2009
Annual Report 年報

爪哇集團
SEA Group

與時創建
Building with the times

Stock Code 股份代號：251

Directory

Directors

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Director

Mr. Lam Sing Tai

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

Audit Committee

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Remuneration Committee

Mr. Chung Pui Lam *(Chairman)*
Mr. Lu Wing Chi
Mr. Lambert Lu
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Authorised Representatives

Mr. Lambert Lu
Mr. Kwok Siu Man, Seaman

Company Secretary

Mr. Kwok Siu Man, Seaman

Legal Advisers

Stephenson Harwood
Conyers Dill & Pearman

Independent Auditor

Deloitte Touche Tohmatsu

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Dah Sing Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

26/F., Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
Fax: (852) 2598 6861
E-mail: info@seagroup.com.hk

Branch Registrars in Hong Kong

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

Listing

The shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

Stock Code and Board Lot

251/2,000

The shares of Asian Growth Properties Limited, a subsidiary of the Company, are admitted for trading on the AIM Market of London Stock Exchange plc.

Website

www.seagroup.com.hk

Cover Photo: Crowne Plaza Hong Kong Causeway Bay, the Group's 5-star hotel

Contents

Financial Highlights

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
Revenue	**530.7**	1,581.0	2,198.8	1,060.2	940.2
Profit for the year before minority interests	**1,152.9**	112.0	1,112.9	926.2	1,149.1
Minority interests	**(30.3)**	(48.7)	(147.4)	(134.9)	(76.8)
Profit for the year attributable to the Company's shareholders	**1,122.6**	63.3	965.5	791.3	1,072.3

ASSETS AND LIABILITIES

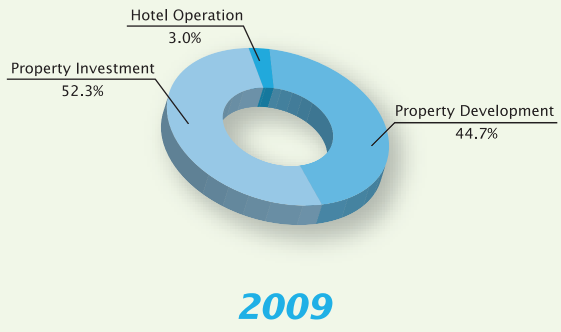
	At 31 December				
	2009	2008	2007	2006	2005
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
Total assets	**12,447.3**	10,674.9	11,000.1	9,898.0	8,701.1
Total liabilities	**(4,813.7)**	(4,115.0)	(4,541.9)	(4,171.8)	(3,586.0)
Minority interests	**(266.3)**	(236.0)	(272.4)	(533.5)	(760.7)
Equity attributable to the Company's shareholders	**7,367.3**	6,323.9	6,185.8	5,192.7	4,354.4

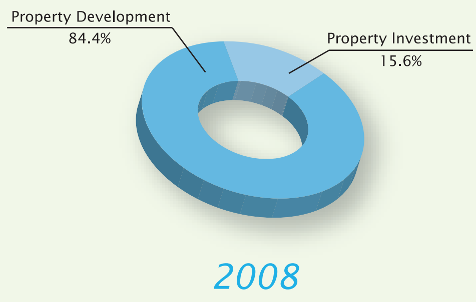
PERFORMANCE DATA (PER SHARE)

	2009	2008	2007	2006	2005
	HK$	HK$	HK$	HK$	HK$
Basic earnings for profit attributable to the Company's shareholders	**1.74**	0.10	1.62	1.39	2.05
Basic earnings excluding fair value changes on properties net of deferred tax	**0.06**	0.52	0.46	0.40	0.12
Dividends declared	**0.11**	0.10	0.14	0.12	0.10
Net asset value attributable to the Company's shareholders	**11.38**	9.63	10.26	8.91	7.94

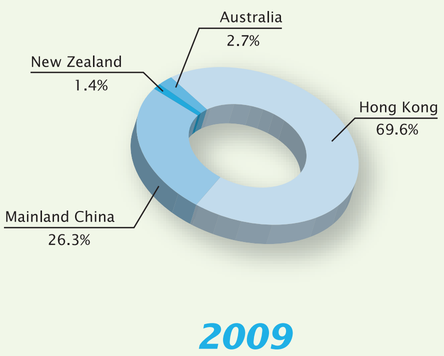
Financial Highlights

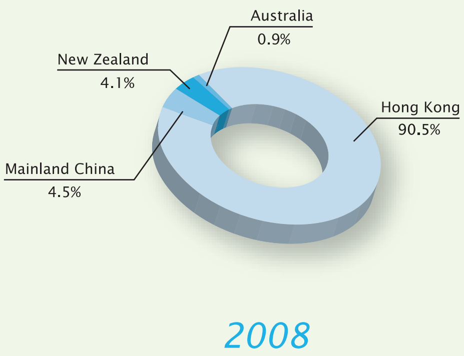
Segment Revenue (for External Sales)





Revenue from External Customers by Geographical Location of Properties





Property Portfolio

As at 31 December 2009

Particulars of Investment Properties:

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Dah Sing Financial Centre	108 Gloucester Road, Wanchai	30th June, 2047	Commercial/ Office	37,171 and 164 car-parking spaces	97.2
The Morrison*	G/F., 1/F. and 2/F., 28 Yat Sin Street, Wanchai	11th February, 2050	Commercial/ Retail	1,651	97.2
MAINLAND CHINA					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6th October, 2063	Commercial/ Office	91,455 (including car-parking floors)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23rd May, 2050	Office	16,112	97.2
Commercial podium in Zone B and car-parking spaces on Basements 2 and 3, New Century Plaza	No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province	18th May, 2063	Commercial	19,261 (including car-parking spaces)	97.2

* *Held for Sale*

Dah Sing Financial Centre

New Century Plaza

The Morrison

Plaza Central

Property Portfolio

Particulars of Properties Held for Sale:

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Royal Green	18 Ching Hiu Road, Sheung Shui, New Territories	Completed	Residential	260 and 5 car-parking spaces	53.4
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential	303	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential/ Commercial	4,870 and 49 private car-parking spaces and 4 motorcycle spaces	97.2
MAINLAND CHINA					
Westmin Plaza Phase II	48–58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	46,512 (including car-parking floors)	97.2
NEW ZEALAND					
Man Street Carpark	12-26 Man Street, Queenstown	Completed	Carpark	530 car-parking spaces	100
Kaikainui Block	Harewood, Christchurch	Completed	Residential	10,915	34.1
Clearwater Resort	Harewood, Christchurch	Completed	Commercial	5,410	34.1

Royal Green

The Forest Hills

Westmin Plaza Phase II

Property Portfolio

Particulars of Hotel Building:

Name of Project	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay	6th November, 2049	Hotel	14,945	97.2

Particulars of Development Properties/Properties under Development:

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)	Group's Interest (%)
HONG KONG						
Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744	1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories	Planning stage	Beyond 2012	Residential/ Commercial	20,092	97.2
MAINLAND CHINA						
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Beyond 2011	Tourist leisure facilities	333,500	88.4
The Redbud City (Phase I)	Ti Yu North Road, Leiyang City, Hunan Province	Superstructure works in progress	2011	Residential	45,000 (Gross Floor Area)	48.6
NEW ZEALAND						
Clearwater Resort	Harewood, Christchurch	Planning stage	Late 2011	Residential	210,653	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Late 2012	Residential	356,505	55.0
Waterside Business Centre	Favona, Auckland	Planning stage	Early 2012	Commercial	62,952	100

Directors' Biographical Information

Executive Directors

MR. LU WING CHI

Mr. Lu Wing Chi, aged 63, joined the Group in 1969 and is the Chairman and Managing Director of the Company and a member of both of its Executive Committee and Remuneration Committee. He is also an executive director of Asian Growth Properties Limited, a subsidiary of the Company listed in London and holds directorships in a number of the members of the Group. In addition, he was a director of Trans Tasman Properties Limited, another subsidiary of the Company which was privatised by the Group and delisted in New Zealand in April 2007. He is also a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). He has over 40 years of experience in property development and investment in Hong Kong and overseas as well as godown and factory operations. To date, Mr. Lu continues to steer and chart the Group's development direction and strategies.

Mr. Lu is the son of Mr. Lu Chu Mang, the founder of the Group, and the father of Mr. Lincoln Lu and Mr. Lambert Lu, both Executive Directors of the Company and a cousin of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

MR. LU WING YUK, ANDREW

Mr. Lu Wing Yuk, Andrew, aged 63, has acted as an Executive Director of the Company since 1989. He is a member of the Executive Committee of the Company and a director of Chengdu Huashang House Development Co., Ltd., a principal subsidiary of the Company. Having about 40 years of experience in the textile industry and international trading, he is the managing director of Kian Nan Trading Company Limited.

Mr. Lu is a cousin of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company and an uncle of Mr. Lincoln Lu and Mr. Lambert Lu, both Executive Directors of the Company. He did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

MR. LINCOLN LU

Mr. Lincoln Lu, aged 35, joined the Group in 1998 and was appointed an Executive Director of the Company in December 2003. He is presently a member of the Executive Committee of the Company. He is also a director of various members of the Group and is primarily responsible for the Group's hotel and project management operations. In addition, he is a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). Mr. Lu is a member of the Sichuan Committee of Chinese People's Political Consultative Conference. He holds a Bachelor of Arts degree from the University of British Columbia in Canada.

Mr. Lu is a son of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company, the elder brother of Mr. Lambert Lu, Executive Director of the Company and a nephew of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. He did not hold any directorship in other listed public companies in the last three years.

MR. LAMBERT LU

Mr. Lambert Lu, aged 33, joined the Group in 1999 and was appointed an Executive Director of the Company in December 2003. He is a member of both the Executive Committee and Remuneration Committee of the Company. Mr. Lu is an executive director of Asian Growth Properties Limited, a subsidiary of the Company listed in London and also holds a number of directorships in the Company's Hong Kong and overseas subsidiaries. In addition, he is a director of Nan Luen International Limited (the Company's controlling shareholder) and JCS Limited (the former's immediate holding company). He is a General Committee member of The Chamber of Hong Kong Listed Companies. Mr. Lu gained his Bachelor's degree in Statistics and Economics from the University of British Columbia in Canada. He furthered his postgraduate business studies at the Tsinghua School of Economics and Management, Tsinghua University in China.

Mr. Lu is a son of Mr. Lu Wing Chi, the Chairman and Managing Director of the Company, the brother of Mr. Lincoln Lu, Executive Director of the Company and a nephew of Mr. Lu Wing Yuk, Andrew, Executive Director of the Company. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

Non-executive Director

MR. LAM SING TAI

Mr. Lam Sing Tai, aged 63, joined the Group in 1973 and was appointed a Non-executive Director of the Company in April 2006. He has over 35 years of solid experience in property development and investment. He is currently the General Manager of South-East Asia Investment And Agency Company, Limited, a principal wholly-owned subsidiary of the Company and a director of various members of the Group. Mr. Lam is primarily responsible for the sales and marketing matters of the Group's properties in Hong Kong and mainland China.

Mr. Lam did not hold any directorship in other listed public companies in the last three years.

Independent Non-executive Directors

MR. WALUJO SANTOSO, WALLY

Mr. Walujo Santoso, Wally, aged 56, has acted as an Independent Non-executive Director of the Company since December 1994 and is a member of both the Audit Committee and Remuneration Committee of the Company. He is also the managing director of Grand Ocean (International) Limited. He has over 30 years of experience in international trading and manufacturing and holds a Diploma in Accounting.

Mr. Santoso did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

MR. LEUNG HOK LIM

Mr. Leung Hok Lim, *FCPA(Aust.), CPA(Macau), FCPA(Practising),* aged 74, has acted as an Independent Non-executive Director of the Company since February 1999 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Mr. Leung is the founding and senior partner of PKF, Accountants and Business Advisers. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited and an independent non-executive director of a number of listed companies in Hong Kong, namely Fujian Holdings Limited, High Fashion International Limited, Phoenix Satellite Television Holdings Limited, Yangtzekiang Garment Limited and YGM Trading Limited. Mr. Leung was an independent non-executive director of Bright International Group Limited and Theme International Holdings Limited, both listed companies in Hong Kong until his resignation on 31st December, 2008 and 26th November, 2009 respectively.

Save as disclosed above, Mr. Leung did not hold any directorship in other listed public companies in the last three years.

MR. CHUNG PUI LAM

Mr. Chung Pui Lam, *SBS, OBE, JP,* aged 69, has acted as an Independent Non-executive Director of the Company since September 2004 and is a practising solicitor in Hong Kong. He is presently the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He is also a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of Datronix Holdings Limited, both listed companies in Hong Kong. In addition, Mr. Chung is serving as members on several advisory committees of the Government of the Hong Kong Special Administrative Region.

Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Directors' Biographical Information

Save for the information set out above, there is no information of the Directors of the Company to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), nor are there any other matters that need to be brought to the attention of the shareholders of the Company. Further, each of the Non-executive Directors and Independent Non-executive Directors of the Company is not connected with any Directors, senior management or substantial or controlling shareholders of the Company.

Change of Directors' Biographical Information

Change in Directors' biographical information during the year under review and/or with effect from 1st January, 2010 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

(1) Mr. Lam Sing Tai has resigned as Director of South-East Asia Investment And Agency Company, Limited, a principal wholly-owned subsidiary of the Company with effect from 15th December, 2009; and

(2) for other particulars, please refer to the section headed "Directors' Service Contracts" in the Directors' Report.

Chairman's Statement

I have pleasure in presenting below the audited 2009 consolidated results of S E A Holdings Limited (the "Company") to the shareholders.

Financial Summary

Turnover for the year ended 31st December, 2009 amounted to HK$530.7 million (2008: HK$1,581.0 million). The turnover comprised principally the recognised sales of residential units of both The Forest Hills in Hong Kong and Westmin Plaza Phase II in Guangzhou and the increased rental contributions from Dah Sing Financial Centre in Hong Kong and Plaza Central in Chengdu owing to the improved occupancy.

Profit attributable to the Company's shareholders for the year amounted to HK$1,122.6 million (2008: HK$63.3 million), equivalent to basic earnings per share of HK$1.74 (2008: HK$0.10). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding such net revaluation surplus, the Group's net profit attributable to the Company's shareholders was HK$38.8 million (2008: HK$334.4 million), equivalent to basic earnings per share of HK$0.06 (2008: HK$0.52).

As at 31st December, 2009, the Group's equity attributable to the Company's shareholders amounted to HK$7,367.3 million (2008: HK$6,323.9 million). The net asset value per share as at 31st December, 2009 was HK$11.38 as compared with HK$9.63 as at 31st December, 2008.

Dividend

The Board has resolved to recommend for shareholders' approval at the forthcoming 2010 Annual General Meeting the payment of a final dividend of HK6 cents per share for the year ended 31st December, 2009 (2008: HK5 cents) on Thursday, 3rd June, 2010 to the shareholders of the Company whose names appear on the Hong Kong Branch Register of Members at the close of business on Thursday, 27th May, 2010.

Together with the interim dividend of HK5 cents per share already paid (2008: HK5 cents), the total dividend for the year will be HK11 cents per share (2008: HK10 cents). At the date of this statement, the total final dividend, as recommended, amounts to about HK$38.9 million (2008: HK$32.1 million). Such total amount will be increased by a maximum of HK$1.9 million if additional ordinary shares are issued upon the exercise by the relevant holders of all their outstanding share options before the fixed period of closure of the Hong Kong Branch Register of Members commencing on 20th May, 2010.

Chairman's Statement

Club@28, the rooftop wine and snacks bar of Crowne Plaza Hong Kong Causeway Bay

Business Review

During 2009, the Group continued to develop and manage property projects in Hong Kong and mainland China. Occupancy rates in these regions increased during the year with occupancy across all the Groups' office and commercial properties at high levels. Dah Sing Financial Centre in Hong Kong performed well with a pleasing increase in rental income. New Century Plaza in mainland China recorded 100% occupancy.

Units in residential developments continue to be marketed with steady sales results. The Group also took the opportunity in a strong market to sell two investment properties, namely a shop in the Excelsior Plaza and an office floor at 9 Queen's Road Central, both in Hong Kong. The sale of the commercial podium of The Morrison has recently been completed.

The development of the Crowne Plaza Hong Kong Causeway Bay was completed during the year. The Hotel commenced operations in November 2009 and the results at its initial stage of operations are within our expectations. We expect its future positive contribution to the Group.

The Group continued the strategy to sell the remaining properties in New Zealand. During 2009, the Group successfully disposed of the investment properties in Clearwater and certain developed properties in Kaikainui.

Property Investment and Development

The Company through Asian Growth Properties Limited, its 97.17% owned subsidiary whose issued shares are admitted for trading on the AIM Market of London Stock Exchange Plc., holds the following property developments and investment projects in Hong Kong and mainland China:

Hong Kong

1. *Dah Sing Financial Centre, Gloucester Road, Wanchai*

   The 39-storey commercial building includes offices and shops (total gross floor area of about 37,200 square metres) and with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. A satisfactory increase in gross rental income from the Dah Sing Financial Centre was recorded in 2009. During the year, the occupancy rate stayed at a high level and it was 98.7% at 31st December, 2009 with the average monthly rental rate increasing by about 4% owing to higher reversionary rental rate.

   This Centre was presented the Best Commercial Building Award 2008 by the Hong Kong Property Management Division of Jones Lang LaSalle in recognition of its outstanding performance.

Chairman's Statement

The lobby of Crowne Plaza Hong Kong Causeway Bay

2. *The Forest Hills, Diamond Hill*

   With a total gross floor area of approximately 18,800 square metres, the property is a 48-storey residential and commercial composite building, comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. To date, about 84% of the residential units and 55 out of 76 residents' car-parking spaces have been sold while all the non-residents' car-parking spaces have been leased to a car-park operator at satisfactory rentals until end of February 2012.

