爪哇集團
SEA Group

Annual Report 2010 年報

Building with the times
與時創建

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
Ms. Chan Yuk Ying

Company Secretary

Ms. Chan Yuk Ying

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

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Financial Highlights

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
Revenue	**722.3**	530.7	1,581.0	2,198.8	1,060.2
Profit for the year before non-controlling interests	**734.4**	1,152.9	112.0	1,112.9	926.2
Non-controlling interests	**(18.9)**	(30.3)	(48.7)	(147.4)	(134.9)
Profit for the year attributable to the Company's shareholders	**715.5**	1,122.6	63.3	965.5	791.3

ASSETS AND LIABILITIES

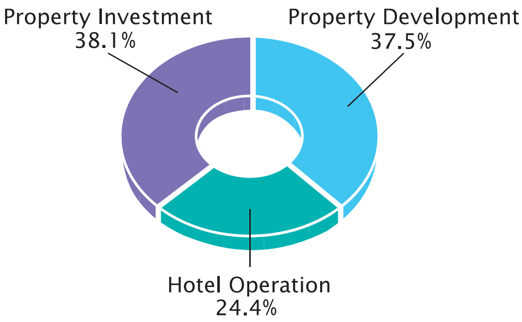
	As at 31 December				
	2010	2009	2008	2007	2006
	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
Total assets	**13,473.2**	12,447.3	10,674.9	11,000.1	9,898.0
Total liabilities	**(5,095.0)**	(4,813.7)	(4,115.0)	(4,541.9)	(4,171.8)
Non-controlling interests	**(266.9)**	(266.3)	(236.0)	(272.4)	(533.5)
Equity attributable to the Company's shareholders	**8,111.3**	7,367.3	6,323.9	6,185.8	5,192.7

PERFORMANCE DATA (PER SHARE)

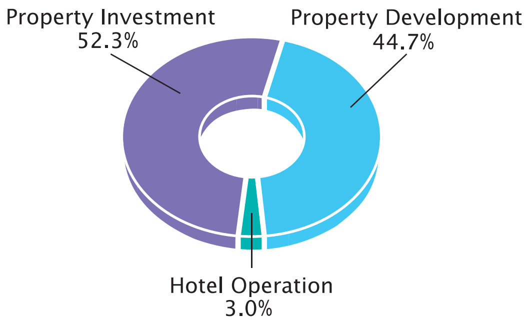
	2010	2009	2008	2007	2006
	HK$	HK$	HK$	HK$	HK$
Basic earnings for profit attributable to the Company's shareholders	**1.08**	1.74	0.10	1.62	1.39
Basic earnings excluding fair value changes on properties net of deferred tax	**0.01**	0.06	0.52	0.46	0.40
Dividends declared	**0.11**	0.11	0.10	0.14	0.12
Net asset value attributable to the Company's shareholders	**12.12**	11.38	9.63	10.26	8.91

Financial Highlights

Segment Revenue for External Sales

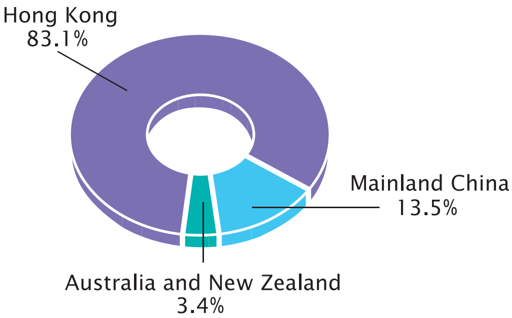


2010

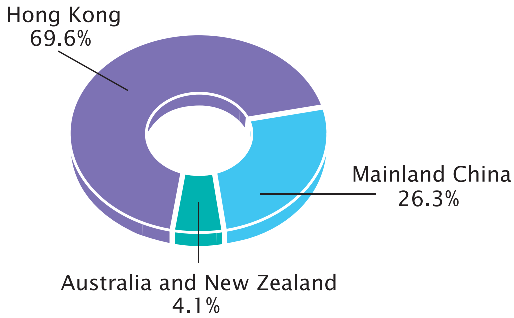


2009

Revenue from External Customers by Geographical Location of Properties

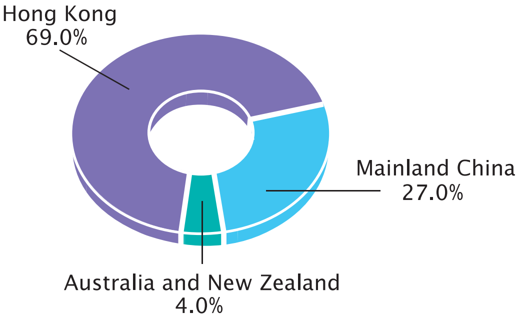


2010

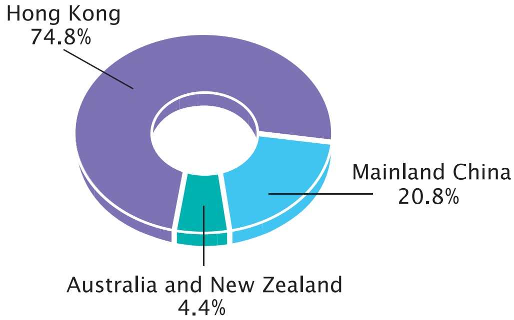


2009

Property Assets by Geographical Segment



2010



2009

Property Portfolio

As at 31 December 2010

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	30 June 2047	Commercial/ Office	37,171 and 164 car parking spaces	97.2
MAINLAND CHINA					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6 October 2063	Commercial/ Office	91,455 (including car parking floors)	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	18 May 2063	Commercial	19,261 (including car parking spaces)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23 May 2050	Office	16,112	97.2

Particulars of Properties Held for Sale

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
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	3,270 and 16 private car parking spaces and 4 motorcycle spaces	97.2
MAINLAND CHINA					
Commercial podium, Westmin Plaza Phase II	48–58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	45,984 (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	7,411	34.1
Clearwater Resort	Harewood, Christchurch	Completed	Commercial	5,410	34.1

