LOOKING TO THE FUTURE 展望未來

ANNUAL REPORT 2009
二零零九年年報

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
美麗華酒店企業有限公司

Stock code 股份代號：71

LOOKING TO THE FUTURE

About Miramar

Based in Hong Kong, Miramar Hotel and Investment Company, Limited (Miramar Group) was established in 1957 and has been listed on the Hong Kong Stock Exchange since 1970. (HKEx Stock Code: 71). The Miramar Group is a member of the Henderson Land Group, with a diversified business portfolio covering hotels and serviced apartments, property investments, food and beverage, and travel services in Hong Kong, Mainland China and the United States.

Our Vision

Our vision is to become a dynamic and innovative hospitality group, setting the highest standards and maintaining a distinctive brand image and style that distinguishes us from the competition.

Our Mission

We are committed to being the preferred service provider, employer, partner and choice of investment.

Leadership

Led by our Chairman, Dr. Lee Shau Kee, the Miramar Group comprises visionaries committed to excellence.

Milestones

Our history is one of pioneering people and innovative ideas. We stay ahead by anticipating trends and customer needs.

Milestones: A Story of Firsts

Our history is one of pioneering people and innovative ideas. We stay ahead by anticipating trends and customer needs.

2008/09

Hotel Miramar, after extensive renovations, is re-branded The Mira Hong Kong, an upscale, design-driven, lifestyle urban retreat for the business and leisure travellers.

2006

Miramar Travel is incorporated and the interior refurbishment of the Miramar Shopping Centre is completed. Mr. Lee Ka Shing is appointed Managing Director by the Board of Directors.

2005

Cuisine Cuisine and Lumiere open for business. These two restaurants soon become premier names on the Hong Kong dining scene.

2002

The development of Knutsford Steps begins

1993

Henderson Land Group becomes the Group's major shareholder.

1988

Three old hotel buildings are demolished and on its site, the Miramar Shopping Centre and Miramar Tower are developed.

1986

Miramar Express is incorporated

1983

The Group expands into the China market, taking a 25 per cent stake in the first five-star hotel in Shekou.

1978

Hotel Miramar expands its capacity to 1,330 rooms, including a 26,000 square-foot penthouse. It is the biggest hotel in Hong Kong and Southeast Asia.

1973

Tsui Hang Village Restaurant begins operations.

1970

Miramar Hotel and Investment Company, Limited is listed on the Hong Kong Stock Exchange.

1966

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

1957

Miramar Hotel and Investment Company, Limited is established after its leaders, Dr. Ho Sien Heng and Mr. Young Chi Wan, purchase the 192-room Hotel Miramar Hong Kong from a Spanish mission.

Corporate Information

Executive Directors:	@	**Dr the Honourable LEE Shau Kee**, GBM, DBA (Hon), DSSc (Hon), LLD (Hon) *(Chairman)*
	>	**Mr LEE Ka Shing** *(Managing Director)*
	@ >	**Mr Richard TANG Yat Sun**, MBA, BBS, JP
	>	**Mr Colin LAM Ko Yin**, FCILT, FHKIoD
	>	**Mr Eddie LAU Yum Chuen**
	>	**Mr Norman HO Hau Chong**, BA, ACA, FCPA
Non-Executive Directors:		**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**

CONTENTS

Results in Brief

A strong financial position was maintained for the year under review

	For the nine months ended 31 December 2009	For the twelve months ended 31 March 2009
	HK$'M	HK$'M
Profit attributable to Company shareholders	**243**	164
Underlying profit attributable to Company shareholders *(note)*	**152**	276
	HK$	HK$
Earnings per share	**0.42**	0.28
Underlying earnings per share	**0.26**	0.48
Dividend per share	**0.23**	0.32

	At 31 December 2009	At 31 March 2009
	HK$'M	HK$'M
Shareholders' equity	**7,092**	7,003
	HK$	HK$
Consolidated net asset value per share	**12.44**	12.27

Note: The effect of the net increase/decrease in fair value of investment properties (net of deferred tax and minority interests) was excluded in the calculation of the underlying profit attributable to Company shareholders.

Chairman's Statement

The stabilization of the global economy has strengthened the Group's determination to fortify its business foundations. We strive to perform better and aim higher.

Due to the change of financial year end date, this reporting period only covered nine months result of the Group. For the nine months ended 31 December 2009 (the "Reporting Period"), the Group's turnover amounted to approximately HK$1,303,000,000 (for the twelve months ended 31 March 2009: HK$1,616,000,000). Profit attributable to shareholders amounted to approximately HK$243,000,000 (for the twelve months ended 31 March 2009: HK$164,000,000). Excluding the net increase in the fair value of our investment properties, profit after tax from our core businesses for the nine months period was approximately HK$152,000,000 (for the twelve months ended 31 March 2009: HK$276,000,000).

During the first six months of the Reporting Period, The Mira Hong Kong ("The Mira") under the Group was still under renovation which led to a decline in its occupancy rate and operating profit. The renovation was substantially completed and a grand opening ceremony was held on 17 September 2009. Following its opening, the hotel's state-of-the-

Chairman's Statement

art facilities, stylish decoration/furnishings as well as modern and professional management and operation have offered its guests a totally refreshing experience. This led to a surge in the occupancy rate and an increase of over 40% in the room rate as compared to the pre-renovation period.

The property rental business of the Group performed steadily and registered a turnover of approximately HK$364,000,000 during the Reporting Period. As the market and the economy recovered and the retail industry and office building market stabilised, the Group made a timely and decisive move to expedite the adding of value to the Group's property assets, including refurbishing the Miramar Shopping Centre, Miramar Tower and Miramar Shopping Centre – Hotel Tower while also selecting tenants that reflects the upmarket concept of the shopping centres, so as to further optimise the tenant mix and quality.

Despite the weak performance of the tourism market in 2009, which was adversely affected by the global economic turmoil and the outbreak of the Human Swine Flu Pandemic, the Group's travel business defied the downturn trend by recording encouraging profit, especially in the group travel segment. Total turnover amounted to approximately HK$605,000,000 during the Reporting Period, representing an increase of approximately 20% as compared to the same period last year. Operating profit rose approximately two times.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Group continues to strengthen its corporate governance as well as to underline its commitment to the well-being of Hong Kong and our team members through corporate social responsibility initiatives.

During the Reporting Period, the Group continued to ensure compliance with the governance requirements as set forth in the COSO (Committee of Sponsoring Organisations) Standards of Internal Control. Internal Audits were regularly carried out to ensure the Group's operations were in conformity with the COSO standards.

Our community initiatives included a series of blood donations, and visits by team members to homes for the elderly. In recognition of our community engagement, the Hong Kong Council of Social Service awarded the Group the Caring Company Logo for the third consecutive year. To ensure the occupational health and safety of our team members, a committee was formed earlier in the year to meet on a regular basis. We implemented a series of preventive measures against the Human Swine Flu Pandemic and launched a Workshop on Good Living Ways.

Achieving results through strategic vision

PROSPECTS

As the global economy stabilises and the overall market sentiment and business confidence continue to recover, the global hotel and travel industry is also resuming its upward trend. With the number of business travellers increasing again and the appetite for high-end leisure activities growing significantly, the Group's hotel business improved remarkably and The Mira is expected to deliver substantial returns for the Group in the coming year. In addition to staying ahead of the intense competition, the Group's travel business recorded profit growth that ranked among the top level of its peers in Hong Kong. However, the Group regards this as simply a starting point and will continue to seize the opportunity to improve the quality of its products and services in order to accelerate the growth of its turnover and deliver higher investment returns.

With three shopping centres offering a gross floor area of approximately 1,300,000 square feet completed in Tsim Sha Tsui in 2009 and 2010, the retail property leasing market will witness intense competition in the coming year. At the same time, however, Tsim Sha Tsui will become more attractive as a must-visit area for shopping and dining. The Group commenced the renovation of the Miramar Tower's common area in late 2009, with the completion expected in early 2011. Following the MTR Corporation's confirmation of the tunnel extension to the shopping centre adjoining The Mira, which will benefit both the Miramar Shopping Centre and Miramar Tower, rental income is expected to further increase. Although most of the Group's renovation plans are still ongoing, the Group will also focus on business expansion in the future, including opening new travel routes to build its reputation and capture market share, expanding the Group's food and beverage business in China and developing the travel and hotel service business through acquisitions, joint ventures or management contracts so as to increase investment returns. Barring any unforeseeable factors, the Group has confidence it will be able to achieve a satisfactory performance in the coming year.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to my fellow directors for their guidance, and to thank all our team members for their dedication and hard work.

LEE SHAU KEE
Chairman

Hong Kong, 17 March 2010

Managing Director's Message

The Group is optimistic about the market's performance in Hong Kong. With our unswerving dedication, the Group seeks to provide unequalled hospitality, catering and travel services to our customers.

At the early stage of the Reporting Period, most parts of our business were negatively affected by the global financial turmoil, although a strong performance was witnessed in our travel business. As the markets gradually improved under the impact of government stimulus measures around the world, consumer confidence returned and the Group's hotel and related businesses began to show encouraging signs of recovery.

HOTEL AND HOTEL MANAGEMENT BUSINESS

The Group owns or part-owns a number of hotels and serviced apartments in Hong Kong and Mainland China as well as carrying out hotel management operations for both self-owned and independently owned properties. The Group is the sole owner of The Mira and of Miramar Apartments, a block of serviced apartments in Shanghai, both of which properties it also manages. The Group also partially owns two hotels in Shekou, and provides contract management services for both these and for another three independently owned hotels in Shanghai and Hong Kong, along with an independently owned service apartment complex in Hong Kong. In total, the Group owns and/or provides management services for eight hotels and serviced apartment complexes.

The major part of the Group's revenue in this sector derives from The Mira, the Group's hotel. During the Reporting Period, The Mira completed an extensive period of renovation to enhance the quality of services and facilities, and to uplift the values and associations of the Group's repositioned brand. The Mira's guest rooms offer many stylish and contemporary features and the very latest in-room technology. Further facilities for the international business and luxury traveller include The Mira Club with lounge and themed Club rooms and suites, as well as the recently completed MiraSpa with 18,000 square feet of fitness, beauty and wellness rooms. On 17 September 2009, a ceremony was held to celebrate the grand opening of the hotel, which was welcomed by guests and the media as a significant milestone in the development of the hotel industry in Hong Kong.