   Marketing for the remaining residential units and residents' car-parking spaces and the leasing activities for the retail podium are continuing.

   This property has recently been presented the Best Residential Building Award 2009 by the Hong Kong Property Management Division of Jones Lang LaSalle in recognition of its outstanding performance.

3. *The Morrison, Wanchai*

   The property is a 30-storey residential and commercial composite building, with a total gross floor area of approximately 5,800 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. During the year, two residential units were sold and marketing for the remaining 5 units is continuing. The development was completed in October 2007 and has won the Best Interior Design Award of the CNBC Asia Pacific Property Awards 2008 organised by the International Homes Magazine and the Best Environmental Design Award 2008 organised by The Hong Kong Institute of Surveyors.

Chairman's Statement

Pavilion, a chic lounge bar at Crowne Plaza Hong Kong Causeway Bay

In December 2009, the Group entered into an agreement for sale and purchase with an independent party for the disposal of the entire leased commercial podium of The Morrison for HK$245 million. The transaction was completed on 25th March, 2010.

4. *Royal Green, Sheung Shui*
   The Group has a 53.4% interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. The marketing campaign for the remaining 2 duplex residential units (1 of which is furnished) in Tower 3 known as Green Palace and 5 car-parking spaces reserved for the buyers for such units is continuing.

5. *Fo Tan, Sha Tin*
   Rezoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, among other facilities, residential units, car parks, educational facilities and a bus terminus. The Town Planning Board rejected the Group's town planning application in July 2008 due to a number of outstanding environmental, traffic and urban design issues and the hearing of the Group's appeal which commenced in mid October 2009 ended in early January 2010 and the Group is awaiting the outcome.

Kudos, an elegant restaurant which provides international cuisine at Crowne Plaza Hong Kong Causeway Bay

Chairman's Statement

Mainland China

6. *Plaza Central, Chengdu*

   Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total construction floor area of approximately 91,500 square metres. During the year, the aggregate occupancy rate for the two office towers improved considerably and leasing activities for the remaining areas are continuing. The retail podium with a construction floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long term lease. As at 31st December, 2009, the aggregate occupancy rate for the two office towers and the retail podium was 73% (2008: 67%). Rental return from this property will benefit from the improved occupancy.

7. *New Century Plaza, Chengdu*

   The Group's property is a shopping arcade with a gross floor area of about 16,300 square metres and 2 car-parking basement floors in a commercial development known as New Century Plaza in Chengdu, Sichuan Province. The arcade was fully let to a furniture retailer and the tenancy commencing from 1st September, 2009 has been renewed for a further term of five years at a rental commensurate with the economic conditions then.

8. *Westmin Plaza Phase II, Guangzhou*

   The Westmin Plaza Phase II project, which has a total construction floor area of about 119,000 square metres, comprises four residential blocks of 646 units and one office block erected on a 5-storey commercial/car-parking podium. The development has won the Best Mixed Use Development — China Award of the CNBC Asia Pacific Commercial Property Awards 2009.

   All the remaining residential units were sold in February 2009. The 14-storey office tower has a total gross floor area of about 16,100 square metres. As at 31st December, 2009, 86% of the tower was leased with more than one-third of the total office space being leased with naming right to AIA for a term of six years from April 2008. Leasing activities for the remaining office space and the 3-storey shopping arcade with a total gross floor area of about 26,000 square metres are in progress.

9. *Huangshan, Anhui Province*

   In December 2009, the Group entered into a contract with the joint venture partner to acquire the remaining 9% equity interest in the project company which has the right to develop tourist leisure facilities on land located in the famous scenic Huangshan area. The transaction has been completed recently.

   The land to be developed by the Group has a site area of about 333,500 square metres comprising about 66,700 square metres owned by the project company and about 266,800 square metres leased from the local authority for development. A preliminary master layout plan and the design of the development are being considered by the management.

10. *Chi Shan, Nanjing*

    Through the establishment/acquisition of two 51%-owned joint venture companies by a 97.17% owned subsidiary since late 2008, the Group started its investment projects in Chi Shan, Nanjing, Jiangsu Province. The joint venture companies are currently participating in the excavation, relocation arrangements and infrastructure works on certain pieces of lands in that locality.

11. *Leiyang, Hunan Province*

    The 50/50 joint venture was established in March 2009 for the development project in Leiyang, Hunan Province. The superstructure work for twelve blocks of residential building with a total gross floor area of approximately 45,000 square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. The pre-sale campaign for Phase I development was launched in May 2009 and so far, 275 out of 285 residential units have been sold, which are expected to be delivered to purchasers from July 2010 to October 2011 according to their respective completion stages.

Chairman's Statement

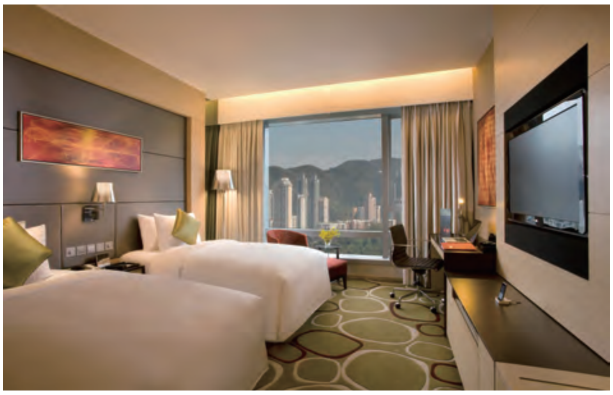
Australia and New Zealand

Turnover generated from the property investment and development projects in Australia and New Zealand for the year ended 31st December, 2009 was HK$22.1 million (2008: HK$79.3 million). As a number of investment properties and developed properties were sold in 2008, both rental income and revenue from sales of developed properties decreased in the year. The investment yields in Australia and New Zealand have decreased substantially in the year. Thus, the Group has made a provision for diminution in value of HK$28.1 million for certain properties in New Zealand and a revaluation deficit of HK$14.9 million for the investment properties in Australia has also been accounted for. After taking into account the above provision, a net loss of approximately HK$47.6 million (2008: HK$116.7 million) was incurred.

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay

The project has been developed into a 29-storey five-star hotel comprising 263 guest rooms (gross floor area of approximately 14,900 square metres) with ancillary facilities. A member of the InterContinental Hotels Group has been engaged to manage the operation of the Hotel under the name of "Crowne Plaza Hong Kong Causeway Bay", which commenced operations in early November 2009. So far, the room occupancy rates and room rates have been satisfactory and efforts are being made to enhance operational efficiency and further improve service. Marketing activities for up-scale business travellers for long or short stays are continuing and local promotions for the Hotel's dining facilities have been successful.



A deluxe guest-room at Crowne Plaza Hong Kong Causeway Bay

Disposal of Investment Properties

During the year, the Group disposed of two of its non-core leased investment properties in Hong Kong and obtained further funding for its existing and future property development projects.

In August 2009, the Group received an attractive offer from an independent party for the sale of the shop at Excelsior Plaza in Causeway Bay at a consideration of HK$100 million and the transaction was completed in November 2009 and generated a profit when compared with the shop's carrying value as revalued by an independent professional valuer of HK$77 million as at 30th June, 2009.

In September 2009, the Group entered into a provisional sale and purchase agreement with an independent purchaser for the disposal of its office property of 28/F., 9 Queen's Road Central for HK$252.5 million. The transaction which was completed in December 2009 generated a profit as the property's carrying value as revalued by an independent professional valuer was HK$210 million as at 30th June, 2009.

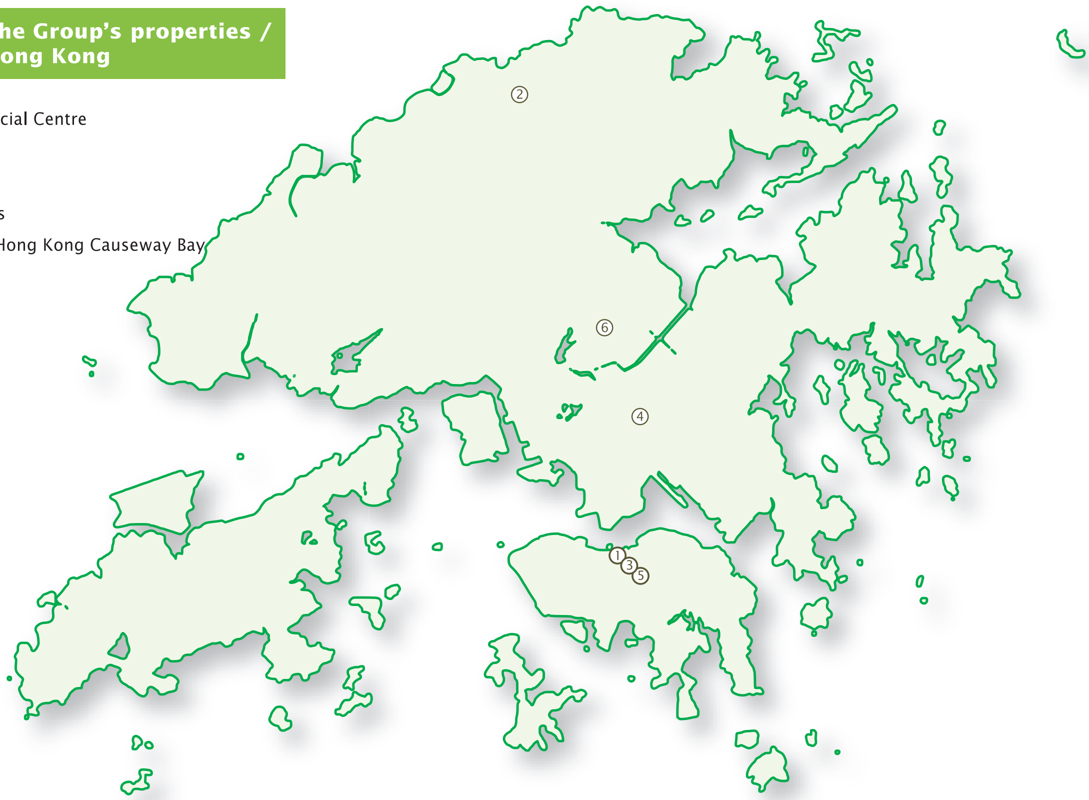
Chairman's Statement

① Westmin Plaza Phase II
② Plaza Central
③ Huangshan Project
④ New Century Plaza
⑤ Nanjing Project
⑥ Leiyang Project

Location of the Group's properties / projects in mainland China

Location of the Group's properties / projects in Hong Kong

① Dah Sing Financial Centre
② Royal Green
③ The Morrison
④ The Forest Hills
⑤ Crowne Plaza Hong Kong Causeway Bay
⑥ Fo Tan Project



Chairman's Statement

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31st December, 2009, the Group's cash balance was HK$2,333.0 million (2008: HK$2,166.2 million) and unutilised facilities were HK$937.4 million (2008: HK$1,405.6 million).

Gearing ratio as at 31st December, 2009, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 6.9% (2008: 5.7%).

As at 31st December, 2009, maturities of the Group's outstanding borrowings were as follows:

	31st December, 2009 HK$' million	31st December, 2008 HK$' million
Due		
Within 1 year	**1,020.0**	1,651.2
1–2 years	**946.3**	59.4
3–5 years	**1,112.9**	980.2
Over 5 years	**193.1**	272.9
	3,272.3	2,963.7

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 31st December, 2009 amounted to HK$2,958.6 million (2008: HK$2,670.2 million), which were mainly secured by properties valued at HK$6,865.4 million (2008: HK$5,862.1 million) and fixed deposits of HK$325.3 million (2008: HK$198.4 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK$388.7 million as at 31st December, 2009 (2008: HK$357.9 million) and fixed deposits of HK$5.3 million (2008: HK$4.2 million) to secure bank loans of HK$313.7 million (2008: HK$293.5 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31st December, 2009, all of the Group's borrowings were raised through the Company and its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

The total number of employees of the Group at 31st December, 2009 was increased to 254 (2008: 153), which was attributable to the opening of the Group's hotel Crowne Plaza Hong Kong Causeway Bay in November 2009. Employee costs, including the emoluments of the directors of the Group, amounted to HK$127.0 million for the year (2008: HK$77.3 million).

Chairman's Statement

The Group aims to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities and performance. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances and voluntary employer contributions to retirement schemes are offered to employees. In addition, the Company has adopted an employee share option scheme with options granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis to subscribe for shares in the Company. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

In 2010, the global economy is showing signs of recovery as the worst situation of the financial crisis has passed. However, the pace of recovery is slow and the recovery foundation remains weak. The remaining adverse impacts of the financial crisis continue to appear from time to time. In addition, the decreasing influence of expansionary fiscal and monetary policies of major economies towards economic growth and the commencement of the exercise of gradual exit measures of some major economies and holding back excess liquidity from the market resulted in the "Dubai World" event which emerged in early 2010 and affected the Middle East. The credit ratings of national debts of European countries (such as Greece) and emerging markets (such as Mexico) have been downgraded as a result of their debt burden and there was unprecedented crisis for Euro. All of which implies that a second round global recession cannot be ruled out at the moment.

In mainland China, the negative impact of weak foreign demand was offset with the implementation of a series of policy measures to boost economic growth in 2009. Amongst these were an aggressive fiscal policy, "moderately loose" monetary policy, massive investment plans, and the Ten Industry Revitalization Plan, including intensive infrastructure investment, subsidizing private cars and home appliances purchasing, all of which increased domestic demand. More than RMB9 trillion was eventually injected into the economic system and the annual target of "8% up in GDP" in terms of domestic economic growth was achieved.

Hong Kong greatly benefited from China as the Mainland's policies drove the economic recovery of surrounding countries and regions well. No doubt, China had many substantial economic achievements last year. However, it did encounter increasing external tariff barriers in foreign trade and increasing pressure to revalue the RMB. It also had to battle a bubble effect in the economy as inflation pressures increased dramatically due to a substantial upsurge in housing prices. Strong movements in share prices also resulted from additional strong internal liquidity.

Against all of these challenges, 2010 looks set to be a critical year for mainland China in optimizing and adjusting its economic structure. Under the macro-economic control policy to be implemented by the Central government, the economic growth momentum will basically be sustained and domestic demand will continue to be a key driver for mainland China replacing its reliance on foreign trade.

Recently, there have been signs that the Central government is going to introduce various measures to suppress the increase in housing prices, with more focus on large-scale affordable housing projects for low-to-middle income class. In addition, support will be given to citizens who buy houses for self-residence whilst restrictive policies will be implemented to suppress speculative residential purchasing.

Chairman's Statement

The real estate market will be reorganised and regulated by increasing land supply and providing more completed residential stock. The mortgage market will be more closely monitored by tightening the total amount of housing loans and the concessionary tax and credit policies in housing will gradually be withheld. These measures are all aimed at ensuring healthy economic development, reducing over-speculative activities and eliminating the danger of an economic bubble. The Group is confident about the medium-to-long-term development of the property industry of mainland China since the property sector will definitely benefit from future economic growth. In this light, the Group will continue to stick to its principles of maintaining stability and exercising caution, in seeking development and investment opportunities in the mainland property market and keep a close watch on market changes.

The Company will continue to exert its efforts to secure quality tenants for its office space in Plaza Central in Chengdu and the office and commercial space in Westmin Plaza Phase II in Guangzhou, and proceed with development of the property projects in Huangshan, Nanjing and Leiyang. The Group is actively involved in negotiations, which are at an advanced stage, to acquire a number of development projects in mainland China. We believe that these could present significant opportunities over the medium to long term.

Hong Kong is expected to continue to benefit from the economic development of mainland China and achieve considerable growth on the back of the increasingly closer economic and trade relationship between Hong Kong and mainland China. The Hong Kong property market grew rapidly in 2009. Real estate values increased due to the rapid credit expansion in mainland China and an extremely low interest rate environment. Such environment will continue to carry forward to 2010 although any credit tightening measures adopted by the US and Chinese governments may affect the performance of the Hong Kong real estate market in 2010.

For 2010, the rental income from Dah Sing Financial Centre is expected to remain stable and the hotel Crowne Plaza Hong Kong Causeway Bay, which was opened in November 2009, is expected to generate additional income for the Group. However, while it is expected that inflation and a low interest environment will remain in 2010, which will support maintenance of values in the Hong Kong property market, the growth momentum may lag behind that of last year. The Group will continue to actively manage the investment properties and continue its marketing campaign for the sale of the remaining unsold residential units of The Forest Hills, Royal Green and The Morrison.

The outcome of the Appeal Board's planning hearing in respect of the Fo Tan project is anticipated in the first half of this year and the Company will also continue to pursue appropriate development opportunities in mainland China.

In Australia and New Zealand, the Group continues its strategy to sell the existing properties in the region but the pace might be affected by the cautious sentiment in the market.

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 29th March, 2010

Corporate Governance Report

The Company recognizes the importance of good corporate governance to the Company's development and has devoted considerable efforts to identifying, formulating, establishing and enhancing corporate governance practices appropriate to the Company's needs. The Board, having regard to the size and nature of businesses of the Group, periodically reviews the Company's corporate governance practices to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements.

Corporate Governance Practices

Throughout the year ended 31st December, 2009, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices of the Code on Corporate Governance Practices (the "CGP Code") (as amended and which came into effect on 1st January, 2009) contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three Independent Non-executive Directors.

- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing Non-executive Directors (including the Independent Non-executive Directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional Director (including Non-executive Director) will hold office only until the next annual general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

However, the Board will continually review and recommend such proposals as appropriate in the circumstances of such deviations.

Board of Directors

Composition

The directors of the Company who served the Board during the year under review and up to the date of this report are named as follows:

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu
Mr. David Hsu *(resigned on 1st February, 2009)*

Non-executive Directors
Mr. Lam Sing Tai
Mr. Tse Man Bun *(resigned on 1st May, 2009)*

Independent Non-executive Directors ("INEDs")
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

The brief biographical particulars of the existing directors are set out in the "Directors' Biographical Information" on pages 7 to 11. Further particulars of same are contained in the relevant sections of the Directors' Report on pages 32 to 47.