Property Portfolio

As at 31 December 2010

Particulars of Hotel Building

Name	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	6 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 2012	Tourist leisure facilities	333,500	97.2
The Redbud City (Phase I)	Ti Yu North Road, Leiyang City, Hunan Province	Sub-Phase I Sub-Phase II External finishing works in progress Sub-Phase III-IV Superstructure works in progress	Completed 2011 2013	Residential/ Commercial	277,000 (Gross Floor Area)	48.6
Kaifeng Project	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Planning stage	Phase I - 2012	Residential / Commercial	735,000	97.2
Longquan Project	Longquanyi District, Chengdu, Sichuan Province	Planning stage	Phase I - 2013	Residential	288,000	97.2
NEW ZEALAND						
Clearwater Resort	Harewood, Christchurch	Planning stage	Beyond 2012	Residential	210,653	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Beyond 2012	Residential	356,505	55.0
Waterside Business Centre	Favona, Auckland	Planning stage	Beyond 2012	Commercial	62,952	100

Location of the Group's Properties/Projects

IN MAINLAND CHINA

1. Plaza Central, Sichuan Province
2. New Century Plaza, Sichuan Province
3. Longquan Project, Sichuan Province
4. Kaifeng Project, Henan Province
5. Huangshan Project, Anhui Province
6. Nanjing Project, Jiangsu Province
7. Westmin Plaza Phase II, Guangdong Province
8. The Redbud City, Hunan Province

IN HONG KONG

A. Dah Sing Financial Centre
B. Crowne Plaza Hong Kong Causeway Bay
C. Fo Tan Project
D. The Morrison
E. The Forest Hills

Shareholders' Information

Shareholders' Calendar

2010 Annual results announcement	28 March 2011 (Monday)
Dividend ex-entitlement for shares	20 May 2011 (Friday)
Latest time for lodgement of transfer documents with the Company's branch share registrars in Hong Kong for entitlement (i) to attend and vote at the 2011 annual general meeting of the Company (the "2011 AGM"); and (ii) of the proposed 2010 final dividend (together, the "Entitlements")	not later than 4:30 p.m. on 23 May 2011 (Monday)
Closure of Hong Kong branch register of members	24 May 2011 (Tuesday) to 27 May 2011 (Friday) (both days inclusive)
Record date for the Entitlements	27 May 2011 (Friday)
2011 AGM	27 May 2011 (Friday)
Payment of 2010 final dividend	3 June 2011 (Friday)
2011 Interim results announcement	on or before 31 August 2011 (Wednesday)

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) Bermuda

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

(c) 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.

Directors' Biographical Information

Executive Directors

Mr. Lu Wing Chi, aged 64, 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 is 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, aged 64, 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

Executive Directors

Mr. Lincoln Lu, aged 36, joined the Group in 1998 and was appointed as 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, aged 34, joined the Group in 1999 and was appointed as 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, aged 64, joined the Group in 1973 and was appointed as 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 Director

Mr. Walujo Santoso, Wally, aged 57, 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

Independent Non-Executive Directors

Mr. Leung Hok Lim, *FCPA(Aust.), CPA(Macau), FCPA(Practising)*, aged 75, 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. Mr. Leung is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited, and the independent non-executive director of a number of listed companies, namely Fujian Holdings Limited, High Fashion International Limited, Phoenix Satellite Television Holdings Limited, Yangtzekiang Garment Limited and YGM Trading Limited.

Mr. Chung Pui Lam, *SBS, OBE, JP*, aged 70, 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 are 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, Mr. Chung did not hold any directorship in other listed public companies in the last three years.

Chairman's Statement

The Forest Hills

I have the pleasure in presenting below the audited 2010 consolidated results of S E A Holdings Limited (the "Company", together with its subsidiaries, the "Group") to the shareholders.

Financial Summary

Turnover for the year ended 31 December 2010 amounted to HK$722.3 million (2009: HK$530.7 million). The turnover was principally attributable to the recognition of the sales of residential units in The Forest Hills, rental incomes from investment properties and revenue from the hotel operation.

Profit attributable to the Company's shareholders for the year amounted to HK$715.5 million (2009: HK$1,122.6 million), equivalent to basic earnings per share of HK$1.08 (2009: HK$1.74). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$8.1 million (2009: HK$38.8 million), equivalent to basic earnings per share of HK$0.01 (2009: HK$0.06).

As at 31 December 2010, the Group's equity attributable to the Company's shareholders amounted to HK$8,111.3 million (31 December 2009: HK$7,367.3 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2010 was HK$12.12 as compared with HK$11.38 as at 31 December 2009.

Geographical location of the Group's property assets were as follows:

	31 December 2010 HK$' million	31 December 2009 HK$' million
Hong Kong	**6,994.3**	6,619.5
Mainland China	**2,735.9**	1,841.5
Australia and New Zealand	**401.8**	388.7
Total	**10,132.0**	8,849.7

Dividend

The board of directors of the Company (the "Board") has resolved to recommend for shareholders' approval at the forthcoming 2011 AGM the payment of a final dividend of HK6 cents per share for the year ended 31 December 2010 (2009: HK6 cents) on Friday, 3 June 2011 to the shareholders of the Company whose names appear on the Hong Kong Branch Register of Members at the close of business on Friday, 27 May 2011.

Together with the interim dividend of HK5 cents per share already paid (2009: HK5 cents), the total dividend for the year will be HK11 cents per share (2009: HK11 cents). At the date of this report, the total final dividend, as proposed, amounts to about HK$40.3 million (2009: HK$40.4 million). Such total amount will be increased by a maximum of HK$0.1 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 24 May 2011.

Chairman's Statement

Business Review

During 2010, the Group has continued the development of various property projects in Hong Kong and Mainland China.

The rental income from the investment properties situated in both Hong Kong and Mainland China continued to provide stable returns to the Group. For developed properties, units in residential developments continue to be marketed with steady sales results. Turnover for the year mainly represented the sale of certain remaining units of The Forest Hills and Royal Green.

The Crowne Plaza Hong Kong Causeway Bay commenced operations in November 2009 and its performance improved during the year with positive cash flow generated from its operation.