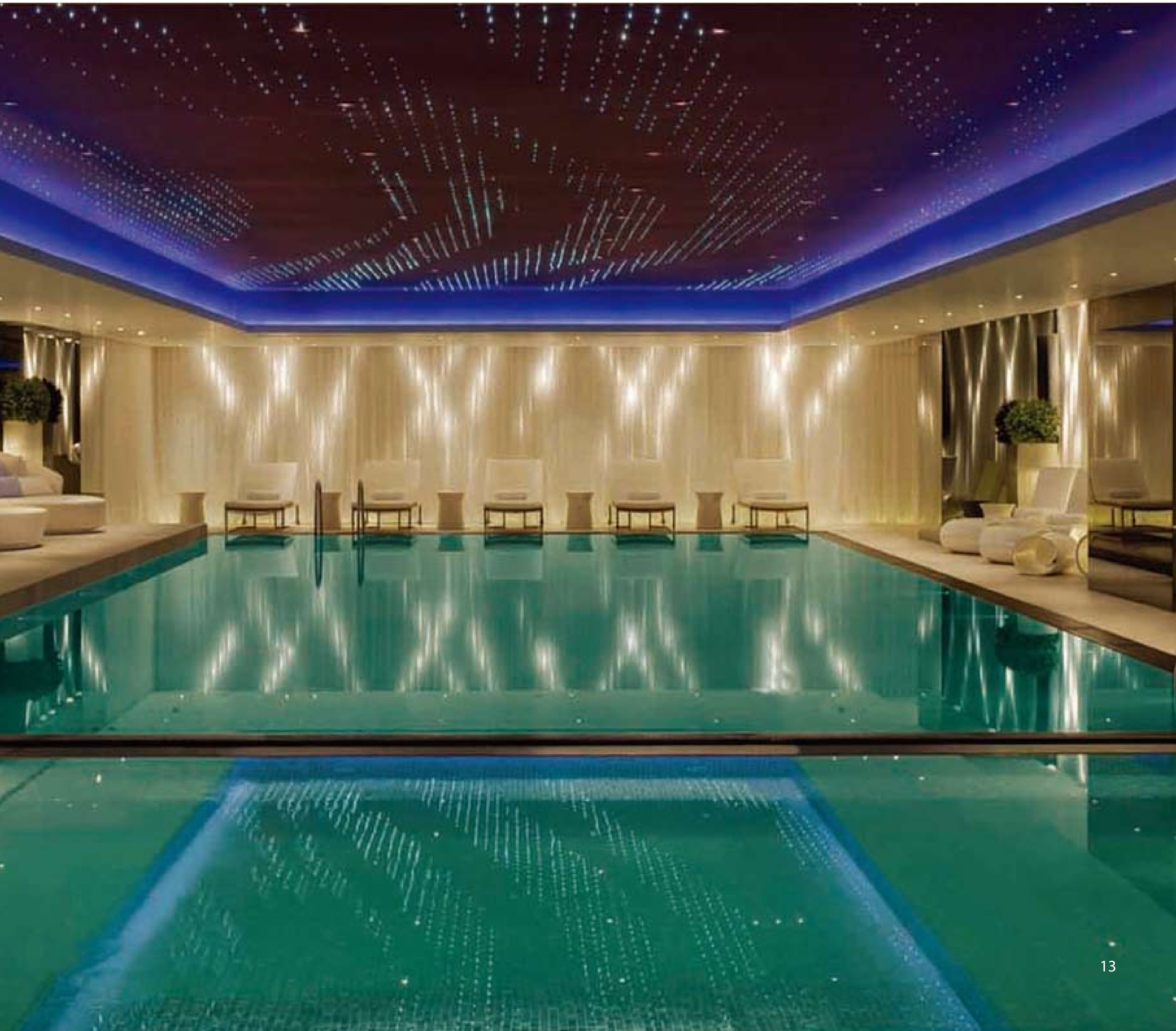
Managing Director's Message

Our readiness to move further derives from a holistic vision of our core strengths, allowing us to reach the highest quality standards in all our projects.

In terms of occupancy, the drop in the number of rooms sold due to the extensive hotel renovations combined with the financial crisis caused a significant decrease in the number of guests, which is reflected in our operating results. The average occupancy rate for the Reporting Period decreased by approximately 15 percentage points while the average room rate was kept at a constant level as compared to the previous whole-year period. In addition, the hotel's renewed focus on the wedding banquet and catering business, as well as on the recovering MICE and corporate segments, began to show results by the end of the year. In the medium term, the Group expects to see a significant boost in revenue as a result of its investments.

The hotel sector also includes the revenue earned by the Group for providing hotel management services. During the Reporting Period, the marked improvement in the economies of both Hong Kong and Mainland China, and the gradual rise in business travel throughout the region, were reflected in a general improvement in this sector of the Group's business in the last quarter of 2009.

Selecting the most suitable projects for our ongoing success



Managing Director's Message

The Miramar Shopping Centre, situated in a prime location in Hong Kong, has created a vibrant landmark in the city, and many prime tenants have made it their home.

PROPERTY RENTAL BUSINESS

The Group's property rental revenue derives mainly from two sources: rental income generated from Miramar Shopping Centre and Miramar Tower. During the Reporting Period, the Group's rental properties recorded satisfactory rental income while occupancy was maintained at about 87%.

Miramar Shopping Centre ("MSC")

The average occupancy rate of MSC for the Reporting Period decreased by approximately 9 percentage points compared to the previous whole-year period mainly due to tenants who were located in Basement 1 being moved out for refurbishment work, which commenced in September 2009. This refurbishment work will be completed and new tenants will move in during the first quarter of 2010. The average unit rate of MSC for the Reporting Period increased by approximately 8% as compared to that of the previous whole year.

The tenants of MSC are mostly upscale, trendy fashion outlets such as Agnes b, C K Jeans, D-mop, i.t., Muji, Uniqlo, Vivenne Westwood, etc. In addition to fashion outlets, there are a number of restaurants offering regional cuisines from countries such as China, Japan and Korea. Within the Tsim Sha Tsui district

A promising property rental business

Managing Director's Message

Rental income is anticipated to rise after the renovation of the Miramar Tower, which is expected to complete by 2011.

two new shopping centres opened in 2009 and a shopping centre will open next to The Mira in 2010. This increase in supply will create a more competitive environment for MSC. At the same time, it will make the Tsim Sha Tsui district more attractive for visitors, potentially increasing footfall at MSC.

Miramar Tower ("MT")

The average occupancy rate of MT for the Reporting Period dropped by approximately 4 percentage points while the average unit rate increased by approximately 8% when compared to the previous whole year period. To maintain competitiveness and to attract more international companies, office lobby refurbishment work, including all lift lobbies and common corridors, commenced in the fourth quarter of 2009 and is targeted to be completed in early 2011.

Miramar Shopping Centre – Hotel Tower

The Group has decided to renovate the shopping centre within The Mira from basement 1 to 2nd floor of the hotel building in the middle of 2010. This work will probably take about a year. In line with the revitalisation of the brand, the Group is aiming at top tier brands and companies as the tenant mix. Rental income is expected to increase significantly after the renovation.

Pro-actively capturing of prestigious tenants

Managing Director's Message

The Group operates a series of high-end restaurants, bringing an impeccable dining experience to discerning guests.

FOOD AND BEVERAGE BUSINESS

The Group operates three Tsui Hang Village restaurants: one located in the MSC, Tsim Sha Tsui; one in the New World Tower, Central; and one situated in Club Marina Cove, Sai Kung. The Group also operates one Sichuan restaurant named Yunyan Szechuan Restaurant located in the MSC, and two IFC venues: Cuisine Cuisine and Lumiere (closed in the year 2009 and converted into a high-end French restaurant named "The French Window").

The first quarter of each year is usually considered to be the peak season of the food and beverage business. Due to the change of financial year end date, this Reporting Period represents only April to December 2009. Furthermore, the closure for renovation of Lumiere in the IFC affected the patronage of the neighbouring Cuisine Cuisine, contributing to a weaker performance of the food and beverage business of the Group during the Reporting Period.

Due to the market challenges, which particularly affected consumer confidence, the food and beverage division recorded a loss for the Reporting Period. The global financial turmoil and Human Swine Flu Pandemic

Taking our customers on a superior culinary journey

Managing Director's Message

outbreak impacted the performance of most of the Group's restaurants, especially the high-end restaurants located in the IFC, with many companies cutting back on their corporate entertainment.

To respond to these challenges and build further opportunities in a demanding marketplace, the Group focused on revitalising its food and beverage sector. The Yunyan Szechuan Restaurant is scheduled to be renovated in early 2010, and Lumiere re-opened after a complete transformation in December 2009 as an upscale French-style dining venue named "The French Window".

As the recovery of the economy and hence of consumer expenditure gathers pace, the performance of the Group's food and beverage sector is expected to continue improving.

Delivering the very best to meet our customers' high standards

Managing Director's Message

The Group's travel division experienced a promising surge in business despite volatile market conditions. This was largely thanks to our competitive differentiation strategy of long-haul tours.

TRAVEL BUSINESS

Despite the overall decline in market conditions, which only saw marked improvement in the third quarter of 2009, the Group's travel business recorded a successful performance. This was largely due to a surge in travel business, which in turn reflected our competitive differentiation strategy in long-haul tours, with an approximately 140% rise as compared to the previous whole-year period.

The development of regional and global travel packages, offering customers more up-market and far-flung destinations, continues to offer important synergies with the rest of our hospitality, tourism and leisure activities. Together with the revitalisation of the Group's brand, the development of our travel business has given customers a much wider range of travel options, and has also led to increasing margins on package tours and a significant stimulus to turnover.

The Group's travel arm remains the first and only accredited agent in Hong Kong of Richard Branson's Virgin Galactic enterprise, which offers the opportunity of space travel to wealthy individuals. This further underlining the Group's reputation for innovative and up-market travel.

Realising dreams with seamless travel

Managing Director's Message

BUSINESS OUTLOOK

Despite the short-term negative impact of the global economic turmoil, the Group retains a confident outlook and has launched a number of Group initiatives and projects in line with this. We are of the view that the rebound in tourism, retail and consumer confidence will have a beneficial effect on the performance of our core businesses.

With the completion of The Mira and the readiness of all its new guest rooms for occupancy, our flagship hotel has already become well-known as one of the most upscale and contemporary hotels in Hong Kong. Building on this reputation and the revitalisation of our brand, the Group has launched a brand-new website for The Mira, designed to encourage direct online bookings for the hotel and further enabling us to compete strongly in the up-market travel sector. We have also launched a new-look corporate site for the Group as a whole, including the food and beverage sector, increasing the availability and transparency of information about our core businesses for investors, customers, stakeholders and the media alike.

The Group's confidence in the recovery of the food and beverage sector, which continues to gather pace, is underlined by our investment in the revitalisation and enhancement of our brand. In addition, we are also actively looking for expansion opportunities for our food and beverage operations in Mainland China, with plans to establish a Chinese restaurant in Beijing in the year 2010.

With the easing of restrictions on non-Guangdong residents of Shenzhen visiting Hong Kong in tour groups, as well as corporate and MICE sector also showing strong signs of recovery. We believe that our confidence in the future is not misplaced. According to figures from the Hong Kong Tourism Board, visitors to Hong Kong are expected to rise by over 5% in 2010, to 31 million, and these visitors are expected to spend HK$174 billion, 7% more than last year's arrivals. To cater for such strong growth in the market, we have established representative offices for our hotel business in Mainland China, the United States, Japan and Australia, enhancing the prospects of increased room sales for the hotel sector. At the same time, we continue with our plans for gradual expansion in Mainland China, both for food and beverage and hotel management contracts. We are confident that the expansion of hotel and related businesses, together with the stable income from our property rental division, will bring higher returns to our shareholders in the coming years.

LEE KA SHING
Managing Director

Hong Kong, 17 March 2010

Award Recognition in 2009

The Mira Hong Kong:

- "Best New Business Hotel" Award from the Travel and Meeting Industry for 2009 ,**Travel Weekly China**
- "The Best of 2009 – The region's hottest place to stay", **Travel + Leisure**

WHISK:

- "Top 10 Outstanding new restaurants", **Foodie Magazine**

COCO:

- "THE LIST 100 HK exceptional Shops and Service 2009" , **The List**

Yamm:

- Hong Kong's Best Restaurants 2009, **Hong Kong Tatler**
- Best Buffet Restaurant in Hong Kong 2009, **Openrice.com**
- Best New Restaurant in 2008 U Favourite Food Award 2009, **U Magazine**
- "U Favorite Food Awards" in U Favourite Food Award 2009, **U Magazine**
- "Best Ever Dining Buffet" in U Favourite Food Award 2009, **U Magazine**
- Best-ever Dining Awards - No.1 Buffet Restaurant Hong Kong 2009, **Weekend Weekly**

Award Recognition in 2009

Cuisine Cuisine:

- Listed Restaurant in "**Michelin Guide Hong Kong & Macau 2009**"

Tsui Hang Village Restaurant:

- Listed Restaurant in "**Michelin Guide Hong Kong & Macau 2009**"

Yunyan Szechuan Restaurant:

- One of the featured dining venues in the "Bib Gourmand" section of "**Michelin Guide Hong Kong & Macau 2009**"
- Gold with Distinction Award – Dim sum, **Best of the Best Culinary Awards 2009**

Miramar Travel:

- **Capital Magazine** 2009 The Best Travel Agency
- **Weekend Weekly** The Most Popular Europe Tour Award (2008-2009)
- **China Eastern Airlines** Hong Kong Top GIT Agent Award (2008-2009)
- **Korean Air** Valuable Support and Contribution Award (2008-2009)
- **Air China** Hong Kong GIT Agent Sales Award (2008-2009)
- **EL AL Israel Airlines Ltd.** Best Tour Seller 2009

Biographical Details of Directors and Senior Management

DIRECTORS

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

Aged 81. 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, all of which are listed companies. 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 December 2009. He is the father of Mr Lee Ka Shing.