Role and Function

The Company is governed by the Board and the directors are accountable to the shareholders for the activities and performance of the Group. To oversee the Group's business and development, the Board has reserved for its decision and consideration the following matters:

(i) adoption and overall oversight of objectives and strategic plans;

(ii) amendment to memorandum of association and bye-laws as well as alteration of share capital;

(iii) approval of interim dividends and other distribution and recommendation of final dividends for shareholders' approval;

(iv) establishment of board committees and delegation of powers of the Board to same;

(v) appointment, re-appointment, re-designation and removal of board members;

(vi) approval of significant accounting policies and practices;

(vii) oversight of corporate governance and internal controls; and

(viii) other significant matters.

Matters other than the above mentioned have been delegated by the Board to the management and the major ones are execution of the Board's decisions (including business strategies and initiatives it has adopted) and daily operations, preparation of annual and interim financial statements for the Board's approval before public reporting, implementation of adequate systems of internal control and risk management procedures as well as compliance with relevant requirements, rules and regulations.

Meetings

The Board conducts meetings on a regular basis with at least 14 days' notice and on an ad hoc basis with reasonable notice that are required for significant and important issues. Before each board and committee meetings, relevant agendas and documents with appropriate information are sent to directors who are consulted for including matters in the agendas. The Board held four regular Board meetings during the year to, amongst other matters, approve the 2008 final results and 2009 interim results respectively and consider financial and operating performances. The Company Secretary attended all regular Board meetings to advise on corporate governance and statutory compliance when necessary and the Group Financial Controller or his delegate also attended the Board meetings to advise on accounting, financial and internal control matters. All businesses transacted at the Board meetings are well-documented and the records are maintained properly. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments.

Corporate Governance Report

Relationship

Of the directors, Mr. Lu Wing Chi is the father of Messrs. Lincoln Lu and Lambert Lu and a cousin of Mr. Lu Wing Yuk, Andrew who is an uncle of Messrs. Lincoln Lu and Lambert Lu. Other than these, there is no financial, business, family and other material relationship among other members of the Board.

Notwithstanding the above relationships, there has been an effective and balanced board collectively responsible for the Company's activities and affairs. Throughout the year ended 31st December, 2009, half of the Board members were executive directors and the other half were non-executive directors (including INEDs) whose views carry significant weight in the Board's decisions. The Board members have been free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

Enhancement and Insurance

Directors are provided with timely updates on changes in laws and compliance issues relevant to the Group.

To further enhance the directors' consciousness of the importance of directors' duty under common law and comply with the requirement of the Companies Ordinance (Chapter 32, Laws of Hong Kong), a booklet retitled "A Guide on Directors' Duties" from the previous "Non-statutory Guidelines on Directors' Duties" with certain amendments and issued by the Hong Kong Companies Registry which contains the general principles that a director should follow in the performance of his functions and exercise of his powers was distributed in mid 2009 to each of them and other directors of the Group's member companies incorporated or registered under the said Ordinance.

The Company also encourages its directors to enroll in relevant professional development courses to continually update and further improve their relevant knowledge and skills. The Company has arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising out of corporate activities.

Non-executive Directors

The non-executive directors (including INEDs) of the Company are subject to retirement by rotation at least once every three years. They have brought independent judgement and provided the Group with invaluable guidance and advice on the Group's development.

INEDs

Throughout the year ended 31st December, 2009, the Board met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least an INED possessing appropriate professional qualifications, or accounting or related financial management expertise.

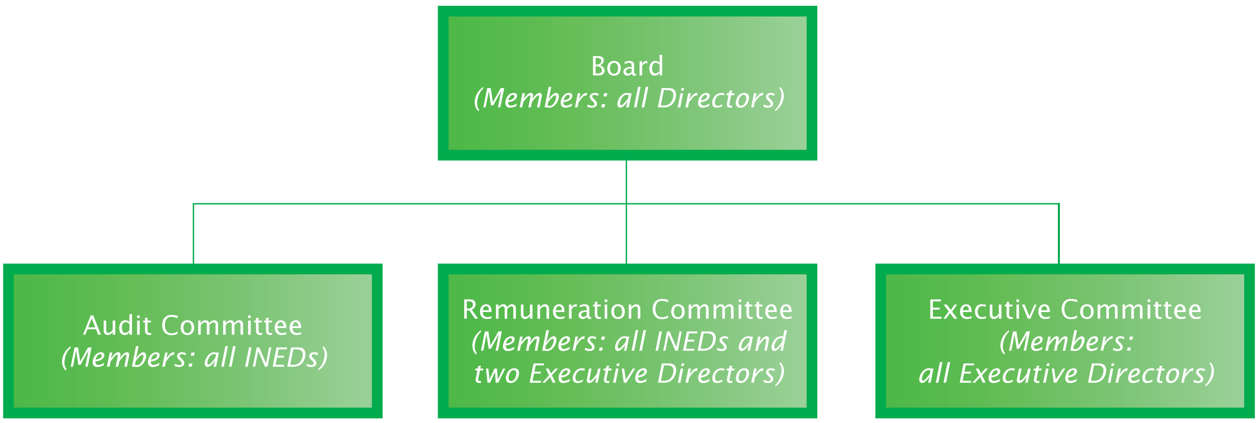
The three INEDs come from diverse business and professional backgrounds in the fields of international trading, accounting and laws, rendering valuable expertise and experience to promote the best interests of the Company and its shareholders as a whole and ensuring that issues are considered in an independent and a more objective manner. All of them serve on the Audit and Remuneration Committees of the Company.

The Company has received from each of the INEDs an annual confirmation in writing of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of the INEDs independent since their appointment.

Corporate Governance Report

Delegation – Board Committees

The Board has properly delegated its powers and established several Board Committees, namely Audit Committee, Remuneration Committee and Executive Committee, with specific written terms of reference that deal clearly with their authority and duties, to oversee particular aspects of the Company's affairs and assist in the execution of the Board's responsibilities.



Audit Committee

Composition

The Audit Committee was established in 1999 and its terms of reference were revised for implementation on 1st April, 2005 and 1st January, 2009 respectively in conformity with the code provisions of the CGP Code in force. The Audit Committee currently comprises three members and all of them are INEDs, namely:

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Role and Function

The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and the effectiveness of the audit process in accordance with applicable standards as well as to maintain an appropriate relationship with the independent external auditor of the Company.

During the year ended 31st December, 2009, the Audit Committee met twice with the representatives of the management and the independent auditor of the Company to discuss the auditing and financial reporting matters. During the meetings, the Audit Committee in particular reviewed and discussed about:

(i) the accounting principles and policies adopted by the Group;

(ii) the annual results (including the announcement thereof) and the audited financial statements for the year ended 31st December, 2008;

(iii) the interim results (including the announcement thereof) and the financial statements for the six months ended 30th June, 2009;

(iv) any significant findings by the independent auditor during the financial audit and other audit issues;

(v) the letters of management representations issued to the independent auditor in connection with the audit or review of the Group's relevant financial statements; and

Corporate Governance Report

(vi) the system of internal control including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

It also recommended to the Board for approval the re-appointment of the independent auditor and reviewed the relevant audit fees. The terms and conditions (which include the nature and scope as well as the fees of the audit/review) of the engagement letters of the independent auditor for the audit of the Group's financial statements for the year ended 31st December, 2009 had been considered and approved by the Audit Committee before they were signed by an executive director of the Company.

On 25th March, 2010, the Audit Committee reviewed with representatives of the management and the independent auditor of the Company the results and audited consolidated financial statements of the Company for the year ended 31st December, 2009 and was of the opinion that such statements had been prepared in compliance with applicable financial reporting standards and requirements and adequate disclosure had been made.

Remuneration Committee

Composition

The Company formulated written terms of reference for the Remuneration Committee in accordance with the code provisions of the CGP Code. The Remuneration Committee presently comprises the Chairman of the Company, another executive director and three INEDs. Members of the Remuneration Committee who served the Committee during the year under review and up to the date of this report are named below:

Mr. Chung Pui Lam *(Chairman)*	
Mr. Lu Wing Chi	
Mr. David Hsu	*(resigned on 1st February, 2009)*
Mr. Lambert Lu	*(appointed on 1st February, 2009)*
Mr. Walujo Santoso, Wally	
Mr. Leung Hok Lim	

Role and Function

The Remuneration Committee is responsible for, amongst other matters, establishing a formal and transparent procedure for developing remuneration policies and overseeing the remuneration packages for the executive and non-executive directors and ensuring that no director will be involved in deciding his own remuneration. In determining the directors' emoluments, the Remuneration Committee takes into consideration factors such as the qualifications, experience, time commitment, responsibilities, performance, contribution and remuneration for previous years of directors, the Company's profitability, emoluments paid by comparable companies and employment conditions elsewhere in the Group. The Remuneration Committee notes that the Company is operating employee share option schemes and the Board has granted options as an incentive to the directors and employees of the Group on a discretionary basis to subscribe for shares in the Company, significant particulars of which are set out on pages 38 to 43.

At the 2005 annual general meeting, the shareholders of the Company approved the authorisation of the directors to fix the directors' fees if the aggregate amount would not exceed HK$1.0 million per annum. During the year, the Remuneration Committee met once and assessed the performance of the executive directors and reviewed and/or approved the remuneration package of the executive and non-executive directors for the year ended 31st December, 2009. In early March 2010, the Remuneration Committee held a meeting to review and determine the executive directors' salary for the year ending 31st December, 2010 and their bonus for the year ended 31st December, 2009 in line with the Company's profitability and recommended to the Board for approval the remuneration of the non-executive directors (including INEDs) for the current year.

Corporate Governance Report

The directors' remuneration for the year ended 31st December, 2009 and the relevant changes for the year ending 31st December, 2010 are set out in note 14 to the consolidated financial statements and the section headed "Directors' Service Contracts" in the Directors' Report respectively.

Executive Committee

Composition

The Executive Committee was set up in 1990 and is currently comprised of the Chairman of the Company and all other executive directors. The Executive Committee members are named as follows:

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. David Hsu *(ceased on 1st February, 2009)*
Mr. Lincoln Lu
Mr. Lambert Lu

Role and Function

The Executive Committee is primarily responsible for supervising and undertaking the day-to-day operations of the Group. It exercises leadership and develops and keeps under review business development initiatives of the Group and monitors their implementation. The Executive Committee meets as and when necessary.

Attendance Record at Meetings

The attendance record of each director at Board meetings, Audit Committee meetings and Remuneration Committee meeting during the year are set out in the following table:

Directors	Number of meetings attended/ Number of meetings held: Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Lu Wing Chi *(Chairman and Managing Director)*	4/4	–	1/1
Mr. Lu Wing Yuk, Andrew	4/4	–	–
Mr. Lincoln Lu	4/4	–	–
Mr. Lambert Lu*	4/4	–	1/1
Mr. David Hsu#	–	–	–
Non-executive Directors			
Mr. Lam Sing Tai	3/4	–	–
Mr. Tse Man BunΔ	1/4	–	–
INEDs			
Mr. Walujo Santoso, Wally	3/4	1/2	1/1
Mr. Leung Hok Lim	4/4	2/2	1/1
Mr. Chung Pui Lam	4/4	2/2	1/1

* Mr. Lu was appointed as a member of the Remuneration Committee on 1st February, 2009.

\# Mr. Hsu resigned as an executive director and a member of the Remuneration Committee and ceased to be a member of the Executive Committee on 1st February, 2009.

Δ Mr. Tse resigned as a non-executive director on 1st May, 2009 and attended the board meeting held during his tenure.

Corporate Governance Report

Nomination, Retirement and Re-election of Directors

The Company has a formal and transparent procedure for the appointment of new directors and re-appointment of retiring directors. The Board assuming the role of the Nomination Committee reviews the structure, size and composition of the Board. An individual may be appointed as director based on the recommendation of a director or the management. Potential candidates should have the required skills, knowledge and expertise to add value to the Board and be of integrity and able to commit the necessary time to their position. A candidate for an independent non-executive director must also meet the independence criteria set out in the relevant provisions of the Listing Rules. All directors' appointments will be approved by the Board and/or the shareholders in general meetings. Further, shareholders can nominate persons for election as directors at any general meeting where such nomination is received by the Company after publication of the notice of such meeting.

In accordance with the Company's Bye-laws, every director shall retire from office no later than the third annual general meeting after he was last elected or re-elected. Further, any director appointed by the Board as an additional board member or to fill a casual vacancy shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. Those directors subject to retirement and re-election at the forthcoming 2010 annual general meeting of the Company ("AGM") are Messrs. Lambert Lu, Walujo Santoso, Wally and Chung Pui Lam (the "Retiring Directors") whose particulars are set out on pages 8 to 10 and a circular dated 27th April, 2010. The re-election of the Retiring Directors had been reviewed by the Board assuming the role of the Nomination Committee. After considering the Retiring Directors' business/management experience, qualifications, knowledge, skills and responsibilities in the Group, the Board has resolved that the subject re-election be proposed for shareholders' approval at the 2010 AGM.

Securities Transactions by Directors and Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Though amendments to the provisions of the Model Code had been made on several occasions by the Stock Exchange before they came into effect on 1st January and 1st April, 2009 respectively, the Company has adopted all the relevant amendments timely.

In response to the specific enquiry made on them by the Company, all the directors of the Company have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the year ended 31st December, 2009.

Directors' interests in shares and underlying shares in the Company are contained in the Directors' Report on pages 36 and 37 and 42 and 43.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the directors of the Company) (the "Relevant Employees") to regulate their dealings in the listed shares of the Company and Asian Growth Properties Limited, a subsidiary of the Company as the Relevant Employees are likely to be in possession of unpublished price-sensitive information in relation to such shares because of their office or employment.

Directors' Responsibility for Preparing Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group which give a true and fair view of the state of the Group's affairs and of its results. Their responsibilities have also been stated in the "Independent Auditor's Report" on page 49. In doing so, the directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the Accounting and Finance Department which is under the supervision of the Financial Controller of the Company, the directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

In addition, the directors ensure timely publication of the financial statements of the Group.

On 29th March, 2010, the Company published its preliminary results announcement for the year ended 31st December, 2009, much earlier than the deadline set by the Listing Rules (i.e. within 4 months after the relevant financial year end.)

Independent Auditor's Reporting Responsibility

The statement of Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants ("DTT"), the independent auditor of the Company, about their reporting responsibility on the financial statements of the Group is set out in the "Independent Auditor's Report" on page 49. Representatives of DTT attend the AGMs to answer questions which shareholders may have.

Going Concern

The directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internal Control

The Board has overall responsibility for the Group's system of internal control and the assessment and management of risks. The Group has implemented an effective internal control system which includes a defined management structure with clear lines of responsibility and limits of authority, proper procedures for income and expenditure, monthly review by the executive directors of operational and financial reports provided by the management, regular business meetings between the executive directors and the core management team and periodic review of the Group's financial results by the Board.

The Board and the Audit Committee continue to review the effectiveness and adequacy of the Group's system of internal control which includes financial, operational and compliance mechanisms and risk management functions in order to identify, evaluate and manage risks and take appropriate measures to avoid or mitigate those risks that could adversely impact the Group's business activities. The review process consists of, amongst other matters, assessment and implementation of material control issues identified by independent external auditor during statutory audit.

The Board and the Audit Committee make endeavours to review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Independent Auditor's Remuneration

At the AGM held on 10th June, 2009, DTT were re-appointed by the shareholders as independent auditor of the Company at a fee to be agreed by the Board. The Audit Committee has reviewed the terms of the engagement letters of DTT and agreed with DTT the fees for auditing the Group's financial statements for the year ended 31st December, 2009, which together with the fees charged by Deloitte in New Zealand amounts to approximately HK$3.8 million. Further, total fees for about HK$0.8 million were paid and payable to DTT for non-audit services, being (a) the review of the results announcement of the Company for the year ended 31st December, 2009 and the interim financial information of the Company for the six months ended 30th June, 2009; and (b) the due diligence on the formation of joint ventures for certain property projects of the Group.

In addition, fees for the audit of the financial statements of certain members of the Company for the year under review conducted by other auditors amounted to about HK$0.3 million.

Communication with Shareholders

The Company has established a number of channels to communicate with shareholders as follows:

(i) corporate communication such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.seagroup.com.hk;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGMs and special general meetings provide a forum for shareholders to make comments and exchange views with the directors and senior management; and

(v) the Company's Hong Kong branch share registrars serve the shareholders in respect of share registration and related matters.

To enhance corporate communication, separate resolutions have been proposed at general meetings on each substantially separate issue including the election of individual directors.

At the Company's last AGM held on 10th June, 2009, all the resolutions relating to ordinary businesses and special businesses proposed thereat were passed. The forthcoming 2010 AGM will be held in Hong Kong on 27th May, 2010 and for details, shareholders may refer to the circular containing the notice of such AGM which accompanies this Annual Report. Since the implementation of the relevant amended code provisions of the CGP Code on 1st January, 2009,

(i) the Company has arranged for the respective notices of the 2009 AGM and the forthcoming 2010 AGM to be sent to its shareholders at least 20 clear business days before such meetings;

(ii) all resolutions proposed at the AGM and all general meetings of the Company have been/will be voted by poll; and

(iii) the above poll voting results have been/will be posted on the respective websites of the Stock Exchange and the Company promptly after the relevant meetings.

Investor Relations

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone on (852) 2828 6363 during normal business hours, by fax at (852) 2598 6861 or by e-mail at info@seagroup.com.hk.

Looking Forward

The above corporate governance practices will be monitored, reviewed, amended and revoked from time to time as considered necessary by the Board and its committees. The Company will take appropriate actions to ensure compliance with the required practices and standards including the code provisions and if reasonably practicable, the recommended best practices of the CGP Code at all times.