The Group has eventually won the planning appeal of the large mixed use retail and residential development in Fo Tan, Hong Kong in 2010 and the necessary building plan approvals and the land exchange application are now being sought.

Property Investment and Development

The Company through Asian Growth Properties Limited ("AGP", together with its subsidiaries, the "AGP Group"), its 97.2% owned subsidiary whose issued shares are admitted for trading on the AIM Market of London Stock Exchange Plc, holds the following property development and investment projects in Hong Kong and Mainland China:

Dah Sing Financial Centre

Hong Kong

(i) Dah Sing Financial Centre, Wanchai

The 39-storey commercial building includes offices and shops (total gross floor area of about 37,200 square metres) with ancillary car parking facilities for 137 covered and 27 open car parking spaces. Rental income generated from the Dah Sing Financial Centre has been stable and satisfactory. The occupancy rate remains at a high level and was approximately 99% as at 31 December 2010.

(ii) The Forest Hills, Diamond Hill

With a total gross floor area of approximately 18,800 square metres, the property has been developed as a 48-storey residential and commercial composite building, comprising 304 residential units above a 7-level retail podium, a club-house and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. Up to 31 December 2010, about 97% of the residential units and 60 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 the 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.

Chairman's Statement

The Morrison

(iii) 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. 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.

Marketing for the remaining 5 residential units (which are presently leased) is continuing. In December 2009, the Group entered into an agreement for sale and purchase with an independent party for the disposal of the entire commercial podium of The Morrison at a consideration of HK$245 million. The transaction was completed in late March 2010 and the profit generated was included in the fair value changes on investment properties in the consolidated financial statements of the Company for the year ended 31 December 2009.

(iv) Royal Green, Sheung Shui

The Group has a 53.5% effective interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car parking facilities. During the year, the 2 remaining duplex residential units and 5 car parking spaces were sold.

(v) 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 envisages, 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. The appeals submitted by the Group were allowed by the Town Planning Appeal Board in October 2010. In December 2010, General Building Plan was submitted to the Building Department for approval. A land exchange application has been submitted for confirmation on land lease condition and land premium. The Group is awaiting the comments from the Building Department for further progress.

Mainland China

(vi) Plaza Central, Chengdu, Sichuan Province

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 gross floor area of approximately 91,500 square metres. During the year, the aggregate occupancy rate for the two office towers improved marginally and leasing activities for the remaining areas are continuing. The retail podium with a gross 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 31 December 2010, the aggregate occupancy rate for the two office towers and the retail podium was approximately 74%.

Chairman's Statement

(vii) New Century Plaza, Chengdu, Sichuan Province

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

(viii) Westmin Plaza Phase II, Guangzhou, Guangdong Province

The Westmin Plaza Phase II project, which has a total gross 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 residential units were fully sold in February 2009 and the Group retains ownership of the office and commercial units. The development has won the Best Mixed Use Development — China Award of the CNBC Asia Pacific Commercial Property Awards 2009.

The 14-storey office tower has a total gross floor area of about 16,100 square metres. As at 31 December 2010, the tower was fully leased with more than one-third of the total office space being leased with naming rights to AIA, an international insurer, for a term of six years from April 2008. Leasing activities for the 3-storey shopping arcade with a total gross floor area of about 26,400 square metres are in progress.

Westmin Plaza Phase II

(ix) Huangshan, Anhui Province

In March 2010, the AGP Group completed its acquisition from the joint venture partner of the remaining 9% equity interest not owned by it in the project company which has the right to develop tourist leisure facilities on land located in the famous scenic and most visited tourist Huangshan (Yellow Mountain) area. The project is presently 97.2% owned by the Group.

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. An overall development plan for a hotel and villas in the integrated resort site has been prepared for the Board's consideration and a renowned landscape architect in Japan has been retained to oversee the development.

(x) Chi Shan, Nanjing, Jiangsu Province

Through the establishment/acquisition of two 51%-owned joint venture companies by a 97.2% owned subsidiary since late 2008, the Group started its investment projects in Chi Shan. The joint venture companies are currently participating in the excavation, tenant relocation arrangements and infrastructure works on certain pieces of lands in that locality. Negotiations with the joint-venture partners about the size and scope of this luxury villa development are continuing.

Chairman's Statement

(xi) Leiyang, Hunan Province

The 50/50 joint venture of the AGP Group was established in March 2009 for the development project known as The Redbud City in Leiyang. The superstructure work for eleven blocks of link-house, seven high-rise apartment buildings, and eight bungalows with a total gross floor area of approximately 117,000 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, 544 out of 860 residential units and 1 out of 8 bungalows have been sold. Delivery of the first batch of units has commenced in August 2010 and the remaining units are expected to be delivered to the purchasers at different completion stages.

The Redbud City

Australia and New Zealand

Turnover generated from the property investment and development projects in Australia and New Zealand for the year ended 31 December 2010 was HK$24.3 million (2009: HK$22.1 million). During the year, the development property market in New Zealand showed little sign of recovery. However, there was still uncertainty in the sustainability of the economic recovery. The Group has made a provision for diminution in value of HK$24.4 million for certain properties in New Zealand. After taking into account the above provision, a net loss of approximately HK$29.3 million (2009: HK$47.6 million) was incurred. During the year, the Group had no significant acquisition or disposal in Australia and New Zealand. The strategy to sell the existing properties in Australia and New Zealand at reasonable prices remains unchanged.

New Development Projects

During the year under review, the Group was active in pursuing new development opportunities and has increased its land bank in attractive second-tier cities in Mainland China because the land prices are lower and their economies are likely to grow even when there is a slow-down in the primary cities.

In late June 2010, the Group acquired eight pieces of land in Kaifeng, Henan Province with a total site area of about 675,000 square metres for residential and commercial development. In mid August 2010, the Group made successful bids in the public tenders for acquisition of two additional pieces of land which are adjacent to the abovementioned land, with a total site area of about 60,000 square metres for residential and commercial development. The land costs and related taxes were fully settled in June and September 2010 respectively.

