied to acquisitions occurring on or after 1 April 2005. As the Group has not acquired any new foreign operations since that date, the change in policy had no impact on the financial statements for the year ended 31 March 2006.

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

In prior years, non-trading securities were stated in the balance sheets at fair value with changes in fair value recognised in the non-trading securities revaluation reserve.

With effect from 1 April 2005, and in accordance with HKAS 39, all non-trading investments are classified as available-for-sale securities and carried at fair value. Changes in the fair value of available-for-sale securities are recognised in equity, unless there is objective evidence that an individual investment has been impaired. There is no material adjustment arising from the adoption of the new policies for the quoted securities carried at fair value and unquoted equity securities not carried at fair value.

(i) *Definition of related parties (HKAS 24, Related party disclosures)*

As a result of the adoption of HKAS 24, the definition of related parties has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current year, as compared to those that would have been reported had Statement of Standard Accounting Practice 20, Related party disclosures, still been in effect.

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

(i) The following tables set out the adjustments that have been made to the opening balances of total equity at 1 April 2005 and 1 April 2004.

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

(ii) The following tables set out the adjustments that have been made to the profit for the years ended 31 March 2006 and 31 March 2005.

	Profit attributable to					
	Shareholders		*Minority interests*		*Total*	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
HKAS 40						
Investment properties	**722,754**	527,037	**10,953**	137	**733,707**	527,174
HK Interpretation 2						
Hotel property	**(1,599)**	(1,599)	**—**	—	**(1,599)**	(1,599)
HKAS 17						
Leasehold land held for redevelopment for sale	**—**	(35)	**—**	(33)	**—**	(68)
Total increase for the year	**721,155**	525,403	**10,953**	104	**732,108**	525,507

3 TURNOVER AND SEGMENTAL INFORMATION

Business segments
For the year ended 31 March 2006

	Property investment HK$'000	*Property development and sales* HK$'000	*Hotel ownership and management* HK$'000	*Food and beverage operation* HK$'000	*Travel operation* HK$'000	*Inter-segment elimination* HK$'000	*Consolidated* HK$'000
TURNOVER							
Revenue from external customers	366,703	450,502	340,161	194,553	310,943	—	1,662,862
Inter-segment revenue	14,374	—	4,327	—	556	(19,257)	—
Total	381,077	450,502	344,488	194,553	311,499	(19,257)	1,662,862
RESULTS							
Contribution from operations	287,692	287,464	145,381	41	(8,896)	—	711,682
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
Unallocated operating income and expenses							(50,362)
Profit from operations							1,541,221
Finance costs							(37,013)
Share of profits less losses of associates	308	(204)	5,103	112	—	—	5,319
Income tax							(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	(13,641)	14,453	6,136	—	—	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 for the year	17,620	678	11,744	4,993	896		

For the year ended 31 March 2005 (restated)

	Property investment	*Property development and sales*	*Hotel ownership and management*	*Food and beverage operation*	*Travel operation*	*Inter-segment elimination*	*Consolidated*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER							
Revenue from external customers	349,238	259,087	315,217	132,670	305,934	—	1,362,146
Inter-segment revenue	14,122	—	4,881	—	565	(19,568)	—
Total	363,360	259,087	320,098	132,670	306,499	(19,568)	1,362,146
RESULTS							
Contribution from operations	263,648	106,472	128,486	(8,361)	(9,069)	—	481,176
Reversal of impairment of interest in associates							540
Provision for impairment of properties held for resale							(6,511)
Net increase in fair value of investment properties	655,219	—	—	—	—	—	655,219
Unallocated operating income and expenses							(45,815)
Profit from operations							1,084,609
Finance costs							(16,029)
Share of profits less losses of associates	273	540	2,224	(171)	—	—	2,866
Income tax							(213,292)
Profit for the year							858,154
Segment assets	6,507,804	478,821	141,804	44,661	38,970	(8,955)	7,203,105
Interest in associates	204	(11,989)	8,990	4,822	—	—	2,027
Unallocated assets							89,714
Total assets							7,294,846
Segment liabilities	116,305	12,349	31,660	16,117	39,752	(8,955)	207,228
Unallocated liabilities							2,091,989
Total liabilities							2,299,217
Capital expenditure incurred during the year	6,922	84,832	11,183	29,157	1,728		
Depreciation for the year	17,544	2,040	10,958	3,474	524		