Shareholders' Information

Taxation of Holders of Shares

(a) Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of shares.

Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Mainland China

The Company is not regarded as a "Chinese Resident Enterprise" in relation to the 10% withholding tax of mainland China on dividend payment.

(c) Bermuda

Under present Bermuda law, transfers and other dispositions of shares in the Company are exempt from Bermuda stamp duty.

(d) Consultation with professional advisers

Intending holders of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

Key Dates

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	Year 2010
2009 Annual results announcement	29th March
Dividend ex-entitlement for shares	18th May
Closure of Hong Kong branch register of members	20th to 27th May
2010 Annual general meeting ("AGM")	27th May
Record date for entitlement to attending and voting at the AGM and proposed 2009 final dividend	27th May
Payment of 2009 final dividend	3rd June
2010 Interim results announcement	on or before 31st August
	Year 2011
2010 Annual results announcement	early/late March

Directors' Report

The directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31st December, 2009.

Principal Activities

During the year, the Company acted as an investment holding company and the activities of its principal subsidiaries were investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, mainland China, Australia and New Zealand.

Other particulars of the principal subsidiaries of the Company as at 31st December, 2009 are set out in note 53 to the consolidated financial statements.

Segmental Analysis of Operations

An analysis of the Group's performance for the year by reportable segments is set out in note 7 to the consolidated financial statements.

Results

The results of the Group for the year ended 31st December, 2009 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 50 and 51 respectively.

The state of affairs of the Group as at 31st December, 2009 is set out in the consolidated statement of financial position on pages 52 and 53.

A review of the Group's operations and development is included in the Chairman's Statement on pages 13 to 17.

Dividends

An interim dividend of HK5 cents per share (2008: HK5 cents) amounting to HK$32.4 million (2008: HK$32.8 million) was paid to the shareholders during the year. The board of directors has resolved to recommend for shareholders' approval at the forthcoming 2010 annual general meeting ("AGM") the payment on 3rd June, 2010 of a final dividend of HK6 cents per share for the year under review (2008: HK5 cents), amounting to HK$38.9 million (2008: HK$32.1 million), to the shareholders whose names appear on the register of members at the close of business on 27th May, 2010.

Share Capital

Details of the movements in the share capital of the Company during the year are set out in note 39 to the consolidated financial statements. Certain shares were issued on exercise of share options granted, repurchased and cancelled during the year.

Directors' Report

Reserves

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 54 and the Company's reserves available for distribution to shareholders as at 31st December, 2009 were as follows:

	2009 HK$'000	2008 HK$'000
Contributed surplus	**190,081**	190,081
Retained profits	**1,279,264**	1,350,754
	1,469,345	1,540,835

Under the Companies Act 1981 of Bermuda (as amended), the amount of the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if after the payment:

(a) it is or would be unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate amount of its liabilities and its issued share capital and share premium accounts.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Investment Properties

All the investment properties of the Group were revalued at 31st December, 2009. The net increase in fair value of investment properties amounting to HK$1,310.8 million has been credited directly to the consolidated income statement (2008: net decrease of HK$620.6 million was debited).

Details of the movements during the year in the investment properties of the Group are set out in note 19 to the consolidated financial statements.

Last year, properties held for sale with a total carrying value of HK$431.0 million were transferred to investment properties.

Property, Plant and Equipment

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 20 to the consolidated financial statements.

Properties

Details of the properties of the Group held for investment and sale purposes and under development at 31st December, 2009 are set out in the Property Portfolio on pages 4 to 6.

Directors' Report

Directors

The directors of the Company who served during the year and up to the date of this report were:

Executive Directors

Mr. Lu Wing Chi
(Chairman and Managing Director)
Mr. Lu Wing Yuk, Andrew
Mr. Lincoln Lu
Mr. Lambert Lu
Mr. David Hsu *(resigned on 1st February, 2009)*

Non-executive Directors

Mr. Lam Sing Tai
Mr. Tse Man Bun *(resigned on 1st May, 2009)*

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

In accordance with Bye-laws 88(A), 88(B) and 89 of the Company's Bye-laws and in compliance with code provision A.4.2 of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Messrs. Lambert Lu, Walujo Santoso, Wally and Chung Pui Lam will retire as directors by rotation and, being eligible, offer themselves for re-election at the forthcoming 2010 Annual General Meeting ("AGM").

All remaining directors shall continue in office.

Directors' Biographical Particulars

Brief biographical particulars of the present directors are set out on pages 7 to 11. Other particulars of same are contained elsewhere in this Report.

Further particulars of the directors to be re-elected at the 2010 AGM are set out in the circular to the shareholders sent together with this Annual Report.

Directors' Service Contracts

None of the directors of the Company proposed for re-election at the forthcoming 2010 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

Particulars of the emoluments of directors on a named basis for the year are set out in note 14 to the consolidated financial statements.

Set out below is the information about certain directors whose emoluments have been increased, as approved by the Board and/or the Remuneration Committee, with effect from 1st January, 2010 by reference to their respective business/management experience, qualifications, knowledge, skills, duties and responsibilities with the Group, the Group's performance and profitability, the Company's remuneration policy and the prevailing market benchmark:

Name of directors	Title	Salary (Monthly) (HK$)	Directors' fees (Annual) (HK$)
Lincoln Lu	Executive Director	200,000	—
Lambert Lu	Executive Director	200,000	—
Walujo Santoso, Wally	Independent Non-executive Director	—	200,000
Leung Hok Lim	Independent Non-executive Director	—	250,000
Chung Pui Lam	Independent Non-executive Director	—	250,000

Directors' Interests in Contracts of Significance

No contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements for Directors to Acquire Shares and Debentures

Other than the share options as described in greater detail in the section headed "Share Options" below and note 50 to the consolidated financial statements, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, the following directors and their associates (as defined in the Listing Rules) are considered by the Company to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where such directors have been appointed to represent the interests of the Company and/or other members of the Group:

(i) Mr. Lu Wing Chi, Chairman and Managing Director also has shareholdings (for himself and on behalf of his associates) and holds directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

(ii) Mr. Lu Wing Yuk, Andrew, Executive Director has shareholdings (for himself and on behalf of his associates) and holds directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

(iii) Messrs. Lincoln Lu and Lambert Lu, both Executive Directors are the sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses in which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also have shareholdings (for themselves and on behalf of their associates) and hold directorships in certain private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

However, the board of directors of the Company presently comprises eight members including one non-executive director and three independent non-executive directors whose views carry significant weight in the board's decisions. Fundamentally, it is independent of the above individuals and the respective boards of directors of the above companies in which the relevant directors have personal interests. Further, all the directors are fully aware of, and have been discharging, their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the said competing businesses.

Management Contracts

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its holding companies or subsidiaries were entered into with third parties or subsisted during the year.

Directors' and Chief Executives' Interests in Securities

The directors and the chief executive of the Company who held office on 31st December, 2009 and their respective associates (as defined in the Listing Rules) had the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) on that date as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules and adopted by the Company, were as follows:

1. Long positions in shares and underlying shares in the Company

Name of directors	Number of shares of HK$0.1 each Held as beneficial owner	Number of underlying shares (share options) Held as beneficial owner	Total	Approximate % of shares in issue
Lu Wing Chi	—	6,569,285#	6,569,285	1.02
Lu Wing Yuk, Andrew	—	6,569,285#	6,569,285	1.02
Lincoln Lu	5,342,002	3,000,000#	8,342,002	1.29
Lambert Lu	1,772,717	6,569,285#	8,342,002	1.29
Lam Sing Tai	101,478##	6,569,285#	6,670,763	1.03
Walujo Santoso, Wally	—	656,928#	656,928	0.10
Leung Hok Lim	—	656,928#	656,928	0.10
Chung Pui Lam	—	656,928#	656,928	0.10

Notes:

Particulars of the options granted are contained in the section headed "Share Options" below.

Of these shares, 5,739 shares were held by Mr. Lam Sing Tai's wife.

The total number of issued shares of the Company as at 31st December, 2009 was 647,185,802.

2. Long positions in shares and underlying shares in associated corporations

(a) JCS Limited ("JCS") — ultimate holding company of the Company

Name of directors	Number of shares of HK$100.0 each Held as beneficial owner	Approximate % of shares in issue
Lu Wing Chi	15,000	32.61
Lincoln Lu	6,000	13.04
Lambert Lu	6,000	13.04

(b) **Nan Luen International Limited ("NLI") — immediate holding company of the Company**

Name of directors	Number of shares of HK$100.0 each Held as beneficial owner	Approximate % of shares in issue
Lu Wing Chi	46,938	30.00
Lincoln Lu	5,021	3.21
Lambert Lu	5,021	3.21

Saved as disclosed herein, none of the directors and chief executive of the Company who held office as at 31st December, 2009 nor their respective associates (as defined in the Listing Rules) had any interests or short positions in the shares or underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) on that date as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the 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 pursuant to the Model Code.

During the year ended 31st December, 2009, none of the directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or exercised any right to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Further details of the directors' respective interests in the underlying shares (share options) are stated in the section headed "Share Options" below.

Share Options

Share options are unlisted equity derivatives physically settled in cash to subscribe for shares of HK$0.1 each in the Company.

Old scheme

The Company operates an Employee Share Option Scheme (the "Old Scheme") adopted by an ordinary resolution on 23rd June, 2000, which complied with the Listing Rules as existed prior to 1st September, 2001. The rules governing share options were revised to the form set out in Chapter 17 of the Listing Rules on 1st September, 2001. According to the transitional arrangement set out in the Listing Rules, the Company cannot grant further options under the Old Scheme unless it has been amended to comply with the current requirements set out in the Listing Rules. The Company has not granted any share options under the Old Scheme since 1st September, 2001. At the special general meeting of the members of the Company held on 19th August, 2005, the Old Scheme was terminated and no further options could be granted.

New scheme

The Company adopted at the above special general meeting held on 19th August, 2005 (the "Approval Date") a New Employee Share Option Scheme (the "New Scheme") which has been in compliance with the amended requirements set out in the Listing Rules.

A summary of the principal terms of the New Scheme is set out below:

1. Purpose

(a) The New Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions which the Participants (as defined in paragraph 2 below) have made or may make to the Group.

(b) The New Scheme will provide the Participants with an opportunity to have a personal stake in the Company with a view to motivating the Participants to utilise and further improve their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Participants whose contributions are or will be beneficial to the long term growth of the Group.

2. Participants

The Board may at its discretion grant options to any director (whether executive or non-executive director) or full-time employee of any member of the Group.

3. Total number of shares available for issue

(a) 30% limit

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the number of shares in issue from time to time (the "Scheme Limit").

(b) 10% limit

In addition to the Scheme Limit, and subject to the following paragraph, the total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the number of shares in issue as at the Approval Date, i.e. 53,066,578 shares (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of securities which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the number of shares in issue as at the date of approval of the refreshment by the shareholders. Options previously granted under the New Scheme and any other share option schemes, including without limitation any options which are outstanding, cancelled, lapsed or exercised, will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

The Company may seek separate approval of the shareholders in general meeting for granting options beyond the Scheme Mandate Limit or the refreshed Scheme Mandate Limit provided that the options in excess of such limit are granted only to the Participants specifically identified before such approval is sought. A circular containing a generic description of the specified Participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose and other information required under the Listing Rules must be sent to the shareholders.

Pursuant to an ordinary resolution passed by the Company's shareholders on 10th June, 2009, the Scheme Mandate Limit was refreshed so that the number of shares which could be issued upon exercise of all options granted or to be granted under the New Scheme and any other share option schemes of the Company shall not exceed 64,242,651 shares, representing 10% of the number of Company's shares in issue as at 10th June, 2009. Since then, no further options have been granted by the Company under the New Scheme.

As at 29th March, 2010, a total of 64,242,651 shares (excluding the underlying shares comprised in share options that have been granted but not yet lapsed, cancelled or exercised) were available for issue under the New Scheme, which represented approximately 9.91% of the issued share capital of the Company on that date. Shareholders' approval will be sought for refreshing the Scheme Mandate Limit at a Special General Meeting of the Company to be held immediately after the 2010 AGM so that the Company could have more flexibility to provide incentives to the Participants by way of granting share options to them for the future development and success of the Group.

4. Maximum entitlement of each Participant

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each of the Participants (including both exercised and outstanding options) in any 12-month period is stated below:

Participants	Not exceeding as at the date of grant of options
All excluding substantial shareholders (as defined by the Listing Rules) and independent non-executive directors ("Restricted Parties")	1% of the shares in issue
Restricted Parties	0.1% of the shares in issue and HK$5 million in aggregate value based on the closing price of the shares

Where any further grant of options to a Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, lapsed, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over the applicable percentage or value of the relevant class of shares in issue, such further grant must be separately approved by the shareholders in general meeting with such Participant and his associates abstaining from voting.

5. Option period

The period within which the shares must be taken up under an option will be determined by the Board at its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

6. Amount payable upon acceptance of option

HK$10.0 is payable by each Participant to the Company on acceptance of an offer of an option, which will be paid within 28 days from the offer date.

7. Minimum vesting period

Unless otherwise determined by the Board at its sole discretion, there is no requirement of a minimum period for which an option must be held before such an option can be exercised under the terms of the New Scheme.

8. Subscription price of shares

The subscription price must be at least the highest of:

(a) the closing price of a share of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the grant of option which must be a day on which the Stock Exchange is open for the business of dealing in securities (the "Business Day");

(b) the average of the closing price of the shares as shown on the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the above date of offer; and

(c) the nominal value of a share (i.e. HK$0.1).

9. Remaining life

The New Scheme commenced on 25th August, 2005 when it became unconditional and will continue in force until the tenth anniversary of such date.

Options granted

All options granted prior to the termination of the Old Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Scheme. On 31st December, 2008, the Company granted share options to selected eligible Participants under the New Scheme.

Directors' Report

Details of the outstanding share options held by the directors of the Company and certain employees and other participant of the Group during the year ended 31st December, 2009 pursuant to both the Old Scheme and the New Scheme are as follows:

					Number of underlying shares comprised in share options			
Name	**Date of grant**	**Exercise price per share** (HK$)	**Vesting period**	**Exercise period**	**As at 1.1.2009**	**Exercised during the year**[1]	**Lapsed during the year**	**As at 31.12.2009**
Directors								
Lu Wing Chi	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Lu Wing Yuk, Andrew	04.12.2000	1.440	—	04.12.2000 to 03.12.2010	3,000,000	—	—	3,000,000
	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,569,285	—	—	3,569,285
Lincoln Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(3,569,285)	—	3,000,000
Lambert Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Lam Sing Tai	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Walujo Santoso, Wally	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	—	—	656,928
Leung Hok Lim	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	—	—	656,928
Chung Pui Lam	31.12.2008	2.262	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	656,928	—	—	656,928
Former director								
Tse Man Bun[2]	31.12.2008	2.262	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	656,928	—	(656,928)	—
Sub-Total					**35,474,137**	**(3,569,285)**	**(656,928)**	**31,247,924**
Aggregate of eligible employees[3]	31.12.2008	2.262	Various[4]	Various[4]	10,660,000[4]	(2,340,000)[4]	(490,000)[4]	7,830,000[4]
Other participant	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,000,000	(3,000,000)	—	—
Sub-Total					**13,660,000**	**(5,340,000)**	**(490,000)**	**7,830,000**
Total					**49,134,137**	**(8,909,285)**	**(1,146,928)**	**39,077,924**

Notes:

1. The average/weighted average closing price of the shares of the Company immediately before the date(s) on which the share option(s) was/were exercised by:

   (i) Mr. Lincoln Lu was HK$3.16 per share;

   (ii) eligible employees was HK$3.22 per share;

   (iii) the other participant was HK$2.30 per share; and

   (iv) all the participants stated in (i), (ii) and (iii) above was HK$2.88 per share.

2. Mr. Tse resigned as a Non-executive Director of the Company with effect from 1st May, 2009.

3. Eligible employees mean any full-time employees of the Company and any member of the Group working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

4. Further information on the exercise and lapse particulars of the underlying shares comprised in the options granted on 31st December, 2008 under the New Scheme to the eligible employees are as follows:

Number of underlying shares as at 01.01.2009	Vesting period	Exercise period	Exercised during the year	Lapsed during the year	Number of underlying shares as at 31.12.2009
3,290,000	—	31.12.2008 to 30.12.2010	(2,190,000)	—	1,100,000
150,000	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	(150,000)	—	0
210,000	31.12.2008 to 29.06.2010	30.06.2010 to 29.06.2012	—	(70,000)	140,000
3,400,000	31.12.2008 to 30.12.2010	31.12.2010 to 30.12.2012	—	—	3,400,000
500,000	31.12.2008 to 29.06.2011	30.06.2011 to 29.06.2013	—	—	500,000
100,000	31.12.2008 to 30.12.2011	31.12.2011 to 30.12.2013	—	—	100,000
670,000	31.12.2008 to 29.06.2012	30.06.2012 to 29.06.2014	—	(100,000)	570,000
1,010,000	31.12.2008 to 30.12.2012	31.12.2012 to 30.12.2014	—	(160,000)	850,000
1,330,000	31.12.2008 to 29.06.2013	30.06.2013 to 29.06.2015	—	(160,000)	1,170,000
10,660,000			(2,340,000)	(490,000)	7,830,000

5. Information on the accounting policy adopted for the share options granted is provided in notes 3 and 50 to the consolidated financial statements.

No share options had been granted or cancelled under the New Scheme during the year ended 31st December, 2009.

