ANNUAL REPORT 年報 2008-2009

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

Stock code 股份代號: 71

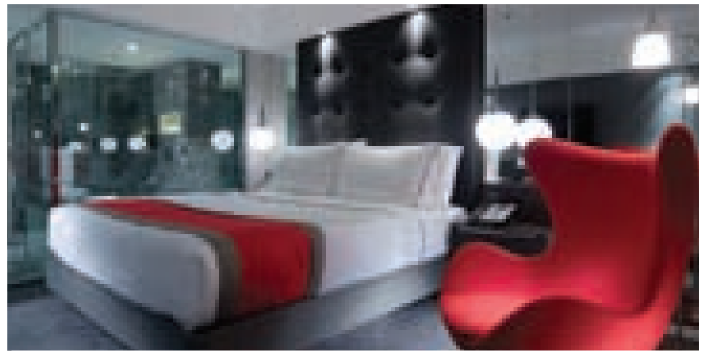
Executive Directors:	@	**Dr the Honourable LEE Shau Kee**, GBM, DBA (Hon), DSSc (Hon), LLD (Hon) *(Chairman)*
	>	**Mr LEE Ka Shing** *(Managing Director)*
	@ >	**Mr Richard TANG Yat Sun**, MBA, BBS, JP
	>	**Mr Colin LAM Ko Yin**, FCILT, FHKIoD
	>	**Mr Eddie LAU Yum Chuen**
	>	**Mr Norman HO Hau Chong**, BA, ACA, FCPA
		Mr Peter YU Tat Kong, BSc, MBA, CA, CHA (resigned on 1 January 2009)
Non-Executive Directors:		**Mr WOO Kim Phoe** *(Vice Chairman)* (deceased on 6 July 2009)
	+	**Dr Patrick FUNG Yuk Bun**
	+	**Mr Dominic CHENG Ka On**
		Mr Tony NG
		Mr Howard YEUNG Ping Leung
		Mr Thomas LIANG Cheung Biu, BA, MBA
		Mr Alexander AU Siu Kee, OBE, ACA, FCCA, FCPA, AAIA, FCIB, FHKIB
Independent Non-Executive Directors:	@ +	**Dr David SIN Wai Kin**, DSSc (Hon) *(Vice Chairman)*
	@ +	**Mr WU King Cheong**, BBS, JP
	@ +	**Mr Timpson CHUNG Shui Ming**, GBS, JP
Group General Manager:		**Mr Romain CHAN Wai Shing**, BSc, MBA
Corporate Secretary:		**Mr Charles CHU Kwok Sun**
Auditors:		**KPMG** Certified Public Accountants
Principal Bankers:		**The Hongkong & Shanghai Banking Corporation Limited** **Hang Seng Bank Limited** **Mizuho Corporate Bank, Ltd.**
Share Registrar:		**Computershare Hong Kong Investor Services Limited** **17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong**
Registered Office:		**15/F, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong**
Website:		**http://www.miramar-group.com**

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

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

> members of the General Purpose Committee

Hotel ownership and
management business



Food and
beverage operation

Property
business

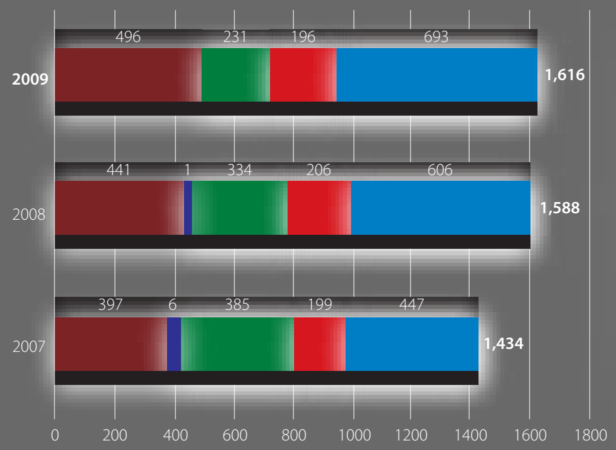
Travel
business

CONTENTS

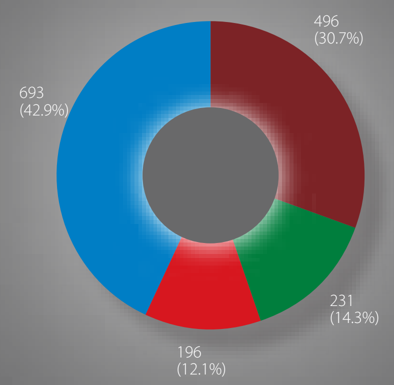
FINANCIAL HIGHLIGHTS

Turnover – by segment	2009	2008	2007
	HK$'M	HK$'M	HK$'M
Property investment	496	441	397
Property development & sales	–	1	6
Hotel ownership & management	231	334	385
Food & Beverage operation	196	206	199
Travel operation	693	606	447
	1,616	1,588	1,434
Shareholders' equity	7,003	7,035	6,427
	HK$	HK$	HK$
Net asset value per share	12.27	12.32	11.25

Turnover - by segment
HK$ million

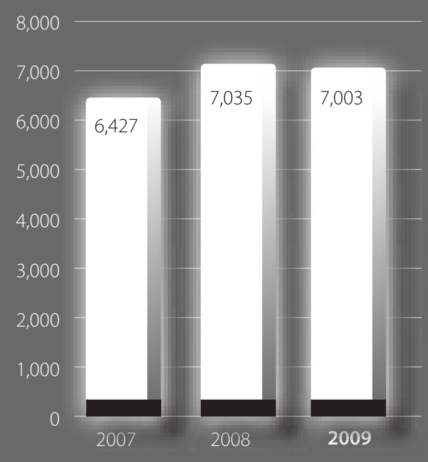


Turnover 2009
HK$ million

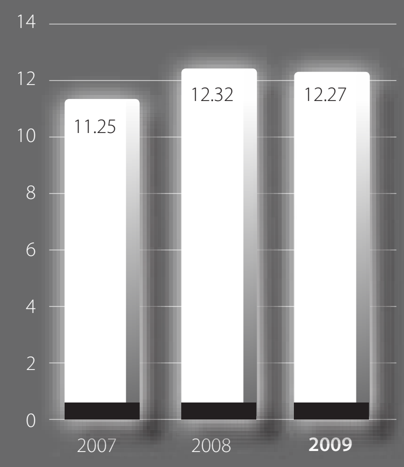


Property investment | Property development & sales | Hotel ownership & management | Food & Beverage operation | Travel operation

Shareholders' equity
HK$ million



Net asset value per share
HK$



For the year ended 31 March 2009, the Group's turnover amounted to approximately HK$1,616,000,000 (2008: HK$1,588,000,000). Profit attributable to shareholders amounted to approximately HK$164,000,000 (2008: HK$783,000,000). Profit before tax from our core businesses, after adjusting for the net decrease in the fair value of our investment properties and contributions from our US land sales project, was approximately HK$328,000,000 (2008: HK$420,000,000), representing a decrease of 22%.

After the completion of major renovations, the Group's flagship hotel The Mira Hong Kong has emerged as one of the most stylish and contemporary high-end hotels in town, with an exceptional range of facilities and services.

The global financial turmoil has created a negative impact on the Group's hotel business. Economic growth and business travel tend to go hand in hand: when hard times arrive, travel and entertainment budgets are unavoidably cut back. During this period of economic downturn, the Group will be focusing in improvement of service standards by enhancing training to our team members. As the global economy stabilises and business patterns begin to return to normal, our hotel and associated businesses will be in a much stronger position to take advantage of the upswing.

PROSPECTS

In the short term, the Group's operating results will be adversely affected by the recent renovations and the global recession. Nevertheless, the Group remains confident that it has the experience, the facilities, the quality services and team members to go further and maintain reasonable levels of returns for its shareholders.

With the effective stimulus measures implemented in Mainland China, the worst economic situation for Hong Kong is over. Since the threat of H1N1 influenza is being mitigated and the global economy is improving, the operation of the Group will be back on the track.

ACKNOWLEDGEMENTS

I take pleasure in extending my warmest regards to our team members who have contributed to the Group's progress in the past year.

Mr Woo Kim Phoe, a Vice Chairman of the Company, passed away on 6 July 2009. The Board of Directors deeply regrets his departure from its midst and wishes to express its gratitude for his valuable contributions to the Company during his tenure.

LEE SHAU KEE
Chairman

Hong Kong, 8 July 2009

During the year, the Group was bringing 18 months of major renovations and upgrading at its flagship hotel The Mira Hong Kong to a successful conclusion. The Mira Hong Kong has been unveiled as a superb upscale business hotel in Tsim Sha Tsui, offering new levels of comfort and style with a contemporary design, and equipped with all the latest amenities. The transformation of The Mira Hong Kong positions us just where we have wanted to be for a long time: at the cutting edge of the hotel and hospitality industry, ready to attract a discerning and higher-spending business clientele.

In practical terms, all the hotel's guestrooms will be available by August 2009, when The Mira Hong Kong will be able to take its place as a contemporary high-end hotel comparable with the best of its class in Hong Kong. The Grand Opening ceremony for the completed hotel is set for September 2009. Now that the final touches are being applied, the Group has good reason to look forward to a prosperous future.

The extensive renovations over the past 18 months have naturally led to The Mira Hong Kong experiencing a less than ideal occupancy rate, partly because we have had many rooms out of service and partly because the remaining rooms inevitably experienced noise and disruption from the building works.

The global financial crisis and more recently the H1N1 influenza have impacted negatively on the hotel sector as a whole. Hence it is not surprising that The Mira Hong Kong experienced low occupancy rates and a fall in profitability. The outbreak of H1N1 influenza has further hit the movement of travellers around the world, exacerbating the situation for hotels industry. Other sectors in which the Group is involved, particularly the food & beverage sector, have experienced similar negative knock-on effects.

Unfortunately these kinds of global fluctuations do occur from time to time, and cannot be predicted. At the Group, we believe that our newly upgraded hotel will be very well positioned to attract high-end business travellers as global conditions stabilized. In preparation for this, we are continuing with a programme of marketing and related improvements, in anticipation of The Mira Hong Kong recapturing the market share which it deserves.

BUSINESS REVIEW

General Overview

The Group is primarily engaging in four core businesses. Under its hotel operations business, the Group owns and/or provides management services for a number of hotels and serviced apartments, including its Hong Kong flagship hotel, The Mira Hong Kong. Its property business involves the ownership and management of shopping malls and offices, which are leased to high-quality business and retail tenants. Under its food & beverage business, the Group runs several independent restaurants; while its travel business arranges travel and tours for both individuals and groups.

Hotel and hotel management business

Besides owning or part-owning a number of hotels and serviced apartment in Hong Kong and China, the Group also carries out hotel management operations for both self-owned and independently owned properties. The Group is the sole owner of The Mira Hong Kong, and also of a block of serviced apartment in China, both of which properties it also manages. It holds part-ownership of two hotels in China, and provides contracted management services for these and for another three independently-owned hotels there, along with an independently-owned serviced apartment complex in Hong Kong. In total, the Group owns and/or provides management services for eight hotels and serviced apartment complexes.

In this sector of the Group's business, most revenue originates from its major hotel in Hong Kong, The Mira Hong Kong, situated on Nathan Road adjacent to the busy shopping and tourist district of Tsim Sha Tsui. As mentioned above, the guest rooms have been under renovation over the past year, with many out of service for extended periods. This has reduced capacity at the hotel and, inevitably, created a less than optimal environment for guests. The newly renovated rooms have been released progressively and by the end of August, there will be a total of approximately 500 guestrooms in service.

The result of the renovations coupled with the generally unfavourable environment for high-end business travel has led to lower occupancy rates at The Mira Hong Kong, which have in turn affected other services that are part of the hotel's business, such as breakfast-time patronage at its restaurant and use of the hotel bar.

The Group anticipated a downturn in business due to the ongoing renovations, but the expected drop has been exacerbated by the global financial crisis. In order to bring the hotel back up to our target levels of occupancy and profitability, and better equipped and prepared ourselves for the upcoming economic upswing, the Group will be putting more resources and effort building its reputation by having more marketing and promotional activities.

This sector also includes the revenues earned by the Group for providing hotel management services. These services are provided to The Mira Hong Kong, two other hotels in Mainland China that are not owned by the Group, and a further two Mainland China hotels in which the Group has partial equity, located in Shekou. Due to the general fall in business experienced by hotels at this level of the market, the Group's hotel management fees have inevitably fallen by a corresponding magnitude. Once again, a gradually improving economy and slow rises in business travel should lead to an eventual upward trend in this area of the Group's business.

Property business

The Group's property revenues arise mainly from two sources: rental income from businesses leasing offices in its Miramar Tower and from retail businesses leasing shop space in the Miramar Shopping Centre. In the year under review, returns have not been materially affected by the economic downturn, and the Group has still managed to achieve a double-digit increment in terms of operating profit from these sources. Part of the reason for this is that many leases for these locations were negotiated before the downturn, so the Group is still enjoying satisfactory returns even in the tighter property market. Naturally, leases will continue to come up for renewal in the coming year, but most of the office and retail tenancies are staggered, meaning that any necessary rent adjustments will be gradual and incremental.