Geographical segments
For the year ended 31 March 2006

	The Hong Kong Special Administrative Region	**The People's Republic of China**	**The United States of America**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Revenue from external customers	**1,160,573**	**63,858**	**438,431**	**1,662,862**
Segment assets	**7,120,220**	**559,827**	**545,785**	**8,225,832**
Capital expenditure incurred during the year	**12,018**	**671**	**17**	**12,706**

For the year ended 31 March 2005 (restated)

	The Hong Kong Special Administrative Region	The People's Republic of China	The United States of America	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	1,052,254	66,026	243,866	1,362,146
Segment assets	6,295,847	535,459	380,754	7,212,060
Capital expenditure incurred during the year	47,986	1,004	84,832	133,822

4 OTHER REVENUE

	2006	**2005**
	HK$'000	HK$'000
Interest income	**7,984**	3,168
Management fee income	**—**	550
Forfeited deposits	**1,545**	556
Sundry income	**16,494**	11,035
	26,023	15,309

5 OTHER NET (LOSS) / INCOME

	2006	**2005**
	HK$'000	HK$'000 (restated)
(Loss) / gain on disposal of investment properties	**(580)**	2,524

6 INCOME TAX

Income tax in the consolidated income statement represents:

	2006 HK$'000	2005 HK$'000 (restated)
Current tax - Hong Kong Profits Tax		
Provision for the year	**50,303**	48,220
Under-provision in respect of prior years	**536**	348
	50,839	48,568
Current tax - Overseas		
Provision for the year	**119,540**	46,028
(Over) / under-provision in respect of prior years	**(4,317)**	66
	115,223	46,094
Deferred tax		
Origination and reversal of temporary differences	**135,847**	118,630
	301,909	213,292

Provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 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 2006 of HK$955,000 (2005: HK$418,000) is included in the share of profits less losses of associates.

7 DIVIDENDS

(a) Dividends attributable to the year:

	2006 HK$'000	2005 HK$'000
Interim dividend declared and paid of 15 cents per share (2005: 15 cents per share)	**86,585**	86,585
Final dividend proposed after the balance sheet date of 24 cents per share (2005: 22 cents per share)	**138,536**	126,991
	225,121	213,576

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

8 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to ordinary shareholders of HK$1,169,432,000 (2005 (restated): HK$846,138,000) and 577,231,252 shares (2005: 577,231,252 shares) in issue during the year.

9 FIXED ASSETS

Hotel property with net book value of HK$52,769,000 was valued at 31 March 2006 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 HK$2,522,184,000 (2005: HK$2,121,837,000). The valuation of hotel property is for information purpose only and has not been incorporated in the financial statements.

10 TRADE AND OTHER RECEIVABLES

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:

	2006	2005
	HK$'000	HK$'000
0 to 3 months overdue	**42,277**	41,233
More than 3 months overdue	**10,558**	11,700
Trade receivables	**52,835**	52,933
Other receivables	**51,043**	111,207
	103,878	164,140

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

The Group has a defined credit policy. The general credit terms allowed range from 0 to 60 days.

11 TRADE AND OTHER PAYABLES

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

	2006	2005
	HK$'000	HK$'000
		(restated)
Due within 3 months or on demand	**39,035**	42,464
Due after 3 months but within 6 months	**3,165**	7,909
Trade payables	**42,200**	50,373
Other payables	**101,849**	105,691
Amounts due to minority shareholders of subsidiaries	**160,448**	167,220
	304,497	323,284

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.