Interests of Substantial Shareholders and Other Persons in Securities

As at 31st December, 2009, so far as it is known or otherwise notified to any director or the chief executive of the Company, the particulars of corporations or persons (other than a director or the chief executive of the Company) who had 5% or more interests or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (i.e. within the meaning of substantial shareholders of the Listing Rules) (the "Voting Entitlements") were as follows:

Long positions in shares and underlying shares in the Company

	Number of shares of HK$0.1 each		
Name of shareholders	Held as beneficial owner	Held by controlled corporation	Approximate % of shares in issue
JCS[2]	—	383,066,184	59.19
NLI[3]	383,066,184	—	59.19

Notes:

1. JCS held about 63.58% of the issued shares in NLI. 383,066,184 shares held by NLI were deemed to be JCS's interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS.
3. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of NLI.

Saved as disclosed above, the directors are not aware of any other corporation or person (other than a director or chief executive) who, as at 31st December, 2009, had the Voting Entitlements or any interests or short positions in the shares or underlying shares in the Company recorded in the register required to be kept under Section 336 of the SFO.

Dealings in the Company's Listed Shares

During the year ended 31st December, 2009, the Company purchased a total of 18,502,000 ordinary shares of HK$0.10 each of the Company on the Stock Exchange at an aggregate cash consideration of HK$43,502,221 (excluding expenses). All the purchased shares were cancelled during the year and the issued share capital of the Company was reduced by the total par value of these shares so cancelled. The purchases were effected by the directors of the Company pursuant to a general mandate given by the shareholders at the AGM held on 30th May, 2008 and the relevant particulars are as follows:

Period in 2009 of the purchase	Total number of the shares purchased	Price paid per share		Aggregate consideration
		Highest	Lowest	
		HK$	HK$	HK$
January	6,832,000	2.30	2.26	15,713,200
February	4,094,000	2.35	2.30	9,475,330
March	7,576,000	2.60	2.30	18,313,691
	18,502,000			43,502,221

The directors considered that the aforesaid shares were purchased at a substantial discount to the net asset value per share and such purchases resulted in an increase in the net asset value and earnings per share of the Company.

Saved as disclosed herein, the Company did not redeem any of its listed shares nor did the Company and its subsidiaries purchase or sell any of the Company's shares during the year.

Major Suppliers and Major Customers

During the year, the aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 30% of the Group's total purchases and sales respectively.

Connected Transaction

On 28th December, 2009, Rich Motion Development Limited (the "Purchaser"), an indirect 97.17%-owned subsidiary of the Company, entered into an equity interest transfer contract with Shanghai Wangshitong Architecture Design Co., Ltd. (the "Vendor") for the acquisition of the remaining 9% equity interest in Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited ("Feng Dan Bailu") not already owned by it at a cash consideration of RMB0.79 million (equivalent to approximately HK$0.90 million) (the "Acquisition").

Immediately before the Acquisition, Feng Dan Bailu was owned as to 91% by the Purchaser and as to 9% by the Vendor whose equity was 60% owned by Mr. Wang Shi Tong ("Mr. Wang"), a director of Feng Dan Bailu. For the purpose of the Listing Rules, Mr. Wang was a connected person of the Company and the Vendor was an associate of Mr. Wang and therefore a connected person of the Company. Accordingly, the Acquisition constituted a connected transaction of the Company under the Listing Rules.

After completion of the Acquisition in mid January 2010, the Purchaser has assumed the Vendor's obligations to pay the outstanding registered capital of Feng Dan Bailu in the amount of RMB2.09 million (equivalent to approximately HK$2.37 million).

Further details of the Acquisition are set out in the Company's announcement dated 30th December, 2009.

Corporate Governance

Throughout the year ended 31st December, 2009, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (as amended and which came into effect on 1st January, 2009) except for the following deviations:

- Code provision A.2.1, which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.
- Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.

However, the Board will continually review and recommend such proposals as appropriate in the circumstances of such deviations.

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 22 to 30.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the issued shares in the Company was held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) during the year and up to the date of this report.

Charitable Donations

During the year, the Group made charitable donations amounting to about HK$50,000 (2008: HK$3.7 million).

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the Financial Highlights on pages 2 and 3.

Review by Audit Committee

In the presence of the representatives of Messrs. Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, the independent external auditor of the Company, the Audit Committee met on 25th March, 2010 and reviewed with the management the draft audited consolidated financial statements of the Company for the year ended 31st December, 2009. It expressed no disagreement over the same (including the accounting policies selected by the Group).

Independent Auditor

The consolidated financial statements of the Company for the year under review have been audited by DTT, who retire and, being eligible, offer themselves for re-appointment. Approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint DTT as independent auditor of the Company for the ensuing year will be put to the forthcoming 2010 AGM for shareholders' approval.

On behalf of the Board

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 29th March, 2010

Financial Section

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF S E A HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 112, which comprise the consolidated statement of financial position 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 statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of 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 the consolidated 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 consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	NOTES	**2009 HK$'000**	2008 HK$'000
Revenue	6	**530,652**	1,580,992
Interest income	8	**10,214**	45,901
Other income		**53,920**	25,397
Costs:			
Property and related costs	9	**(210,510)**	(1,037,026)
Staff costs		**(126,997)**	(77,273)
Depreciation and amortisation		**(13,169)**	(6,209)
Other expenses		**(78,566)**	(91,257)
		(429,242)	(1,211,765)
Profit from operations before fair value changes on properties		**165,544**	440,525
Fair value changes on investment properties	10	**1,310,802**	(620,641)
Fair value changes on properties held for sale upon transfer to investment properties		**—**	269,242
Profit from operations after fair value changes on properties		**1,476,346**	89,126
Gain on disposals of subsidiaries		**—**	104,817
Gain on liquidation of a jointly controlled entity	11	**—**	50,356
Share of results of associates		**(1,555)**	1,511
Share of results of jointly controlled entities		**(2,557)**	—
Finance costs	12	**(79,311)**	(115,495)
Profit before taxation	13	**1,392,923**	130,315
Income tax expense	16	**(239,977)**	(18,325)
Profit for the year		**1,152,946**	111,990
Attributable to:			
Company's shareholders		**1,122,649**	63,297
Minority interests		**30,297**	48,693
		1,152,946	111,990
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders	18		
Basic		**1.74**	0.10
Diluted		**1.71**	0.10
Earnings per share excluding fair value changes on properties net of deferred tax	*18*		
Basic		***0.06***	*0.52*
Diluted		***0.06***	*0.51*

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Profit for the year	**1,152,946**	111,990
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(1,625)**	69,573
Exchange differences released on disposal of subsidiaries	**—**	66,311
Share of exchange differences arising on translation of associates	**6,327**	(7,502)
Total comprehensive income for the year	**1,157,648**	240,372
Total comprehensive income attributable to:		
Company's shareholders	**1,130,505**	143,570
Minority interests	**27,143**	96,802
	1,157,648	240,372

Consolidated Statement of Financial Position

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties	19	**6,462,103**	5,712,333
Property, plant and equipment	20	**634,867**	348,493
Prepaid lease payments	21	**341,433**	350,040
Properties for development	22	**48,956**	49,995
Club memberships	23	**8,574**	8,574
Interests in associates	24	**12,806**	10,512
Interests in jointly controlled entities	25	**40,613**	—
Loans receivable	26	**63,209**	86,463
Other receivables	27	**145,235**	—
		7,757,796	6,566,410
Current assets			
Properties held for sale	28		
Completed properties		**566,529**	744,933
Properties under development		**714,089**	638,497
Other inventories		**1,339**	—
Prepaid lease payments	21	**8,607**	8,607
Held for trading investments	29	**154**	51
Loans receivable	26	**3,073**	11,222
Receivables, deposits and prepayments	27	**448,977**	169,366
Tax recoverable		**35,754**	79
Amounts due from minority shareholders	30	**2,397**	19,650
Pledged bank deposits	31	**330,616**	202,644
Restricted bank deposits	32	**—**	147,322
Bank balances and cash	33	**2,332,975**	2,166,157
		4,444,510	4,108,528
Investment properties held for sale	34	**245,000**	—
		4,689,510	4,108,528
Current liabilities			
Payables, deposits received and accrued charges	35	**424,449**	278,874
Sales deposits received		**1,180**	9,580
Provisions	36	**6,047**	6,807
Tax liabilities		**95,054**	138,079
Amounts due to minority shareholders	37	**134,966**	80,602
Bank borrowings — due within one year	38	**1,019,994**	1,651,241
		1,681,690	2,165,183
Liabilities associated with investment properties held for sale	34	**27,200**	—
		1,708,890	2,165,183
Net current assets		**2,980,620**	1,943,345
Total assets less current liabilities		**10,738,416**	8,509,755

Consolidated Statement of Financial Position

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	39	**64,719**	65,693
Reserves		**7,302,624**	6,258,226
Equity attributable to the Company's shareholders		**7,367,343**	6,323,919
Minority interests		**266,329**	236,053
Total equity		**7,633,672**	6,559,972
Non-current liabilities			
Bank borrowings — due after one year	38	**2,252,324**	1,312,446
Derivative financial liability	40	**3,305**	7,166
Deferred taxation	41	**849,115**	630,171
		3,104,744	1,949,783
		10,738,416	8,509,755

The consolidated financial statements on pages 50 to 112 were approved and authorised for issue by the Board of Directors on 29 March 2010 and are signed on its behalf by:

LU WING CHI
CHAIRMAN AND MANAGING DIRECTOR

LAMBERT LU
EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to the Company's shareholders									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008	60,283	274,311	277,707	199,646	4,451	—	5,369,445	6,185,843	272,393	6,458,236
Profit for the year	—	—	—	—	—	—	63,297	63,297	48,693	111,990
Other comprehensive income for the year	—	—	—	80,273	—	—	—	80,273	48,109	128,382
Total comprehensive income for the year	—	—	—	80,273	—	—	63,297	143,570	96,802	240,372
Recognition of equity-settled share-based payments	—	—	—	—	—	11,542	—	11,542	—	11,542
Shares issued on exercise of warrants	5,410	69,250	—	—	—	—	—	74,660	—	74,660
Dividends paid	—	—	—	—	—	—	(91,696)	(91,696)	—	(91,696)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	(124,969)	(124,969)
Acquisition of assets and assumption of liabilities (note 43(b))	—	—	—	—	—	—	—	—	198	198
Contributions from a minority shareholder	—	—	—	—	—	—	—	—	693	693
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(9,064)	(9,064)
At 31 December 2008	65,693	343,561	277,707	279,919	4,451	11,542	5,341,046	6,323,919	236,053	6,559,972
Profit for the year	—	—	—	—	—	—	1,122,649	1,122,649	30,297	1,152,946
Other comprehensive income for the year	—	—	—	7,856	—	—	—	7,856	(3,154)	4,702
Total comprehensive income for the year	—	—	—	7,856	—	—	1,122,649	1,130,505	27,143	1,157,648
Recognition of equity-settled share-based payments	—	—	—	—	—	1,083	—	1,083	—	1,083
Share repurchased and cancelled	(1,850)	(41,652)	—	—	—	—	—	(43,502)	—	(43,502)
Share issued on exercise of share options	876	21,636	—	—	—	(2,699)	—	19,813	—	19,813
Dividends paid	—	—	—	—	—	—	(64,475)	(64,475)	—	(64,475)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	(70,867)	(70,867)
Acquisition of assets and assumption of liabilities (note 43(a))	—	—	—	—	—	—	—	—	10,097	10,097
Contributions from minority shareholders	—	—	—	—	—	—	—	—	63,903	63,903
At 31 December 2009	**64,719**	**323,545**	**277,707**	**287,775**	**4,451**	**9,926**	**6,399,220**	**7,367,343**	**266,329**	**7,633,672**

Contributed surplus represents the excess of the nominal value of the shares of the acquired company over the nominal value of the Company's shares issued for the acquisition pursuant to the group reorganisation in previous years.

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Operating activities			
Profit before taxation		**1,392,923**	130,315
Adjustments for:			
Interest expenses		**73,138**	110,986
Write down of properties held for sale		**28,112**	94,139
Depreciation and amortisation		**13,169**	6,209
Fair value changes on investment properties		**(1,310,802)**	620,641
Fair value changes on properties held for sale upon transfer to investment properties		**—**	(269,242)
Fair value changes on held for trading investments		**(82)**	347
Fair value changes on derivative financial instrument		**(5,336)**	7,166
Fair value loss on initial recognition of other receivables		**5,868**	—
Gain on disposals of subsidiaries		**—**	(104,817)
Gain on liquidation of a jointly controlled entity		**—**	(50,356)
Share of results of associates		**1,555**	(1,511)
Share of results of jointly controlled entities		**2,557**	—
Interest income		**(10,214)**	(45,901)
Loss on disposal of property, plant and equipment		**434**	143
Loss on acquisition of assets and assumption of liabilities		**1,057**	—
Share-based payment expenses		**1,083**	11,542
Operating cash flows before movements in working capital		**193,462**	509,661
Decrease in properties held for sale		**116,839**	819,129
Increase in other inventories		**(1,339)**	—
(Increase) decrease in receivables, deposits and prepayments		**(171,044)**	178,282
Decrease in payables, deposits received and accrued charges		**(67,966)**	(151,165)
Decrease in sales deposits received		**(8,426)**	(348,141)
Cash generated from operations		**61,526**	1,007,766
Interest paid		**(73,115)**	(139,375)
Tax paid		**(107,782)**	(56,924)
Net cash (used in) from operating activities		**(119,371)**	811,467

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Investing activities			
Additional costs on investment properties		**(47)**	(1,246)
Proceeds and deposit received on disposal of investment properties		**390,871**	—
Additional cost on properties for development		**(157)**	(36,416)
Purchase of and additional cost on property, plant and equipment		**(195,876)**	(185,075)
Proceeds on disposal of property, plant and equipment		**—**	98
Dividend received from an associate		**2,478**	3,186
Interest received		**10,834**	41,694
Repayment from jointly controlled entities		**—**	158
Advance of loans		**—**	(17,592)
Receipt of repayments of loans		**31,826**	51,224
(Increase in) release of pledged bank deposits		**(126,896)**	216,648
Release of (increase in) restricted bank deposits		**147,175**	(5,888)
Loan to a jointly controlled entity		**(3,000)**	—
Acquisition of assets and assumption of liabilities	43	**(2,456)**	(5,307)
Proceed from disposal of subsidiaries net of cash and cash equivalents disposed of	44	**—**	89,994
Repayments from minority shareholders		**19,092**	—
Net cash from investing activities		**273,844**	151,478
Financing activities			
Repayments of bank borrowings		**(1,803,158)**	(2,401,361)
Drawn down of bank borrowings		**2,037,018**	2,528,749
Advances from minority shareholders		**1,412**	99,998
Repayments to minority shareholders		**(133,307)**	(86,388)
Advance to a minority shareholder		**(1,839)**	—
Dividends paid		**(64,475)**	(91,696)
Dividends paid to minority shareholders		**(70,867)**	(124,969)
Issue of new shares		**19,813**	74,660
Repurchase of shares		**(43,502)**	—
Contributions from minority shareholders		**63,903**	693
Net cash from (used in) financing activities		**4,998**	(314)
Net increase in cash and cash equivalents		**159,471**	962,631
Cash and cash equivalents at beginning of the year		**2,166,157**	1,186,259
Effect of foreign exchange rate changes		**7,347**	17,267
Cash and cash equivalents at end of the year represented by bank balances and cash		**2,332,975**	2,166,157

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

1. General

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Nan Luen International Limited and its ultimate holding company is JCS Limited. Both holding companies are incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the directory of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 53.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as disclosed below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments and changes in the basis of measurement of segment profit or loss. Details are disclosed in note 7.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and changes in the format and content of the consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards *(continued)*

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided fair value measurement in hierarchy in respect of held for trading investments and derivative financial liability as well as maturity analysis in respect of the maximum amount of financial guarantees provided to banks in relation to their mortgage loans granted to the purchasers of the Group's properties located in the People's Republic of China ("PRC") as at 31 December 2008 in accordance with the transitional provision set out in the amendments.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective.

The adoption of HKFRS 3 (Revised) "Business Combinations" may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant Accounting Policies *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

Goodwill arising on acquisition of associates and jointly controlled entities is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate or jointly controlled entity. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. Significant Accounting Policies *(continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Investment properties that are classified as held for sale are measured at their fair values at the end of the reporting period. Other non-current assets classified as held for sale are measured at the lower of the previous carrying amount of the assets and their fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.

3. Significant Accounting Policies *(continued)*

Revenue recognition *(continued)*

Others

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Hotel operation and other service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment other than properties under development and crockery, utensils and linens are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than properties under development and crockery, utensils and linens, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Initial expenditure incurred for crockery, utensils and linens is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss as and when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

3. Significant Accounting Policies *(continued)*

Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development is stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties would be transferred to the appropriate categories according to the management's intention of use of the properties after completion of development.

Properties under development

When the leasehold land and buildings are in the course of development for hotel operation or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised on a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is capitalised as part of the cost of the building. Buildings under construction are carried at cost, less any identified impairment losses. Cost comprises development costs including attributable borrowing costs, prepaid lease payments and directly attributable costs capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the condition necessary for them to be capable of operating in the manner intended by management).

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

Inventories

Properties for sale

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs of completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

Other inventories

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using weighted average method.

3. Significant Accounting Policies *(continued)*

Impairment on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and held for trading investments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including loans receivable, loan to a jointly controlled entity, amounts due from minority shareholders, trade and other receivables and bank deposits and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Held for trading investments

At the end of each reporting period subsequent to initial recognition, held for trading investments are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Impairment of financial assets

Financial assets, other than held for trading investments, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including payables, amounts due to minority shareholders and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as equity instruments.

Derivatives

Derivatives that do not qualify nor designated for hedge accounting are deemed as financial assets/liabilities held for trading and are measured at fair value with fair value changes recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Club memberships

Club memberships are recognised at cost on initial recognition. Club memberships with indefinite useful lives are subsequently stated at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of a club membership are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

3. Significant Accounting Policies *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those classified and accounted for as investment properties under fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity (translation reserve) and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period and their income and expense are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which cases, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Equity-settled share-based payment transactions

Share options granted on or before 7 November 2002

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed immediately or on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

3. Significant Accounting Policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies which are described in note 3, management has made judgments and estimation that has a significant risk of causing a material adjustment to the carrying amounts of assets within next financial year.