The Group continues to hold a land bank in California, USA, and sales there remain inactive in the light of the current state of the US property market. The Group will retain this land until the US property market stabilizes.

Food & beverage business

The financial turmoil has also affected the Group's high-end food & beverage sector as businesses have cut entertainment budgets and high-end diners have thought it prudent to reduce their conspicuous consumption. As a result, top level restaurants such as the Group's two IFC venues, Lumiere and Cuisine Cuisine, have found it harder in recent months to attract diners.

The Group's Chinese restaurants have fared a little better. In particular, the Central branch of its Tsui Hang Village restaurant chain has remained popular with lunchtime diners, and also attracts a reasonable dinner crowd. However, the tightening of corporate purses and a natural fall in dining out in lean economic times have affected these restaurants, leading to falls in operating profit by comparison with last year. The Group has worked on developing effective strategies for drawing clientele back to the Group's restaurants, and has drawn up plans for revitalizing its food & beverage sector which are discussed further below.

Travel business

Since 2006, the Group has seen a substantial growth in its travel business following a successful restructuring and an influx of a new professional talent from the travel industry. In the year under review, the Group was able to achieve an increase in turnover of approximately 14%. Much of this has been the result of a significant increase in our tour business aimed at the long-haul market, which has included package tours to popular European destinations.

In addition, during the year the Group's travel arm became the first and only accredited agent of Richard Branson's Virgin Galactic enterprise in Hong Kong, offering the chance of space travel to wealthy individuals. This development has helped cement the reputation of our travel sector.

ACHIEVEMENTS

The quality of the Group's hotel and food & beverage outlets has been widely recognised over recent years, by awards and media recognition. The past year has been no different, with the high standards across our operations remaining unaffected by the economic downturn.

The Group's stylish restaurant in The Mira Hong Kong, Yamm, has been especially productive over the past year in terms of gaining positive media coverage. Named in Hong Kong Tatler's list of the city's Best Restaurants for 2009, it was also described as the Number 1 Buffet Restaurant in Hong Kong by Weekend Weekly, Best Buffet Restaurant in Hong Kong 2009 by Openrice.com, and Best New Restaurant in Hong Kong 2008 by U Magazine. Other of the Group's premium restaurants gained favourable mentions in the 2009 edition of the Michelin Hong Kong and Macao Guide, with the Cuisine Cuisine and Tsui Hang Village Restaurants each being noted as 'Recommended restaurants' in this Bible for restaurant-goers. Another of the Group's restaurants, the Yunyan Szechuan Restaurant, was also recommended in the 'Bib Gourmand' section of the new Michelin Guide.

PROSPECTS

Hotels

Having almost completed an extensive renovation of its flagship hotel The Mira Hong Kong, the Group is now ready to compete forcefully in its niche sector. All the new rooms at The Mira Hong Kong will be ready by August, from which point the hotel will be able to operate at full capacity at last. However, the ongoing renovations have meant that we have not been able to compete at full strength during the Hong Kong high season of April and May, a fact that will be reflected in our interim results a little later in the year. In short, our next set of figures is unlikely to reflect the full earning potential of the new rooms. That being said, we have a number of initiatives that will be taking effect in the coming year or so which, we believe, will significantly aid the Group's push to establish The Mira Hong Kong's position and boost the number of guests as the economy gradually comes out its slump.

As mentioned above, one milestone fast approaching is the completion of all guest room renovations at The Mira Hong Kong. This event will be celebrated with a Grand Opening ceremony in mid September, when we expect to benefit from some concentrated media coverage. We are optimistic that we will be able to achieve a gradual improvement in occupancy as travellers discover the quality and convenience of staying at The Mira Hong Kong for their time in Hong Kong.

With the guestrooms completed, we still have some further improvements scheduled for The Mira Hong Kong. These will involve creating two new restaurants: one, a branch of Cuisine Cuisine, which will offer high quality Chinese dining, while the other will be a European-style restaurant. In addition, the Hotel will create a new high-class Spa. We have already obtained the services of an experienced hotel spa manager to help in the planning.

In August, we will be launching a brand new website for The Mira Hong Kong, designed to improve the percentage of our business gained from direct online booking. This website will be user friendly enough for travellers to check room availability and book online. In October, we will also launch a new-look website for the Group as a whole, making it easier for investors and the media to understand our businesses and obtain any information they may need. These two electronic initiatives should raise the Group's online profile.

Property

The planned renovation of the Miramar Tower is expected to begin sometime within the coming year. This will involve upgrading the facilities and overall business environment at the Tower, enabling us to attract major tenants at premium rates.

The Group also intends to renovate its adjacent Miramar Shopping Centre, and plans to carry out a major transformation in line with what has been done at The Mira Hong Kong. This work is planned to commence in 2011, with the renovations being carried out over a 12 to 24 month period. This will of course affect revenues in the short term, but the result should be a distinctive improvement in the tenant mix, an influx of new high-end tenants, and a targeted customer base of high spending individuals.

The Group also plans to restyle and upgrade the shopping centre within The Mira Hong Kong, creating new double-storey shop frontages on Nathan Road aimed at high level tenants. Renovations should begin to take place in the next one to two years.

Food & beverage

In the current depressed state of the high-end food & beverage sector in Hong Kong, successful players tend to be those that act decisively, innovatively and exploit new tastes and trends. To this end, the Group will be closing down one of its existing IFC restaurants, Lumiere, and converting it into a French restaurant. We have already secured the services of an experienced chef who is widely renowned in the region for his culinary flair and has catered for some major society events. We are optimistic that the new restaurant, which should be ready for opening in September, will capture the imagination of Hong Kong diners and provide reasonable returns for the Group.

Besides the quality of food, which has always been of the highest level in the Group's premises, top end restaurants attract customers through their style, aesthetic appeal and branding. With this in mind, the Group is developing a strategy for realigning and revamping the Group's restaurant brands. This will involve, for example, making over the Tsui Hang Village restaurant brand to appeal more widely to diners as well as upgrading and renovating the Tsui Hang Village restaurants, building on its current popularity to add banqueting facilities which will have great potential to extend their competitiveness.

APPRECIATION

Finally, on behalf of the Management of the Group, I would like to express our gratitude to all our colleagues for their heroic efforts in seeing the Group through a difficult period of ongoing renovation and rebranding, and keeping our operations running in a proud and professional manner. We are optimistic that, by continuing with a prudent strategy of development and focussing on the core strengths which have served us so well in the past, we will emerge from the current situation with a stronger brand and an enhanced reputation, and achieve more favourable returns for our shareholders.

LEE KA SHING
Managing Director

Hong Kong, 8 July 2009

DIRECTORS

Dr the Honourable LEE Shau Kee, *GBM, DBA (Hon), DSSc (Hon), LLD (Hon)*

Aged 80. 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. Dr Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. He is a director of Multiglade Holdings Limited ("Multiglade"), Higgins Holdings Limited ("Higgins"), Threadwell Limited ("Threadwell"), Aynbury Investments Limited ("Aynbury"), 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 2009. 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 79. 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, and an executive director of New World Development Company Limited. He has been a director of Hang Seng Bank Limited until 6 May 2009. He is also a director of certain subsidiaries of the Company.

Mr LEE Ka Shing

Aged 38. 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 Tenth Guangxi Zhuangzu Zizhiqu Committee of the Chinese People's Political Consultative Conference and a Member of the Tenth Foshan Committee of the Chinese People's Political Consultative Conference. 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 2009. 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 62. 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, 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 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 59. 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 56. 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, *FCILT, FHKIoD*

Aged 58. 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 35 years' experience in banking and property development. He is a member of the Court of The University of Hong Kong, a Director of The University of Hong Kong Foundation for Educational Development and Research Limited and a Director of Fudan University Education Development Foundation. Mr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. 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 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 2009. He is also a director of certain subsidiaries of the Company.

Mr Eddie LAU Yum Chuen

Aged 63. 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. 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 2009. He is also a director of certain subsidiaries of the Company.

Mr Tony NG

Aged 68. 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 40 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 53. 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 27 years' experience in management and property development. He is also a director of New World Mobile 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 has been a director of Taifook Securities Group Limited until 1 July 2009. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 52. 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 62. 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 58. Mr Wu was appointed as an independent non-executive director of the Company in 2005. He is a Member of Hong Kong Housing Authority, Life Honorary Chairman of the Chinese General Chamber of Commerce, 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 Pacific 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. 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 2009.

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

Aged 62. 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 32 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 Oversea-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. An accountant by training, Mr Au is a Chartered Accountant as well as a Fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. As at 31 March 2009 Henderson Land had discloseable interests in the share capital of the Company under the provisions of Part XV of the Securities and Futures Ordinance.

Mr Timpson CHUNG Shui Ming, *GBS, JP*

Aged 57. 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. He is a member of the National Committee of the 10th and 11th Chinese People's Political Consultative Conference. Currently, Mr Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Nine Dragons Paper (Holdings) Limited and Glorious Sun Enterprises Limited. Formerly, Mr Chung was the Chairman of the Council of the City University of Hong Kong, 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 an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited and Tai Shing International (Holdings) Limited. He was also, formerly, the Managing Director of Hantec Investment Holdings Limited and an executive director and the Chief Executive Officer of Shimao International Holdings Limited.

SENIOR MANAGEMENT

Mr Romain CHAN Wai Shing *BSc, MBA*

Aged 49. Mr Chan joined the Company in 2008 as the Group General Manager. He holds a Bachelor of Science Degree from the School of Hotel Administration, Cornell University, as well as an MBA Degree and a Master of Management Degree from the Hong Kong Polytechnic University and the Macquarie University in Australia, and is a hotel and tourism management doctorate degree candidate at the Hong Kong Polytechnic University. Mr Chan has over 25 years' experience in hotel administration, spanning a wide range of nations.

Mr Chan has been appointed to the Tourism Strategy Group in the Tourism Commission; and is a member of the Associate of Social Science (Tourism) Programme Advisory Committee of the Hong Kong Institute of Education, as well as the Hotel, Catering and Tourism Training Board of the Hong Kong Vocational Training Council.

Mr Frankie CHAN Fung Kee

Aged 71. 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 Dirk DALICHAU

Aged 40. Mr Dalichau, a German national and graduate of the Glion Institute of Higher Education in Switzerland, has joined the Group in 2007 as Vice President – Operation and Development and has since taken up the position of General Manager of The Mira Hong Kong and Vice President for the Hotel Management Company.

Mr Dalichau brings with him international experience in hotel management having worked in the USA, Europe and the United Kingdom, holding positions such as General Manager, Regional Marketing Director for Central & Eastern Europe for a variety of reputable international hotels, as well as extensive experience in leading and running lifestyle hotels.

Ms Florence NG Wai Na

Aged 45. Ms Ng has recently joined the group in February 2009 as Senior Vice President of Group Marketing and Sales. Ms Ng's primary role is to lead the marketing and sales functions for the group with direct responsibility for the development and execution of marketing and sales strategy. Graduated from Canada with the diploma in Hotel & Resort Operation in 1987, Ms Ng has over 20 years' extensive working experience in marketing and sales as well as hotel operation, gained from working with a variety of reputable international hotels.

Ms Clara NGAN King Ha, *MBA*

Aged 45. Ms Ngan joined the Group in 1996, and was appointed as Director of Group Human Resources and Administration in 2005. Ms Ngan obtained a professional diploma in Company Secretaryship and Administration in Hong Kong Polytechnic University. She also holds a Postgraduate Diploma and a Master Degree in Business Administration from the Sheffield Hallam University in United Kingdom. She has over 20 years' experience in business administration in the commercial sector and with her extensive exposure in human resources management, she is responsible for mapping the group's human resources needs and overseeing training and career progression for staff.

Mr Ricky TSE Ping Shing, *MSc, MBA, FCCA, FCPA, ACA, CIA*

Aged 47. Mr Tse joined the Group as the Director of Internal Audit in September 2008. Mr Tse holds Master's Degrees in Finance and Business Administration and is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants, an Associate of the Institute of Chartered Accountants in England & Wales and a Certified Internal Auditor of the Institute of Internal Auditors in the United States.

Mr Tse has more than 23 years of experience in auditing and financial control. Prior to joining the Group, Mr Tse has held senior positions in the areas of internal auditing, risk management and financial control with various reputable companies.

Ms Iris WONG Po Yee, *BA, MBA*

Aged 45. Ms Wong joined the Miramar 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 is a highly experienced executive in formulating strategic corporate direction, brand communication, and executing integrated marketing communication programmes. She has over 20 years' solid experience in the fields of hospitality, journalism, newspaper publishing, and global newswire services. She now oversees the Group's advertising, corporate communications, brand identity and media relations.

The Company is committed to maintaining a high standard of corporate governance. During the financial year ended 31 March 2009, 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").