Dr David SIN Wai Kin, *DSSc (Hon)*

Aged 80. 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 was previously a director of Hang Seng Bank Limited. 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 a director of The Hong Kong and China Gas Company Limited, all of which are listed companies. He is also a Vice Chairman of Henderson Development. 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 December 2009. He is also a director of certain subsidiaries of the Company. He is the son of Dr Lee Shau Kee.

Biographical Details of Directors and Senior Management

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 Council 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 60. 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 57. 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 36 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 as well as a director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Mr Lam is a director of Henderson Development, 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 December 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 40 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, all of which are listed companies. 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 December 2009. He is also a director of certain subsidiaries of the Company.

Mr Tony NG

Aged 69. 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 41 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 54. 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 28 years' experience in management and property development. He is also a director of Vision Values Holdings Limited, as well as an independent non-executive director of CITIC Pacific Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited, Shun Tak Holdings Limited and Starlight International Holdings Limited. He is also a director of certain subsidiaries of the Company.

Mr Howard YEUNG Ping Leung

Aged 53. 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 63. 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.

Biographical Details of Directors and Senior Management

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 Securities 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 December 2009.

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

Aged 63. 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 33 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, all of which are listed companies. 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 December 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 58. 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 50. 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 26 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 Nelson CHOW Kwok Ming

Aged 46. Mr Chow joined the Group in January 2010 as Vice President – Food & Beverage Operations & Development. Mr Chow has over 30 years of experience in the hospitality industry and extensive teaching experience in hotel management and wine appreciation. He is at present the Chairman of the Hong Kong Sommelier Association. Mr Chow holds a Bachelor Degree in Business Administration Management from the University of South Australia. He has also been awarded the Chevalier du Sopexa en Gastronomie Française, Commandeur du Bon Temps and is an accredited lecturer for L'Ecole du Vin de Bordeaux.

Mr Dirk DALICHAU

Aged 41. 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.

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.

Mr James LEE Hang Wing, *Architect, AP, Arbitrator*

Aged 40. Mr Lee joined the Group in September 2009 as Assistant Director of Property Division. Mr Lee is a Registered Architect (Authorized Person) and holds double Bachelor Degree in Architecture and Science, he is also a member of the Chartered Institute of Arbitrators.

Mr Lee has more over 17 years of relevant experience; he is responsible for the project & property development & management affairs of the Group. Prior to joining the Group, Mr Lee has hold Senior Management position in the area of Project Development & Management and Investors Relations with various listed & reputable companies.

Biographical Details of Directors and Senior Management

Ms Andrea LEUNG Tsui Shan

Aged 40. Ms Leung joined the Group in December 2009 as Director of Group Marketing, leading her team with 15 years experience in marketing and communications, hospitality, hotel and shopping mall management. Ms Leung marks her out from the common run of the industry in formulating and evaluating marketing objectives, strategies, corporate identity and branding with a creative and seasoned approach. Prior to joining the Group, Ms Leung worked in various established corporations and hotel groups, oversaw their business promotion, development, marketing and communication.

Ms Florence NG Wai Na

Aged 46. Ms Ng 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 21 years' extensive working experience in marketing and sales as well as hotel operation, gained from working with a variety of reputable hotels.

Ms Clara NGAN King Ha, *BA, MBA*

Aged 46. Ms Ngan joined the Group in 1996, and was appointed as Director of Group Human Resources and Administration in 2005. Graduated from the Hong Kong Polytechnic University, Ms Ngan holds a professional diploma in Company Secretaryship and Administration. She obtained her Postgraduate Diploma and Master Degree in Business Administration from the Sheffield Hallam University in United Kingdom and she is a holder of a Bachelor of Arts degree in Language and Translation from the Open University of Hong Kong. She has over 21 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 48. 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 24 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.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. During the nine months ended 31 December 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

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.

Corporate Governance Report

All the non-executive directors (including independent non-executive directors) of the Company have been appointed for a term of not more than three years. The terms of Mr Dominic Cheng Ka On, Mr Wu King Cheong and Mr Alexander Au Siu Kee 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; Dr Patrick Fung Yuk Bun, Mr Howard Yeung Ping Leung and Mr Tony Ng are up to 31 December 2012; 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 nine months ended 31 December 2009, three 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 three times during the nine months ended 31 December 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.

Corporate Governance Report

ATTENDANCE RECORD OF THE MEETINGS

The number of meetings held by the Board and Committees during the nine months ended 31 December 2009 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	3/3	N/A	1/1
Mr LEE Ka Shing	3/3	N/A	N/A
Mr Richard TANG Yat Sun	3/3	N/A	1/1
Mr Colin LAM Ko Yin	3/3	N/A	N/A
Mr Eddie LAU Yum Chuen	3/3	N/A	N/A
Mr Norman HO Hau Chong	2/3	N/A	N/A
Non-executive Directors			
Mr WOO Kim Phoe (deceased on 6 July 2009)	N/A	N/A	N/A
Dr Patrick FUNG Yuk Bun	2/3	2/3	N/A
Mr Dominic CHENG Ka On	3/3	3/3	N/A
Mr Tony NG	1/3	N/A	N/A
Mr Howard YEUNG Ping Leung	3/3	N/A	N/A
Mr Thomas LIANG Cheung Biu	2/3	N/A	N/A
Mr Alexander AU Siu Kee	3/3	N/A	N/A
Independent Non-executive Directors			
Dr David SIN Wai Kin	2/3	3/3	1/1
Mr WU King Cheong	3/3	3/3	1/1
Mr Timpson CHUNG Shui Ming	3/3	3/3	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 nine months ended 31 December 2009, 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	3,378
Non-audit services:	
Interim review	340
Taxation services	188
Advisory on internal audit services	173
Other services	23
	4,102

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 62 to 63 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 nine months ended 31 December 2009, 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.

Corporate Governance Report

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 nine months ended 31 December 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 for the nine months ended 31 December 2009.

Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the nine months ended 31 December 2009.

CHANGE OF FINANCIAL YEAR END DATE

As a result of the recent change of the financial year end date from 31 March to 31 December, the financial statements and this report of the Directors now presented cover a period of nine months from 1 April 2009 to 31 December 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 11 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the nine months ended 31 December 2009 are set out in note 13 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 December 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 nine months ended 31 December 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 64 to 135.

An interim dividend of HK$0.13 per share was paid on 13 January 2010, the directors now recommend the payment of a final dividend of HK$0.1 per share in respect of the nine months ended 31 December 2009, totalling HK$132,763,000.

CHARITABLE DONATIONS

Donations made by the Group during the nine months ended 31 December 2009 amounted to HK$1,225,911 (twelve months ended 31 March 2009: HK$18,507).

FIXED ASSETS

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

Report of the Directors

DIRECTORS

The directors who held office during the nine months ended 31 December 2009 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

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 Lee Shau Kee, Dr David Sin Wai Kin, Mr Dominic Cheng Ka On, Mr Eddie Lau Yum Chuen and Mr Thomas Liang Cheung Biu will retire at the forthcoming Annual General Meeting by rotation. The above five 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 December 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 LEE Ka Shing	–	–	–	255,188,250 *(note 2)*	44.21%
	Dr Patrick FUNG Yuk Bun	–	–	–	8,426,710 *(note 3)*	1.46%
	Mr Dominic CHENG Ka On	7,774,640	4,000	–	–	1.35%
	Mr Richard TANG Yat Sun	125,000	–	11,241,900 *(note 4)*	–	1.97%
	Mr Thomas LIANG Cheung Biu	–	1,080,000 *(note 5)*	–	–	0.19%
Booneville Company Limited	Dr LEE Shau Kee	–	–	2 *(note 6)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 6)*	100%
Henderson-Miramar Hotels Holdings Limited	Dr LEE Shau Kee	–	–	2 *(note 7)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 7)*	100%
Centralplot Inc.	Mr Richard TANG Yat Sun	2,221	–	–	–	2%
Strong Guide Property Limited	Dr LEE Shau Kee	–	–	2 *(note 8)*	–	100%
	Mr LEE Ka Shing	–	–	–	2 *(note 8)*	100%

Save as disclosed above, as at 31 December 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 nine months ended 31 December 2009 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 December 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 December 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 a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 9, Mr Lee Ka Shing is taken to be interested in 255,188,250 shares, which are duplicated in the interests described in Notes 1, 9 and 10, by virtue of the SFO.

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

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

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

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

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

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

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

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

DIRECTORS' AND MANAGEMENT EMOLUMENTS

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

The Group has the following continuing connected transactions and connected transaction during the nine months ended 31 December 2009 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 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.

(3) 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.

(4) On 15 August 2008, the Group entered into the following agreements with Henderson Real Estate Agency Limited ("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.

(5) 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.

(6) 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.

(7) 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.

(8) On 24 July 2009, a lease (the "Renewal 1817-18 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 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 2009 to 11 June 2012.

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$65,000.00.

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$10,171.80.

As Union Medical is a connected person of the Company, the entering into of the Renewal 1817-18 Lease constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rule.

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 period from 1 April 2009 to 31 December 2009.

Referring to the two agreements, detailed in paragraph (6), entered into between Contender and MSS which constituted continuing connected transactions for the Company, the parties agreed on 15 November 2009 to extend the terms of the said agreements by two and a half months to 31 January 2010.

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 nine months ended 31 December 2009 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 nine months ended 31 December 2009, 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 December 2009 are set out in note 21 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 nine months ended 31 December 2009, any loan capital, convertible securities, warrants or options.

BORROWING COST CAPITALISATION

No borrowing cost was capitalised by the Company and its subsidiaries during the nine months ended 31 December 2009 (twelve months ended 31 March 2009: HK$Nil).

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 24 to the financial statements.

SHARE CAPITAL

Details of the share capital during the nine months ended 31 December 2009 are set out in note 25 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 nine months ended 31 December 2009 are set out in the consolidated statement of changes in equity.

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 136.

GROUP PROPERTIES

Particulars of the major properties and property interests of the Group are shown on pages 137 to 139.

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 12% as at 31 December 2009 (at 31 March 2009: 10%).

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 December 2009, total available facilities amounted to approximately HK$1.4 billion (at 31 March 2009: approximately HK$1.4 billion), and 60% of that (at 31 March 2009: 51%) were utilized. At 31 December 2009, consolidated net borrowings were approximately HK$0.47 billion (at 31 March 2009: HK$0.39 billion), of which none was secured borrowings (at 31 March 2009: none).

EMPLOYEES

As at 31 December 2009, the Group had a total about of 1,600 full-time employees, including 1,400 employed in Hong Kong, 200 employed in The People's Republic of China and the United States of America. The Group continues to maintain a remuneration system which aligns with the Company goals, objectives and performance. To this end, the Group considers different relevant factors including job responsibilities, duties and scopes, staff performance, Company's performance, and market practice. As such, our salary level and employment conditions are maintained to be competitive in the market and equitable across different divisions within the Group. In 2010, we will put more resource to reward and retain valuable employees by enhancing our fringe benefits. Performance-based incentive scheme is going on to stimulate staff performance. Furthermore, we will improve the annual leave and holiday entitlement so that our team members could better attain a work life balance. With various improvements, our overall remuneration package would be more competitive in the labour market.