Income tax

No deferred tax asset has been recognised in respect of tax losses and deductible temporary differences of HK$512,134,000 and HK$128,675,000 (2008: HK$427,936,000 and HK$126,596,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

Impairment of property, plant and equipment and prepaid lease payments

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$812,986,000 (2008: HK$694,922,000) has any indication of impairment by considering the recoverable amount of hotel building which has been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from hotel operating cash flows discounted to arrive at the present value of the asset. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value of investment properties

Investment properties with carrying amount of HK$6,460,503,000 (2008: HK$5,698,201,000) and HK$74,872,000 (2008: HK$14,132,000) are stated at fair value based on the valuation performed by independent professional valuers and the directors of the Company respectively. In determining the fair value, the valuers and the directors of the Company have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Write-down of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,280,618,000 (2008: HK$1,383,430,000) is based on an estimation of the net realisable value of the properties held for sale which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable standard and location, the estimated costs to complete the development and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for write-down of the properties held for sale may result.

Impairment of receivables

In determining whether there is any impairment loss on the receivables of HK$349,765,000 (2008: Nil) in relation to cost incurred on certain pieces of land as detailed in note 27(a), the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate at initial recognition, may arise.

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as raising of new debts or repayment of existing debts.

6. Revenue

The following is an analysis of the Group's revenue from its major business activities:

	2009 **HK$'000**	2008 HK$'000
Sales of properties	**237,243**	1,334,820
Renting of properties	**277,350**	246,172
Hotel operation	**16,059**	—
	530,652	1,580,992

7. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting segment was geographical segments by location of customers with secondary reporting segment by business segment. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The adoption of HKFRS 8 has also changed the basis of measurement of segment profit or loss. Information reported to the Group's chief operating decision maker (the executive directors of the Group) for the purposes of resource allocation and assessment of performance is focused on property development, property investment and hotel operation and these have been identified by the chief operating decision maker as three separate reportable segments.

7. Segment Information *(continued)*

Principal activities of each segment of the three operating divisions are as follows:

Property investment	—	renting of properties
Property development	—	development of properties
Hotel operation	—	hotel operation and management

Property investment and development activities are in Hong Kong, PRC, New Zealand and Australia whereas the hotel in Hong Kong commenced operation in November 2009.

The following is an analysis of the Group's revenue and results by reportable segment:

Segment revenues and results

For the year ended 31 December 2009

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	237,243	277,350	16,059	—	530,652
Inter-segment sales	—	455	—	(455)	—
Total	237,243	277,805	16,059	(455)	530,652
SEGMENT RESULTS					
Segment profit (loss)	82,412	1,522,875	(30,236)		1,575,051
Interest income					10,214
Corporate expenses					(108,919)
Share of results of associates					(1,555)
Share of results of jointly controlled entities					(2,557)
Finance costs					(79,311)
Profit before taxation					1,392,923

7. Segment Information *(continued)*

Segment revenues and results *(continued)*

For the year ended 31 December 2008

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	1,334,820	246,172	—	—	1,580,992
Inter-segment sales	—	417	—	(417)	—
Total	1,334,820	246,589	—	(417)	1,580,992
SEGMENT RESULTS					
Segment profit (loss)	603,849	(464,444)	(5,189)		134,216
Interest income					45,901
Gain on disposal of subsidiaries					104,817
Gain on liquidation of a jointly controlled entity					50,356
Corporate expenses					(90,991)
Share of results of associates					1,511
Finance costs					(115,495)
Profit before taxation					130,315

Inter-segment sales are at mutually agreed terms.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

The Group does not allocate interest income, corporate expenses, finance costs, share of results of associates and jointly controlled entities and gain on disposal/liquidation of subsidiaries, associates or jointly controlled entities to individual reportable segment profit or loss for the purposes of resources allocation and performance assessment by the chief operating decision maker.

7. Segment Information *(continued)*

Other segment information

The following amounts are included in the measurement of segment profit or loss.

For the year ended 31 December 2009

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amortisation of prepaid lease payments	—	—	1,434	—	1,434
Amortisation of properties for development	1,253	—	—	—	1,253
Depreciation	557	1,122	7,340	1,463	10,482
Increase in fair value of investment properties	—	1,310,802	—	—	1,310,802
Fair value loss on initial recognition of other receivables	5,868	—	—	—	5,868
Write down of properties held for sale	28,112	—	—	—	28,112
Loss on disposal of property, plant and equipment	—	434	—	—	434

For the year ended 31 December 2008

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amortisation of properties for development	637	—	—	—	637
Depreciation	194	3,374	18	1,986	5,572
Decrease in fair value of investment properties	—	620,641	—	—	620,641
Increase in fair value of properties held for sale upon transfer to investment properties	269,242	—	—	—	269,242
Write down of properties held for sale	94,139	—	—	—	94,139
Loss on disposal of property, plant and equipment	—	143	—	—	143

7. Segment Information *(continued)*

Geographical information

The Group operates in four principal geographical areas, Hong Kong (country of domicile), PRC, New Zealand and Australia.

The Group's revenue from external customers by geographical location of properties are detailed below.

	2009 **HK$'000**	2008 HK$'000
Hong Kong	**369,279**	1,430,334
PRC	**139,552**	71,349
New Zealand	**7,331**	64,625
Australia	**14,490**	14,684
	530,652	1,580,992

No revenue from customers for the year or the corresponding year contributes over 10% of the total revenue of the Group.

The Group's information about its non-current assets, which exclude financial instruments, by geographical location are detailed below.

	2009 **HK$'000**	2008 HK$'000
Hong Kong	**5,641,692**	4,694,206
PRC	**1,653,314**	1,593,229
New Zealand	**13,335**	23,961
Australia	**201,700**	168,551
	7,510,041	6,479,947

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision maker in the resource allocation and assessment of performance.

8. Interest Income

	2009 HK$'000	2008 HK$'000
Interest on loans receivable	**4,425**	8,109
Interest on bank deposits	**4,799**	37,792
Other interest income	**990**	—
	10,214	45,901

9. Property and Related Costs

	2009 HK$'000	2008 HK$'000
Changes in completed properties and properties under development held for sale	**74,700**	793,597
Costs incurred for development of properties held for sale	**70,825**	113,534
Write down of properties held for sale	**28,112**	94,139
Direct operating expenses on investment properties	**36,873**	35,756
	210,510	1,037,026

10. Fair Value Changes on Investment Properties

Fair value changes relating to investment properties disposed of during the year and investment properties held for sale amounted to HK$104,500,000 (2008: Nil) and HK$65,000,000 (2008: Nil) respectively.

11. Gain on Liquidation of a Jointly Controlled Entity

In the preceding year, the Group was distributed certain assets, mainly properties with fair value of HK$124,174,000, and had assumed certain liabilities, mainly the bank borrowings of a jointly controlled entity, with carrying amount of HK$55,435,000, from a jointly controlled entity on its liquidation. At the same time, the Group waived the amount due from the jointly controlled entity of HK$16,942,000. The fair value of the properties and other assets taken over less liabilities assumed of HK$67,298,000 and less the amount due from the jointly controlled entity waived was recognised as gain on disposal of the jointly controlled entity.

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12. Finance Costs

	2009 HK$'000	2008 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	**54,887**	136,108
Bank borrowings not wholly repayable within 5 years	**26,248**	3,267
	81,135	139,375
Less: Amounts capitalised to property development projects	**(7,997)**	(28,389)
	73,138	110,986
Front end fee	**1,945**	1,870
Other charges	**4,228**	2,639
	79,311	115,495

13. Profit Before Taxation

	2009 HK$'000	2008 HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	**8,607**	8,606
Less: Capitalised to hotel building	**(7,173)**	(8,606)
	1,434	—
Amortisation of properties for development	**1,253**	637
Auditor's remuneration	**4,159**	4,087
Directors' emoluments (Note 14)	**64,387**	30,337
Fair value changes on held for trading investments	**—**	347
Fair value changes on derivative financial instrument	**—**	7,166
Fair value loss on initial recognition of other receivables	**5,868**	—
Loss on disposal of property, plant and equipment	**434**	143
Loss on acquisition of assets and assumption of liabilities	**1,057**	—
Share-based payment expenses to employees other than directors	**877**	1,940
and crediting:		
Fair value changes on held for trading investments	**82**	—
Fair value changes on derivative financial instrument	**5,336**	—
Gross rental income from investment properties	**277,350**	246,172
Less: Direct operating expenses	**(36,873)**	(35,756)
Net rental income	**240,477**	210,416

14. Directors' Emoluments

The emoluments paid or payable to each of the directors are as follows:

	Lu Wing Chi HK$'000	Lu Wing Yuk, Andrew HK$'000	Lincoln Lu HK$'000	Lambert Lu HK$'000	David Hsu HK$'000 (Note b)	Tse Man Bun HK$'000 (Note c)	Lam Sing Tai HK$'000	Walujo Santoso Wally HK$'000	Leung Hok Lim HK$'000	Chung Pui Lam HK$'000	Total HK$'000
2009											
Fees	**20**	**20**	**20**	**20**	**—**	**—**	**20**	**150**	**200**	**200**	**650**
Other emoluments											
Salaries and other benefits	**5,400**	**720**	**2,160**	**2,160**	**1,329**	**—**	**1,440**	**—**	**—**	**—**	**13,209**
Retirement benefits scheme contribution	**810**	**90**	**270**	**230**	**13**	**—**	**216**	**—**	**—**	**—**	**1,629**
Discretionary and performance based bonus (Note a)	**40,879**	**300**	**3,407**	**3,407**	**—**	**—**	**700**	**—**	**—**	**—**	**48,693**
Share-based payment expenses	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**206**	**206**
Total emolument	**47,109**	**1,130**	**5,857**	**5,817**	**1,342**	**—**	**2,376**	**150**	**200**	**406**	**64,387**
2008											
Fees	20	20	20	20	20	20	20	150	200	200	690
Other emoluments											
Salaries and other benefits	5,400	720	2,040	2,040	3,000	—	1,356	—	—	—	14,556
Retirement benefits scheme contribution	810	90	212	204	300	—	203	—	—	—	1,819
Discretionary and performance based bonus (Note a)	2,460	300	205	205	—	—	500	—	—	—	3,670
Share-based payment expenses	2,024	1,100	2,024	2,024	—	1	2,024	202	202	1	9,602
Total emolument	10,714	2,230	4,501	4,493	3,320	21	4,103	352	402	201	30,337

Notes:

(a) The discretionary and performance based bonus to the executive directors is based on the profit before taxation attributable to the Company's shareholders.

(b) Mr. David Hsu resigned as a director on 1 February 2009.

(c) Mr. Tse Man Bun resigned as a director on 1 May 2009 and waived his emoluments for the period from 1 January 2009 to 30 April 2009.

(d) No other directors waive any emoluments during both years ended 31 December 2009.

15. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2008: all) were directors of the Company whose emoluments are disclosed in note 14. The emoluments paid and payable to the remaining one individual for the year ended 31 December 2009 amounted to HK$2,012,000, representing salaries and other benefits of HK$1,708,000, retirement benefits scheme of HK$98,000, discretionary and performance-based bonus of HK$162,000 and share-based payment expenses of HK$44,000, for his service rendered to the Group.

16. Income Tax Expense

	2009 HK$'000	2008 HK$'000
The charge (credit) comprises:		
Current tax		
Hong Kong	**16,349**	74,252
PRC Enterprise Income Tax	**8**	—
PRC Land Appreciation Tax	**11,283**	—
	27,640	74,252
Under (over) provision in prior years		
Hong Kong	**1,117**	(310)
PRC Enterprise Income Tax	**197**	15,719
PRC Land Appreciation Tax	**—**	(5,839)
Other jurisdictions	**—**	(55)
	1,314	9,515
Deferred tax		
Current year	**211,023**	(37,953)
Attributable to a change in tax rate	**—**	(27,489)
	211,023	(65,442)
	239,977	18,325

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

PRC Land Appreciation Tax is calculated at progressive rates on the appreciated property value, less allowable deductions in accordance with the relevant PRC tax laws and regulations.

Income tax arising in PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

16. Income Tax Expense *(continued)*

Details of deferred taxation are set out in note 41.

The income tax expense for the year can be reconciled from profit (loss) before taxation per the consolidated income statement as follows:

	Hong Kong and PRC		New Zealand, Australia and others		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Profit (loss) before taxation	**1,437,029**	211,610	**(44,106)**	(81,295)	**1,392,923**	130,315
Applicable income tax rate (Note)	**16.5%**	16.5%	**30%**	30%		
Tax charge (credit) at the applicable income tax rate	**237,110**	34,916	**(13,232)**	(24,389)	**223,878**	10,527
Tax effect of share of results of associates	**—**	—	**467**	(453)	**467**	(453)
Tax effect of share of results of jointly controlled entities	**422**	—	**—**	—	**422**	—
Tax effect of expenses not deductible for tax purpose	**13,913**	40,059	**500**	9,476	**14,413**	49,535
Tax effect of income not taxable for tax purpose	**(19,640)**	(9,542)	**(4,240)**	(32,778)	**(23,880)**	(42,320)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	**(4,770)**	—	**—**	—	**(4,770)**	—
Tax effect of tax losses not recognised	**10,266**	5,671	**4,519**	13,130	**14,785**	18,801
Utilisation of tax losses previously not recognised	**(9,361)**	(42,691)	**—**	—	**(9,361)**	(42,691)
Tax effect of deductible temporary differences not recognised	**—**	—	**9,531**	26,973	**9,531**	26,973
Utilisation of deductible temporary differences not previously recognised	**(4,899)**	(569)	**—**	—	**(4,899)**	(569)
PRC Land Appreciation Tax	**11,283**	—	**—**	—	**11,283**	—
Effect of different tax rates of subsidiaries operated in other jurisdictions	**5,959**	19,016	**—**	—	**5,959**	19,016
Effect of change in tax rate	**—**	(27,489)	**—**	—	**—**	(27,489)
Under(over)provision of income tax in respect of prior years, net	**1,314**	15,409	**—**	(55)	**1,314**	15,354
Overprovision of PRC Land Appreciation Tax in respect of prior years	**—**	(5,839)	**—**	—	**—**	(5,839)
Others	**835**	(151)	**—**	(2,369)	**835**	(2,520)
Income tax expense (credit) for the year	**242,432**	28,790	**(2,455)**	(10,465)	**239,977**	18,325

Note: The applicable income tax rates of 16.5% and 30% represented Hong Kong Profits Tax rate and the corporate tax rate in New Zealand respectively, where the operations of the Group are substantially based.

17. Dividends

	2009 HK$'000	2008 HK$'000
Dividend recognised as distribution during the year:		
2009 Interim dividend — HK5 cents (2008: HK5 cents) per share	32,354	32,771
2008 Final dividend — HK5 cents (2007: HK5 cents) per share	32,121	58,925
	64,475	91,696
2009 Final dividend proposed:		
HK6 cents (2008: HK5 cents) per share	38,870	32,071

A final dividend of HK6 cents (2008: HK5 cents) per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

18. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the Company's shareholders is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings for the purpose of basic and diluted earnings per share	1,122,649	63,297

	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	645,720,070	647,975,938
Effect of dilutive potential ordinary shares		
Options	10,697,437	2,125,758
Warrants	—	6,943,563
Weighted average number of ordinary shares for the purpose of diluted earnings per share	656,417,507	657,045,259

18. Earnings Per Share *(continued)*

For the purpose of assessing the performance of the Group, management is of the view that the profit for the year should be adjusted for the fair value changes on properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	2009 HK$'000	2008 HK$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**1,122,649**	63,297
Fair value changes on investment properties	**(1,310,802)**	620,641
Fair value changes on properties held for sale upon transfer to investment properties	**—**	(269,242)
Deferred tax thereon	**196,196**	(38,337)
Effect of change in tax rate	**—**	(27,029)
Attributable to minority interests	**30,783**	(14,949)
Adjusted profit attributable to the Company's shareholders	**38,826**	334,381
Earnings per share excluding fair value changes on properties net of deferred tax		
Basic	**HK$0.06**	HK$0.52
Diluted	**HK$0.06**	HK$0.51

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

19. Investment Properties

	Hong Kong		PRC		Australia	New Zealand		
	Long lease	Medium-term lease	Long lease	Medium-term lease	Medium-term lease	Freehold	Long lease	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	318,000	4,001,600	1,174,690	—	227,149	16,446	14,897	5,752,782
Distribution by a jointly controlled entity upon liquidation (note 11)	—	—	124,174	—	—	—	—	124,174
Additions	—	—	1,202	—	—	44	—	1,246
Fair value changes	(110,000)	(430,000)	(40,442)	(5,222)	(21,250)	(12,397)	(1,330)	(620,641)
Transferred from properties held for sale	220,000	—	—	210,995	—	—	—	430,995
Exchange adjustments	—	—	74,976	(1,671)	(44,400)	(1,712)	(3,416)	23,777
At 31 December 2008	428,000	3,571,600	1,334,600	204,102	161,499	2,381	10,151	5,712,333
Additions	—	—	—	—	—	47	—	47
Fair value changes	169,500	1,100,000	50,494	5,674	(14,866)	—	—	1,310,802
Reclassified to held for sale	(245,000)	—	—	—	—	—	—	(245,000)
Disposals	(352,500)	—	—	—	—	(2,673)	(11,198)	(366,371)
Exchange adjustments	—	—	2,164	328	46,508	245	1,047	50,292
At 31 December 2009	—	**4,671,600**	**1,387,258**	**210,104**	**193,141**	—	—	**6,462,103**

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purpose. These properties are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's Hong Kong and PRC investment properties with aggregate carrying value of HK$6,267,362,000 at 31 December 2009 (2008: HK$5,536,702,000) had been arrived at on the basis of valuation carried out at that date by Savills Valuation and Professional Services Limited ("Savills") whereas those in Australia had been arrived at on the basis of valuation carried out on that date by Colliers International Consultancy and Valuation Pty Limited ("Colliers").