BOARD OF DIRECTORS

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

Executive directors:

Dr LEE Shau Kee
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 (resigned on 1 January 2009)

Non-executive directors:

Mr WOO Kim Phoe (deceased on 6 July 2009)
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 Dr Patrick Fung Yuk Bun, Mr Howard Yeung Ping Leung and Mr Tony Ng are up to 31 December 2009; Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee up to 31 December 2010; Dr David Sin Wai Kin, Mr Thomas Liang Cheung Biu and Mr Timpson Chung Shui Ming up to 31 December 2011; 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 five 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 and Mr Norman Ho Hau Chong. 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 seven times during the year ended 31 March 2009. 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	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	4/4	N/A	N/A
Mr Eddie LAU Yum Chuen	4/4	N/A	N/A
Mr Norman HO Hau Chong	3/4	N/A	N/A
Mr Peter YU Tat Kong (resigned on 1 January 2009)	3/4	N/A	N/A
Non-executive Directors			
Mr WOO Kim Phoe (deceased on 6 July 2009)	2/4	N/A	N/A
Dr Patrick FUNG Yuk Bun	4/4	7/7	N/A
Mr Dominic CHENG Ka On	4/4	7/7	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	4/4	N/A	N/A
Independent Non-executive Directors			
Dr David SIN Wai Kin	4/4	7/7	1/1
Mr WU King Cheong	4/4	7/7	1/1
Mr Timpson CHUNG Shui Ming	4/4	7/7	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$'000
Audit services	3,308
Non-audit services:	
Interim review	340
Taxation services	177
Advisory on internal audit services	118
Other services	23
	3,966

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 56 to 57 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, with reference to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework, has conducted an assessment of 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 2009 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 2009.

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 10 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 10 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 2009, 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 2009 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 58 to 124.

An interim dividend of HK$0.15 per share (2008: HK$0.15 per share) was paid on 16 January 2009. The directors now recommend the payment of a final dividend of HK$0.17 per share (2008: HK$0.24 per share) in respect of the year ended 31 March 2009, totalling HK$184,714,000.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$18,507 (2008: HK$52,546).

FIXED ASSETS

Details of movements in fixed assets are set out in note 11 to the financial statements.

DIRECTORS

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

Executive directors:

Dr LEE Shau Kee
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 (resigned on 1 January 2009)

Non-executive directors:

Mr WOO Kim Phoe (deceased on 6 July 2009)
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

In accordance with Articles 77, 78 and 79, Dr Patrick Fung Yuk Bun, Mr Colin Lam Ko Yin, Mr Tony Ng, Mr Norman Ho Hau Chong, Mr Howard Yeung Ping Leung and Mr Timpson Chung Shui Ming 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 2009, 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%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	–	–	2 *(note 7)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 7)*	100%
Centralplot Inc.	Mr Richard TANG Yat Sun	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 2009, 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 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 2009, amounting to 5% or more of the shares in issue:

Substantial shareholders	**Ordinary shares held**	**Percentage of total issued shares**
Dr Lee Shau Kee	255,188,250 *(note 1)*	44.21%
Mr Lee Ka Shing	255,188,250 *(note 2)*	44.21%
Rimmer (Cayman) Limited ("Rimmer")	255,188,250 *(note 9)*	44.21%
Riddick (Cayman) Limited ("Riddick")	255,188,250 *(note 9)*	44.21%
Hopkins (Cayman) Limited ("Hopkins")	255,188,250 *(note 9)*	44.21%
Henderson Development Limited ("Henderson Development")	255,188,250 *(note 10)*	44.21%
Henderson Land Development Company Limited ("Henderson Land")	255,188,250 *(note 10)*	44.21%
Aynbury Investments Limited ("Aynbury")	255,188,250 *(note 10)*	44.21%
Higgins Holdings Limited ("Higgins")	100,612,750 *(note 10)*	17.43%
Multiglade Holdings Limited ("Multiglade")	79,121,500 *(note 10)*	13.71%
Threadwell Limited ("Threadwell")	75,454,000 *(note 10)*	13.07%
Persons other than substantial shareholders		
Mr Chong Wing Cheong	57,594,210	9.98%

Save as disclosed above, as at 31 March 2009, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Notes:

(1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 2, 9 and 10.

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

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

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

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

(6) These 2 shares in Booneville Co Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.

(7) These 2 shares in Henderson-Miramar Hotels Holdings Ltd were equally owned by a wholly-owned subsidiary of the Company and Henderson Investment which was 67.94% held by Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.

(8) These 2 shares in Strong Guide Property Ltd were equally owned by the respective wholly-owned subsidiaries of the Company and Henderson Land. By virtue of the SFO, Dr Lee Shau Kee and Mr Lee Ka Shing are taken to be interested in Henderson Land and the Company as set out in Notes 1, 2, 9 and 10.

(9) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in the share capital of Henderson Development. These 255,188,250 shares are duplicated in the interests described in Notes 1, 2 and 10.

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

DIRECTORS' AND MANAGEMENT EMOLUMENTS

Particulars of directors' emoluments and the five highest paid individuals in the Group are set out in notes 5 and 6 respectively to the financial statements.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

The Group has the following continuing connected transactions and connected transaction 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 (the "ifc Premises").
Term	:	Initial term of three years which commenced from 7 July 2004 with 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 ifc 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 ifc Premises for a further three years if the 1st Option is exercised by the Tenant.
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:

(a) From 7 November 2004 to 6 July 2005, basic rent in the sum of HK$435,726.00 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 ifc Premises (excluding 10% service charge) exceeds the basic rent per month (the "Turnover Rent");

(b) From 7 July 2005 to 6 July 2007, basic rent in the sum of HK$484,140.00 per month together with the Turnover Rent;

(c) From 7 July 2007 to 6 July 2010 (the "First Renewed Period"), provided the 1st Option is exercised by the Tenant, at open market rent provided that the basic rent shall not be less than HK$484,140.00 per month or more than HK$580,968.00 per month, together with the Turnover Rent; and

(d) From 7 July 2010 to 6 July 2013 (the "Second Renewed Period"), provided the 2nd Option 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$193,656.00 per month (subject to review from time to time in accordance with the terms of the Confirmation of Sub-Lease).

Upon the expiry of the initial term of the Sub-Lease, the Tenant exercised the 1st Option to renew the Sub-Lease (the "Renewed Sub-Lease") and certain storerooms and advertisement lightbox(es) at the ifc Mall were also licenced by the Landlord to the Tenant (the "Licences") upon the terms as detailed below:

Term	:	Three years commencing from 7 July 2007 to 6 July 2010, subject to the 2nd Option, and for the Licences, on an annual basis, subject to termination upon termination of the Renewed Sub-Lease.
Rent and other charges	:	The Renewed Sub-Lease is at a basic rent of HK$580,968.00 plus the Turnover Rent (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings (if any)); and the Licences are at an aggregate licence fee of HK$29,628.00 (inclusive of management charges but exclusive of air-conditioning charges, rates, electricity, tax and other outgoings (if any)) per month; which shall both be payable on a monthly basis; The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Renewed Sub-Lease shall be approximately HK$348,000.00 per month (subject to review from time to time). The aggregate air-conditioning charges payable on a monthly basis in respect of the Licences shall be approximately HK$13,400.00 per month (subject to review from time to time).

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 constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Group has commenced operating two up-market restaurants at the ifc Mall 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 landmark in Hong Kong and located in the city center, is an ideal location for the Company to continue to operate the two up-market restaurants and to bring profits to the Group. The storerooms and the advertisement lightbox(es) under the Licences are used in connection with the restaurant business and the Directors are of the opinion that the use of the storerooms and the advertisement lightbox(es) are desirable for the operation of the restaurant business in ifc Mall.

(2) On 23 December 2005, a lease (the "Citistore Lease") was entered into between Shahdan Limited ("Shahdan"), a wholly-owned subsidiary of the Company, as landlord and Citistore Properties Limited ("Citistore Properties") as tenant, whereby Citistore Properties had agreed to lease from Shahdan the premises upon the terms as detailed below:

Premises	:	Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Citistore Premises").
Term	:	Three years commencing from 3 October 2005.
Rent and other charges	:	The rent payable on a monthly basis (exclusive of government rates, management fee, air-conditioning fees and promotional contribution) during the term shall be HK$90,000.00 plus a turnover rent (the "Citistore Turnover Rent") determined on the following basis: (a) if the annual gross turnover of Citistore Properties' business conducted in the Citistore Premises without any deduction ("AGT") exceeds HK$9,857,000.00 but lower than HK$12,321,000.00 then the Citistore Turnover Rent shall be 8% of the excess of AGT over HK$9,857,000.00; and (b) if the AGT exceeds HK$12,321,000.00 then the Citistore Turnover Rent shall be 8% of HK$2,464,000.00 (i.e. HK$12,321,000.00 – HK$9,857,000.00) plus 5% of the excess of AGT over HK$12,321,000.00. The aggregate monthly management fee and air-conditioning charges shall be HK$32,411.30 (subject to periodic review by Shahdan or its building manager).

		The monthly promotion contribution is calculated at 1% of the monthly rent of the Citistore Lease.
		The monthly licence fee for the licence of lightbox(es) at the Miramar Shopping Centre shall be HK$5,600.00.
Option	:	An option exercisable by Citistore Properties to renew the Citistore Lease for a further term of three years provided that, inter alia, Citistore Properties shall have served to Shahdan not more than seven months' and not less than six months' notice in writing prior to the expiry of the Citistore Lease.

As Citistore Properties is a wholly-owned subsidiary of Henderson Land, which is in turn a substantial shareholder of the Company. Accordingly, Citistore Properties is a connected person of the Company and the entering into of the Citistore Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The Citistore Lease has expired on 2 October 2008.

(3) On 28 June 2006, a lease (the "1817-18 Lease") was entered into between Shahdan 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:

Premises	:	Units 1817-18, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong of approximately 2,399 square feet (the "Miramar Tower 1817-18 Premises").
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$62,374.00.
		The aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Miramar Tower) is HK$9,596.00.
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 Miramar Tower 1817-18 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 1817-18 Lease continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(4) On 17 August 2007, a lease (the "1801-02 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:

Premises	:	Units 1801-02, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, of approximately 5,589 square feet (the "Miramar Tower 1801-02 Premises").
Term	:	Three years commencing from 1 June 2007 to 31 May 2010.
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$145,300.00. The aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Miramar Tower) is HK$23,026.70.
Rent-free period	:	Two months of rent-free period commencing from 1 June 2007 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 Miramar Tower 1801-02 Premises.

As Union Medical is a connected person of the Company, the entering into of 1801-02 Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the 1817-18 Lease and the 1801-02 Lease were entered into by Shahdan with the same connected person and all two leases were in respect of the premises in the same building and on the same floor, they were regarded as related transactions and therefore were treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules.

(5) On 28 February 2008, the Group entered into the following agreements with Henderson Real Estate Agency Limited ("HREAL") which constituted continuing connected transactions for the Company:

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

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

(iii) A licence agreement (the "New First Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee; and

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

Details of the terms and conditions of the agreements are set out as follows:

Details of the First Tenancy Agreement

Premises	:	Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 503C Premises").
Term	:	One year commencing from 5 February 2008 to 4 February 2009.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$153,135.00. (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the Shop 503C Premises) is HK$25,742.30. (c) monthly promotion contribution, being 1% of the monthly rent of the Shop 503C Premises (subject to periodic review by Shahdan) is HK$1,531.35.
User	:	To be used as a property agency only.

Details of the Second Tenancy Agreement

Premises	:	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 609-12 Premises").
Terms	:	One year commencing from 5 February 2008 to 4 February 2009.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK$279,905.00. (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the Miramar Tower 609-12 Premises) is HK$43,248.00.
User	:	To be used as a property agency only.

Details of the New 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	:	One year commencing from 1 March 2008 to 28 February 2009.
Licence fee	:	The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$66,200.00.
User	:	To be used for advertising the trade name of the licensee.

Details of the New Second Licence Agreement

Signage B	:	Signage B on the external wall facing Kimberley Road of Miramar Shopping Centre – Hotel Tower (previously known as Hotel Miramar Shopping Arcade), 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	One year commencing from 1 March 2008 to 28 February 2009.
Licence fee	:	The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$106,000.00.
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. Accordingly, HREAL is a connected person of the Company, thereby the entering into of the First Tenancy Agreement, Second Tenancy Agreement, New First Licence Agreement and New Second Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(6) On 15 August 2008, the Group entered into the following agreements with HREAL which constituted continuing connected transactions for the Company. Details of the terms and conditions of the agreements are set out below:

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

(ii) A licence agreement (the "First Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee; and

(iii) A licence agreement (the "Second Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee.

Details of the Tenancy Agreement

Premises	:	Shop 3013, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 3013 Premises").
Term	:	Three years commencing from 16 June 2008.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$468,000.00, subject to the construction of the standard provision in the Shop 3013 Premises in relation to inter alia, shop front, leased boundary walls, ceiling, floor etc. (the "Landlord's Standard Provisions"); (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated building manager) is HK$73,949.00; (c) monthly promotion contribution, being 1% of the monthly rent of the Shop 3013 Premises (subject to periodic review by Shahdan) is HK$4,680.00; (d) Government rates as per Government's assessment; (e) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK$14,415.00; (f) debris disposal fee payable to Shahdan upon signing of the Tenancy Agreement is HK$28,830.00; and (g) professional fees, including Shahdan's project architects, if any, in approving HREAL's decoration plans.
Rent-free period	:	Rent-free period for 2 months starting from 16 June 2008 during which HREAL is not obliged to pay rent but has to pay for the management fee, air-conditioning charges, Government rates and promotion contribution.
User	:	To be used as a property agency only.