12 COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies. Further details are disclosed in note 2.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of 24 cents per share in respect of the 2005/2006 financial year to shareholders listed on the Register of Members on 5 September 2006. Subject to the approval of shareholders at the Annual General Meeting of the Company to be held on 5 September 2006, the dividend warrants for the proposed final dividend will be despatched by mail to shareholders on or about 13 September 2006, and the total dividend for the year including the interim dividend of 15 cents per share will amount to 39 cents per share.

CLOSING OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 25 August 2006 to 5 September 2006, both days inclusive. In order to qualify for the proposed final dividend for the year, all transfers, accompanied by the relevant share certificates, must be lodged with the Registrars of the Company, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Thursday, 24 August 2006.

REVIEW OF OPERATIONS AND PROSPECTS

The audited profits attributed to shareholders for the financial year ended 31st March 2006 ("the year") amounted to HK$1,169,000,000, an increase of 38% over last year's restated profit (FY2004/05 restated: HK$846,000,000).

During the year, the Group adopted new accounting policies stipulated by the Hong Kong Institute of Certified Public Accountants relating to investment properties and hotels. Without these changes (including profit generated from land sales amounting to approximately HK$150 million), the audited profit attributed to shareholders for this financial year was HK$448 million, an increase of 40% compared with the same period last year.

BUSINESS OVERVIEW

The Hong Kong economy continued to experience steady growth. Improvements in the property leasing market, and favorable employment levels coupled with increasing numbers of inbound tourists have all contributed to rising business and consumer confidence. Taking advantage of the positive environment and continued to develop a larger client base with enhanced cost efficiency, the Group was able to deliver a satisfactory performance during the year.

The Group's hotel business achieved healthy growth with satisfactory results. Rental income from the Miramar Shopping Centre for the first half of the financial year was flat due to higher vacancy rates during the planned tenant-mix changes. However, growth in the second half of the year picked up satisfactorily. Performance in our food and beverage operation was steady, however, the travel agency business still faced intense market pressure.

HOTEL OPERATIONS

Hotel Miramar achieved healthy growth in its operating results with close to 90% average occupancy and an increase of 19% in average room rate. The Hotel was aggressive in targeting new corporate clients and continued to expand its sales network, resulting in better performance from the European and American markets. The overall client mix from all key markets was well balanced. Continuous enhancements in service quality resulted in food and beverage revenue growth despite fierce market competition.

In the hotel management business, average room rates for the seven hotels under management recorded satisfactory growth with steady increases in average occupancy. During this financial year, two hotels underwent renovations to upgrade their market positioning for the business sector. The Group will continue to explore hotel management projects and joint venture opportunities in major cities in mainland China.

PROPERTY BUSINESS

Progress was made during the year to upgrade the client-mix and the overall image of the Miramar Shopping Centre. Average occupancy reached 91% with greater numbers of quality international brands signing up as tenants. This will further improve shopping traffic and will attract more quality new tenants in the coming years. The Group plans to have further refurbishment to upgrade the shopping arcade to support this current tenant-mix upgrade.

During the year, the Group sold approximately 60 acres (194 lots) of residential land and 20 acres of commercial land in Placer County, California. This contributed HK$150 million to our after-tax profits. At the end of this financial year, approximately 80 acres (290 lots) of residential land and 70 acres of commercial land remain available for sale.

In Shanghai, almost all the office units at Shang-Mira Garden have been sold. At the same time, the Shang-Mira shopping arcade continued to achieve high occupancy rate of 99%.

FOOD AND BEVERAGE OPERATIONS

Food and beverage business reported a steady growth. The high-end restaurant duo in IFC II - Cuisine Cuisine and Lumiere, performed well with further enhancements in service standards and food quality. The growth in the wedding banquet business for the Tsui Hang Village Restaurants was satisfactory, contributing favorably to its operating results.