Savills and Colliers are independent professional valuers not connected with the Group. They are members of Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation was arrived at on the basis of capitalisation of net income.

The fair values of the remaining investment properties of HK$1,600,000 (2008: HK$14,132,000) as at 31 December 2009 have been determined by the directors of the Company by reference to recent transacted prices for similar properties in the same locations.

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20. Property, Plant and Equipment

	Hotel building in Hong Kong under medium-term lease								
	Under development HK$'000	Completed HK$'000	Property in PRC under long lease HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Crockery, utensils and linens HK$'000	Total HK$'000
COST									
At 1 January 2008	126,803	—	484	209	19,683	22,840	5,118	—	175,137
Exchange adjustments	—	—	9	(69)	(1,462)	(2,575)	(5)	—	(4,102)
Additions	200,866	—	—	44	791	—	—	—	201,701
Amortisation of prepaid lease payments capitalised	8,606	—	—	—	—	—	—	—	8,606
Reclassification	—	—	—	—	(1,942)	—	1,942	—	—
Disposals	—	—	—	—	(1,688)	(519)	—	—	(2,207)
Disposal of subsidiaries	—	—	(357)	—	(295)	(259)	—	—	(911)
At 31 December 2008	336,275	—	136	184	15,087	19,487	7,055	—	378,224
Exchange adjustments	—	—	—	50	1,048	2,927	7	—	4,032
Additions	274,342	—	—	—	6,369	2,788	1,195	3,214	287,908
Amortisation of prepaid lease payments capitalised	7,173	—	—	—	—	—	—	—	7,173
Reclassification	(617,790)	464,798	—	46,746	25,509	—	80,737	—	—
Disposals	—	—	—	(18)	(1,032)	(248)	—	—	(1,298)
At 31 December 2009	**—**	**464,798**	**136**	**46,962**	**46,981**	**24,954**	**88,994**	**3,214**	**676,039**
DEPRECIATION									
At 1 January 2008	—	—	210	122	15,987	7,470	4,973	—	28,762
Exchange adjustments	—	—	4	(35)	(1,249)	(637)	(3)	—	(1,920)
Provided for the year	—	—	4	31	778	4,153	606	—	5,572
Reclassification	—	—	—	—	(828)	—	828	—	—
Eliminated on disposals	—	—	—	—	(1,463)	(503)	—	—	(1,966)
Eliminated on disposal of subsidiaries	—	—	(164)	—	(295)	(258)	—	—	(717)
At 31 December 2008	—	—	54	118	12,930	10,225	6,404	—	29,731
Exchange adjustments	—	—	—	29	878	910	6	—	1,823
Provided for the year	—	1,852	4	801	1,926	2,094	3,805	—	10,482
Eliminated on disposals	—	—	—	(18)	(623)	(223)	—	—	(864)
At 31 December 2009	**—**	**1,852**	**58**	**930**	**15,111**	**13,006**	**10,215**	**—**	**41,172**
CARRYING VALUES									
At 31 December 2009	**—**	**462,946**	**78**	**46,032**	**31,870**	**11,948**	**78,779**	**3,214**	**634,867**
At 31 December 2008	336,275	—	82	66	2,157	9,262	651	—	348,493

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Completed hotel building	Shorter of lease term or 40 years
Other building	2% to 4%
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

21. Prepaid Lease Payments

	2009 HK$'000	2008 HK$'000
Leasehold land in Hong Kong held under medium-term lease	**350,040**	358,647
Analysed for reporting purposes as:		
Current	**8,607**	8,607
Non-current	**341,433**	350,040
	350,040	358,647

Amortisation of prepaid lease payments during the year amounting to HK$7,173,000 (2008: HK$8,606,000) was capitalised to hotel building under development.

22. Properties for Development

	2009 HK$'000	2008 HK$'000
COST		
At 1 January	**50,632**	—
Acquisition of leasehold land through acquisition of a subsidiary (Note 43(b))	**—**	13,901
Additional costs	**157**	36,416
Exchange adjustments	**57**	315
At 31 December	**50,846**	50,632
AMORTISATION		
At 1 January	**(637)**	—
Provided for the year	**(1,253)**	(637)
At 31 December	**(1,890)**	(637)
CARRYING VALUE		
At 31 December	**48,956**	49,995

The carrying amount represents the Group's cost of interest in certain pieces of lands located in the PRC to be held for development. However, the location of land has not been designated and the legal title of the land use rights has not yet been transferred to the Group.

The carrying amount is amortised on a straight-line basis over the lease term of 40 years of the leasehold land.

23. Club Memberships

	2009 HK$'000	2008 HK$'000
At cost less impairment	**8,574**	8,574

The directors of the Company are of the opinion that the Group would derive benefits from the use of club memberships continuously and therefore is considered as having an indefinite useful life. The club memberships will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. There has been no indication of further impairment on the amount presented at the end of the reporting period.

24. Interests in Associates

	2009 HK$'000	2008 HK$'000
Investment cost — unlisted	**96,990**	96,990
Share of post-acquisition retained profits and reserves	**(3,788)**	(6,082)
Impairment loss recognised	**(80,396)**	(80,396)
	12,806	10,512

Included in the cost of investment in associates is goodwill of HK$80,396,000 (2008: HK$80,396,000) arising on acquisitions of associates and against which impairment loss had been fully recognised in prior years.

24. Interests in Associates *(continued)*

Details of the Group's principal associates at 31 December 2009 and 2008, all of which are companies with limited liability, are as follows:

Name of associate	Form of business structure	Place/country of incorporation/ operation	Effective percentage of issued ordinary share capital indirectly held by the Company		Principal activities
			2009	2008	
GSB Supplycorp Limited	Incorporated	New Zealand	**50**	50	Public sector e-procurement
Professional Service Brokers Limited	Incorporated	New Zealand	**50**	50	e-procurement management
Conexa Limited	Incorporated	New Zealand	**40**	50	e-commerce marketplace

The directors are of the opinion that a complete list of the particulars of all associates of the Group will be of excessive length and therefore the above list contains only the particulars of associates which principally affect the results or assets of the Group.

The summarised financial information in respect of the Group's associates is as follows:

	2009 HK$'000	2008 HK$'000
Total assets	**35,305**	31,691
Total liabilities	**(9,693)**	(10,667)
Net assets	**25,612**	21,024
Group's share of net assets of associates	**12,806**	10,512
Revenue	**49,346**	50,208
(Loss) profit for the year	**(3,110)**	3,022
Other comprehensive income	**12,654**	(15,004)
Group's share of profit and other comprehensive income of associates for the year	**4,772**	(5,991)

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25. Interests in Jointly Controlled Entities

	2009 HK$'000	2008 HK$'000
Cost of unlisted investments in jointly controlled entities	3,859	—
Share of post-acquisition losses	(2,557)	—
	1,302	—
Loan to a jointly controlled entity	39,311	—
	40,613	—

As at 31 December 2009, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place/ country of incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group		Principal activity
				Directly	Indirectly	
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	50	—	Investment holding
耒陽順華置業有限公司 (Leiyang Shunhua Real Estate Development Ltd.)#	Established	PRC	Registered capital	—	50	Property development

English translation of the entity's official name.

25. Interests in Jointly Controlled Entities *(continued)*

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2009 HK$'000	2008 HK$'000
Current assets	64,162	—
Non-current assets	318	—
Current liabilities	67,037	—
Non-current liabilities	—	—
Income recognised in profit or loss	2	—
Expenses recognised in profit or loss	2,559	—
Other comprehensive income	—	—

Loan to a jointly controlled entity is unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand for repayment within one year, the amount is classified as non-current asset.

On application of Hong Kong Accounting Standard 39 "Financial Instruments — Recognition and Measurement", the fair value of this amount is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount of HK$42,551,000 and the fair value of HK$38,692,000 of the advance, determined on initial recognition, deemed to be capital contributed to the jointly controlled entity, is included as part of the cost investment in the jointly controlled entity.

26. Loans Receivable

	2009 HK$'000	2008 HK$'000
Second mortgage loans	66,205	89,808
Unsecured loans	77	—
Secured loans	—	7,877
	66,282	97,685

26. Loans Receivable *(continued)*

	2009 HK$'000	2008 HK$'000
Analysed for reporting purposes		
Current assets	**3,073**	11,222
Non-current assets	**63,209**	86,463
	66,282	97,685

The second mortgage loans and unsecured loans bear interest at Hong Kong Prime Rate and are repayable by installments over a period of 20 years or as stipulated in the respective agreements.

Secured loans bear fixed interest rates ranging from 10.0% to 10.5% per annum and are repayable over a period ranging from 1 to 2 years. The loans are secured by certain leasehold properties of the borrowers.

The effective interest rates of the loans receivable are 5.0% (2008: 5.2% to 10.5%) per annum.

Loans receivable balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loans receivable, the Group considers any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being large and unrelated. No single loan receivable is individually material.

27. Receivables, Deposits and Prepayments

	2009 HK$'000	2008 HK$'000
Trade receivables	**5,774**	4,354
Other receivables, deposits and prepayments	**588,926**	165,500
Less: Allowance for impairment loss	**(488)**	(488)
	594,212	169,366
Analysed for reporting purposes		
Current	**448,977**	169,366
Non-current	**145,235**	—
	594,212	169,366

27. Receivables, Deposits and Prepayments *(continued)*

Included in other receivables, deposits and prepayments are:

(a) an aggregate amount of HK$349,765,000 (2008: Nil) incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of PRC undertaken by the subsidiaries, one of which was acquired during the year. Details are set out in note 43(a). Based on the latest progress of auction of the relevant land, the directors estimate that the receivables will be fully recovered by 31 December 2011. The carrying amount of receivables expected to be recovered one year after the end of the reporting period is presented under non-current assets; and

(b) deposits of HK$149,500,000 (2008: Nil) for the tendering of certain lands situated in PRC.

Trade receivables mainly comprise rental receivable from tenants for the use of the Group's properties and receivable from corporate customers and travel agents. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes. Average credit period of 30 days are allowed to corporate customers and travel agents.

Receivables from sale of properties are settled according to the payment terms of each individual contract and have to be fully settled before the transfer of legal title of the related properties to the customers.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

	2009 HK$'000	2008 HK$'000
0 to 30 days	4,962	3,591
31 to 60 days	297	185
61 to 90 days	23	222
91 to 365 days	443	356
Over 365 days	49	—
	5,774	4,354

Before granting credit to any customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limits by customers. Trade receivables which are past due at the end of the reporting period are minimal and are not considered impaired as these debtors have good repayment history. The Group does not hold any collateral over these balances.

28. Properties Held for Sale

Properties under development are expected to be realised in more than twelve months after the end of the reporting period.

29. Held for Trading Investments

Held for trading investments represent equity securities listed overseas stated at fair value.

30. Amounts due from Minority Shareholders

The balances are unsecured, interest-free and repayable on demand.

31. Pledged Bank Deposits

The deposits carry fixed interest rates ranging from 0.1% to 3.0% (2008: 0.4% to 8.7%) per annum and are pledged to secure short-term bank borrowings.

32. Restricted Bank Deposits

Restricted bank deposits included:

(a) Proceeds received from pre-sale of properties amounted to RMB10,847,000 (equivalent to HK$12,300,000), were used solely for tax payment and settlement of the construction cost of the related properties. These bank deposits carried fixed interest rates ranging from 0.4% to 1.5% per annum. The bank deposits were released during the year; and

(b) Capital of a PRC subsidiary under the process of winding up of US$17,315,000 (equivalent to HK$135,022,000), the use of which was restricted until the winding up process had been completed. During the year, the capital was repaid upon completion of the winding up. The bank deposits carried fixed interest rates ranging from 0.1% to 1.2% per annum.

33. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits which carry fixed interest rates ranging from 0.1% to 2.5% (2008: 0.1% to 8.3%) per annum with maturity period of three months or less.

The Group's bank balance and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2009 **HK$'000**	2008 HK$'000
Hong Kong dollars	**28,615**	4,377
United States dollars	**78,007**	—

34. Investment Properties Held for Sale

On 25 November 2009, the Group entered into an agreement for the disposal of certain investment properties at a consideration of HK$245,000,000. The transaction will be completed by the end of March 2010. The liabilities associated with the disposal of the investment properties at the end of the reporting period are as follows:

	HK$'000
Sale deposit received	**24,500**
Rental deposit received	**2,700**
	27,200

35. Payables, Deposits Received and Accrued Charges

	2009 HK$'000	2008 HK$'000
Trade payables	**2,383**	12,672
Rental deposits	**69,980**	63,819
Other payables, other deposits received and accrued charges	**352,086**	202,383
	424,449	278,874

Included in other payables and accrued charges is an amount of HK$130,109,000 (2008: Nil) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed in note 43(a).

Trade payables are aged less than 60 days at the end of the reporting period based on the invoice date.

36. Provisions

	2009 HK$'000	2008 HK$'000
At 1 January	**6,807**	15,965
Exchange adjustments	**10**	900
Reversed during the year	**(770)**	(10,058)
At 31 December	**6,047**	6,807

The provisions represent the outstanding compensation payable to the former owners for possession of their properties for redevelopment by the Group. The compensations are either settled in cash or an equivalent value of the Group's properties in other locations or the redeveloped properties as agreed between the relevant parties and the Group. The compensation payable is estimated by the directors based on the PRC relevant statutory requirements.

37. Amounts due to Minority Shareholders

The balances are unsecured, interest-free and repayable on demand.

38. Bank Borrowings

	2009 HK$'000	2008 HK$'000
Secured	**3,012,318**	2,798,687
Unsecured	**260,000**	165,000
	3,272,318	2,963,687
The bank borrowings are repayable as follows:		
On demand or within one year	**1,019,994**	1,651,241
More than one year, but not exceeding two years	**946,295**	59,398
More than two years, but not exceeding five years	**1,112,960**	980,132
More than five years	**193,069**	272,916
	3,272,318	2,963,687
Less: Amounts due for settlement within 12 months shown under current liabilities	**(1,019,994)**	(1,651,241)
Amounts due for settlement after 12 months	**2,252,324**	1,312,446

The effective interest rates of these borrowings range from 0.7% to 8.5% (2008: 2.7% to 8.4%) per annum.

All bank borrowings are denominated in the functional currencies of the relevant group entities.

39. Share Capital

	Number of shares		Nominal value	
	2009	2008	2009 HK$'000	2008 HK$'000
Ordinary shares of HK$0.1 each:				
Authorised:				
At beginning and end of year	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of year	**656,928,517**	602,827,170	**65,693**	60,283
Exercise of warrants	**—**	54,101,347	**—**	5,410
Exercise of share options	**8,759,285**	—	**876**	—
Shares repurchased and cancelled	**(18,502,000)**	—	**(1,850)**	—
At end of year	**647,185,802**	656,928,517	**64,719**	65,693

39. Share Capital *(continued)*

During the year, the Company repurchased its own shares through the Stock Exchange as follows. The shares were cancelled upon repurchase.

Month of repurchase	No. of ordinary shares of HK$0.1 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
January	6,832,000	2.30	2.26	15,713
February	4,094,000	2.35	2.30	9,475
March	7,576,000	2.60	2.30	18,314
	18,502,000			43,502

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Of the total 22,766,000 units of outstanding warrants at 1 January 2008, 22,624,000 units were exercised by the warrant holders during the preceding year, pursuant to which 54,101,347 new shares of HK$0.1 each in the Company were issued at a price of HK$1.38 per share. The remaining 142,000 units were expired on maturity, 31 December 2008.

40. Derivative Financial Liability

The carrying amount represents the fair value of an interest rate swap with notional amount of AUD17,983,000 having fixed interest payment of 7.25% and floating interest receipt of Bank Bill Swap Bid Rate plus 0.75% margin and maturing on 19 December 2011. The fair value is determined based on the discounted future cash flows using the applicable yield curve over the duration of the swap.

41. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	Fair value of investment properties	Effective rental income	Others	Tax losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	51,954	688,336	—	375	(48,091)	692,574
Exchange adjustments	(8,943)	1,030	106	1,032	9,814	3,039
(Credit) charge to profit or loss	(36)	(38,337)	12,403	(4,843)	(7,140)	(37,953)
Effect of change in tax rate	(894)	(27,029)	—	(66)	500	(27,489)
At 31 December 2008	42,081	624,000	12,509	(3,502)	(44,917)	630,171
Exchange adjustments	613	9,852	21	(802)	(1,763)	7,921
(Credit) charge to profit or loss	(5,140)	196,196	1,699	2,130	16,138	211,023
At 31 December 2009	**37,554**	**830,048**	**14,229**	**(2,174)**	**(30,542)**	**849,115**

For the purpose of presentation of the statement of financial position, deferred tax assets and liabilities above have been offset and shown under non-current liabilities.

At 31 December 2009, the Group has unused tax losses of HK$662,536,000 (2008: HK$602,935,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$150,402,000 (2008: HK$174,999,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$512,134,000 (2008: HK$427,936,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams.

At 31 December 2009, the Group has deductible temporary differences in respect of deduction of certain costs of properties of HK$128,675,000 (2008: HK$126,596,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

42. Financial Instruments

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**3,121,062**	2,683,349
Held for trading investments	**154**	51
	3,121,216	2,683,400
Financial liabilities		
Derivative financial liability	**3,305**	7,166
Financial liabilities at amortised cost	**3,746,881**	3,243,045
	3,750,186	3,250,211

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall strategy remains unchanged from prior year.