Details of the First Licence Agreement

Podium Roof	:	Portion of Podium Roof, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 16 June 2008.
Licence fee and other charges	:	(a) licence fee payable on a monthly basis (exclusive of Government rates and management fee) during the term is HK$162,000.00; (b) monthly management fee (subject to the periodic review by Shahdan or its designated building manager) is HK$8,901.20; (c) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK$12,449.00; (d) Government rates as per Government's assessment; (e) debris disposal fee payable to Shahdan upon signing of the First Licence Agreement is HK$24,898.00; and (f) professional fees, including Shahdan's project architects, if any, in approving HREAL's decoration plans.
Licence fee-free Period	:	Licence fee-free period for 2 months starting from 16 June 2008 during which HREAL is not obliged to pay licence fee but has to pay for the management fee and Government rates.
User	:	Restricted to legal usage only.

Details of the Second Licence Agreement

Fan Room	:	Fan Room, 3/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 16 June 2008.
Licence fee and other charges	:	(a) licence fee payable on a monthly basis (exclusive of Government rates) during the term is HK$32,000.00; (b) Government rates as per Government's assessment; (c) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK$2,440.00;

(d) debris disposal fee payable to Shahdan upon signing of the Second Licence Agreement is HK$4,880.00; and

(e) professional fees, including Shahdan's project architects, if any, in approving HREAL's decoration plans.

Licence fee-free Period	:	Licence fee-free period for 2 months starting from 16 June 2008 during which HREAL is not obliged to pay licence fee but has to pay for the Government rates.
User	:	Restricted to legal usage only.

Pursuant to the Tenancy Agreement, Shahdan is responsible to provide for the Landlord's Standard Provisions, which shall be carried out by HREAL. HREAL will engage Heng Tat Construction Company Limited, a wholly-owned subsidiary of Henderson Land, to carry out the Landlord's Standard Provisions and Shahdan will reimburse HREAL for actual expenses incurred thereof up to a maximum amount of HK$1,789,078.00. As HREAL is a connected person of the Company, the construction of the Landlord's Standard Provisions in the Shop 3013 Premises constituted a connected transaction of the Company and the entering into of the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(7) On 12 September 2008, the Group entered into the following agreements with HREAL which constituted continuing connected transactions for the Company:

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

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

(iii) A licence agreement (the "Renewal First Licence Agreement") entered into between Shahdan as licensor and HREAL as licensee; and

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

Details of the terms and conditions of the agreements are set out as follows:

Details of the Renewal First Tenancy Agreement

Premises	:	Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 503C Premises").
Term	:	One year commencing from 5 February 2009 to 4 February 2010.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$166,000.00; (b) Government rates (subject to Government's review) is HK$17,850.00 per quarter; (c) aggregate monthly management fee and air-conditioning charges (subject to the review at such time to be determined by Shahdan or its designated management company of the Shop 503C Premises) is HK$25,742.30; and (d) monthly promotion contribution, being 1% of the monthly rent of the Shop 503C Premises, that is, HK$1,660.00, subject to periodic review by Shahdan.
User	:	To be used as a property agency only.

Details of the Renewal Second Tenancy Agreement

Premises	:	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Miramar Tower 609-12 Premises").
Term	:	One year commencing from 5 February 2009 to 4 February 2010.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee and air-conditioning charges) during the term is HK$329,000.00; (b) Government rates (subject to Government's review) is HK$35,700.00 per quarter; and (c) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Miramar Tower 609-12 Premises) is HK$43,248.00.
User	:	To be used under the name of HREAL only.

Details of the Renewal 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	:	One year commencing from 1 March 2009 to 28 February 2010.
Licence fee and other charges	:	(a) The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK$68,000.00; and (b) Government rates as per Government's assessment.
User	:	To be used for advertising the trade name of the licensee only.

Details of the Third Tenancy Agreement

Premises	:	Shop 503A and Shop 503B, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the "Shop 503A and Shop 503B Premises").
Term	:	For the period of eighteen months and four days commencing from 1 August 2008 to 4 February 2010.
Rent and other charges	:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK$343,400.00; (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the Shop 503A and Shop 503B Premises) is HK$46,960.10; (c) Government rates (subject to Government's review) is HK$33,600.00 per quarter; (d) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK$9,154.00; (e) monthly promotion contribution, being 1% of the monthly rent of the Shop 503A and Shop 503B Premises, that is, HK$3,434.00, subject to periodic review by Shahdan; (f) debris disposal fee is HK$18,308.00; and (g) professional fees, including Shahdan's project architects or electrical and mechanical consultants, if any, in approving HREAL's decoration plans.

Rent-free period	:	HREAL is entitled to enjoy a rent-free period from 1 August 2008 to 30 September 2008.
User	:	To be used as a property agency only.

As HREAL is a connected person of the Company, the entering into of the Renewal First Tenancy Agreement, Renewal Second Tenancy Agreement, Renewed First Licence Agreement and the Third Tenancy Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(8) On 15 December 2008, the following agreements were entered into between Contender and Megastrength Security Services Co., Limited ("MSS") which constituted continuing connected transactions for the Company:

(i) An agreement (the "Security Service Agreement") entered into between Contender and MSS; and

(ii) An agreement (the "Renovation Project Security Agreement") entered into between Contender and MSS.

Details of the Security Service Agreement

Term	:	The period from 8:00 a.m. on 15 November 2008 to 8:00 a.m. on 15 November 2009.
Subject matter	:	Provision of general guarding service by MSS to The Mira Hong Kong, a hotel owned by the Group.
Service fees	:	HK$272,968.00 per month (exclusive of any overtime charges or charges for provision of temporary security personnel for emergencies or other activities which will be charged on an hourly basis at the hourly charge of HK$58 per hour per person to HK$80 per hour per person depending on the type of personnel required) payable within 30 working days after invoice date which will be at the end of the month in arrears.
Price determination	:	The service fees payable by Contender is determined with reference to the expected security manpower required in terms of the scale of The Mira Hong Kong and the prevailing market rate for similar guarding service.
Termination	:	The Security Service Agreement can be terminated by either party thereto giving the other party one month prior written notice. Both parties thereto may also terminate the Security Service Agreement immediately if either party engages in any willful misconduct, negligent act or omission or fails to comply with any laws or regulations.

Details of the Renovation Project Security Agreement

Term	:	The period from 16 November 2008 to 15 November 2009 or to such an earlier date determined by Contender and notified to MSS by not less than 30 days' written notice.
Subject matter	:	Provision of security service by MSS for such area of The Mira Hong Kong, a hotel owned by the Group, that is under renovation, including, inter alia, patrolling of the area under renovation, ensuring the registration of the workers at the staff entrance of the hotel, ensuring workers are in possession of Green Card prior to commencement of works and ensuring workers adhere to the safety regulations.
Service fees	:	HK$55,160.00 per month (exclusive of any overtime charges which will be charged on an hourly basis at the hourly charge of HK$58 per hour per person) payable within 30 days after the invoice date.
Price determination	:	The service fees payable by Contender is determined with reference to the expected security manpower required in terms of the scale of the renovation of The Mira Hong Kong and the prevailing market rates for similar security service.
Termination	:	The Renovation Project Security Agreement can be terminated by either party thereto giving the other party 30 days' prior written notice.

MSS is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company. Accordingly, MSS is a connected person of the Company, thereby rendering the transactions contemplated under the Security Service Agreement and the Renovation Project Security Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(9) On 16 March 2009, a lease (the "New Citistore Lease") was entered into between Shahdan as landlord and Citistore Limited ("Citistore") as tenant, whereby Citistore had agreed to lease from Shahdan the premises upon the terms as detailed below:

Citistore Premises	:	Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
Term	:	Three years commencing from 3 October 2008 to 2 October 2011.
Rent and other charges	:	(a) Basic rent payable on a monthly basis during the term is HK$138,000.00 (payable in advance on the 1st day of each month) plus the Annual Additional Turnover Rent as mentioned below (payable in arrear) (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution);

The "Annual Additional Turnover Rent" refers to the additional turnover rent for each period of twelve (12) months, which equals to the amount of 10% of the turnover of Citistore's business during the relevant twelve (12) months' period less the annual basic rent for the same twelve (12) months (applicable only where the aforesaid 10% of the turnover exceeds the aforesaid annual basic rent).

(b) Government rates (subject to Government's review) is HK$14,250.00 per quarter (payable on the 1st day of January, April, July and October);

(c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its building manager) is HK$32,411.30 (payable in advance on the 1st day of each month);

(d) monthly promotion contribution, being 1% of the monthly basic rent as referred to in (a) above (subject to periodic review by Shahdan) (payable in advance on the 1st day of each month); and

(e) monthly licence fee for the licence of lightboxes numbered 11 and 12 of the external wall above the main entrance of the Miramar Shopping Centre shall be HK$6,000.00 (payable in advance on the 1st day of each month).

User : To be used as retail shop only.

As Citistore is a wholly-owned subsidiary of Henderson Land, which in turn a substantial shareholder of the Company. Accordingly, Citistore is a connected person of the Company and the entering into of the New Citistore Lease constituted 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

(iv) have not exceeded the cap amount of such transactions for the financial year ended 31 March 2009.

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 and connected transaction, 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 and Henderson Land 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 and Mr Alexander Au Siu Kee are also directors of Henderson Land which, through its subsidiaries, are also engaged in the businesses of property investment, hotel management and operation and other related services.

4. 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.

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

6. 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.

7. 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 2009 are set out in note 20 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 (2008: Nil).

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 23 to the financial statements.

SHARE CAPITAL

Details of the share capital during the year are set out in note 24 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 24 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 125.

GROUP PROPERTIES

Particulars of the major properties and property interests of the Group are shown on pages 126 to 129.

CORPORATE FINANCE

The Group maintains its conservative financial policy, with high liquidity and low gearing. Gearing, calculated by dividing consolidated total borrowings by consolidated total shareholders' equity, is only 10% as at 31 March 2009 (at 31 March 2008: 11%).

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 2009, total available facilities amounted to approximately HK$1.4 billion (at 31 March 2008: approximately HK$1.4 billion), and 51% of that (at 31 March 2008: 57%) were utilized. At 31 March 2009, consolidated net borrowings were approximately HK$0.39 billion (at 31 March 2008: HK$0.56 billion), of which none was secured borrowings (at 31 March 2008: none).

EMPLOYEES

As at 31 March 2009, the Group had a total of about 1,500 full-time employees, including 1,300 employed in Hong Kong, 200 employed in The People's Republic of China and the United States of America. We treasure our employees as valuable asset of the Group. To reward, attract and retain our valuable employees under the competitive market, the Group offers them attractive and fair remuneration package. The Group reviews the remuneration package regularly based on the prevailing market practice, individual productivity, business performance and internal relativities. We also motivate our employees by discretionary bonus scheme and performance-based incentive schemes for the purposes of recognizing individual as well as the team's contributions towards the Group.

TRAINING & DEVELOPMENT

To become a dynamic and innovative hospitality group, we believe in nurturing the expertise of our diverse team members by training and development in order to effect positive change for the Group especially in 2009 when the economic environment is turbulent.

Training needs analysis was conducted to identify employees "wish list of supports". With this bridging link, a "Develop the Potential" strategy was formed. The implementation is divided into phases with Phase I – Nurturing the Learning Culture. To build this culture, a comprehensive training plan with 5 core components was designed to cope with the needs from service to managerial level, from operational to administrative level including: (1) Customer Service Enhancement (for enriching employees' service mindset and skills), (2) Designated Trainer Programme (for upgrading service standard consistency), (3) Management Development Programme (for enabling talent development), (4) Good Administrative Practice (for polishing communication and administration skills) and (5) Workplace Best Practice (for enhancing workplace ethical and health standards). Upon the completion of these courses, it will help to build a strong foundation for Phase II – Brighten Up the Key Talents in 2010, which "Talent Management" is an effective way to ready the Group for next economic growth

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 March 2009 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, 8 July 2009

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 58 to 124, which comprise the consolidated and company balance sheets as at 31 March 2009, 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 2009 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, 8 July 2009

CONSOLIDATED INCOME STATEMENT

(Expressed in Hong Kong dollars)

		For the year ended 31 March	
	Note	**2009 $'000**	2008 $'000
Turnover	2	**1,616,285**	1,588,435
Cost of inventories		**(108,624)**	(110,589)
Staff costs	3(b)	**(294,598)**	(267,938)
Utilities, repairs and maintenance and rent		**(92,135)**	(95,238)
Tour and ticketing costs		**(623,865)**	(544,204)
Gross profit		**497,063**	570,466
Other revenue		**35,899**	37,776
		532,962	608,242
Operating and other expenses		**(153,934)**	(143,927)
Operating profit before depreciation and amortisation		**379,028**	464,315
Depreciation and amortisation		**(41,564)**	(36,958)
Operating profit		**337,464**	427,357
Finance costs	3(a)	**(19,871)**	(36,473)
Share of profits less losses of associates		**13,106**	7,558
Reversal of impairment of interest in associates		**3,984**	3,966
		334,683	402,408
(Provision for)/reversal of impairment of properties held for resale		**(2,637)**	1,017
(Impairment loss)/gain on disposal of available-for-sale investments		**(10,320)**	6,180
Net (decrease)/increase in fair value of investment properties	11(a)	**(134,246)**	470,398
Profit before taxation	3	**187,480**	880,003
Taxation			
– Current	4(a)	**(51,320)**	(55,254)
– Deferred	4(a)	**19,810**	(24,527)
Profit for the year		**155,970**	800,222
Attributable to:			
Shareholders of the Company	7 & 24(a)	**163,829**	782,573
Minority interests	24(a)	**(7,859)**	17,649
	24(a)	**155,970**	800,222
Dividends attributable to the year:	8		
Interim dividend declared and paid during the year		**86,585**	86,585
Final dividend proposed after the balance sheet date		**98,129**	138,536
		184,714	225,121
Earnings per share – basic and diluted	9	**$0.28**	$1.36