TRAVEL BUSINESS

The overall results for Miramar Express improved slightly. The commercial travel sector increased its profit by more than 40% while the air/hotel package business was adversely affected by isolated natural disasters, and yet was able to generate a reasonable profit through efficiency improvement. As the General Agent for Crystal Cruises, Miramar Express also was recently appointed as the representative agent in Hong Kong for the Oceania Cruises. At the same time, there were ongoing negotiations with different cruise line operators to explore new opportunities. The hire-car operation will put more effort in the coming year to increase the cross-border traffic between Hong Kong and China by adding more vehicle quotas to these routes. However, outbound tour operation continued to face intense competition and recorded an operating loss during the financial year.

The group tour business of Miramar Express - Miramar Travel, joined forces with an industry veteran and the Group reduced its share holdings to 54%. With a series of marketing activities under an innovative style of operation, a higher market penetration is expected.

PROSPECTS

In view of generally optimistic economic prospects, increasing investment confidence, strong consumer spending and continued growth in China's economic development, the Group, with its stable financial resources, will look to take advantage of promising investment opportunities to generate satisfactory returns for shareholders. The Board of Directors is confident that barring any unforeseen circumstances, operating results for the Group in the forthcoming financial year will remain optimistic.

DIRECTORS

The Board of Directors wishes to express its warm welcome to Mr. Timpson Chung Shui Ming who was appointed as director during the financial year. Mr. Chung is the Chairman of the Council of the City University of Hong Kong, a member of the Hong Kong Housing Authority and the Chairman of its Finance Committee, as well as being the former Chairman of the Hong Kong Housing Society. With Mr. Chung's experience and expertise in management and property development, the Board is confident that Mr. Chung will have many valuable contributions to our Group.

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, expressed as a percentage of consolidated net borrowings to the total of consolidated net borrowings and consolidated net assets, fell to 6% (at 31 March 2005 (restated): 11%) in the year.

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

The Group has adequate lines of credit available to fund its development programme for the foreseeable future. At 31 March 2006, total available facilities amounted to HK$1.8 billion (at 31 March 2005: HK$1.8 billion), and 47% (at 31 March 2005: 55%) were drawn down. At 31 March 2006, consolidated net borrowings were HK$0.4 billion (at 31 March 2005: HK$0.6 billion), of which none was secured borrowings (at 31 March 2005: HK$0.1 billion).

EMPLOYEES

As at 31 March 2006, the Company had about a total of 1,458 full-time employees, including 1,130 employed in Hong Kong, 320 employed in the People's Republic of China and 8 employed in the United States of America. According to the Company's compensation and benefits policies and practices, our employees' remuneration packages are reviewed periodically based on various factors like staff performance and merit, the nature of the job and market trend. At the same time, we continue to use the performance-based incentive and bonus schemes to motivate staff performance. Through the regular review, our employees' remuneration packages are maintaining at reasonable and competitive level in the market.

Improving communications, promoting better teamwork and creating a dynamic corporate culture are the major goals and objectives of the Company. To achieve this end, the Company has planned a series of training programs to provide the necessary knowledge and skills and to indoctrinate such concept to staff of all levels. Various campaigns are also underway to facilitate the achievement of these goals and objectives. Opportunities for staff development both vertically and horizontally across different business units are made common practice in our group. We are confident that all these efforts in staff development and organization shaping will eventually contribute to significant corporate development in terms of organizational effectiveness.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2006, with deviations from code provisions A.4.2 and E.1.1. which have already been stated in the Company's interim report 2005-2006.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2006.

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.

ANNUAL REPORT

The Company's annual report containing all the information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
LEE SHAU KEE
Chairman

Hong Kong, 28 June 2006

As at the date of this announcement, (i) the executive directors of the Company are: Dr Lee Shau Kee, Mr Richard Tang Yat Sun, Mr Colin Lam Ko Yin, Mr Lee Ka Shing, Mr Norman Ho Hau Chong, Mr Eddie Lau Yum Chuen, and Mr Peter Yu Tat Kong; (ii) the non-executive directors of the Company are: 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 and Mr Alexander Au Siu Kee; and (iii) the independent non-executive directors of the Company are: Dr David Sin Wai Kin, Mr Wu King Cheong and Mr Timpson Chung Shui Ming.