Kaifeng Project

Chairman's Statement

Longquan Project

During the year, the Group also acquired two pieces of land in Longquan, Chengdu, Sichuan Province with a total site area of about 288,000 square metres for primarily residential development. The negotiation for the acquisition of the third piece of adjacent land of 218,000 square metres is close to conclusion. Upon completion, this project will have a total buildable area of over 2,100,000 square metres.

Research and feasibility study in respect of the above projects' market positioning are in progress. Preliminary site works is processing.

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 14,945 square metres) with ancillary facilities. The operation of the hotel is under the name of "Crowne Plaza Hong Kong Causeway Bay", which commenced operations in early November 2009, and is presently managed by the InterContinental Hotels Group ("IHG").

Crowne Plaza Hong Kong Causeway Bay

In April 2010, the hotel won three awards of the International Property Awards in association with Bloomberg Television, namely:

(i) the Best Hotel Construction & Design Hong Kong — 5-star Award;

(ii) the Architecture (Leisure & Hospitality) Hong Kong — 5-star Award; and

(iii) the Best Interior Design Hong Kong — Highly Commended Award.

In July 2010, it won two other awards, namely:

(a) the "Best New Hotel Award" amongst the Crowne Plaza Hotels for Greater China opened in 2009 conferred by the IHG; and

(b) the "Golfers' Choice Awards 2010 — Choice New Hotel" conferred by Golf Vacations, a magazine distributed in Mainland China, Hong Kong and Macau.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31 December 2010, the Group's total cash balance was HK$2,619.7 million (2009: HK$2,663.6 million) and unutilised facilities were HK$1,010.4 million (2009: HK$937.4 million).

Gearing ratio as at 31 December 2010, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 7.9% (2009: 6.9%).

As at 31 December 2010, maturity of the Group's outstanding borrowings was as follows:

	31 December 2010 HK$' million	31 December 2009 HK$' million
Due		
Within 1 year	**1,647.8**	1,020.0
1-2 years	**503.2**	946.3
3-5 years	**737.2**	1,112.9
Over 5 years	**528.8**	193.1
	3,417.0	3,272.3

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2010 amounted to HK$3,108.1 million (2009: HK$2,958.6 million), which were secured by properties valued at HK$8,339.7 million (2009: HK$6,865.4 million) and fixed deposits of HK$264.1 million (2009: HK$325.3 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK$400.3 million as at 31 December 2010 (2009: properties with an aggregate carrying value of HK$388.7 million and fixed deposits of HK$5.3 million) to secure bank loans of HK$308.9 million (2009: HK$313.7 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2010, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 31 December 2010, the Group had a total of 352 employees (2009: 254 employees) in Hong Kong, Mainland China and New Zealand. Employee costs, including the emoluments of the directors of the Group, amounted to HK$146.2 million (2009: HK$127.0 million).

The Group maintains a good working relationship with its employees and continues 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, performance and development potentials. 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, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted an employee share option scheme and a share award scheme with options to subscribe for shares in the Company and awards of shares being granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Chairman's Statement

Outlook

The economic recovery that started to manifest itself in 2010 appears to be gathering some forward momentum particularly in the US where first quarter results have been encouraging. However there is still much to be concerned about with huge government deficits in the more mature economies having to be addressed by slashing public expenditure and with the knock on effect on employment yet to be felt. The recovery is still fragile and interest rates are likely to remain at relatively low levels for some time.

The nuclear plant crisis in quake-hit Japan may continue to deteriorate and may have unseen repercussions. The ongoing political developments in North Africa and the Middle East have also raised the concerns of the world. The people power revolutions in Tunisia and Egypt are spreading. If this results in more radical anti western governments coming to power, the consequences for the world economy could be significant.

In Mainland China, the property market has continued to boom against a background of increasing loan growth. With few investment alternatives, this loan growth may not be continued. In order to address rampant inflation, the Chinese government may further increase interest rates. With the intention on getting inflation under control, it is expected that the Chinese government may implement further measures such as increasing taxation and restricting the lending to control pricing appreciation in the real estate markets. These measures may result in a slowdown and possible decrease in prices of properties in 2011.

The Group however is well balanced with a mixture of income generating assets as well as high potential development projects. The development projects in Mainland China, which were acquired over the past two years, are all progressing with planning at advanced stages and we anticipate breaking ground on projects located in Chengdu, Sichuan and Kaifeng, Henan during the year. These two projects were located in second tier cities of Mainland China and were bought at attractive terms. Even with a slowdown in end sale prices, it is believed that the projects will generate reasonably good returns for the shareholders of the Company. However, these two projects require significant investments in early years for commercial development and the returns will not be apparent until stabilised rental income and occupancy are achieved some time in future.

With strong demand for office spaces in Hong Kong, Dah Sing Financial Centre will continue to generate more rental income with several leases coming up for renewal at increased market rates. Our hotel in Causeway Bay is now well established and is projected to have higher revenue for the coming year.

The Group has eventually won the planning appeal of our large mixed use retail and residential development in Fo Tan, Hong Kong and the necessary building plan approvals are now being sought. It is anticipated that there will be further developments in this respect in the coming financial year.

As in previous years, the Group will continue to explore new investment and development opportunities which have potential for long term growth. Meanwhile, the Group's top priority is to consolidate the existing development strategy and monitor their progress carefully.

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 28 March 2011

Corporate Governance Report

The Company recognises 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 31 December 2010, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices set out in the Code on Corporate Governance Practices (the "CGP Code") (as amended) 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. The Board meets at approximately quarterly intervals to discuss substantial issues affecting the operations of the Group. There is a strong independent element in the composition of the Board. Of the eight Board members, three are 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 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.

Corporate Governance Report

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

Non-executive Director
Mr. Lam Sing Tai

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 8 to 11. Further particulars of same are contained in the relevant sections of the Directors' Report on pages 31 to 46.

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.

Corporate Governance Report

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 2009 final results and 2010 interim results respectively and consider financial and operating performances. 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.