TRAINING & DEVELOPMENT

In fostering the positive attitudes within the Group towards those changes in year 2009, Training & Development team was successfully seeding the learning culture in all levels thorough different training activities. Beginning with the "Training Needs Analysis", we developed and implemented the training plan with theme, "Develop the Potential".

Besides of the core programmes, i.e. Customer Service Enhancement (for enriching employees' service mindset and skills); Designated Trainer Programme (for upgrading service standard consistency) and Good Administrative Practice (for polishing communication and administration skills); we also developed a lot of tailor made training projects. Direct connection with operational team members reinforced our belief in the continuation of the theme.

In 2010, we will design, deliver and provide learning opportunities for different work tiers, which assist in achieving operational demands and drive for business results in return. We divided our work groups into 4 tiers, i.e. Executives; Strategic Leaders; Operational Leaders and Operational team members. Programmes will be implemented in a top-to-bottom approach including: (1) Cultural building programme for Executives (build a "wish working culture" and to be driven from executives level); (2) Strategic action programme for Strategic Leaders (provide opportunities for goals alignment and for enhancing techniques for execution); (3) Management Development Programme & Emerging Leadership Programme for Operational Leaders (equip the skills as leaders and bridge the gap between executives and operational levels); and (4) Total customer satisfaction programme for operational team members (mystery shoppers programme and designated trainers programme will be implemented for guiding team members for achieving customer satisfaction with assistance from designated trainers). Some recognition programme will be implemented together with the above training programmes, which high-flyers of the company will be identified and groomed for future career development.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the nine months ended 31 December 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, 17 March 2010

Independent Auditor's Report

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 64 to 135, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the nine months ended 31 December 2009, 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 December 2009 and of the Group's profit and cash flows for the nine months ended 31 December 2009 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, 17 March 2010

Consolidated Income Statement

For the nine months ended 31 December 2009

	Note	**For the nine months ended 31 December 2009 HK$'000**	For the twelve months ended 31 March 2009 HK$'000
Turnover	11	**1,303,391**	1,616,285
Cost of inventories		**(73,156)**	(108,624)
Staff costs	4(b)	**(224,861)**	(294,598)
Utilities, repairs and maintenance and rent		**(74,214)**	(92,135)
Tour and ticketing costs		**(543,363)**	(623,865)
Gross profit		**387,797**	497,063
Other revenue		**28,446**	35,899
		416,243	532,962
Operating and other expenses		**(150,101)**	(153,934)
Operating profit before depreciation and amortisation		**266,142**	379,028
Depreciation and amortisation		**(44,063)**	(41,564)
Operating profit		**222,079**	337,464
Finance costs	4(a)	**(9,853)**	(19,871)
Share of profits less losses of associates		**(55)**	13,106
Reversal of impairment of interest in associates		**–**	3,984
		212,171	334,683
Provision for properties held for resale		**(129)**	(2,637)
Loss on disposal/impairment loss of available-for-sale investments		**(205)**	(10,320)
Net increase/(decrease) in fair value of investment properties	12(a)	**109,186**	(134,246)
Profit before taxation	4	**321,023**	187,480
Taxation			
– Current	5(a)	**(39,518)**	(51,320)
– Deferred	5(a)	**(31,449)**	19,810
Profit for the period/year		**250,056**	155,970
Attributable to:			
Shareholders of the Company	8	**242,621**	163,829
Minority interests		**7,435**	(7,859)
		250,056	155,970
Earnings per share – basic and diluted	10	**HK$0.42**	HK$0.28

The notes on pages 72 to 135 form an integral part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the period/year are set out in note 9(a).

Consolidated Statement of Comprehensive Income

For the nine months ended 31 December 2009

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Profit for the period/year	**250,056**	155,970
Other comprehensive income for the period/year (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	**13,597**	29,969
Changes in fair value of available-for-sale investments	**7,160**	(6,075)
Transferred to consolidated income statement on impairment of available-for-sale investments	**–**	10,320
Liquidation of associates	**–**	9,695
	20,757	43,909
Total comprehensive income for the period/year	**270,813**	199,879
Attributable to:		
Shareholders of the Company	**261,815**	193,499
Minority interests	**8,998**	6,380
Total comprehensive income for the period/year	**270,813**	199,879

The notes on pages 72 to 135 form an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2009

	Note	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000
Non-current assets			
Fixed assets			
– Investment properties	12(a)	**8,194,426**	8,075,559
– Other fixed assets	12(a)	**728,488**	465,842
		8,922,914	8,541,401
Interest in associates	14	**7,495**	12,042
Available-for-sale investments	15	**16,716**	9,868
Deferred tax assets	23(b)(iii)	**9,896**	14,455
		8,957,021	8,577,766
Current assets			
Properties under development for sale	16	**241,180**	242,253
Inventories	17	**132,996**	125,395
Trade and other receivables	18	**149,826**	119,529
Cash and bank balances	19	**427,714**	384,571
Tax recoverable	23(a)	**2,930**	22,477
		954,646	894,225
Current liabilities			
Trade and other payables	20	**(440,124)**	(332,385)
Interest-bearing borrowings	21	**(299,919)**	(201,906)
Sales and rental deposits received		**(79,935)**	(104,518)
Tax payable	23(a)	**(56,395)**	(30,058)
Dividend payable	9(a)	**(75,040)**	–
		(951,413)	(668,867)
Net current assets		**3,233**	225,358
Total assets less current liabilities carried forward		**8,960,254**	8,803,124

	Note	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000
Total assets less current liabilities brought forward		**8,960,254**	8,803,124
Non-current liabilities			
Interest-bearing borrowings	21	**(541,911)**	(515,315)
Deferred liabilities	22	**(95,327)**	(88,916)
Deferred tax liabilities	23(b)(iii)	**(1,145,090)**	(1,117,050)
		(1,782,328)	(1,721,281)
NET ASSETS		**7,177,926**	7,081,843
CAPITAL AND RESERVES			
Share capital	25(b)	**404,062**	404,062
Reserves		**6,688,004**	6,599,358
Total equity attributable to shareholders of the Company		**7,092,066**	7,003,420
Minority interests		**85,860**	78,423
TOTAL EQUITY		**7,177,926**	7,081,843

Approved and authorised for issue by the board of directors on 17 March 2010.

LEE SHAU KEE
Chairman

LEE KA SHING
Managing Director

The notes on pages 72 to 135 form an integral part of these financial statements.

Balance Sheet

At 31 December 2009

	Note	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Non-current assets			
Fixed assets			
– Investment properties	12(b)	**157,858**	145,043
– Other fixed assets	12(b)	**22,447**	22,703
		180,305	167,746
Interest in subsidiaries	13	**2,687,071**	2,511,378
Interest in associates	14	**258**	516
Available-for-sale investments	15	**11,780**	5,741
		2,879,414	2,685,381
Current assets			
Inventories	17	**4,308**	3,023
Trade and other receivables	18	**14,868**	11,404
Cash and bank balances	19	**33,577**	9,360
Tax recoverable	23(a)	**311**	5,998
		53,064	29,785
Current liabilities			
Trade and other payables	20	**(77,643)**	(47,935)
Interest-bearing borrowings	21	**(299,919)**	–
Deposits received		**(2,214)**	(1,939)
Dividend payable	9(a)	**(75,040)**	–
		(454,816)	(49,874)
Net current liabilities		**(401,752)**	(20,089)
Total assets less current liabilities		**2,477,662**	2,665,292
Non-current liabilities			
Interest-bearing borrowings	21	**–**	(197,842)
Deferred liabilities	22	**(1,205)**	(1,657)
Deferred tax liabilities	23(b)(iii)	**(19,770)**	(16,985)
		(20,975)	(216,484)
NET ASSETS		**2,456,687**	2,448,808
CAPITAL AND RESERVES			
Share capital		**404,062**	404,062
Reserves		**2,052,625**	2,044,746
TOTAL EQUITY	25(a)	**2,456,687**	2,448,808

Approved and authorised for issue by the board of directors on 17 March 2010.

LEE SHAU KEE
Chairman

LEE KA SHING
Managing Director

The notes on pages 72 to 135 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2009

	Attributable to shareholders of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Capital reserve** HK$'000	**Exchange reserve** HK$'000	**General reserve** HK$'000	**Investment revaluation reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
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
Changes in equity for the year ended 31 March 2009:										
Final dividends approved in respect of the previous year and paid during the year	–	–	–	–	–	–	(138,536)	(138,536)	–	(138,536)
Interim dividends declared in respect of the current year	–	–	–	–	–	–	(86,585)	(86,585)	–	(86,585)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(85)	(85)
Share redemption to minority shareholders	–	–	–	–	–	–	–	–	(4,737)	(4,737)
Total comprehensive income for the year	–	–	9,695	15,730	–	4,245	163,829	193,499	6,380	199,879
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
At 1 April 2009	**404,062**	**287,628**	**(91,086)**	**64,441**	**304,827**	**1,250**	**6,032,298**	**7,003,420**	**78,423**	**7,081,843**
Changes in equity for the period ended 31 December 2009:										
Final dividends approved in respect of the previous year and paid during the period	**–**	**–**	**–**	**–**	**–**	**–**	**(98,129)**	**(98,129)**	**–**	**(98,129)**
Interim dividends declared in respect of current period	**–**	**–**	**–**	**–**	**–**	**–**	**(75,040)**	**(75,040)**	**–**	**(75,040)**
Dividends paid to minority shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,561)**	**(1,561)**
Total comprehensive income for the period	**–**	**–**	**–**	**12,034**	**–**	**7,160**	**242,621**	**261,815**	**8,998**	**270,813**
At 31 December 2009	**404,062**	**287,628**	**(91,086)**	**76,475**	**304,827**	**8,410**	**6,101,750**	**7,092,066**	**85,860**	**7,177,926**

The notes on pages 72 to 135 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the nine months ended 31 December 2009

	Note	**For the nine months ended 31 December 2009 HK$'000**	For the twelve months ended 31 March 2009 HK$'000
Operating activities			
Profit before taxation		**321,023**	187,480
Adjustments for:			
– Interest income		**(1,921)**	(6,225)
– Net loss on disposal of other fixed assets		**6,087**	3,588
– Depreciation and amortisation		**44,063**	41,564
– Finance costs		**9,853**	19,871
– Share of profits less losses of associates		**55**	(13,106)
– Reversal of impairment of interest in associates		**–**	(3,984)
– Provision for properties held for resale		**129**	2,637
– Loss on disposal/impairment loss of available-for-sale investments		**205**	10,320
– Net (increase)/decrease in fair value of investment properties		**(109,186)**	134,246
– Exchange differences		**(2,423)**	1,207
Operating profit before changes in working capital		**267,885**	377,598
Decrease/(increase) in properties under development for sale		**1,699**	(7,351)
Increase in inventories		**(5,222)**	(36,053)
(Increase)/decrease in trade and other receivables		**(30,302)**	10,761
Decrease in amounts due from associates		**4,184**	27,416
Increase/(decrease) in trade and other payables		**57,390**	(15,551)
(Decrease)/increase in sales and rental deposits received		**(24,583)**	8,154
Increase in deferred liabilities		**6,411**	32,009
Cash generated from operations		**277,462**	396,983
Interest received		**1,927**	6,193
Interest and other borrowing costs paid		**(11,484)**	(19,282)
Dividends paid		**(98,129)**	(225,121)
Dividends paid to minority shareholders		**(1,561)**	(85)
Dividends received from associates		**308**	3,984
Tax paid			
– Hong Kong Profits Tax paid		**(11,848)**	(64,275)
– Hong Kong Profits Tax refunded		**20,858**	9,354
– Overseas tax paid		**(2,644)**	(562)
Net cash generated from operating activities		**174,889**	107,189

	Note	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Investing activities			
Payment for purchase of investment properties		**–**	(1,063)
Payment for purchase of other fixed assets		**(264,996)**	(192,330)
Payment for redemption of share of minority shareholders		**–**	(4,737)
Proceeds from disposal of available-for-sale investments		**107**	276,246
Proceeds from disposal of other fixed assets		**464**	368
Increase in time deposits with maturity more than three months		**(58,848)**	–
Net cash (used in)/generated from investing activities		**(323,273)**	78,484
Financing activities			
Proceeds from new bank loans		**831,000**	3,998,000
Repayment of bank loans		**(706,000)**	(4,074,000)
Drawdown/(repayment) of advances from minority shareholders		**3,404**	(18,179)
Net cash generated from/(used in) financing activities		**128,404**	(94,179)
Net (decrease)/increase in cash and cash equivalents		**(19,980)**	91,494
Cash and cash equivalents at 1 April		**384,571**	292,098
Effect of foreign exchange rate changes		**4,275**	979
Cash and cash equivalents at 31 December/ 31 March		**368,866**	384,571
Analysis of the balances of cash and cash equivalents at 31 December/31 March			
Cash and bank balances	19	**427,714**	384,571
Less: Time deposits with maturity more than three months		**(58,848)**	–
		368,866	384,571

The notes on pages 72 to 135 form an integral part of these financial statements.