The notes on pages 65 to 124 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(Expressed in Hong Kong dollars)

		At 31 March			
		2009		2008	
	Note	**$'000**	**$'000**	$'000	$'000
Non-current assets					
Fixed assets					
– Investment properties	11(a)		**8,075,559**		8,183,850
– Other fixed assets	11(a)		**465,842**		318,732
			8,541,401		8,502,582
Interest in associates	13		**12,042**		3,928
Available-for-sale investments	14		**9,868**		15,943
Deferred tax assets	22(b)(iii)		**14,455**		9,090
			8,577,766		8,531,543
Current assets					
Properties under development	15	**242,253**		234,902	
Inventories	16	**125,395**		99,191	
Trade and other receivables	17	**119,529**		130,155	
Available-for-sale investments	14	**–**		276,246	
Cash and bank balances	18	**384,571**		292,098	
Tax recoverable	22(a)	**22,477**		13,047	
		894,225		1,045,639	
Current liabilities					
Trade and other payables	19	**(332,385)**		(365,145)	
Interest-bearing borrowings	20	**(201,906)**		(278,979)	
Sales and rental deposits received		**(104,518)**		(96,364)	
Tax payable	22(a)	**(30,058)**		(24,791)	
		(668,867)		(765,279)	
Net current assets			**225,358**		280,360
Total assets less current liabilities carried forward			**8,803,124**		8,811,903

CONSOLIDATED BALANCE SHEET

(Expressed in Hong Kong dollars)

		At 31 March			
		2009		2008	
	Note	**$'000**	**$'000**	$'000	$'000
Total assets less current liabilities brought forward			**8,803,124**		8,811,903
Non-current liabilities					
Interest-bearing borrowings	20	**(515,315)**		(514,520)	
Deferred liabilities	21	**(88,916)**		(56,907)	
Deferred tax liabilities	22(b)(iii)	**(1,117,050)**		(1,128,569)	
			(1,721,281)		(1,699,996)
NET ASSETS			**7,081,843**		7,111,907
CAPITAL AND RESERVES					
Share capital			**404,062**		404,062
Reserves			**6,599,358**		6,630,980
Total equity attributable to shareholders of the Company			**7,003,420**		7,035,042
Minority interests			**78,423**		76,865
TOTAL EQUITY	24(a)		**7,081,843**		7,111,907

Approved and authorised for issue by the board of directors on 8 July 2009.

LEE SHAU KEE
Chairman

COLIN K. Y. LAM
Director

The notes on pages 65 to 124 form an integral part of these financial statements.

BALANCE SHEET

(Expressed in Hong Kong dollars)

		At 31 March			
		2009		2008	
	Note	**$'000**	**$'000**	$'000	$'000
Non-current assets					
Fixed assets					
– Investment properties	11(b)		**145,043**		165,078
– Other fixed assets	11(b)		**22,703**		25,070
			167,746		190,148
Interest in subsidiaries	12		**2,511,378**		2,598,301
Interest in associates	13		**516**		834
Available-for-sale investments	14		**5,741**		11,333
			2,685,381		2,800,616
Current assets					
Inventories	16	**3,023**		4,847	
Trade and other receivables	17	**11,404**		14,344	
Cash and bank balances	18	**9,360**		21,148	
Tax recoverable	22(a)	**5,998**		2,580	
		29,785		42,919	
Current liabilities					
Trade and other payables	19	**(47,935)**		(53,079)	
Deposits received		**(1,939)**		(1,628)	
		(49,874)		(54,707)	
Net current liabilities			**(20,089)**		(11,788)
Total assets less current liabilities			**2,665,292**		2,788,828
Non-current liabilities					
Interest-bearing borrowings	20		**(197,842)**		(299,739)
Deferred liabilities	21		**(1,657)**		(2,028)
Deferred tax liabilities	22(b)(iii)		**(16,985)**		(20,104)
			(216,484)		(321,871)
NET ASSETS			**2,448,808**		2,466,957
CAPITAL AND RESERVES					
Share capital			**404,062**		404,062
Reserves			**2,044,746**		2,062,895
TOTAL EQUITY	24(b)		**2,448,808**		2,466,957

Approved and authorised for issue by the board of directors on 8 July 2009.

LEE SHAU KEE
Chairman

COLIN K. Y. LAM
Director

The notes on pages 65 to 124 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Hong Kong dollars)

	Note	For the year ended 31 March 2009 $'000	2008 $'000
Total equity at 1 April		**7,111,907**	6,492,073
Net income for the year recognised directly in equity:			
Exchange differences on translation of the financial statements of overseas subsidiaries	24(a)	**29,969**	18,625
Changes in fair value of available-for-sale investments	24(a)	**(6,075)**	3,494
Transferred to consolidated income statement upon disposal of available-for-sale investments	24(a)	**–**	26,564
Transfer to income statement upon impairment of available-for-sale investments	24(a)	**10,320**	–
Liquidation of associates	24(a)	**9,695**	–
Net income for the year recognised directly in equity		**43,909**	48,683
Net profit for the year	24(a)	**155,970**	800,222
Total recognised income and expense for the year		**199,879**	848,905
Attributable to:			
– Shareholders of the Company		**193,499**	833,387
– Minority interests		**6,380**	15,518
		199,879	848,905
Dividends approved and paid during the year	8 & 24(a)	**(225,121)**	(225,121)
Share redemption to minority shareholders		**(4,737)**	–
Dividend paid to minority shareholders		**(85)**	(3,950)
Total equity at 31 March		**7,081,843**	7,111,907

The notes on pages 65 to 124 form an integral part of these financial statements.

	Note	For the year ended 31 March 2009 $'000	2008 $'000
Operating activities			
Profit before taxation		**187,480**	880,003
Adjustments for:			
– Depreciation and amortisation		**41,564**	36,958
– Finance costs		**19,871**	36,473
– Interest income		**(6,225)**	(16,414)
– Share of profits less losses of associates		**(13,106)**	(7,558)
– Net loss on disposal of other fixed assets		**3,588**	7,570
– Impairment loss for bad and doubtful debts		**–**	497
– Reversal of impairment of interest in associates		**(3,984)**	(3,966)
– Provision for/(reversal of) impairment of properties held for resale		**2,637**	(1,017)
– Impairment loss/(gain on disposal) of available-for-sale investments		**10,320**	(6,180)
– Net decrease/(increase) in fair value of investment properties		**134,246**	(470,398)
– Exchange differences		**1,207**	(15,192)
Operating profit before changes in working capital		**377,598**	440,776
(Increase)/decrease in properties under development		**(7,351)**	1,376
(Increase)/decrease in inventories		**(36,053)**	284
Decrease/(increase) in trade and other receivables		**10,761**	(4,515)
Decrease in amounts due from associates		**27,416**	6,449
(Decrease)/increase in trade and other payables		**(15,551)**	19,131
Increase in sales and rental deposits received		**8,154**	12,605
Increase/(decrease) in deferred liabilities		**32,009**	(11,807)
Cash generated from operations		**396,983**	464,299
Interest received		**6,193**	16,408
Interest and other borrowing costs paid		**(19,282)**	(35,677)
Dividends paid		**(225,121)**	(225,121)
Dividends paid to minority shareholders		**(85)**	(3,950)
Dividends received from associates		**3,984**	4,215
Tax paid			
– Hong Kong Profits Tax paid		**(64,275)**	(66,820)
– Hong Kong Profits Tax refunded		**9,354**	–
– Overseas tax paid		**(562)**	(4,781)
Net cash generated from operating activities		**107,189**	148,573

CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Hong Kong dollars)

	Note	For the year ended 31 March 2009 $'000	2008 $'000
Investing activities			
Payment for purchase of investment properties		**(1,063)**	(1,759)
Payment for purchase of other fixed assets		**(192,330)**	(159,748)
Payment for redemption of share of minority shareholders		**(4,737)**	–
Proceeds from disposal of available-for-sale investments		**276,246**	58,646
Proceeds from disposal of other fixed assets		**368**	575
Net cash generated from/(used in) investing activities		**78,484**	(102,286)
Financing activities			
Proceeds from new bank loans		**3,998,000**	2,372,000
Repayment of bank loans		**(4,074,000)**	(2,330,000)
(Repayment)/drawdown of advances from minority shareholders		**(18,179)**	3,423
Net cash (used in)/generated from financing activities		**(94,179)**	45,423
Net increase in cash and cash equivalents		**91,494**	91,710
Cash and cash equivalents at 1 April		**292,098**	194,646
Effect of foreign exchange rate changes		**979**	5,742
Cash and cash equivalents at 31 March		**384,571**	292,098
Analysis of the balances of cash and cash equivalents at 31 March			
Cash and bank balances	18	**384,571**	292,098

The notes on pages 65 to 124 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 a number of new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company. However, none of the new interpretations or amendment effective from the current accounting period are relevant to the Group's or the Company's operations. The Group and the Company have not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 33).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2009 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 32.

1 Significant accounting policies *(continued)*

(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.

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).

1 Significant accounting policies *(continued)*

(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)).

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.

1 Significant accounting policies *(continued)*

(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. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(s)(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(s)(v).

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).

1 Significant accounting policies *(continued)*

(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 *(continued)*

(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)).

1 Significant accounting policies *(continued)*

(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. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  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.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

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

– 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.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(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.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

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.

1 Significant accounting policies *(continued)*

(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.

1 Significant accounting policies *(continued)*

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of 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 allowance for impairment of 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.

(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.

1 Significant accounting policies *(continued)*

(q) Income tax *(continued)*

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.

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.

1 Significant accounting policies *(continued)*

(q) Income tax *(continued)*

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.

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.

1 Significant accounting policies *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(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.

(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.

1 Significant accounting policies *(continued)*

(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.

(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 or 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;

1 **Significant accounting policies** *(continued)*

(v) Related parties *(continued)*

(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.

(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:

	2009 **$'000**	2008 $'000
Gross rental from investment properties	**495,642**	441,387
Gross proceeds from sale of properties and properties under development	**–**	1,051
Income from hotel ownership and management operation	**230,961**	333,792
Income from food and beverage operation	**196,592**	205,644
Income from travel operation	**693,090**	606,561
	1,616,285	1,588,435

3 Profit before taxation

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

		2009 $'000	2008 $'000
(a)	**Finance costs**		
	Interest on bank advances and other borrowings repayable within five years	18,538	34,857
	Other borrowing costs	1,333	1,616
		19,871	36,473
(b)	**Staff costs**		
	Contributions to defined contribution plan	13,552	11,875
	Salaries, wages and other benefits	281,046	256,063
		294,598	267,938
(c)	**Others**		
	Auditors' remuneration	3,157	3,378
	Net foreign exchange gain	(812)	(13,139)
	Net loss on disposal of other fixed assets	3,588	7,570
	Impairment loss for bad and doubtful debts	–	497
	Rentals receivable from investment properties less direct outgoings of $48,571,000 (2008: $47,451,000)	(447,071)	(393,936)
	Operating lease charges: minimum lease payments – property rentals	22,517	21,354
	Dividend income from listed securities	(495)	(1,034)
	Bank interest income	(3,572)	(5,312)
	Distribution from investment fund	(2,653)	(11,102)
	Loss on liquidation of associates	5,097	–

4 Taxation in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2009 $'000	2008 $'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**53,665**	53,704
Over-provision in respect of prior years	**(2,967)**	(953)
	50,698	52,751
Current tax – Overseas		
Provision for the year	**635**	4,536
Over-provision in respect of prior years	**(13)**	(2,033)
	622	2,503
Deferred tax		
Change in fair value of investment properties	**(21,740)**	78,671
Origination and reversal of temporary differences	**1,930**	18,086
Effect of decrease in tax rates on deferred tax balances	**–**	(72,230)
	(19,810)	24,527
	31,510	79,781

Provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 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 2009 of $344,000 (2008: $705,000) is included in the share of profits less losses of associates.

4 Taxation in the consolidated income statement *(continued)*

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

	2009 $'000	2008 $'000
Profit before taxation	**187,480**	880,003
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**29,535**	159,535
Tax effect of non-deductible expenses	**12,631**	10,805
Tax effect of non-taxable income	**(4,446)**	(9,146)
Tax effect of unused tax losses not recognised in the year	**50**	1,789
Tax effect of tax losses not recognised in prior years utilised this year	**(3,280)**	(126)
Over-provision in prior years	**(2,980)**	(2,986)
Effect of one-off reduction of current year tax	**–**	(430)
Tax effect of taxable temporary differences recognised this year which are expected to reverse at a rate lower than the standard rate currently applicable	**–**	(7,430)
Effect of opening deferred tax balances resulting from decrease in tax rates	**–**	(72,230)
Actual tax expense	**31,510**	79,781

(c) On 16 March 2007, the Tenth National People's Congress approved the Corporate Income Tax Law of the People's Republic of China, under which the new enterprises income tax rates for domestic and foreign enterprises are unified at 25% with effect from 1 January 2008.