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 31 December 2010, 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 "A Guide on Directors' Duties" 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 also 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

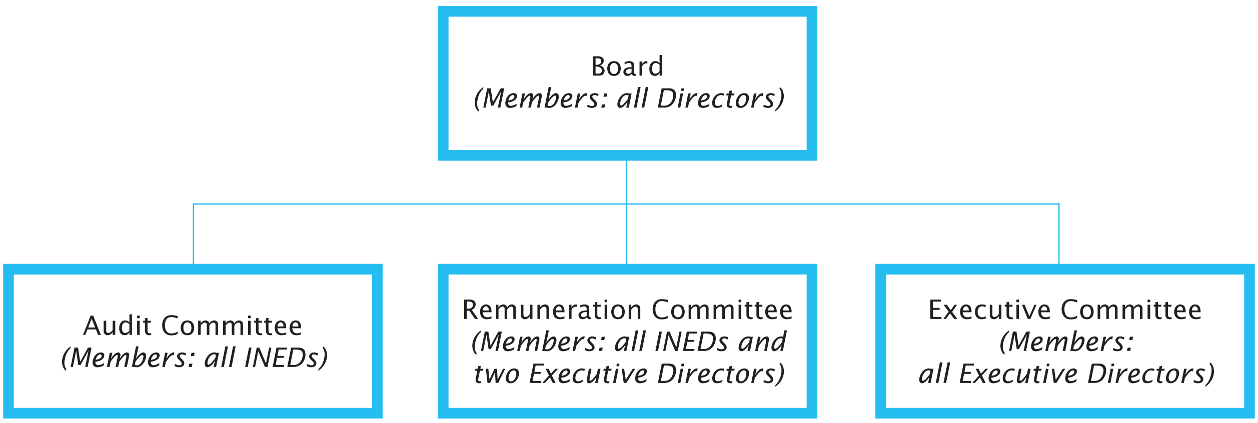
Throughout the year ended 31 December 2010, the Board met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least an INED possessing appropriate professional qualifications, or accounting or related financial management expertise.

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 are independent since their appointment.

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 1 April 2005 and 1 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 31 December 2010, 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 31 December 2009;

(iii) the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2010;

(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

(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 31 December 2010 had been considered and approved by the Audit Committee before they were signed by an executive director of the Company.

On 24 March 2011, the Audit Committee reviewed with representatives of the management and the independent auditor of the Company the audited consolidated financial statements of the Company for the year ended 31 December 2010 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. Lambert Lu
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 of the directors for previous years, the Company's profitability, emoluments paid by comparable companies and employment conditions elsewhere in the Group. The Remuneration Committee notes that the Company has adopted a share option scheme and a share award scheme to provide incentive to the directors and employees of the Group. The Board has granted options under the share option scheme on a discretionary basis to subscribe for shares in the Company, significant particulars of which are set out on pages 37 to 40 of this annual report.

At the 2005 annual general meeting, the shareholders of the Company has passed an ordinary resolution to authorise 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 31 December 2010. In early March 2011, the Remuneration Committee held a meeting to review and determine the executive directors' salary for the year ending 31 December 2011 and their bonus for the year ended 31 December 2010 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.

The directors' remuneration for the year ended 31 December 2010 is set out in note 15 to the consolidated financial statements.

Corporate Governance Report

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. 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:

	Number of meetings attended/ Number of meetings held		
Directors	**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
Non-executive Director			
Mr. Lam Sing Tai	4/4	—	—
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

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.

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 2011 AGM are Messrs. Lu Wing Chi, Lu Wing Yuk, Andrew and Leung Hok Lim (the "Retiring Directors") whose particulars are set out on pages 8 to 11 of this annual report and a circular dated 26 April 2011. 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 2011 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.

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 set out in the Model Code throughout the year ended 31 December 2010.

Directors' interests in shares and underlying shares in the Company are contained in the Directors' Report on pages 35 and 36 and 39 and 40.

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 AGP, 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 pages 47 and 48. 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, 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.

Independent Auditor's Reporting Responsibility

The statement of Messrs. Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, 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 pages 47 and 48. 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 27 May 2010, 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 31 December 2010, which together with the fees charged by Deloitte in New Zealand amounts to approximately HK$3.9 million. Further, total fees for about HK$1.2 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 31 December 2010 and the interim financial information of the Company for the six months ended 30 June 2010; and (b) the due diligence in relation to the liquidation of a joint venture of the Group.

In addition, fees for the audit of the financial statements of certain members of the Group 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.

Corporate Governance Report

At the Company's last AGM held on 27 May 2010, all the resolutions relating to ordinary businesses and special businesses proposed thereat were passed. The forthcoming 2011 AGM will be held in Hong Kong on 27 May 2011 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 1 January 2009,

(i) the Company has arranged for the respective notices of the 2010 AGM and the forthcoming 2011 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 at (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.

Directors' Report

The directors of the Company have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2010.

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 31 December 2010 are set out in note 48 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 31 December 2010 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 49 and 50 respectively.

The state of affairs of the Group as at 31 December 2010 is set out in the consolidated statement of financial position on pages 51 and 52.

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 (2009: HK5 cents) amounting to HK$33.5 million (2009: HK$32.4 million) was paid to the shareholders during the year. The Board has resolved to recommend for shareholders' approval at the forthcoming 2011 AGM the payment of a final dividend of HK6 cents per share on 3 June 2011 for the year under review (2009: HK6 cents), amounting to HK$40.3 million (2009: HK$40.4 million), to the shareholders whose names appear on the register of members at the close of business on 27 May 2011.

Share Capital

Details of the movements in the share capital of the Company during the year are set out in note 38 to the consolidated financial statements. Certain shares were issued on exercise of share options granted, repurchased and cancelled during the year.

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 53 and the Company's reserves available for distribution to shareholders as at 31 December 2010 were as follows:

	2010	2009
	HK$'000	HK$'000
Contributed surplus	**190,081**	190,081
Retained profits	**1,249,145**	1,279,264
	1,439,226	1,469,345

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:

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

(ii) 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 31 December 2010. The net increase in fair value of investment properties amounting to HK$884.1 million (2009: HK$1,310.8 million) has been credited directly to the consolidated income statement.

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.

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.

Directors' Report

Properties

Details of the properties of the Group held for investment and sale purposes and under development at 31 December 2010 are set out in the Property Portfolio on pages 4 and 5.