Notes to the Financial Statements

1 Change in financial year end date

Pursuant to announcement dated on 17 August 2009, the Company changed its financial year end date from 31 March to 31 December.

As a member of the conglomerate in which Henderson Land Development Company Limited is a central figure, which has already changed its financial year end date to 31 December, and in order to conform to the financial year end dates of the companies within the Group, including the year end date of 31 December of various PRC subsidiaries of the Company as required under relevant PRC law, and to facilitate the Company to prepare its consolidated financial statements, the Company changes its financial year end date from 31 March to 31 December.

Accordingly, the financial period under review covers a period of nine months from 1 April 2009 to 31 December 2009. The comparative figures (which cover a period of twelve months from 1 April 2008 to 31 March 2009) for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes are therefore not entirely comparable with those of the current period.

2 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the nine months ended 31 December 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 2(g)); and

– financial instruments classified as available-for-sale investments (see note 2(f)).

2 Significant accounting policies *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

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 major sources of estimation uncertainty are discussed in note 33.

(c) Subsidiaries and minority interests

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

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

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 and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period 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.

2 Significant accounting policies *(continued)*

(c) Subsidiaries and minority interests *(continued)*

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 2(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 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition, post-tax results of the associates for the period are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the consolidated statement of comprehensive income.

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, investments in associates are stated at cost less impairment losses (see note 2(j)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

2 Significant accounting policies *(continued)*

(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 arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(j)).

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 period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities

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

Investments in equity securities are initially stated at fair value, 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 2(j)).

Investments in equity securities 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 in other comprehensive income and accumulated separately in equity in the fair value reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(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 2(s)(v). When these investments are derecognised or impaired (see note 2(j)), the cumulative gain or loss is reclassified from equity to profit or loss.

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

2 Significant accounting policies *(continued)*

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the balance sheet at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time. 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 2(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 2(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 2(i).

(h) Other fixed assets

The following items of other fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(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 2(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.

2 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 2(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 2(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 2(g)) or is held for development for sale (see note 2(k)(ii)).

2 Significant accounting policies *(continued)*

(j) Impairment of assets

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

Investments in equity securities (other than investments in subsidiaries (see note 2(j)(ii)), 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 investments in associates recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

– 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 carried at cost are not reversed.

2 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

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

- 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.

- For available-for-sale investments, the cumulative loss that has been recognised in the fair value reserve is reclassified to 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 in other comprehensive income.

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.

Notes to the Financial Statements

2 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

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

– goodwill.

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

– Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs to sell 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 if 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.

2 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(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.

Notes to the Financial Statements

2 Significant accounting policies *(continued)*

(k) Inventories *(continued)*

(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 for sale
The cost of properties under development for sale 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 2(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

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

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

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(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 2(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 2(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.

2 Significant accounting policies *(continued)*

(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 period 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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, 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.

2 Significant accounting policies *(continued)*

(q) Income tax *(continued)*

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.

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.

2 Significant accounting policies *(continued)*

(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 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

2 Significant accounting policies *(continued)*

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 later of the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. 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 sheet 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.

(t) Translation of foreign currencies

Foreign currency transactions during the period 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.

2 Significant accounting policies *(continued)*

(t) Translation of foreign currencies *(continued)*

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 closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. 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 relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are 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 are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is 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;

(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.

2 Significant accounting policies *(continued)*

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Changes in accounting policies

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

– HKFRS 8, *Operating segments*

– HKAS 1 (revised 2007), *Presentation of financial statements*

– Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*

– Improvements to HKFRSs (2008)

– Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*

– HKAS 23 (revised 2007), *Borrowing costs*

3 Changes in accounting policies *(continued)*

The amendments to HKAS 23 had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 26(f) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- The "improvements to HKFRSs (2008)" comprise a number of minor amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:

  - As a result of amendments to HKAS 28, *Investments in associates*, impairment losses recognised in respect of the associates carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

3 Changes in accounting policies *(continued)*

– The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries and associates, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in additional to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4 Profit before taxation

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

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
(a) Finance costs		
Interest on bank advances and other borrowings repayable within five years	**8,949**	18,538
Other borrowing costs	**904**	1,333
	9,853	19,871
(b) Staff costs		
Contributions to defined contribution plan	**8,749**	13,552
Salaries, wages and other benefits	**216,112**	281,046
	224,861	294,598
(c) Others		
Auditors' remuneration	**3,540**	3,157
Net foreign exchange loss/(gain)	**796**	(812)
Net loss on disposal of other fixed assets	**6,087**	3,588
Rentals receivable from investment properties less direct outgoings of HK$34,387,000 (twelve months ended 31 March 2009: HK$45,047,000)	**(329,675)**	(438,154)
Operating lease charges: minimum lease payments – property rentals	**22,217**	22,517
Dividend income from listed securities	**(257)**	(495)
Bank interest income	**(1,921)**	(3,572)
Distribution from investment fund	**–**	(2,653)
Loss on liquidation of associates	**–**	5,097

5 Taxation in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period/year	**39,324**	53,665
Under/(over)-provision in respect of prior years	**31**	(2,967)
	39,355	50,698
Current tax – Overseas		
Provision for the period/year	**1,177**	635
Over-provision in respect of prior years	**(1,014)**	(13)
	163	622
Deferred tax		
Change in fair value of investment properties	**18,089**	(21,740)
Origination and reversal of temporary differences	**13,360**	1,930
	31,449	(19,810)
	70,967	31,510

Provision for Hong Kong Profits Tax is calculated at 16.5% (twelve months ended 31 March 2009: 16.5%) of the estimated assessable profits for the period.

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 nine months ended 31 December 2009 of HK$105,000 (twelve months ended 31 March 2009: HK$344,000) is included in the share of profits less losses of associates.

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

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

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Profit before taxation	**321,023**	187,480
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**50,098**	29,535
Tax effect of non-deductible expenses	**4,183**	12,631
Tax effect of non-taxable income	**(1,100)**	(4,446)
Tax effect of unused tax losses not recognised in the period/year	**21,051**	50
Tax effect of tax losses not recognised in prior years utilised this period/year	**(2,282)**	(3,280)
Over-provision in prior years	**(983)**	(2,980)
Actual tax expense	**70,967**	31,510

6 Directors' remuneration

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

	For the nine months ended 31 December 2009				
	Directors' fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contributions HK$'000**	**Total HK$'000**
Board of directors					
Dr Lee Shau Kee	38	37	–	–	75
Mr Woo Kim Phoe#	13	–	–	–	13
Mr Lee Ka Shing	38	–	–	–	38
Dr Patrick Fung Yuk Bun	38	112	–	–	150
Mr Dominic Cheng Ka On	38	112	–	–	150
Mr Richard Tang Yat Sun	38	37	–	–	75
Mr Colin Lam Ko Yin	38	–	–	–	38
Mr Eddie Lau Yum Chuen	38	–	–	–	38
Mr Tony Ng	38	–	–	–	38
Mr Norman Ho Hau Chong	38	–	–	–	38
Mr Howard Yeung Ping Leung	38	–	–	–	38
Mr Thomas Liang Cheung Biu	38	–	–	–	38
Mr Alexander Au Siu Kee	38	–	–	–	38
Independent non-executive directors					
Dr David Sin Wai Kin	38	150	–	–	188
Mr Wu King Cheong	38	150	–	–	188
Mr Timpson Chung Shui Ming	38	150	–	–	188
	583	748	–	–	1,331

Mr Woo Kim Phoe deceased on 6 July 2009.

6 Directors' remuneration *(continued)*

	For the twelve months ended 31 March 2009				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'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.

7 Individuals with the highest emoluments

No directors of the Company was included in the five individuals with the highest emoluments (twelve months ended 31 March 2009: one). Details of directors' emolument are disclosed in note 6. The aggregate of the emoluments in respect of the five (twelve months ended 31 March 2009: four) individuals is as follows:

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Salaries, allowances and benefits in kind	**7,076**	6,778
Discretionary bonuses	**–**	688
Retirement scheme contributions	**255**	228
	7,331	7,694

The emoluments of the five (twelve months ended 31 March 2009: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	For the nine months ended 31 December 2009	For the twelve months ended 31 March 2009
HK$0 – HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**3**	–
HK$1,500,001 – HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**–**	2
HK$2,500,001 – HK$3,000,000	**1**	–
	5	4

8 Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company includes a profit of HK$175,009,000 (twelve months ended 31 March 2009: HK$202,246,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

9 Dividends

(a) Dividends attributable to the period/year

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Interim dividend declared and paid of 13 cents per share (twelve months ended 31 March 2009: 15 cents per share)	**75,040**	86,585
Final dividend proposed after the balance sheet date of 10 cents per share (twelve months ended 31 March 2009: 17 cents per share)	**57,723**	98,129
	132,763	184,714

The interim dividend of HK$75,040,000 for the six months ended 30 September 2009 was paid in January 2010.

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 period/year

	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the period/year, of 17 cents per share (twelve months ended 31 March 2009: 24 cents per share)	**98,129**	138,536

10 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of HK$242,621,000 (twelve months ended 31 March 2009: HK$163,829,000) and 577,231,252 shares (twelve months ended 31 March 2009: 577,231,252 shares) in issue during the period.

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

11 Segment reporting

The Group manages its businesses by segments which are organised by business lines. On first-time adoption of HKFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property investment	:	The leasing of office and retail premises to generate rental income and to gain from the appreciation in properties' values in the long term
Property development and sales	:	The development, purchase and sale of commercial and residential properties
Hotel ownership and management	:	The operating of hotel and provision of hotel management services
Food and beverage operation	:	The operation of restaurants
Travel operation	:	The operation of travel agency services

The principal 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.

(a) Segment results and assets

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

Segment assets include all tangible and current assets with the exception of interest in associates, available-for-sale investments, deferred tax assets and other corporate assets. The Group does not provide information on segment assets to its senior executive management but such information has been disclosed as required by HKFRS 8.

11 Segment reporting *(continued)*

(a) Segment results and assets *(continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the nine months ended 31 December 2009 and twelve months ended 31 March 2009 is set out below.