Market risk

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets, which expose the Group to foreign currency risk. The Group currently does not have a policy to hedge the foreign currency exposure. However, the management monitors the related foreign currency fluctuation closely and will consider entering foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

42. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) Foreign currency risk (continued)

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2009 HK$'000	2008 HK$'000
Hong Kong dollars	28,615	4,377
United States dollars	78,039	135,022

The loans to foreign operations within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currency of Hong Kong dollars and United States dollars at the reporting date amounted to HK$163,206,000 (2008: HK$96,139,000) and HK$92,541,000 (2008: HK$92,498,000) respectively.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2008: 5%) appreciation in Renminbi, which is the functional currency of the relevant subsidiaries, relative to Hong Kong dollars and United States dollars. There would be an equal and opposite impact where Renminbi weakens 5% (2008: 5%) against the relevant currencies.

	Decrease in profit for the year		Increase in equity	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Hong Kong dollars	1,431	219	8,160	4,807
United States dollars	—	6,751	4,627	4,625

Since Hong Kong dollars are pegged to United States dollars under the Linked Exchange Rate System, the management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuation between Hong Kong dollars and United States dollars.

42. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings and loans receivable. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Money Market Offer Rate, Hong Kong Prime Rate and the People's Bank of China lending rate, New Zealand Bank Bill Rate and Australian Bank Bill Swap Bid Rate on the bank borrowings, and Hong Kong Prime Rate on the loans receivable.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans receivable and bank borrowing.

The management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loans receivable at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2009 would decrease/increase by HK$15,403,000 (2008: HK$13,887,000).

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 December 2009, the Group has concentration of credit risk on loan to a jointly controlled entity and other receivables from two counterparties which constitute 98% of the total other receivables.

Although the placing of deposits are concentrated on certain banks, the credit risk on the deposits is limited because the counterparties are licensed banks.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

42. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest, estimated based on interest rate at the end of the reporting period, and principal cash flows.

	Weighted average effective interest rate %	Within 3 months HK$'000	3 months to 6 months HK$'000	6 months to 9 months HK$'000	9 months to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2009								
Payables and deposits received	—	298,795	47,943	3,992	5,836	55,711	412,277	412,277
Amounts due to minority shareholders	—	134,966	—	—	—	—	134,966	134,966
Variable rates bank borrowings	2.25	898,317	29,895	48,202	88,801	2,259,767	3,324,982	3,146,933
Fixed rate bank borrowing	7.25	2,273	2,273	2,273	2,273	134,111	143,203	125,385
		1,334,351	80,111	54,467	96,910	2,449,589	4,015,428	3,819,561

	Weighted average effective interest rate %	Within 3 months HK$'000	3 months to 6 months HK$'000	6 months to 9 months HK$'000	9 months to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2008								
Payables and deposits received	—	199,019	6,692	6,141	2,089	48,634	262,575	262,575
Amounts due to minority shareholders	—	—	—	—	80,602	—	80,602	80,602
Variable rates bank borrowings	2.75	1,039,856	23,720	600,064	35,724	1,382,957	3,082,321	2,867,205
Fixed rate bank borrowing	7.25	1,749	1,749	1,749	1,749	131,866	138,862	96,482
		1,240,624	32,161	607,954	120,164	1,563,457	3,564,360	3,306,864

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

42. Financial Instruments *(continued)*

(c) Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of derivative financial instrument is determined in accordance with generally accepted pricing model based on discounted cash flow analysis with reference to interest rate at the end of the reporting period for remaining duration of the outstanding contract; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models which is based on discounted cash flow analysis using the relevant prevailing market rates as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

	2009		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Held for trading investments	154	—	154
Derivative financial liability	—	3,305	3,305

There was no transfer between Level 1 and 2 categories in the current year.

43. Acquisition of Assets and Assumption of Liabilities

(a) On 31 May 2009, the Group acquired the following assets and assumed the following liabilities through acquisition of 51 per cent interest in 南京湖熟生態旅遊發展有限公司 (Nanjing Hushu Ecology Travel Development Company Limited), a company established in the PRC ("Nanjing Company") at a consideration of HK$11,566,000. The excess of the consideration over the net assets acquired representing pre-acquisition operating expenses of Nanjing Company of HK$1,057,000 is recognised as loss on acquisition.

	HK$'000
Net assets acquired:	
Receivables	298,110
Bank balances and cash	9,110
Payables	(120,199)
Amount due to a shareholder	(166,415)
	20,606
Minority interest	(10,097)
	10,509
Loss on acquisition	1,057
Consideration satisfied by cash	11,566
Net cash outflow arising on acquisition:	
Consideration paid	(11,566)
Bank balances and cash acquired	9,110
	(2,456)

Prior to the acquisition, Nanjing Company had incurred a total amount of HK$298,110,000 for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Hushu, Nanjing of which a PRC local government is responsible. The amount, together with further costs to complete the work, are wholly refundable out of the proceeds from public auctions of certain portion of the lands. Nanjing Company will then be awarded the portion of the lands at a fixed price if the auction price is below the fixed price or else the excess of the proceeds from the auction above the fixed price will be awarded to the Nanjing Company.

At the date of acquisition, payable to contractors on the work performed amounted to HK$120,199,000.

43. Acquisition of Assets and Assumption of Liabilities *(continued)*

(b) On 7 March 2008, the Group acquired certain interest in land, and the related assets and liabilities through the acquisition of 黃山市徽州區楓丹白露投資開發有限公司 (Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited) ("Feng Dan Bailu").

	HK$'000
Net assets acquired:	
Properties for development	13,901
Bank balances and cash	1
Payables, deposits received and accrued charges	(8,396)
	5,506
Minority interest	(198)
Consideration satisfied by cash	5,308
Net cash outflow arising on acquisition:	
Cash consideration paid	(5,308)
Bank balances and cash acquired	1
	(5,307)

44. Disposal of Subsidiaries

On 29 August 2008, the Group disposed of its entire 52% interest in each of P.T. Catur Marga Utama and P.T. Sumber Kencana Graha which held various pieces of land situated in Indonesia for residential development at a net consideration of HK$114,636,000. The disposal contributed a gain of HK$104,817,000 and a net cash inflow of HK$89,994,000.

45. Dissolution of Joint Venture

During the year ended 31 December 2008, the Group had taken over, on termination of a joint venture agreement, the joint venture partner's entitlement of 45% interest in certain jointly controlled assets, the development of certain car parks situated in New Zealand with carrying value of HK$74,834,000 together with the related assets and assumed the related liabilities, mainly a bank borrowing of HK$41,435,000. The Group also waived the amount due from the joint venture partner of HK$33,120,000, equivalent to the net carrying value of the assets acquired and liabilities assumed.

Income of HK$304,000 and expenses of HK$2,407,000 in relation to the Group's interests in the jointly controlled assets before the termination of the joint venture agreement, were recognised in the consolidated income statement for the year ended 31 December 2008.

46. Major Non-Cash Transactions

(a) Amount due from the joint venture partner and the jointly controlled entity totalling HK$39,537,000 previously classified under other receivables, deposits and prepayments were reclassified to loan to a jointly controlled entity upon acquisition of the jointly controlled entity.

(b) In the preceding year, certain completed properties were transferred to the former owners of the Group's redeveloped properties as compensation for possession of the former owners' properties, details of which are disclosed in note 36.

(c) In the preceding year, assets of HK$124,174,000 were distributed, bank borrowings of HK$55,435,000 were assumed and the amount due from jointly controlled entity of HK$16,942,000 was waived by the Group on liquidation of a jointly controlled entity, details of which are disclosed in note 11.

(d) In the preceding year, the Group had taken up the assets and assumed certain liabilities of the joint venture, which mainly included interest in properties of HK$74,834,000 and bank borrowings of HK$41,435,000 with net assets value of HK$33,120,000. The Group waived the receivable due from the joint venture partner of HK$33,120,000 on termination of the joint venture agreement, details of which are disclosed in note 45.

47. Operating Lease Arrangements

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$701,000 (2008: HK$2,264,000).

At the end of the reporting period, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	480	1,622
In the second to fifth years inclusive	108	—
	588	1,622

Leases are negotiated for the range of 1 to 2 years (2008: 1 to 2 years) with fixed monthly rentals.

The Group as lessor

Majority of the Group's investment properties were leased out under operating leases.

Certain properties held for sale are temporarily leased with rental income earned during the year of HK$19,989,000 (2008: HK$12,960,000) included in other income.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2009 HK$'000	2008 HK$'000
Within one year	257,656	229,782
In the second to fifth years inclusive	522,342	489,973
Over five years	831,204	798,600
	1,611,202	1,518,355

The Group is entitled to, in respect of a lease, additional rental based on specified percentage of revenue earned by the tenant in addition to the annual minimum lease payments.

The lease terms of the remaining leased properties range from 1 to 17 years (2008: 1 to 18 years).

48. Capital Commitments

At the end of the reporting period, capital expenditure in relation to development of hotel property are as follows:

	2009 HK$'000	2008 HK$'000
Authorised but not contracted for	—	132,906
Contracted but not provided for in the consolidated financial statements	—	113,137

49. Pledge of Assets

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

(a) Fixed charges on investment properties with an aggregate carrying value of HK$5,642,231,000 (2008: HK$4,747,208,000).

(b) Fixed charges on hotel properties presented in the consolidated statement of financial position as property, plant and equipment and prepaid lease payments with aggregate carrying values of HK$462,946,000 and HK$350,040,000 (2008: HK$336,275,000 and HK$358,647,000) respectively.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$714,089,000 (2008: HK$638,497,000).

(d) Fixed charges on completed properties for sale with aggregate carrying value of HK$84,869,000 (2008: HK$139,323,000).

(e) Bank deposits of HK$330,616,000 (2008: HK$202,644,000).

50. Share-Based Payments

The Company operates an employee share option scheme (the "Old Scheme") for the primary purpose of providing incentive to directors and eligible employees. The Old Scheme was approved and adopted on 23 June 2000, which will be effective until 29 June 2010. Under the Old Scheme, the board of directors of the Company may offer to any director or full time employee/chief executive of the Company, or any of its subsidiaries, options to subscribe for shares in the Company.

The Old Scheme was terminated on 19 August 2005 but its terms remain in full force and effect in respect of the outstanding options previously granted.

The Company's new share option scheme adopted by the shareholders pursuant to a resolution passed on 19 August 2005 (the "New Scheme") is for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, will expire on 18 August 2015. Under the New Scheme, the Board of directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, or any persons who have contributed or will contribute to the Group, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme and any other schemes is not permitted to exceed 10% of the shares of the Company in issue at the date of shareholders' approval of the New Scheme (the "Scheme Mandate Limit") or, if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the Scheme Mandate Limit. The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual (other than a substantial shareholder or an independent non-executive director) in any one year is not permitted to exceed 1% of the shares of the Company then in issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares of the Company being issued and to be issued upon exercise of options already granted and to be granted in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 in the 12-month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$10 per option. An option may be exercised in accordance with the terms of the New Scheme at any time during the effective period of the New Scheme to be notified by the board of directors which shall not be later than 10 years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and the nominal value of the Company's shares.

50. Share-Based Payments *(continued)*

Details of the share options granted under the Old Scheme and the New Scheme during the two years ended 31 December 2009 are as follows:

Granted to	Date of grant	Vesting period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 January 2008	Granted	Number of share options at 31 December 2008	Exercised	Lapsed	Number of share options at 31 December 2009
Old Scheme										
Directors	4.12.2000	—	4.12.2000–3.12.2010	1.44	3,000,000	—	3,000,000	—	—	**3,000,000**
New Scheme										
Directors	31.12.2008	—	31.12.2008–30.12.2010	2.262	—	31,160,281	31,160,281	(3,569,285)	—	**27,590,996**
	31.12.2008	31.12.2008–30.12.2009	31.12.2009–30.12.2011	2.262	—	1,313,856	1,313,856	—	(656,928)	**656,928**
					—	32,474,137	32,474,137	(3,569,285)	(656,928)	**28,247,924**
Employees	31.12.2008	—	31.12.2008–30.12.2010	2.262	—	6,290,000	6,290,000	(5,190,000)	—	**1,100,000**
	31.12.2008	31.12.2008–30.12.2009	31.12.2009–30.12.2011	2.262	—	150,000	150,000	(150,000)	—	**—**
	31.12.2008	31.12.2008–29.6.2010	30.6.2010–29.6.2012	2.262	—	210,000	210,000	—	(70,000)	**140,000**
	31.12.2008	31.12.2008–30.12.2010	31.12.2010–30.12.2012	2.262	—	3,400,000	3,400,000	—	—	**3,400,000**
	31.12.2008	31.12.2008–29.6.2011	30.6.2011–29.6.2013	2.262	—	500,000	500,000	—	—	**500,000**
	31.12.2008	31.12.2008–30.12.2011	31.12.2011–30.12.2013	2.262	—	100,000	100,000	—	—	**100,000**
	31.12.2008	31.12.2008–29.6.2012	30.6.2012–29.6.2014	2.262	—	670,000	670,000	—	(100,000)	**570,000**
	31.12.2008	31.12.2008–30.12.2012	31.12.2012–30.12.2014	2.262	—	1,010,000	1,010,000	—	(160,000)	**850,000**
	31.12.2008	31.12.2008–29.6.2013	30.6.2013–29.6.2015	2.262	—	1,330,000	1,330,000	—	(160,000)	**1,170,000**
					—	13,660,000	13,660,000	(5,340,000)	(490,000)	**7,830,000**
				Total	3,000,000	46,134,137	49,134,137	(8,909,285)	(1,146,928)	**39,077,924**
				Exercisable at year end	3,000,000		40,450,281			**32,347,924**

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$2.93 (2008: Nil). 150,000 shares were issued on 8 January 2010 pursuant to the options exercised on 31 December 2009.

No share option were granted or cancelled during the year. 46,134,137 options were granted on 31 December 2008 to the directors and the employees and the estimated fair values of the options granted on that date were HK$10,014,000 and HK$4,307,000 respectively.

50. Share-Based Payments *(continued)*

The directors determined the fair value of the share options with reference to the calculation of the fair value of the granted share options made by an independent professional valuer. The fair value was calculated using the Binominal Option Pricing model. The inputs in the model were as follows:

Share price as at grant date:	HK$2.260
Exercise price:	HK$2.262
Expected volatility:	29.953%–35.083%
Expected dividend yield:	6.19%
Risk-free rate:	0.539%–1.189%
Suboptimal factor:	2.64

Expected volatility was determined by using the historical volatility of the Company's share price before the grant date for previous three years. The suboptimal factor was to account for the exercise behaviour of the share options granted by the Company. The variables and assumptions used in comprising the fair value of a share option are based on directors' best estimate.

51. Retirement Benefit Plans

The Group participates in defined contribution schemes which are registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% to 15% of relevant payroll costs to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK$4,035,000 (2008:HK$3,889,000). In the preceding year, forfeited contributions amounted to nil (2008: HK$984,000) has been used to reduce the level of contributions.

52. Related Party Transactions

(a) The Group made interest-free advances of HK$3,000,000 (2008: Nil) to a jointly controlled entity during the year. The principal due from the jointly controlled entity at the end of the reporting period is HK$42,551,000 (2008: Nil).

(b) The remuneration of directors who are the Group's key management during the year was set out in note 14.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

53. Principal Subsidiaries

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Direct subsidiaries					
Chisel Limited	The British Virgin Islands ("B.V.I.")	2 ordinary shares of US$1 each	**100**	100	Investment holding
SEABO Pacific Limited	Bermuda/ The People's Republic of China ("PRC")	767,919 ordinary shares of HK$1 each	**100**	100	Investment holding
South-East Asia Investment And Agency Company, Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	**100**	100	Provision of corporate and property management services
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property development and investment
AGP Hong Kong Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property investment
Asian Growth Properties Limited	B.V.I./ Hong Kong	886,347,812 ordinary shares of US$0.05 each	**97**	97	Investment holding
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	**97**	97	Hotel operation

53. Principal Subsidiaries *(continued)*

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Indirect subsidiaries (continued)					
Handy View Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Financing
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	**53**	53	Property development
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	**97**	97	Treasury services
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Trans Tasman Properties Limited	New Zealand	154,194,592 shares of no par value	**100**	100	Investment holding
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property investment
成都華商房屋開發有限公司 (Chengdu Huashang House Development Co., Ltd.)*	PRC	RMB200,000,000 registered capital	**97**	97	Property investment
廣州市盈發房產發展有限公司 (Guangzhou Yingfat House Property Development Co., Ltd.)**	PRC	US$20,110,000 registered capital	**97**	97	Property development and investment

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For the year ended 31 December 2009

53. Principal Subsidiaries *(continued)*

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Indirect subsidiaries (continued)					
漢泰房地產開發（成都）有限公司 (Sino Harvest Real Estate Development (Chengdu) Company Limited)*	PRC	US$3,000,000 registered capital	**97**	97	Property investment
黃山市徽州區楓丹白露投資開發有限公司 (Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited)@#	PRC	RMB35,000,000 registered capital	**88**	88	Property and tourist leisure facilities development
南京湖熟生態旅遊發展有限公司 (Nanjing Hushu Ecology Travel Development Company Limited)@#	PRC	RMB100,000,000 registered capital	**50**	—	Property, cultural and tourism development
南京搭里崗旅遊開發有限公司 (Nanjing Taligang Tourist Leisure Facilities Company Limited)@#	PRC	RMB35,000,000 registered capital	**50**	50	Property, cultural and tourism development

* Wholly foreign owned enterprises.

** The Group is entitled to the remaining profit/asset after the PRC partner's entitlement which is the higher of a fixed sum of return or 5% of the profit generated from the related property development project.

@ Sino-foreign equity joint venture.

\# English translation of the entity's official name.

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

None of the subsidiaries has issued any debt securities at the end of the year.

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(於百慕達註冊成立之有限公司)