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

Non-executive Director

Mr. Lam Sing Tai

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 Listing Rules, Messrs. Lu Wing Chi, Lu Wing Yuk, Andrew and Leung Hok Lim will retire as directors by rotation and, being eligible, offer themselves for re-election at the forthcoming 2011 AGM.

All other directors shall continue in office.

Directors' Biographical Particulars

Brief biographical particulars of the present directors are set out on pages 8 to 11 of this annual report. Other particulars of same are contained elsewhere in this Report.

Further particulars of the directors to be re-elected at the 2011 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 2011 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 15 to the consolidated financial statements.

Directors' Report

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 Option Scheme of the Company" below and note 45 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 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 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 Executive's Interests in Securities

The directors and the chief executive of the Company who held office on 31 December 2010 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

	Number of shares of HK$0.1 each	Number of underlying shares (share options)		
Name of directors	**Held as beneficial owner**	**Held as beneficial owner**	**Total interests**	**Approximate % of total interests to total issued shares**
Lu Wing Chi	6,569,285	—	6,569,285	0.98
Lu Wing Yuk, Andrew	3,000,000	—	3,000,000	0.45
Lincoln Lu	5,342,002	—	5,342,002	0.80
Lambert Lu	8,342,002	—	8,342,002	1.25
Lam Sing Tai	101,478#	—	101,478	0.02
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:

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

\## *Particulars of the option granted are contained in the section headed "Share Option Scheme of the Company" below.*

The total number of issued shares of the Company as at 31 December 2010 was 669,126,798 shares.

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

(i) 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

(ii) 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 31 December 2010 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.

Saved as disclosed herein, during the year ended 31 December 2010, 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 Option Scheme of the Company" below.

Share Option Scheme of the Company

SEA Old Share Option Scheme

The Company operates an employee share option scheme (the "SEA Old Share Option Scheme") adopted by an ordinary resolution on 23 June 2000, which complied with the Listing Rules as existed prior to 1 September 2001. The rules governing share options were revised to the form set out in Chapter 17 of the Listing Rules on 1 September 2001. According to the transitional arrangement set out in the Listing Rules, the Company cannot grant further options under the SEA Old Share Option 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 SEA Old Share Option Scheme since 1 September 2001. At the special general meeting of the shareholders of the Company held on 19 August 2005, the SEA Old Share Option Scheme was terminated and no further options could be granted. The SEA Old Share Option Scheme expired on 30 June 2010 and all options previously granted under the SEA Old Share Option Scheme have been exercised.

SEA New Share Option Scheme

The Company adopted at the above special general meeting held on 19 August 2005 a new employee share option scheme (the "SEA New Share Option Scheme") which has complied with the amended requirements set out in the Listing Rules.

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

1.	Purpose:	To provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the SEA New Share Option Scheme).
2.	Participants:	Eligible participants include any director or full-time employee of any member of the Group.
3.	Total number of shares available for issue under the SEA New Share Option Scheme and percentage of the issued share capital that it represents as at the date of this annual report:	The original maximum number of shares which could be issued upon exercise of all options granted or to be granted under the SEA New Share Option Scheme was 53,066,578 shares (the "Scheme Mandate Limit"), representing approximately 10% of the shares of the Company in issue as at 19 August 2005. The Scheme Mandate Limit was refreshed and increased to 64,242,651 shares, representing approximately 10% of the shares of the Company in issue as at 10 June 2009, the date on which an ordinary resolution was passed by the shareholders of the Company to approve the refreshment of the Scheme Mandate Limit. The Scheme Mandate Limit was further refreshed and increased to 67,377,365 shares, representing approximately 10% of the shares of the Company in issue as at 27 May 2010, the date on which an ordinary resolution was passed by the shareholders of the Company to approve the further refreshment of the Scheme Mandate Limit. As at 28 March 2011, a total of 67,377,365 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 SEA New Share Option Scheme, which represented approximately 10.04% of the issued share capital of the Company on that date.

4.	Maximum entitlement of each participant:	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company then in issue. In addition, for any grant of share options to a substantial shareholder and/or an independent non-executive director of the Company or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceed 0.1% of the shares of the Company then in issue and with an aggregate value in excess of HK$5 million, then the proposed grant is also subject to the approval of shareholders of the Company in general meeting.
5.	Period within which the shares must be taken up under an option:	The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.
6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$10 is payable to the Company upon acceptance of the option which must be taken up within 28 days from the date of offer.
7.	The basis of determining the exercise price:	The exercise price is determined by the Board which must be at least the highest of (i) the closing price of the share of the Company on the Stock Exchange on the date of grant of the option; (ii) the average of the closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.
8.	The remaining life of the SEA New Share Option Scheme:	Valid and effective for a term of ten years from the date of adoption until 24 August 2015.

Options granted under the SEA Old Share Option Scheme and SEA New Share Option Scheme

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

Details of the outstanding share options held by the directors of the Company and certain employees of the Group during the year ended 31 December 2010 pursuant to both the SEA Old Share Option Scheme and the SEA New Share Option 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 1.1.2010**	**Exercised during the year**[1]	**Lapsed during the year**	**As at 31.12.2010**
Directors								
Lu Wing Chi	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285)[(a)]	—	—
Lu Wing Yuk, Andrew	04.12.2000	1.440	—	04.12.2000 to 03.12.2010	3,000,000	(3,000,000)[(a)]	—	—
	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,569,285	(3,569,285)[(b)]	—	—
Lincoln Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,000,000	(3,000,000)[(c)]	—	—
Lambert Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285)[(a)]	—	—
Lam Sing Tai	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285)[(c)]	—	—
Walujo Santoso, Wally	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	(656,928)[(d)]	—	—
Leung Hok Lim	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	(656,928)[(e)]	—	—
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
Sub-Total					**31,247,924**	**(30,590,996)**	**—**	**656,928**
Aggregate of eligible employees[2]	31.12.2008	2.262	Various[3]	Various[3]	7,830,000[3]	(1,240,000)[3]	(1,380,000)[3]	5,210,000[3]
Total					**39,077,924**	**(31,830,996)**	**(1,380,000)**	**5,866,928**

Notes:

1. (i) The average closing price of the shares of the Company immediately before the date on which the share option was exercised by each of the relevant Directors was as follows:-

   (a) HK$3.95 per share;

   (b) HK$5.00 per share;

   (c) HK$3.98 per share;

   (d) HK$4.05 per share; and

   (e) HK$5.05 per share.