	For the nine months ended 31 December 2009					
	Property investment HK$'000	Property development and sales HK$'000	Hotel ownership and management HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Total HK$'000
Revenue from external customers	364,062	–	210,344	124,130	604,855	1,303,391
Inter-segment revenue	–	–	1,532	3,233	–	4,765
Reportable segment revenue	364,062	–	211,876	127,363	604,855	1,308,156
Elimination of inter-segment revenue						(4,765)
Consolidated turnover						1,303,391
Reportable segment results (adjusted EBITDA)	310,073	(13,330)	28,717	(2,407)	15,746	338,799
Unallocated corporate expenses						(116,720)
						222,079
Finance costs						(9,853)
Share of profits less losses of associates						(55)
Provision for properties held for resale						(129)
Loss on disposal of available-for-sale investments						(205)
Net increase in fair value of investment properties	109,186	–	–	–	–	109,186
Consolidated profit before taxation						321,023

	At 31 December 2009					
	Property investment HK$'000	Property development and sales HK$'000	Hotel ownership and management HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Total HK$'000
Reportable segment assets	8,136,206	396,178	939,684	50,590	283,336	9,805,994
Interest in associates						7,495
Unallocated corporate assets						98,178
Consolidated total assets						9,911,667

11 Segment reporting *(continued)*

(a) Segment results and assets *(continued)*

	For the twelve months ended 31 March 2009					
	Property investment HK$'000	Property development and sales HK$'000	Hotel ownership and management HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Total HK$'000
Revenue from external customers	483,201	–	243,402	196,592	693,090	1,616,285
Inter-segment revenue	–	–	1,590	5,470	–	7,060
Reportable segment revenue	483,201	–	244,992	202,062	693,090	1,623,345
Elimination of inter-segment revenue						(7,060)
Consolidated turnover						1,616,285
Reportable segment results (adjusted EBITDA)	419,009	(6,013)	22,170	8,635	8,287	452,088
Unallocated corporate expenses						(114,624)
						337,464
Finance costs						(19,871)
Share of profits less losses of associates						13,106
Reversal of impairment of interest in associates						3,984
Provision for 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)
Consolidated profit before taxation						187,480

	At 31 March 2009					
	Property investment HK$'000	Property development and sales HK$'000	Hotel ownership and management HK$'000	Food and beverage operation HK$'000	Travel operation HK$'000	Total HK$'000
Reportable segment assets	8,009,420	412,680	668,213	33,249	248,883	9,372,445
Interest in associates						12,042
Unallocated corporate assets						87,504
Consolidated total assets						9,471,991

11 Segment reporting *(continued)*

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group non-current assets other than financial instruments and deferred assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the asset, in case of interest in associates, the location of operations.

	Revenue from external customers		Non-current assets	
	For the nine months ended 31 December 2009 HK$'000	For the twelve months ended 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
The Hong Kong Special Administrative Region	**1,267,694**	1,565,331	**8,444,020**	8,079,348
The People's Republic of China	**35,697**	50,954	**486,389**	474,095
	1,303,391	1,616,285	**8,930,409**	8,553,443

12 Fixed assets

(a) The Group

		Other fixed assets				
	Investment properties HK$'000	Hotel HK$'000	Leasehold land and buildings held for own use HK$'000	Others* HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2009	8,075,559	131,122	18,865	944,041	1,094,028	9,169,587
Additions	–	–	–	313,180	313,180	313,180
Disposals	–	–	–	(23,855)	(23,855)	(23,855)
Exchange adjustments	9,681	–	–	918	918	10,599
Surplus on revaluation	109,186	–	–	–	–	109,186
At 31 December 2009	8,194,426	131,122	18,865	1,234,284	1,384,271	9,578,697
Representing:						
Cost	–	131,122	18,865	1,234,284	1,384,271	1,384,271
Valuation – December 2009	8,194,426	–	–	–	–	8,194,426
	8,194,426	131,122	18,865	1,234,284	1,384,271	9,578,697
Accumulated depreciation and amortisation:						
At 1 April 2009	–	83,150	9,670	535,366	628,186	628,186
Charge for the period	–	1,200	137	42,726	44,063	44,063
Written back on disposals	–	–	–	(17,304)	(17,304)	(17,304)
Exchange adjustments	–	–	–	838	838	838
At 31 December 2009	–	84,350	9,807	561,626	655,783	655,783
Net book value:						
At 31 December 2009	8,194,426	46,772	9,058	672,658	728,488	8,922,914

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

Notes to the Financial Statements

12 Fixed assets *(continued)*

(a) The Group *(continued)*

	Investment properties HK$'000	Other fixed assets: Hotel HK$'000	Other fixed assets: Leasehold land and buildings held for own use HK$'000	Other fixed assets: Others* HK$'000	Other fixed assets: Sub-total HK$'000	Total HK$'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 – March 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.

12 Fixed assets *(continued)*

(b) The Company

	Investment properties HK$'000	Other fixed assets: Leasehold land and buildings held for own use HK$'000	Other fixed assets: Others* HK$'000	Other fixed assets: Sub-total HK$'000	Total HK$'000
Cost or valuation:					
At 1 April 2009	145,043	260	63,998	64,258	209,301
Additions	–	–	3,380	3,380	3,380
Disposals	–	–	(1,446)	(1,446)	(1,446)
Surplus on revaluation	12,815	–	–	–	12,815
At 31 December 2009	157,858	260	65,932	66,192	224,050
Representing:					
Cost	–	260	65,932	66,192	66,192
Valuation – December 2009	157,858	–	–	–	157,858
	157,858	260	65,932	66,192	224,050
Accumulated depreciation and amortisation:					
At 1 April 2009	–	210	41,345	41,555	41,555
Charge for the period	–	3	3,633	3,636	3,636
Written back on disposals	–	–	(1,446)	(1,446)	(1,446)
At 31 December 2009	–	213	43,532	43,745	43,745
Net book value:					
At 31 December 2009	157,858	47	22,400	22,447	180,305

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

Notes to the Financial Statements

12 Fixed assets *(continued)*

(b) The Company *(continued)*

	Investment properties HK$'000	Other fixed assets: Leasehold land and buildings held for own use HK$'000	Other fixed assets: Others* HK$'000	Other fixed assets: Sub-total HK$'000	Total HK$'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 – March 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.

12 Fixed assets *(continued)*

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

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Land and buildings in Hong Kong:				
– long term leases	**131,309**	124,209	**145**	145
– medium term leases	**7,690,870**	7,594,464	**157,973**	145,158
Land and buildings outside Hong Kong:				
– long term leases	**486,433**	471,685	**–**	–
– medium term leases	**35,580**	34,967	**–**	–
– short term leases	**221**	221	**–**	–
	8,344,413	8,225,546	**158,118**	145,303

(d) Investment properties of the Group and the Company were revalued at 31 December 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 6 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 period are HK$9,366,000 (twelve months ended 31 March 2009: HK$13,953,000).

(f) The gross carrying amounts of investment properties of the Group and the Company held for use in operating leases are HK$8,194,426,000 (at 31 March 2009: HK$8,075,559,000) and HK$157,858,000 (at 31 March 2009: HK$145,043,000) respectively.

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

12 Fixed assets *(continued)*

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

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Within 1 year	**326,905**	358,601	**5,278**	6,415
After 1 year but within 5 years	**264,473**	315,296	**2,962**	1,662
	591,378	673,897	**8,240**	8,077

13 Interest in subsidiaries

	The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000
Unlisted shares, at cost	**93,612**	93,612
Amounts due from subsidiaries	**4,231,591**	4,045,515
Amounts due to subsidiaries	**(1,247,360)**	(1,234,844)
	3,077,843	2,904,283
Less: Impairment loss	**(390,772)**	(392,905)
	2,687,071	2,511,378

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 HK$3,496,490,000 (at 31 March 2009: HK$3,295,237,000) and HK$15,840,000 (at 31 March 2009: HK$14,047,000) respectively, which are interest bearing with reference to the prevailing market rate.

13 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 2(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	HK$100	100	–	100	Property rental
Chitat Construction Limited	Hong Kong	The People's Republic of China	HK$10,000	100	99	1	Property rental
Contender Limited	Hong Kong	Hong Kong	HK$200,000	100	100	–	Hotel operation and property rental
East Dragon Resources Limited	Hong Kong	The People's Republic of China	HK$100	100	–	100	Property rental
Globe Century Development Limited	Hong Kong	Hong Kong	HK$10,000	100	100	–	Property rental
Grand City Resources Limited	Hong Kong	The People's Republic of China	HK$100	100	–	100	Property rental
Gourmet Enterprises Limited	Hong Kong	Hong Kong	HK$180,000	94.4	94.4	–	Property rental
How Good Investments Limited	Hong Kong	Hong Kong	HK$2	100	50	50	Property rental
How Light Investments Limited	Hong Kong	The People's Republic of China	HK$100,000	100	–	100	Property sale
Korngold Limited	Hong Kong	Hong Kong	HK$2	100	100	–	Property investment
Merry King Resources Limited	Hong Kong	Hong Kong	HK$1,000	97.5	–	97.5	Restaurant operation
Miramar Finance Limited	Hong Kong	Hong Kong	HK$100,000	100	100	–	Finance
Miramar Group (Corporate Funding) Co. Limited	Hong Kong	Hong Kong	HK$1,000	100	99	1	Finance

13 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	Percentage of equity: held by the Company	Percentage of equity: held by subsidiary	Principal activity
Miramar Hotel Management Company Limited	Hong Kong	Hong Kong	HK$10,000	100	100	–	Restaurant operation and hotel management
Miramar Hotel & Investment (Express) Limited	Hong Kong	Hong Kong	HK$10,000,000	100	100	–	Travel agency
Miramar Travel Limited	Hong Kong	Hong Kong	HK$13,000,000	53.8	53.8	–	Travel agency
The Pinesprop Limited	Hong Kong	Hong Kong	HK$1,000	100	100	–	Property investment
Profit Advantage Limited	Hong Kong	Hong Kong	HK$10,000	100	–	100	Investment holding
Prosperwell Properties Limited	Hong Kong	Hong Kong	HK$10,000	100	93	7	Property rental
Randall Resources Limited	Hong Kong	The People's Republic of China	HK$100	100	–	100	Property rental
Shahdan Limited	Hong Kong	Hong Kong	HK$200,000	100	100	–	Property rental
Strong Profit Resources Limited	Hong Kong	The People's Republic of China	HK$10,000	70	–	100	Property sale
Tsui Hang Village Restaurant Limited	Hong Kong	Hong Kong	HK$500,000	100	100	–	Restaurant operation
Warsaw Investments Limited	Hong Kong	Hong Kong	HK$10,000	100	100	–	Property rental
Wide Trade Investments Limited	Hong Kong	Hong Kong	HK$10,000	100	100	–	Property investment
World Eagle Resources Limited	Hong Kong	Hong Kong	HK$2	100	–	100	Restaurant operation
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.	The British Virgin Islands	The United States of America	US$38,133,285	88	–	88	Property development

13 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	Percentage of equity: held by the Company	Percentage of equity: held by subsidiary	Principal activity
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 7% (at 31 March 2009: 6%) and 2% (twelve months ended 31 March 2009: 2%) respectively of the related consolidated totals.

~ Wholly foreign-owned enterprise

^ Sino-foreign equity joint venture enterprise

14 Interest in associates

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Unlisted shares, at cost	**–**	–	**250**	250
Share of net assets	**16,810**	17,173	**–**	–
Amounts due from associates	**8,439**	12,173	**4,821**	7,019
Loans to associates	**48,971**	48,971	**–**	–
	74,220	78,317	**5,071**	7,269
Less: Impairment loss	**(66,725)**	(66,275)	**(4,813)**	(6,753)
	7,495	12,042	**258**	516

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

Notes to the Financial Statements

14 Interest in associates *(continued)*

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.

Name of company	Place of incorporation	Place of operation	Percentage of equity: Group's effective holding	Percentage of equity: held by the Company	Percentage of equity: 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 *	The 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
Restaurant Kanetanaka Company Limited *	Hong Kong	Hong Kong	24.98	24.98	–	Aircraft catering service
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.