In addition, on 27 February 2008, the Financial Secretary of the Hong Kong Special Administrative Region Government announced his annual Budget which proposed a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09 and a one-off reduction of 75% of the tax payable for the 2007-08 assessment subject to a ceiling of $25,000. Accordingly, the relevant deferred tax assets and liabilities are calculated at 16.5% (2008: 16.5%) and the provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

5 Directors' remuneration

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

	2009				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2009 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*	38	2,998	666	270	3,972
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
	838	3,998	666	270	5,772

* Mr Peter Yu Tat Kong resigned as Executive Director with effective from 1 January 2009.

5 Directors' remuneration *(continued)*

	2008				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2008 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	3,735	778	336	4,899
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	4,735	778	336	6,699

6 Individuals with the highest emoluments

Of the five individuals with the highest emoluments, one (2008: one) is a director whose emolument is disclosed in note 5. The aggregate of the emoluments in respect of the other four (2008: four) individuals is as follows:

	2009 $'000	2008 $'000
Salaries, allowances and benefits in kind	**6,778**	6,860
Discretionary bonuses	**688**	863
Retirement scheme contributions	**228**	236
	7,694	7,959

6 Individuals with the highest emoluments *(continued)*

The emoluments of the four (2008: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2009	2008
$0 – $1,000,000	**–**	–
$1,000,001 – $1,500,000	**–**	1
$1,500,001 – $2,000,000	**2**	–
$2,000,001 – $2,500,000	**2**	3
	4	4

7 Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company includes a profit of $202,246,000 (2008: $257,585,000) which has been dealt with in the financial statements of the Company.

8 Dividends

(a) Dividends attributable to the year

	2009 $'000	2008 $'000
Interim dividend declared and paid of 15 cents per share (2008: 15 cents per share)	**86,585**	86,585
Final dividend proposed after the balance sheet date of 17 cents per share (2008: 24 cents per share)	**98,129**	138,536
	184,714	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

	2009 $'000	2008 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 24 cents per share (2008: 24 cents per share)	**138,536**	138,536

(Expressed in Hong Kong dollars)

9 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of $163,829,000 (2008: $782,573,000) and 577,231,252 shares (2008: 577,231,252 shares) in issue during the year.

There were no potential dilutive ordinary shares in existence during the years ended 31 March 2009 and 2008, and hence the diluted earnings per share is the same as the basic earnings per share.

10 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

10 Segment reporting *(continued)*

Business segments *(continued)*

	2009						
	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	495,642	–	230,961	196,592	693,090	–	1,616,285
Inter-segment revenue	23,554	–	4,390	–	1,320	(29,264)	–
Other revenue from external customers	7,932	3,861	2,562	1,425	9,891	–	25,671
Total	527,128	3,861	237,913	198,017	704,301	(29,264)	1,641,956
Contribution from operations	414,143	(6,013)	(6,399)	4,172	4,584	–	410,487
Unallocated operating income and expenses							(73,023)
Operating profit							337,464
Finance costs							(19,871)
Share of profits less losses of associates	–	10,714	1,018	1,374	–	–	13,106
Reversal of impairment of interest in associates							3,984
Provision for impairment of properties held for resale							(2,637)
Impairment loss of available-for-sale investments							(10,320)
Net decrease in fair value of investment properties	(134,246)	–	–	–	–	–	(134,246)
Taxation							(31,510)
Profit for the year							155,970
Segment assets	8,264,239	412,904	409,077	33,622	245,427	(680)	9,364,589
Interest in associates	–	8,634	9,504	(6,096)	–	–	12,042
Unallocated assets							95,360
Total assets							9,471,991
Segment liabilities	166,475	9,186	28,218	9,232	98,965	(680)	311,396
Unallocated liabilities							2,078,752
Total liabilities							2,390,148
Capital expenditure incurred during the year	8,892	–	206,732	485	1,944		
Depreciation and amortisation for the year	10,643	–	21,551	4,464	1,627		

10 Segment reporting *(continued)*

Business segments *(continued)*

	2008						
	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	441,387	1,051	333,792	205,644	606,561	–	1,588,435
Inter-segment revenue	22,819	–	5,203	–	726	(28,748)	–
Other revenue from external customers	2,203	325	6,222	1,037	8,200	–	17,987
Total	466,409	1,376	345,217	206,681	615,487	(28,748)	1,606,422
Contribution from operations	370,396	(10,732)	119,834	6,350	360	–	486,208
Unallocated operating income and expenses							(58,851)
Operating profit							427,357
Finance costs							(36,473)
Share of profits less losses of associates	–	2,831	4,323	404	–	–	7,558
Reversal of impairment of interest in associates							3,966
Reversal of impairment of properties held for resale							1,017
Gain on disposal of available-for-sale investments							6,180
Net increase in fair value of investment properties	470,398	–	–	–	–	–	470,398
Taxation							(79,781)
Profit for the year							800,222
Segment assets	8,372,437	341,541	264,923	37,574	180,709	(680)	9,196,504
Interest in associates	–	(5,284)	13,064	(3,852)	–	–	3,928
Unallocated assets							376,750
Total assets							9,577,182
Segment liabilities	149,669	4,609	36,117	11,604	79,039	(680)	280,358
Unallocated liabilities							2,184,917
Total liabilities							2,465,275
Capital expenditure incurred during the year	10,782	–	127,584	2,440	2,414		
Depreciation and amortisation for the year	13,122	4	15,223	4,603	1,309		

10 Segment reporting *(continued)*

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 is the major market.

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	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Revenue from external customers	**1,567,852**	1,538,515	**48,433**	49,920	**–**	–
Segment assets	**8,311,973**	8,238,636	**753,329**	707,208	**299,967**	251,340
Capital expenditure incurred during the year	**217,782**	142,634	**271**	586	**–**	–

11 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 2008	8,183,850	131,122	18,865	896,766	1,046,753	9,230,603
Additions	1,063	–	–	192,330	192,330	193,393
Disposals	(345)	–	–	(147,257)	(147,257)	(147,602)
Exchange adjustments	25,237	–	–	2,202	2,202	27,439
Deficit on revaluation	(134,246)	–	–	–	–	(134,246)
At 31 March 2009	8,075,559	131,122	18,865	944,041	1,094,028	9,169,587
Representing:						
Cost	–	131,122	18,865	944,041	1,094,028	1,094,028
Valuation – 2009	8,075,559	–	–	–	–	8,075,559
	8,075,559	131,122	18,865	944,041	1,094,028	9,169,587
Accumulated depreciation and amortisation:						
At 1 April 2008	–	81,551	9,350	637,120	728,021	728,021
Charge for the year	–	1,599	320	39,645	41,564	41,564
Written back on disposals	–	–	–	(143,646)	(143,646)	(143,646)
Exchange adjustments	–	–	–	2,247	2,247	2,247
At 31 March 2009	–	83,150	9,670	535,366	628,186	628,186
Net book value:						
At 31 March 2009	8,075,559	47,972	9,195	408,675	465,842	8,541,401

* Others mainly comprise machinery, furniture, fixtures and equipment.

11 Fixed assets *(continued)*

(a) The Group *(continued)*

	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 2007	7,686,995	131,122	18,865	910,895	1,060,882	8,747,877
Additions	1,759	–	–	159,748	159,748	161,507
Disposals	–	–	–	(176,866)	(176,866)	(176,866)
Exchange adjustments	24,698	–	–	2,989	2,989	27,687
Surplus on revaluation	470,398	–	–	–	–	470,398
At 31 March 2008	8,183,850	131,122	18,865	896,766	1,046,753	9,230,603
Representing:						
Cost	–	131,122	18,865	896,766	1,046,753	1,046,753
Valuation – 2008	8,183,850	–	–	–	–	8,183,850
	8,183,850	131,122	18,865	896,766	1,046,753	9,230,603
Accumulated depreciation and amortisation:						
At 1 April 2007	–	79,952	9,022	767,905	856,879	856,879
Charge for the year	–	1,599	328	35,031	36,958	36,958
Written back on disposals	–	–	–	(168,721)	(168,721)	(168,721)
Exchange adjustments	–	–	–	2,905	2,905	2,905
At 31 March 2008	–	81,551	9,350	637,120	728,021	728,021
Net book value:						
At 31 March 2008	8,183,850	49,571	9,515	259,646	318,732	8,502,582

* Others mainly comprise machinery, furniture, fixtures and equipment.

11 Fixed assets *(continued)*

(b) The Company

		Other fixed assets			
	Investment properties $'000	Leasehold land and buildings held for own use $'000	Others* $'000	Sub-total $'000	Total $'000
Cost or valuation:					
At 1 April 2008	165,078	260	62,718	62,978	228,056
Additions	–	–	2,205	2,205	2,205
Disposals	–	–	(925)	(925)	(925)
Deficit on revaluation	(20,035)	–	–	–	(20,035)
At 31 March 2009	145,043	260	63,998	64,258	209,301
Representing:					
Cost	–	260	63,998	64,258	64,258
Valuation – 2009	145,043	–	–	–	145,043
	145,043	260	63,998	64,258	209,301
Accumulated depreciation and amortisation:					
At 1 April 2008	–	208	37,700	37,908	37,908
Charge for the year	–	2	4,557	4,559	4,559
Written back on disposals	–	–	(912)	(912)	(912)
At 31 March 2009	–	210	41,345	41,555	41,555
Net book value:					
At 31 March 2009	145,043	50	22,653	22,703	167,746

* Others comprise machinery, furniture, fixtures and equipment.

11 Fixed assets *(continued)*

(b) The Company *(continued)*

	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 2007	143,513	260	130,294	130,554	274,067
Additions	–	–	18,285	18,285	18,285
Disposals	–	–	(85,861)	(85,861)	(85,861)
Surplus on revaluation	21,565	–	–	–	21,565
At 31 March 2008	165,078	260	62,718	62,978	228,056
Representing:					
Cost	–	260	62,718	62,978	62,978
Valuation – 2008	165,078	–	–	–	165,078
	165,078	260	62,718	62,978	228,056
Accumulated depreciation and amortisation:					
At 1 April 2007	–	205	119,175	119,380	119,380
Charge for the year	–	3	3,958	3,961	3,961
Written back on disposals	–	–	(85,433)	(85,433)	(85,433)
At 31 March 2008	–	208	37,700	37,908	37,908
Net book value:					
At 31 March 2008	165,078	52	25,018	25,070	190,148

* Others comprise machinery, furniture, fixtures and equipment.

11 Fixed assets *(continued)*

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

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Land and buildings in Hong Kong:				
– long term leases	**124,209**	134,409	**145**	145
– medium term leases	**7,594,464**	7,717,672	**145,158**	165,193
Land and buildings outside Hong Kong:				
– long term leases	**471,685**	450,815	**–**	–
– medium term leases	**34,967**	30,720	**–**	–
– short term leases	**221**	221	**–**	–
	8,225,546	8,333,837	**145,303**	165,338

(d) Investment properties of the Group and the Company were revalued at 31 March 2009 on a market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuations were carried out by an independent firm of surveyors, DTZ, 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 $13,953,000 (2008: $14,101,000).

(f) The gross carrying amounts of investment properties of the Group and the Company held for use in operating leases are $8,075,559,000 (2008: $8,183,850,000) and $145,043,000 (2008: $165,078,000) respectively.

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

11 Fixed assets *(continued)*

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within 1 year	**358,601**	272,919	**6,415**	7,768
After 1 year but within 5 years	**315,296**	234,859	**1,662**	4,115
	673,897	507,778	**8,077**	11,883

12 Interest in subsidiaries

	The Company	
	2009	2008
	$'000	$'000
Unlisted shares, at cost	**93,612**	94,700
Amounts due from subsidiaries	**4,045,515**	4,157,917
Amounts due to subsidiaries	**(1,234,844)**	(1,201,645)
	2,904,283	3,050,972
Less: Impairment loss	**(392,905)**	(452,671)
	2,511,378	2,598,301

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 $3,295,237,000 (2008: $3,035,293,000) and $14,047,000 (2008: $11,854,000) respectively, which are interest bearing with reference to the prevailing market rate.

(Expressed in Hong Kong dollars)

12 Interest in subsidiaries *(continued)*

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.

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
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

(Expressed in Hong Kong dollars)

12 Interest in subsidiaries *(continued)*

Name of company	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Percentage of equity: Group's effective holding	held by the Company	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) Limited~ *	The People's Republic of China	The People's Republic of China	US$5,000,000	100	–	100	Property rental and management
Centralplot, Inc.	British Virgin Islands	The United States of America	US$38,133,285	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 6% (2008: 5%) and 2% (2008: 2%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

13 Interest in associates

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Unlisted shares, at cost	**–**	–	**250**	250
Share of net assets/(liabilities)	**17,173**	(4,097)	**–**	–
Amounts due from associates	**12,173**	20,420	**7,019**	10,509
Loans to associates	**48,971**	79,590	**–**	–
	78,317	95,913	**7,269**	10,759
Less: Impairment loss	**(66,275)**	(91,985)	**(6,753)**	(9,925)
	12,042	3,928	**516**	834

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
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.