   (ii) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by the eligible employees was HK$4.02 per share.

   (iii) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by all the participants stated in (i) and (ii) above was HK$4.10 per share.

2. 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.

3. Further information on the exercise and lapse particulars of the underlying shares comprised in the share options granted on 31 December 2008 under the SEA New Share Option Scheme to the eligible employees are as follows:

Number of underlying shares as at 01.01.2010	**Vesting period**	**Exercise period**	**Exercised during the year**	**Lapsed during the year**	**Number of underlying shares as at 31.12.2010**
1,100,000	—	31.12.2008 to 30.12.2010	(1,100,000)	—	—
140,000	31.12.2008 to 29.06.2010	30.06.2010 to 29.06.2012	(140,000)	—	—
3,400,000	31.12.2008 to 30.12.2010	31.12.2010 to 30.12.2012	—	(500,000)	2,900,000
500,000	31.12.2008 to 29.06.2011	30.06.2011 to 29.06.2013	—	(100,000)	400,000
100,000	31.12.2008 to 30.12.2011	31.12.2011 to 30.12.2013	—	—	100,000
570,000	31.12.2008 to 29.06.2012	30.06.2012 to 29.06.2014	—	(70,000)	500,000
850,000	31.12.2008 to 30.12.2012	31.12.2012 to 30.12.2014	—	(500,000)	350,000
1,170,000	31.12.2008 to 29.06.2013	30.06.2013 to 29.06.2015	—	(210,000)	960,000
7,830,000			(1,240,000)	(1,380,000)	5,210,000

Share Option Scheme of AGP

A share option scheme (the "AGP Share Option Scheme") of AGP, a 97.17%-owned subsidiary of the Company, was also approved by the shareholders of the Company at a special general meeting held on 27 May 2010 and by the board of directors of AGP (the "AGP Board") on 28 May 2010 and became effective on 16 August 2010.

A summary of the principal terms of the AGP Share Option Scheme is set out as follows:

1.	Purpose:	To provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the AGP Share Option Scheme).
2.	Participants:	Eligible participants include any (i) director or employee of AGP or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by AGP or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of AGP or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of AGP or any of its affiliates.
3.	Total number of shares of AGP available for issue under the AGP Share Option Scheme and percentage of the issued share capital of AGP that it represents as at the date of this annual report:	The maximum number of the shares of AGP which could be issued upon exercise of all options granted or to be granted under the AGP Share Option Scheme was 88,634,781 shares, representing approximately 10% of the shares of AGP in issued as at the date of this annual report.
4.	Maximum entitlement of each participant:	Unless approved by shareholders of the Company, the total number of shares of AGP issued and to be issued upon exercise of the share options already granted or to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of AGP then in issue. In addition, for any grant of share options to a substantial shareholder and/or an independent non-executive director of the Company or AGP or any of their respective associates, and where the total number of shares of AGP issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceed 0.1% of the shares of AGP then in issue and with an aggregate value in excess of HK$5 million (or its equivalent amount in British Pound), then the proposed grant is subject to the approval of shareholders of the Company in general meeting.
5.	Period within which the shares of AGP must be taken up under an option:	The period during which an option may be exercised is determined by the AGP Board (or any committee delegated by the AGP Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$10 (or its equivalent amount in British Pound or United States dollar) is payable to AGP upon acceptance of the option which must be taken up within 28 days from the date of offer.
7.	The basis of determining the exercise price:	The exercise price is determined by the AGP Board (or any committee delegated by the AGP Board) which must be at least the highest of (i) the closing price of the share of AGP on the AIM Market on the date of grant of the option; (ii) the average of the closing price of the share of AGP on the AIM Market on the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of AGP.
8.	The remaining life of the AGP Share Option Scheme:	Valid and effective for a term of ten years from the date of adoption until 15 August 2020.

No option was granted by AGP since the commencement of the AGP Share Option Scheme and up to the year ended 31 December 2010.

Share Award Scheme of the Company

A share award scheme (the "SEA Share Award Scheme") was approved by the shareholders of the Company at the special general meeting held on 27 May 2010. The SEA Share Award Scheme is an incentive scheme established for the Group as a flexible means to recognise and acknowledge the performance and/or contributions which the eligible participants (as defined under the SEA Share Award Scheme) have made or will make to the Group and promote the long term success of the Company. The SEA Share Award Scheme commenced on 15 June 2010 and will continue in force until the day immediately before the fifteenth anniversary of such date.

No award was granted since the commencement of the SEA Share Award Scheme and up to the year ended 31 December 2010.

Share Award Scheme of AGP

A share award scheme of AGP (the "AGP Share Award Scheme") was approved by the shareholders of the Company at the special general meeting held on 27 May 2010 and by the AGP Board on 28 May 2010. The AGP Share Award Scheme is an incentive scheme established for the AGP Group as a flexible means to recognise and acknowledge the performance and/or contributions which the eligible participants (as defined under the AGP Share Award Scheme) have made or will make to the AGP Group and promote the long term success of AGP. The AGP Share Award Scheme commenced on 16 August 2010 and will continue in force until the day immediately before the fifteenth anniversary of such date.

No award was granted since the commencement of the AGP Share Award Scheme and up to the year ended 31 December 2010.