14 Interest in associates *(continued)*

Summary of financial information on associates:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit/ (loss) HK$'000
For the nine months ended 31 December 2009					
Aggregate of associates' financial statements	**254,716**	**(194,525)**	**60,191**	**90,427**	**(182)**
Group's effective interest	**99,366**	**(82,556)**	**16,810**	**26,150**	**(55)**
For the twelve months ended 31 March 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

15 Available-for-sale investments

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Unlisted securities, at cost	**–**	313	**–**	–
Listed securities in Hong Kong *(Note)*	**16,716**	9,555	**11,780**	5,741
	16,716	9,868	**11,780**	5,741
Market value of listed securities	**16,716**	9,555	**11,780**	5,741

Note: An impairment loss of HK$10,320,000 was recognised for the twelve months ended 31 March 2009 which due to significant and prolonged decline in the fair value of the investments.

16 Properties under development for sale

The Group

	Outside Hong Kong on freehold land	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000
Cost:		
At 1 April	**242,253**	234,902
Movements during the period/year:		
Development expenditure:		
– provision for construction costs written back	**(4,053)**	(1,082)
– other expenses	**2,980**	8,433
	(1,073)	7,351
Cost:		
At 31 December/31 March	**241,180**	242,253

17 Inventories

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Consumable stores	**17,904**	12,682	**4,308**	3,023
Properties held for resale	**115,092**	112,713	**–**	–
	132,996	125,395	**4,308**	3,023

Properties held for resale of HK$115,092,000 (at 31 March 2009: HK$112,713,000) is net of a provision in order to state these properties at the lower of their cost and estimated net realisable value.

18 Trade and other receivables

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Trade receivables	**62,327**	45,242	**2,328**	1,655
Less: Allowance for doubtful debts	**(1,407)**	(1,637)	**–**	–
	60,920	43,605	**2,328**	1,655
Other receivables	**88,906**	75,924	**12,540**	9,749
	149,826	119,529	**14,868**	11,404

All of the trade and other receivables are expected to be recovered within one year except for the amount of HK$12,202,000 (at 31 March 2009: HK$12,171,000) which is expected to be recovered after more than 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	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
0 to 1 month	**35,091**	19,852	**1,213**	760
1 month to 2 months	**12,172**	9,214	**601**	244
Over 2 months	**13,657**	14,539	**514**	651
	60,920	43,605	**2,328**	1,655

The Group's credit policy is set out in note 26(a).

18 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 period/year, including both specific and collective loss components, is as follows:

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
At 1 April	**1,637**	1,860	**–**	37
Uncollectible amounts written off	**(230)**	(223)	**–**	(37)
At 31 December/31 March	**1,407**	1,637	**–**	–

At 31 December 2009, the Group's and the Company's trade receivables of HK$1,407,000 (at 31 March 2009: HK$1,637,000) and HK$Nil (at 31 March 2009: HK$Nil) 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 HK$1,407,000 (at 31 March 2009: HK$1,637,000) and HK$Nil (at 31 March 2009: HK$Nil) 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	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Neither past due nor impaired	**35,091**	19,852	**1,213**	760
Less than 1 month past due	**12,172**	9,214	**601**	244
1 to 2 months past due	**5,459**	5,735	**310**	431
Over 2 months past due	**8,198**	8,804	**204**	220
	25,829	23,753	**1,115**	895
	60,920	43,605	**2,328**	1,655

18 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.

19 Cash and bank balances

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Deposits with banks and other financial institutions	**116,031**	72,442	**–**	–
Cash at bank and in hand	**311,683**	312,129	**33,577**	9,360
	427,714	384,571	**33,577**	9,360

20 Trade and other payables

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Trade payables	**78,947**	56,961	**25,150**	15,664
Other payables	**209,139**	126,790	**52,493**	32,271
Amounts due to minority shareholders of subsidiaries	**152,038**	148,634	**–**	–
	440,124	332,385	**77,643**	47,935

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 HK$56,317,000 (at 31 March 2009: HK$55,494,000), which is interest bearing at 7.56% (at 31 March 2009: 7.56%) per annum.

20 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	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Due within 3 months or on demand	**76,038**	55,800	**24,605**	15,022
Due after 3 months but within 6 months	**2,909**	1,161	**545**	642
	78,947	56,961	**25,150**	15,664

21 Interest-bearing borrowings

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Current portion of long-term bank loans, unsecured and repayable within one year	**299,919**	201,906	**299,919**	–
Long-term bank loans, unsecured and repayable:				
– Within one year	**299,919**	201,906	**299,919**	–
– Between one and two years	**307,661**	197,842	**–**	197,842
– Between two and five years	**234,250**	317,473	**–**	–
	841,830	717,221	**299,919**	197,842
Less: Current portion of long-term bank loans	**(299,919)**	(201,906)	**(299,919)**	–
Non-current portion of long-term bank loans	**541,911**	515,315	**–**	197,842
Total interest-bearing borrowings	**841,830**	717,221	**299,919**	197,842

Interest on bank loans is charged at prevailing market rates.

Bank loans repayable within one year will be settled by re-financing or from the general working capital of the Group.

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 26(b). As at 31 December 2009 none of the covenants relating to drawn down facilities had been breached (at 31 March 2009: None).

22 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.

23 Taxation in the balance sheet

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

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Provision for Hong Kong Profits Tax for the period/year	**39,324**	53,665	**1,697**	2,039
Provisional Hong Kong Profits Tax paid	**(910)**	(39,833)	**(2,008)**	(423)
	38,414	13,832	**(311)**	1,616
Balance of Hong Kong Profits Tax payable/ (recoverable) relating to prior years	**14,551**	(9,231)	**–**	(7,614)
Overseas tax payable	**500**	2,980	**–**	–
	53,465	7,581	**(311)**	(5,998)
Representing:				
Tax recoverable	**(2,930)**	(22,477)	**(311)**	(5,998)
Tax payable	**56,395**	30,058	**–**	–
	53,465	7,581	**(311)**	(5,998)

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

23 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 period/year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Future benefit of tax loss HK$'000	Others HK$'000	Total HK$'000
Deferred tax arising from:					
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
At 1 April 2009	**96,052**	**1,038,554**	**(25,476)**	**(6,535)**	**1,102,595**
Charged/(credited) to profit or loss	**36,553**	**18,089**	**(20,764)**	**(2,429)**	**31,449**
Exchange adjustments	**231**	**870**	**–**	**49**	**1,150**
At 31 December 2009	**132,836**	**1,057,513**	**(46,240)**	**(8,915)**	**1,135,194**

23 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 period/year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
Deferred tax arising from:			
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
At 1 April 2009	**6,112**	**10,873**	**16,985**
Charged to profit or loss	**671**	**2,114**	**2,785**
At 31 December 2009	**6,783**	**12,987**	**19,770**

(iii)

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Net deferred tax assets recognised on the balance sheet	**(9,896)**	(14,455)	**–**	–
Net deferred tax liabilities recognised on the balance sheet	**1,145,090**	1,117,050	**19,770**	16,985
	1,135,194	1,102,595	**19,770**	16,985

23 Taxation in the balance sheet *(continued)*

(c) Deferred tax assets not recognised

The Group has not recognised deferred assets of HK$51,635,000 (at 31 March 2009: HK$28,577,000) in respect of accumulated tax losses of HK$221,975,000 (at 31 March 2009: HK$96,425,000) as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 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.

24 Retirement schemes

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

The Group operates the following principal schemes:

Defined contribution retirement schemes and Mandatory Provident Fund Scheme

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

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

During the period, the Group made a contribution of HK$9,408,000 (twelve months ended 31 March 2009: HK$13,478,000) 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 period, forfeited contributions of approximately HK$659,000 (twelve months ended 31 March 2009: HK$13,000) were utilised to reduce the Group's contributions. At the balance sheet date, there was no unutilised forfeited contribution available to reduce the contributions payable in the future (at 31 March 2009: HK$Nil).

25 Total equity

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the period are set out below:

The Company

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	404,062	287,628	1,019,874	300,000	(4,726)	460,119	2,466,957
Final dividends approved in respect of the previous year (note 9(b))	–	–	–	–	–	(138,536)	(138,536)
Interim dividends declared in respect of the current year (note 9(a))	–	–	–	–	–	(86,585)	(86,585)
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
At 31 March 2009	404,062	287,628	1,019,874	300,000	–	437,244	2,448,808
At 1 April 2009	**404,062**	**287,628**	**1,019,874**	**300,000**	**–**	**437,244**	**2,448,808**
Final dividends approved in respect of the previous year (note 9(b))	**–**	**–**	**–**	**–**	**–**	**(98,129)**	**(98,129)**
Interim dividends declared in respect of the current period (note 9(a))	**–**	**–**	**–**	**–**	**–**	**(75,040)**	**(75,040)**
Change in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**6,039**	**–**	**6,039**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**175,009**	**175,009**
At 31 December 2009	**404,062**	**287,628**	**1,019,874**	**300,000**	**6,039**	**439,084**	**2,456,687**

25 Total equity *(continued)*

(b) Share capital

	At 31 December 2009 No. of shares	At 31 December 2009 Amount HK$'000	At 31 March 2009 No. of shares	At 31 March 2009 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.70 each	**700,000,000**	**490,000**	700,000,000	490,000
Issued and fully paid:				
Ordinary shares of HK$0.70 each	**577,231,252**	**404,062**	577,231,252	404,062

(c) 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 2(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 2(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 December 2009 were HK$11,076,000 (at 31 March 2009: HK$10,713,000).

25 Total equity *(continued)*

(c) 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 2(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 December 2009, calculated in accordance with section 79B of the Hong Kong Companies Ordinance, amounted to HK$673,353,000 (at 31 March 2009: HK$682,214,000).

After the balance sheet date, the directors proposed a final dividend of 10 cents per share (twelve months ended 31 March 2009: 17 cents per share) amounting to HK$57,723,000 (twelve months ended 31 March 2009: HK$98,129,000). This dividend has not been recognised as a liability at the balance sheet date.

(d) 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.

25 Total equity *(continued)*

(d) Capital management *(continued)*

The net debt-to-equity ratios at balance sheet date are as follows:

		The Group	
	Note	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Interest-bearing borrowings	21	**841,830**	717,221
Interest-bearing amounts due to minority shareholders of subsidiaries	20	**56,317**	55,494
Less: Cash and bank balances	19	**(427,714)**	(384,571)
Net debts		**470,433**	388,144
Shareholders' equity		**7,092,066**	7,003,420
Net debt-to-shareholders' equity ratio		**6.6%**	5.5%

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

26 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 and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practice s 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 bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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

(a) Credit risk *(continued)*

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 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 December 2009 is summarised in note 18.

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.

(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.

Notes to the Financial Statetments

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

(b) Liquidity risk *(continued)*

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 HK$'000	Total HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 December 2009					
Trade and other payables	**288,086**	**288,086**	**288,086**	**–**	**–**
Amounts due to minority shareholders of subsidiaries	**152,038**	**152,038**	**152,038**	**–**	**–**
Interest-bearing borrowings	**841,830**	**856,176**	**306,738**	**311,718**	**237,720**
Sales and rental deposits received	**79,935**	**79,935**	**79,935**	**–**	**–**
Dividend payable	**75,040**	**75,040**	**75,040**	**–**	**–**
Deferred liabilities	**95,327**	**95,327**	**–**	**63,094**	**32,233**
	1,532,256	**1,546,602**	**901,837**	**374,812**	**269,953**
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

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

(b) Liquidity risk *(continued)*

The Company

	Carrying amount HK$'000	Contractual undiscounted cash flow Total HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 December 2009					
Trade and other payables	**77,643**	**77,643**	**77,643**	**–**	**–**
Deposits received	**2,214**	**2,214**	**2,214**	**–**	**–**
Interest-bearing borrowings	**299,919**	**301,354**	**301,354**	**–**	**–**
Dividend payable	**75,040**	**75,040**	**75,040**	**–**	**–**
Deferred liabilities	**1,205**	**1,205**	**–**	**1,002**	**203**
	456,021	**457,456**	**456,251**	**1,002**	**203**
Financial guarantees issued: – Maximum amount guaranteed *(note 29)*	**–**	**546,000**	**546,000**	**–**	**–**
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	–
Financial guarantees issued: – Maximum amount guaranteed *(note 29)*	–	523,000	523,000	–	–

26 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			
	At 31 December 2009		At 31 March 2009		**At 31 December 2009**		At 31 March 2009	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000	**Effective interest rate**	**HK$'000**	Effective interest rate	HK$'000
Floating rate borrowings								
Bank loans	**0.51% – 1.19%**	**841,830**	0.35% – 2.65%	717,221	**0.51% – 0.85%**	**299,919**	0.35% – 1.37%	197,842
Amount due to a minority shareholder of a subsidiary	**7.56%**	**56,317**	7.56%	55,494	**–**	**–**	–	–
Total borrowings		**898,147**		772,715		**299,919**		197,842

(ii) Sensitivity analysis

At 31 December 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 HK$1,864,000 (at 31 March 2009: HK$1,600,000) and HK$626,000 (at 31 March 2009: HK$413,000) 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 the twelve months ended 31 March 2009.