13 Interest in associates *(continued)*

Summary of financial information on associates:

	Assets $'000	Liabilities $'000	Equity $'000	Revenues $'000	Profit $'000
2009					
Aggregate of associates' financial statements	**258,458**	**(196,637)**	**61,821**	**127,531**	**29,245**
Group's effective interest	**100,386**	**(83,213)**	**17,173**	**37,167**	**13,106**
2008					
Aggregate of associates' financial statements	316,299	(282,273)	34,026	134,707	23,379
Group's effective interest	125,292	(129,389)	(4,097)	38,809	7,558

14 Available-for-sale investments

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Non-current				
Unlisted securities, at cost	**313**	313	**–**	–
Listed securities in Hong Kong *(Note)*	**9,555**	15,630	**5,741**	11,333
	9,868	15,943	**5,741**	11,333
Current				
Investment fund, unlisted	**–**	276,246	**–**	–
Total	**9,868**	292,189	**5,741**	11,333
Market value of listed securities	**9,555**	15,630	**5,741**	11,333

Note: An impairment loss of $10,320,000 (2008: $Nil) was recognised during the year which due to significant and prolonged decline in the fair value of the investments.

15 Properties under development

The Group

	Outside Hong Kong on freehold land	
	2009 $'000	2008 $'000
Cost:		
At 1 April	**234,902**	236,278
Movements during the year:		
Development expenditure:		
– provision for construction costs written back	**(1,082)**	(21,278)
– other expenses	**8,433**	19,902
	7,351	(1,376)
Cost:		
At 31 March	**242,253**	234,902

16 Inventories

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Consumable stores	**12,682**	13,274	**3,023**	4,847
Properties held for resale	**112,713**	85,917	**–**	–
	125,395	99,191	**3,023**	4,847

Properties held for resale of $112,713,000 (2008: $85,917,000) is net of a provision in order to state these properties at the lower of their cost and estimated net realisable value.

17 Trade and other receivables

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade receivables	**45,242**	59,743	**1,655**	4,491
Less: allowance for doubtful debts	**(1,637)**	(1,860)	**–**	(37)
	43,605	57,883	**1,655**	4,454
Other receivables	**75,924**	72,272	**9,749**	9,890
	119,529	130,155	**11,404**	14,344

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

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

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
0 to 1 month	**19,852**	34,431	**760**	2,052
1 month to 2 months	**9,214**	9,803	**244**	1,487
Over 2 months	**14,539**	13,649	**651**	915
	43,605	57,883	**1,655**	4,454

The Group's credit policy is set out in note 25(a).

17 Trade and other receivables *(continued)*

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group		The Company	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
At 1 April	**1,860**	1,877	**37**	7
Impairment loss recognised	**–**	497	**–**	45
Uncollectible amounts written off	**(223)**	(514)	**(37)**	(15)
At 31 March	**1,637**	1,860	**–**	37

At 31 March 2009, the Group's and the Company's trade receivables of $1,637,000 (2008: $1,860,000) and $Nil (2008: $37,000) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are expected to be not recoverable. Consequently, specific allowances for doubtful debts of $1,637,000 (2008: $1,860,000) and $Nil (2008: $37,000) respectively were recognised. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Company	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Neither past due nor impaired	**19,852**	34,431	**760**	2,052
Less than 1 month past due	**9,214**	9,803	**244**	1,487
1 to 2 months past due	**5,735**	4,291	**431**	442
Over 2 months past due	**8,804**	9,358	**220**	473
	23,753	23,452	**895**	2,402
	43,605	57,883	**1,655**	4,454

17 Trade and other receivables *(continued)*

(c) Trade receivables that are not impaired *(continued)*

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18 Cash and bank balances

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Deposits with banks and other financial institutions	**72,442**	125,184	**–**	13,003
Cash at bank and in hand	**312,129**	166,914	**9,360**	8,145
	384,571	292,098	**9,360**	21,148

19 Trade and other payables

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade payables	**56,961**	71,304	**15,664**	22,623
Other payables	**126,790**	127,028	**32,271**	30,456
Amounts due to minority shareholders of subsidiaries	**148,634**	166,813	**–**	–
	332,385	365,145	**47,935**	53,079

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

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 $55,494,000 (2008: $55,763,000), which is interest bearing at 7.56% (2008: 7.56%) per annum.

19 Trade and other payables *(continued)*

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

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Due within 3 months or on demand	**55,800**	66,843	**15,022**	21,927
Due after 3 months but within 6 months	**1,161**	4,461	**642**	696
	56,961	71,304	**15,664**	22,623

20 Interest-bearing borrowings

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current portion of long-term bank loans, unsecured and repayable within one year	**201,906**	278,979	**–**	–
Long-term bank loans, unsecured and repayable:				
– Within one year	**201,906**	278,979	**–**	–
– Between one and two years	**197,842**	214,781	**197,842**	–
– Between two and five years	**317,473**	299,739	**–**	299,739
	717,221	793,499	**197,842**	299,739
Less: Current portion of long-term bank loans	**(201,906)**	(278,979)	**–**	–
Non-current portion of long-term bank loans	**515,315**	514,520	**197,842**	299,739
Total interest-bearing borrowings	**717,221**	793,499	**197,842**	299,739

Interest on bank loans is charged at prevailing market rates.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b). As at 31 March 2009 none of the covenants relating to drawn down facilities had been breached (2008: Nil).

21 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.

22 Taxation in the balance sheet

(a) Tax payable/(recoverable) in the balance sheet represents:

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Provision for Hong Kong Profits Tax for the year	**53,665**	53,704	**2,039**	11,637
Provisional Hong Kong Profits Tax paid	**(39,833)**	(44,900)	**(423)**	(14,217)
	13,832	8,804	**1,616**	(2,580)
Balance of Hong Kong Profits Tax (recoverable)/ payable relating to prior years	**(9,231)**	20	**(7,614)**	–
Overseas tax payable	**2,980**	2,920	**–**	–
	7,581	11,744	**(5,998)**	(2,580)
Representing:				
Tax recoverable	**(22,477)**	(13,047)	**(5,998)**	(2,580)
Tax payable	**30,058**	24,791	**–**	–
	7,581	11,744	**(5,998)**	(2,580)

None of the tax payable/(recoverable) is expected to be settled or recovered after more than one year.

22 Taxation in the balance sheet *(continued)*

(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 $'000	Revaluation of properties $'000	Future benefit of tax loss $'000	Others $'000	Total $'000
Deferred tax arising from:					
At 1 April 2007	61,729	1,043,864	(870)	(12,330)	1,092,393
Charged to profit or loss	7,903	11,940	268	4,416	24,527
Exchange adjustments	478	2,081	–	–	2,559
At 31 March 2008	70,110	1,057,885	(602)	(7,914)	1,119,479
At 1 April 2008	**70,110**	**1,057,885**	**(602)**	**(7,914)**	**1,119,479**
Charged/(credited) to profit or loss	**25,425**	**(21,740)**	**(24,874)**	**1,379**	**(19,810)**
Exchange adjustments	**517**	**2,409**	**–**	**–**	**2,926**
At 31 March 2009	**96,052**	**1,038,554**	**(25,476)**	**(6,535)**	**1,102,595**

22 Taxation in the balance sheet *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

(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 2007	3,595	11,316	14,911
Charged to profit or loss	2,330	2,863	5,193
At 31 March 2008	5,925	14,179	20,104
At 1 April 2008	**5,925**	**14,179**	**20,104**
Charged/(credited) to profit or loss	**187**	**(3,306)**	**(3,119)**
At 31 March 2009	**6,112**	**10,873**	**16,985**

(iii)

	The Group		The Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Net deferred tax assets recognised on the balance sheet	**(14,455)**	(9,090)	**–**	–
Net deferred tax liabilities recognised on the balance sheet	**1,117,050**	1,128,569	**16,985**	20,104
	1,102,595	1,119,479	**16,985**	20,104

22 Taxation in the balance sheet *(continued)*

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets of $28,577,000 (2008: $35,164,000) in respect of accumulated tax losses of $96,425,000 (2008: $115,512,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 March 2009.

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.

23 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 $20,000. Contributions to the plan vest immediately.

During the year, the Group made a contribution of $13,552,000 (2008: $11,875,000) 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 $13,000 (2008: $137,000) 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 (2008: $Nil).

24 Total equity

(a) The Group

	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	General reserve $'000	Investment revaluation reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2007	404,062	287,628	(100,781)	27,955	304,827	(33,053)	5,536,138	6,426,776	65,297	6,492,073
Dividends approved in respect of the previous year (note 8(b))	–	–	–	–	–	–	(138,536)	(138,536)	–	(138,536)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(3,950)	(3,950)
Exchange differences on translation of the financial statements of overseas subsidiaries	–	–	–	20,756	–	–	–	20,756	(2,131)	18,625
Changes in fair value of available-for-sale investments	–	–	–	–	–	3,494	–	3,494	–	3,494
Transferred to consolidated income statement upon disposal of available-for-sale investments	–	–	–	–	–	26,564	–	26,564	–	26,564
Profit for the year	–	–	–	–	–	–	782,573	782,573	17,649	800,222
Dividends declared in respect of the current year (note 8(a))	–	–	–	–	–	–	(86,585)	(86,585)	–	(86,585)
At 31 March 2008	404,062	287,628	(100,781)	48,711	304,827	(2,995)	6,093,590	7,035,042	76,865	7,111,907
At 1 April 2008	**404,062**	**287,628**	**(100,781)**	**48,711**	**304,827**	**(2,995)**	**6,093,590**	**7,035,042**	**76,865**	**7,111,907**
Dividends approved in respect of the previous year (note 8(b))	**–**	**–**	**–**	**–**	**–**	**–**	**(138,536)**	**(138,536)**	**–**	**(138,536)**
Dividends paid to minority shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(85)**	**(85)**
Share redemption to minority shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,737)**	**(4,737)**
Exchange differences on translation of the financial statements of overseas subsidiaries	**–**	**–**	**–**	**15,730**	**–**	**–**	**–**	**15,730**	**14,239**	**29,969**
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**(6,075)**	**–**	**(6,075)**	**–**	**(6,075)**
Transferred to consolidated income statement upon impairment of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**10,320**	**–**	**10,320**	**–**	**10,320**
Liquidation of associates	**–**	**–**	**9,695**	**–**	**–**	**–**	**–**	**9,695**	**–**	**9,695**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**163,829**	**163,829**	**(7,859)**	**155,970**
Dividends declared in respect of the current year (note 8(a))	**–**	**–**	**–**	**–**	**–**	**–**	**(86,585)**	**(86,585)**	**–**	**(86,585)**
At 31 March 2009	**404,062**	**287,628**	**(91,086)**	**64,441**	**304,827**	**1,250**	**6,032,298**	**7,003,420**	**78,423**	**7,081,843**

24 Total equity *(continued)*

(b) The Company

	Share capital $'000	Share premium $'000	Capital reserve $'000	General reserve $'000	Investment revaluation reserve $'000	Retained profits $'000	Total $'000
At 1 April 2007	404,062	287,628	1,019,874	300,000	(16,227)	427,655	2,422,992
Dividends approved in respect of the previous year (note 8(b))	–	–	–	–	–	(138,536)	(138,536)
Change in fair value of available-for- sale investments	–	–	–	–	3,878	–	3,878
Transferred to income statement upon disposal of available-for-sale investments	–	–	–	–	7,623	–	7,623
Profit for the year	–	–	–	–	–	257,585	257,585
Dividends declared in respect of the current year (note 8(a))	–	–	–	–	–	(86,585)	(86,585)
At 31 March 2008	404,062	287,628	1,019,874	300,000	(4,726)	460,119	2,466,957
At 1 April 2008	**404,062**	**287,628**	**1,019,874**	**300,000**	**(4,726)**	**460,119**	**2,466,957**
Dividends approved in respect of the previous year (note 8(b))	**–**	**–**	**–**	**–**	**–**	**(138,536)**	**(138,536)**
Change in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**(5,594)**	**–**	**(5,594)**
Transferred to income statement on impairment of available-for-sale investments	**–**	**–**	**–**	**–**	**10,320**	**–**	**10,320**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**202,246**	**202,246**
Dividends declared in respect of the current year (note 8(a))	**–**	**–**	**–**	**–**	**–**	**(86,585)**	**(86,585)**
At 31 March 2009	**404,062**	**287,628**	**1,019,874**	**300,000**	**–**	**437,244**	**2,448,808**

24 Total equity *(continued)*

(c) Share capital

	2009 No. of shares	2009 Amount $'000	2008 No. of shares	2008 Amount $'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

(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 application of the general reserve is in accordance with Article 117 of the Company's Articles of Association.

The accumulated losses attributable to associates at 31 March 2009 were $10,713,000 (2008: $32,022,000).

24 Total equity *(continued)*

(d) Nature and purpose of reserves *(continued)*

(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 application of the capital reserve and the general reserve is in accordance with Article 117 of the Company's Articles of Association.