26 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 December 2009, it is estimated that an increase/decrease of 5% (at 31 March 2009: 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 HK$837,000 (at 31 March 2009: HK$478,000) and HK$590,000 (at 31 March 2009: HK$287,000) respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's and the Company's profit after tax (and retained profits) and other components of consolidated equity 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 the twelve months ended 31 March 2009.

(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 December 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.

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

(f) Fair values estimation

(i) Financial instruments carried at fair value

The following tables present the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market date.

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

The Group

	At 31 December 2009			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Available-for-sale investments:				
– Listed securities in Hong Kong	**16,716**	**–**	**–**	**16,716**

The Company

	At 31 December 2009			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Available-for-sale investments:				
– Listed securities in Hong Kong	**11,780**	**–**	**–**	**11,780**

During the period, there were no transfers between instruments in Level 1 and Level 2.

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

(f) Fair values estimation *(continued)*

(ii) Fair values of financial instruments carried at other than fair value

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 December 2009 and 31 March 2009. 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.

27 Capital commitments

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

	The Group	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000
Future expenditure relating to properties:		
Contracted for	**229,758**	261,622
Authorised but not contracted for	**1,342**	–
	231,100	261,622

28 Operating lease commitments

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

	The Group		The Company	
	At 31 December 2009 HK$'000	At 31 March 2009 HK$'000	**At 31 December 2009 HK$'000**	At 31 March 2009 HK$'000
Within 1 year	**19,308**	14,374	**4,534**	706
After 1 year but within 5 years	**42,918**	27,335	**–**	–
After 5 years	**2,444**	–	**–**	–
	64,670	41,709	**4,534**	706

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.

29 Contingent liabilities

The Company has given guarantees in respect of banking facilities of certain wholly owned subsidiaries to the extent of HK$1,086,000,000 (at 31 March 2009: HK$1,086,000,000). The banking facilities were utilised to the extent of HK$546,000,000 (at 31 March 2009: HK$523,000,000) at 31 December 2009. As at balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees.

30 Material related party transactions

(a) The Group incurred a fee of HK$1,022,000 (twelve months ended 31 March 2009: HK$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 period.

The Group's travel division provides agency services to certain subsidiaries and associates of its major shareholder amounted to HK$12,032,000 (twelve months ended 31 March 2009: HK$24,956,000) in respect of air ticket booking, hotel accommodation and hire car services under similar terms it provides to other customers.

The amounts due to these companies at the period end amounted to HK$1,122,000 (at 31 March 2009: HK$533,000).

(b) The Group provides hotel management services to certain associates which run hotel operations in the People's Republic of China. Total management fees received/receivable for the period amounted to HK$1,902,000 (twelve months ended 31 March 2009: HK$3,156,000) which were calculated at a certain percentage of the respective associates' revenue for the period. The net amounts due from these associates at the period end amounted to HK$1,590,000 (at 31 March 2009: HK$3,308,000).

30 Material related party transactions *(continued)*

(c) During the period, the Group entered into management agreements with certain affiliated companies of its major shareholder for the provision of management service to a service apartment in Hong Kong under normal commercial terms. The management fee was calculated at a certain percentage of revenue generated from that service apartment for the period the service provided. Total management fees for the period received/receivable amounted to HK$6,879,000 (twelve months ended 31 March 2009: HK$Nil). Out of this total received/receivable amount, HK$6,038,000 was the management fee generated from the said management service rendered to this service apartment in prior years. The net amounts due from these companies at the period end amounted to HK$4,209,000 (at 31 March 2009: HK$5,110,000).

(d) The Company and its wholly-owned subsidiaries received net repayment of balances due from certain associates totalling HK$190,000 (twelve months ended 31 March 2009: HK$23,499,000) during the period. Such balances are unsecured, interest-free and have no fixed terms of repayment. The amounts due from these associates at the period end amounted to HK$54,581,000 (at 31 March 2009: HK$54,771,000).

(e) The Group entered into a lease agreement with a subsidiary of its major shareholder for the leasing of Shop 2004, 2/F, Miramar Shopping Centre under the normal commercial terms. Total rental and building management fee received/receivable for the period amounted to HK$1,616,000 (twelve months ended 31 March 2009: HK$1,840,000). The amount due from this subsidiary at the period end amounted to HK$6,000 (at 31 March 2009: HK$294,000). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(f) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of 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 period amounted to HK$8,844,000 (twelve months ended 31 March 2009: HK$11,962,000) including contingent rental of HK$41,000 (twelve months ended 31 March 2009: HK$273,000). There was no balance due from/to that associate at the period end (at 31 March 2009: HK$Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(g) The Group entered into lease agreements with an associate of its major shareholders for the leasing of Office Units 1801-02 and 1817-18, 18/F, Miramar Tower under normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$2,217,000 (twelve months ended 31 March 2009: HK$2,961,000). The amount due from that associate at period end amounted to HK$2,000 (at 31 March 2009: HK$3,000). Such transaction is considered to be related party transactions and also constitutes continuing connected transactions as defined under the Listing Rules.

(h) The Group entered into lease agreements with a subsidiary of its major shareholder for the leasing of Shop 503A, 503B and 503C, 5/F., Miramar Shopping Centre and Office Units 609-12, 6/F., Miramar Tower under normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$9,827,000 (twelve months ended 31 March 2009: HK$11,318,000). The amount due from this company at period end amounted to HK$1,006,000 (at 31 March 2009: HK$106,000). Such transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules.

30 Material related party transactions *(continued)*

(i) The Group entered into a lease agreement with an associate of its major shareholder for the leasing of Shop 3013, Portion of Podium Roof and Fan Room, 3/F., Miramar Shopping Centre under normal commercial terms. Total rental and building management fee received/receivables for the period amounted to HK$7,150,000 (twelve months ended March 2009: HK$6,071,000). The amount due from this company at period end amounted to HK$751,000 (at 31 March 2009: HK$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.

(j) The Group received security services from a subsidiary of its major shareholder under the normal commercial terms. Total service fee for the period amounted to HK$2,953,000 (twelve months ended 31 March 2009: HK$3,978,000). The amount due to this company at the period end amounted to HK$39,000 (at 31 March 2009: HK$Nil). Such transaction is considered to be a related party transaction and also constitutes a continuing connected transaction as defined under the Listing Rules.

(k) During the period, the remuneration for the directors and the key management personnel of the Group amounted to HK$9,757,000 (twelve months ended 31 March 2009: HK$17,161,000) as disclosed in notes 6 and 7. The remuneration of directors and senior management is determined by the Remuneration Committee having regard to the performance and responsibilities of individuals and market trends.

31 Post balance sheet events

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

32 Comparative figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements,* and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time during the period. Further details of these developments are disclosed in note 3.

33 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, 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 fair value, which are assessed by independent firm of professional 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 other fixed assets

The Group depreciates other fixed assets in accordance with depreciation policy as set out in note 2(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.

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

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 firm of professional 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.

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.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 31 December 2009

Up to the date of issue of these financial statements, the HKICPA has issued certain amendments, new standards and Interpretations which are not yet effective for the nine months ended 31 December 2009 and which have not been adopted in these financial statements. Of these, the following developments are relevant to the Group's financial statements:

	Effective for accounting periods beginning on or after
HKFRS 3 (Revised), *Business combinations*	1 July 2009
Amendments to HKAS 27, *Consolidated and separate financial statements*	1 July 2009
Improvements to HKFRSs 2009	1 July 2009 or 1 January 2010

The Group is in the process of making an assessment of what the impact of these amendments 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.

Group's Five-year Financial Summary

	For the nine months ended 31 December 2009 HK$'M	For the twelve months ended 31 March 2009 HK$'M	2008 HK$'M	2007 HK$'M	2006 HK$'M
Results					
Turnover	**1,303**	1,616	1,588	1,434	1,663
Profit attributable to shareholders	**243**	164	783	688	1,169
Assets and liabilities					
Fixed assets	**8,923**	8,541	8,503	7,891	7,422
Interest in associates	**7**	12	4	3	7
Available-for-sale investments	**17**	10	16	35	29
Deferred tax assets	**10**	14	9	16	17
Net current assets	**3**	225	280	476	306
Total assets less current liabilities	**8,960**	8,802	8,812	8,421	7,781
Long term liabilities	**(542)**	(515)	(514)	(751)	(696)
Deferred liabilities	**(95)**	(89)	(57)	(69)	(70)
Deferred tax liabilities	**(1,145)**	(1,117)	(1,129)	(1,109)	(1,024)
	7,178	7,081	7,112	6,492	5,991
Capital and reserves					
Share capital	**404**	404	404	404	404
Reserves	**6,688**	6,599	6,631	6,023	5,536
Total equity attributable to shareholders of the Company	**7,092**	7,003	7,035	6,427	5,940
Minority interests	**86**	78	77	65	51
	7,178	7,081	7,112	6,492	5,991
	HK$	HK$	HK$	HK$	HK$
Per share					
Earnings	**0.42**	0.28	1.36	1.19	2.03
Dividends attributable to the period/year	**0.23**	0.32	0.39	0.39	0.39
Net asset value	**12.44**	12.27	12.32	11.25	10.38

Group Properties

At 31 December 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
Commercial Unit, Ground Floor Block K, Bedford Gardens 151-173 Tin Hau Temple Road North Point	Portion of IL8430	Commercial	Long	100

Group Properties

At 31 December 2009

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

Location	Lot number	Use	Lease	Group's interest (%)
In Hong Kong *(continued)*				
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
14 Car Parking Spaces on G/F Chi Lan Yuen 173 Argyle Street, Kowloon	Portion of KIL4194	Car parking	Long	100
Basement, South China Building, No.1 Wyndham Street Hong Kong	Portion of Sections K and L of IL80	Commercial	Long	100

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

Location	Lot number	Use	Lease	Group's interest (%)
Outside Hong Kong				
Flat A, 1/F., Block 2 Crystal Garden Shekou Special Industrial Zone, Shenzhen The People's Republic of China	Portion of 102 in Shekou Special Industrial Zone	Residential	Short	100
Level 4 of Miramar Shopping Arcade in Guang Fat Gardens 496 Huan Shi Dong Lu Guangzhou Guangdong Province The People's Republic of China	–	Commercial	Medium	100
Flat Nos. 403 and 503, Block 1, 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
Level 1, portion of Level 2, portion of Level 3 and Basement Level of the Commercial Podium of Shang-Mira Garden Hongqiao Road Shanghai The People's Republic of China	–	Commercial	Long	51.4

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the "Meeting") of the Company will be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 22 June 2010 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 nine months ended 31 December 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, 15 April 2010

Notice of Annual General Meeting

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 Tuesday, 15 June 2010 to Tuesday, 22 June 2010, 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 Monday, 14 June 2010.

(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 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
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