Distributable reserves of the Company at 31 March 2009, calculated in accordance with section 79B of the Hong Kong Companies Ordinance, amounted to $682,214,000 (2008: $688,360,000).

After the balance sheet date, the directors proposed a final dividend of 17 cents per share (2008: 24 cents per share) amounting to $98,129,000 (2008: $138,536,000). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total interest-bearing borrowings, including interest-bearing amounts due to minority shareholders of subsidiaries, less cash and bank balances. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and minority interests.

24 Total equity *(continued)*

(e) Capital management *(continued)*

The net debt-to-equity ratios at 31 March 2009 and 2008 are as follows:

		The Group	
	Note	**2009 $'000**	2008 $'000
Interest-bearing borrowings	20	**717,221**	793,499
Interest-bearing amounts due to minority shareholders of subsidiaries	19	**55,494**	55,763
Less: Cash and bank balances	18	**(384,571)**	(292,098)
Net debts		**388,144**	557,164
Shareholders' equity		**7,003,420**	7,035,042
Net debt-to-shareholders' equity ratio		**5.5%**	7.9%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

25 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade 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 ageing of trade receivables at 31 March 2009 is summarised in note 17.

Cash is deposited with financial institutions with sound credit ratings to minimise credit exposure.

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

25 Financial risk management and fair values *(continued)*

(b) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group

		Contractual undiscounted cash flow			
	Carrying amount $'000	Total $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000
At 31 March 2009					
Trade and other payables	**183,751**	**183,751**	**183,751**	**–**	**–**
Amounts due to minority shareholders of subsidiaries	**148,634**	**148,634**	**148,634**	**–**	**–**
Interest-bearing borrowings	**717,221**	**742,466**	**215,383**	**208,159**	**318,924**
Sales and rental deposits received	**104,518**	**104,518**	**104,518**	**–**	**–**
Deferred liabilities	**88,916**	**88,916**	**–**	**44,945**	**43,971**
	1,243,040	**1,268,285**	**652,286**	**253,104**	**362,895**
At 31 March 2008					
Trade and other payables	198,332	198,332	198,332	–	–
Amounts due to minority shareholders of subsidiaries	166,813	166,813	166,813	–	–
Interest-bearing borrowings	793,499	819,767	290,680	225,100	303,987
Sales and rental deposits received	96,364	96,364	96,364	–	–
Deferred liabilities	56,907	56,907	–	29,606	27,301
	1,311,915	1,338,183	752,189	254,706	331,288

25 Financial risk management and fair values *(continued)*

(b) Liquidity risk *(continued)*

The Company

		Contractual undiscounted cash flow			
	Carrying amount $'000	Total $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000
At 31 March 2009					
Trade and other payables	**47,935**	**47,935**	**47,935**	**–**	**–**
Deposits received	**1,939**	**1,939**	**1,939**	**–**	**–**
Interest-bearing borrowings	**197,842**	**202,444**	**2,712**	**199,732**	**–**
Deferred liabilities	**1,657**	**1,657**	**79**	**1,578**	**–**
	249,373	**253,975**	**52,665**	**201,310**	**–**
At 31 March 2008					
Trade and other payables	53,079	53,079	53,079	–	–
Deposits received	1,628	1,628	1,628	–	–
Interest-bearing borrowings	299,739	317,295	6,654	6,654	303,987
Deferred liabilities	2,028	2,028	–	1,098	930
	356,474	374,030	61,361	7,752	304,917

25 Financial risk management and fair values *(continued)*

(c) Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's bank loans and amounts due to minority shareholders of subsidiaries. The Group is most vulnerable to changes in Hong Kong dollar interest rates. Interest rate risk is managed by the Group's senior management in accordance with defined policies through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to its current business portfolio.

(i) The following table details the interest rate profile of the Group's borrowings at the balance sheet date:

	The Group				The Company			
	2009		2008		**2009**		2008	
	Effective interest rate	**$'000**	Effective interest rate	$'000	**Effective interest rate**	**$'000**	Effective interest rate	$'000
Floating rate borrowings								
Bank loans	**0.35% – 2.65%**	**717,221**	1.65% – 2.93%	793,499	**0.35% – 1.37%**	**197,842**	1.65%	299,739
Amount due to a minority shareholder of a subsidiary	**7.56%**	**55,494**	7.56%	55,763	**–**	**–**	–	–
Total borrowings		**772,715**		849,262		**197,842**		299,739

(ii) Sensitivity analysis

At 31 March 2009, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's and the Company's profit after tax and total equity by approximately $1,600,000 (2008: $1,731,000) and $413,000 (2008: $618,000) respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's and the Company's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure the amount of interest-bearing borrowings held by the Group and the Company which expose the Group and the Company to interest rate risk at the balance sheet date. The analysis is performed on the same basis for 2008.

25 Financial risk management and fair values *(continued)*

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale investments.

Listed investments held in the available-for-sale portfolio have been chosen taking reference to their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 March 2009, it is estimated that an increase/decrease of 5% (2008: 5%) in the market value of the Group's and the Company's listed available-for-sale investments, with all other variables held constant, would not affect the Group's and the Company's profit unless there are impairments. The Group's and the Company's total equity would have increased/decreased by $478,000 (2008: $782,000) and $287,000 (2008: $567,000) respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's and the Company's profit after tax (and retained profits) that would arise assuming that the change in market value had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group and the Company which expose the Group and the Company to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's and the Company's equity investments would change in accordance with the market values, that none of the Group's or the Company's available-for-sale investments would be considered impaired as a result of the decrease in market values, and that all over variables remain constant. The analysis is performed on the same basis for 2008.

(e) 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 investment in subsidiaries and associates operating in the People's Republic of China and the United States of America. Where appropriate and cost-efficient, the Group seeks to finance these investments by Renminbi ("RMB") or United States Dollars ("USD") borrowings with reference to the future RMB or USD funding requirements from the investment and related returns.

At 31 March 2009, the Group is not exposed to significant foreign currency risk as the Group's monetary assets and liabilities are primarily denominated in the functional currency of the entity to which they relate.

25 Financial risk management and fair values *(continued)*

(f) Fair value estimation

Listed investments are stated at quoted market prices. Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair values of receivables, bank balances and other current assets, payables and accruals and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008. Amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

26 Capital commitments

Capital commitments outstanding at 31 March 2009 not provided for in the financial statements were as follows:

	The Group	
	2009 **$'000**	2008 $'000
Future expenditure relating to properties:		
Contracted for	**261,622**	207,636

27 Operating lease commitments

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Within 1 year	**14,374**	13,597	**706**	4,239
After 1 year but within 5 years	**27,335**	26,067	**–**	706
After 5 years	**–**	1,546	**–**	–
	41,709	41,210	**706**	4,945

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.

28 Contingent liabilities

The Company has given guarantees in respect of banking facilities of certain wholly owned subsidiaries to the extent of $1,086,000,000 (2008: $1,086,000,000). The banking facilities were utilised to the extent of $523,000,000 (2008: $497,000,000) at 31 March 2009.

29 Material related party transactions

(a) The Group incurred a fee of $1,362,000 (2008: $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 $24,956,000 (2008: $17,861,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amount due to these companies at the year end amounted to $533,000 (2008: $172,000).

In last year, the Group's travel division received 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 amounted to $1,047,000 and the amount due to these associates at 31 March 2008 amounted to $28,000.

(b) The Group provides hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the year amounted to $3,156,000 (2008: $4,338,000) 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 $3,308,000 (2008: $3,509,000).

(c) The Company and its wholly-owned subsidiaries received net repayment of balances due from certain associates totalling $23,499,000 (2008: $1,131,000) during the year. Such balances are unsecured, interest-free and have no fixed terms of repayment. The amounts due from these associates at the year end amounted to $54,771,000 (2008: $78,270,000).

(d) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 2004, 2/F., Miramar Shopping Centre under the normal commercial terms. Total rental and building management fee received/receivable for the year amounted to $1,840,000 (2008: $1,510,000). The amount due from this subsidiary at the year end amounted to $294,000 (2008: $18,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

29 Material related party transactions *(continued)*

(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 and certain storerooms and advertisement lightboxes of ifc Mall under normal commercial terms. Total rental and building management fee expense for the year amounted to $11,962,000 (2008: $11,702,000) including contingent rental of $273,000 (2008: $804,000). There was no balance due from/to that associate at the year end (2008: $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 lease agreements with an associate of its major shareholders for the leasing of Office Units 1809-10 and 1817-18, 18/F., Miramar Tower under normal commercial terms. The lease for Office Units 1809-10 has been early terminated on 31 May 2007, and the Group then entered into another lease agreement with this associate for the leasing of Office Units 1801-02, 18/F., Miramar Tower under the normal commercial terms. Total rental and building management fee received/receivables for the year amounted to $2,961,000 (2008: $2,533,000). The amount due from that associate at year end amounted to $3,000 (2008: $8,000). 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 lease agreements with a subsidiary of its major shareholder for the leasing of Shop 503A, 503B and 503C, 5/F., Miramar Shopping Centre and Office Units 609-12, 6/F., Miramar Tower under normal commercial terms. Total rental and building management fee received/receivables for the year amounted to $11,318,000 (2008: $7,392,000). The amount due from this company at year end amounted to $106,000 (2008: $1,336,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

(h) On 15 August 2008, the Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop 3013, Portion of Podium Roof and Fan Room, 3/F., Miramar Shopping Centre under normal commercial terms. Total rental and building management fee received/receivables for the year amounted to $6,071,000. The amount due from this company at year end amounted to $14,000. Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(i) The Group received security services from a subsidiary of its major shareholder under the normal commercial terms. Total service fee for the year amounted to $3,978,000 (2008: $Nil). There is no balance due to this company at the year end (2008: $Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(j) During the year, the remuneration for the directors and the key management personnel of the Group amounted to $17,161,000 (2008: $14,658,000) as disclosed in notes 5 and 6. 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.

30 Post balance sheet events

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 8.

31 Comparative figures

Certain comparative figures have been adjusted or re-classified in conformity with the current year's presentation.

32 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 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 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.

32 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries, recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries.

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2009 and which have not been adopted in these financial statements.

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 the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

HKFRS 8, "Operating Segments" and HKAS 1 (revised 2007), "Presentation of Financial Statements", which are effective for annual periods beginning on or after 1 January 2009, may result in amended disclosures in the consolidated financial statements, including restatement of comparatives amounts in the first period of adoption.

GROUP'S FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

	2009 $'M	2008 $'M	2007 $'M	2006 $'M	2005 $'M (restated)
Results					
Turnover	**1,616**	1,588	1,434	1,663	1,362
Profit attributable to shareholders (Note)	**164**	783	688	1,169	846
Assets and liabilities					
Fixed assets (Note)	**8,541**	8,503	7,891	7,422	6,564
Properties under development	**–**	–	–	–	–
Interest in associates	**12**	4	3	7	2
Available-for-sale investments	**10**	16	35	29	33
Deferred tax assets (Note)	**14**	9	16	17	1
Pledged deposits	**–**	–	–	–	39
Net current assets/(liabilities)	**225**	280	476	306	105
Total assets less current liabilities	**8,802**	8,812	8,421	7,781	6,744
Long term liabilities	**(515)**	(514)	(751)	(696)	(825)
Deferred liabilities	**(89)**	(57)	(69)	(70)	(51)
Deferred tax liabilities (Note)	**(1,117)**	(1,129)	(1,109)	(1,024)	(872)
	7,081	7,112	6,492	5,991	4,996
Capital and reserves					
Share capital	**404**	404	404	404	404
Reserves (Note)	**6,599**	6,631	6,023	5,536	4,581
Total equity attributable to shareholders of the Company	**7,003**	7,035	6,427	5,940	4,985
Minority interests (Note)	**78**	77	65	51	11
	7,081	7,112	6,492	5,991	4,996
Per share					
Earnings	**$0.28**	$1.36	$1.19	$2.03	$1.47
Dividends attributable to the year	**$0.32**	$0.39	$0.39	$0.39	$0.37
Net asset value	**$12.27**	$12.32	$11.25	$10.38	$8.65

Note: 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.

GROUP PROPERTIES

At 31 March 2009

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 Mira Hong Kong 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

2 Major properties held for investment and/or own use *(continued)*

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong *(continued)*				
Commercial Unit, Ground Floor Block K, Bedford Gardens 151-173 Tin Hau Temple Road North Point	Portion of IL8430	Commercial	Long	100
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 220-248 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

2 Major properties held for investment and/or own use *(continued)*

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong *(continued)*				
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
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, Jinghua Apartment 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

2 Major properties held for investment and/or own use *(continued)*

Location	Lot number	Use	Lease	Group's interest (%)
Outside Hong Kong *(continued)*				
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 IS HEREBY GIVEN THAT the Annual General Meeting (the "Meeting") of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 9 September 2009 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 2009.

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, 29 July 2009

Registered Office:
15/F, Miramar Tower
132 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 15/F, Miramar Tower, 132 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 Wednesday, 2 September 2009 to Wednesday, 9 September 2009, 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 Tuesday, 1 September 2009.

(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 2008/2009 Annual Report.

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

15/F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong
香港九龍尖沙咀彌敦道132號美麗華大廈15樓

www.miramar-group.com