Interests of Substantial Shareholders and Other Persons in Securities

As at 31 December 2010, so far as it is known by 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	—	397,224,754	59.36
NLI	397,224,754	—	59.36

Notes:

1. *JCS held about 63.58% of the issued shares in NLI. The above 397,224,754 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 and 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 31 December 2010, 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 31 December 2010, the Company purchased a total of 10,040,000 ordinary shares of HK$0.10 each of the Company on the Stock Exchange at an aggregate cash consideration of HK$45,434,380 (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 the general mandates given by the shareholders at the annual general meetings held on 10 June 2009 and 27 May 2010 respectively. The relevant particulars of the purchases are as follows:

Period of the purchase	Total number of the shares purchased	Price paid per share Highest HK$	Price paid per share Lowest HK$	Aggregate consideration HK$
May 2010	3,578,000	4.00	3.70	14,251,240
June 2010	710,000	4.10	3.98	2,869,080
September 2010	1,306,000	4.60	4.05	5,733,560
October 2010	3,786,000	5.13	4.80	18,952,300
November 2010	660,000	5.55	5.18	3,628,200
	10,040,000			45,434,380

The Board 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 of every remaining 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.

Corporate Governance

Throughout the year ended 31 December 2010, 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 1 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 20 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 annual report.

Charitable Donations

During the year, the Group made charitable donations amounting to about HK$88,000 (2009: HK$50,000).

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

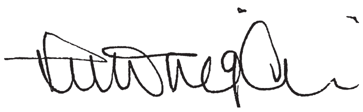
The audit committee comprises three members, namely Messrs. Leung Hok Lim, Walujo Santoso, Wally and Chung Pui Lam, all being Independent Non-executive Directors of the Company. The audit committee has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2010.

Directors' Report

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 2011 AGM for shareholders' approval.

On behalf of the Board



Lu Wing Chi
Chairman and Managing Director

Hong Kong, 28 March 2011

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 49 to 114, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the consolidated financial statements that give a true and fair view 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.

Independent Auditor's Report

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 2010, 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

28 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Notes	2010 HK$000	2009 HK$000
Revenue	6	**722,294**	530,652
Interest income	8	**14,414**	10,214
Other income		**27,453**	53,920
Costs:			
Property and related costs	9	**(213,130)**	(210,510)
Staff costs		**(146,183)**	(126,997)
Depreciation and amortisation		**(69,743)**	(13,169)
Other expenses	10	**(140,230)**	(78,566)
		(569,286)	(429,242)
Profit from operations before fair value changes on properties		**194,875**	165,544
Fair value changes on investment properties	11	**884,133**	1,310,802
Profit from operations after fair value changes on properties		**1,079,008**	1,476,346
Share of results of associates		**(616)**	(1,555)
Share of results of jointly controlled entities		**(1,872)**	(2,557)
Finance costs	12	**(99,473)**	(79,311)
Profit before taxation	13	**977,047**	1,392,923
Income tax expense	14	**(242,617)**	(239,977)
Profit for the year		**734,430**	1,152,946
Attributable to:			
Company's shareholders		**715,517**	1,122,649
Non-controlling interests		**18,913**	30,297
		734,430	1,152,946
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders	18		
Basic		**1.08**	1.74
Diluted		**1.07**	1.71
Earnings per share excluding fair value changes on properties net of deferred tax	*18*		
Basic		***0.01***	*0.06*
Diluted		***0.01***	*0.06*

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**734,430**	1,152,946
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**76,663**	(1,625)
Share of translation differences of jointly controlled entities	**734**	—
Share of translation differences of associates	**(786)**	6,327
Total comprehensive income for the year	**811,041**	1,157,648
Total comprehensive income attributable to:		
Company's shareholders	**793,317**	1,130,505
Non-controlling interests	**17,724**	27,143
	811,041	1,157,648

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	**31.12.2010 HK$'000**	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current assets				
Investment properties	19	**7,144,376**	6,462,103	5,712,333
Property, plant and equipment	20	**1,213,390**	984,907	707,140
Properties for development	21	**783,163**	48,956	49,995
Club memberships	22	**8,574**	8,574	8,574
Interests in associates	23	**8,602**	12,806	10,512
Interests in jointly controlled entities	24	**40,499**	40,613	—
Loans receivable	25	**34,392**	63,209	86,463
Other receivable	26	**350,726**	145,235	—
		9,583,722	7,766,403	6,575,017
Current assets				
Properties held for sale	27			
Completed properties		**414,400**	566,529	744,933
Properties under development		**719,663**	714,089	638,497
Other inventories		**1,245**	1,339	—
Other receivable	26	**—**	192,330	—
Held for trading investments	28	**143**	154	51
Loans receivable	25	**1,755**	3,073	11,222
Receivables, deposits and prepayments	29	**130,549**	256,647	169,366
Tax recoverable		**453**	35,754	79
Amounts due from non-controlling shareholders	30	**1,578**	2,397	19,650
Pledged bank deposits	31	**264,103**	330,616	202,644
Restricted bank deposits		**—**	—	147,322
Bank balances and cash	32	**2,355,639**	2,332,975	2,166,157
		3,889,528	4,435,903	4,099,921
Investment properties held for sale	33	**—**	245,000	—
		3,889,528	4,680,903	4,099,921
Current liabilities				
Payables, rental deposits and accrued charges	34	**328,828**	424,449	278,874
Sales deposits		**5,682**	1,180	9,580
Provisions	35	**4,865**	6,047	6,807
Tax liabilities		**136,634**	95,054	138,079
Amounts due to non-controlling shareholders	30	**177,238**	134,966	80,602
Bank borrowings – due within one year	36	**1,647,761**	1,019,994	1,651,241
Derivative financial liability	37	**1,828**	—	—
		2,302,836	1,681,690	2,165,183
Liabilities associated with investment properties held for sale	33	**—**	27,200	—
		2,302,836	1,708,890	2,165,183
Net current assets		**1,586,692**	2,972,013	1,934,738
Total assets less current liabilities		**11,170,414**	10,738,416	8,509,755

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	**31.12.2010 HK$'000**	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Capital and reserves				
Share capital	38	**66,913**	64,719	65,693
Reserves		**8,044,426**	7,302,624	6,258,226
Equity attributable to the Company's shareholders		**8,111,339**	7,367,343	6,323,919
Non-controlling interests		**266,894**	266,329	236,053
Total equity		**8,378,233**	7,633,672	6,559,972
Non-current liabilities				
Bank borrowings – due after one year	36	**1,769,227**	2,252,324	1,312,446
Derivative financial liability	37	**—**	3,305	7,166
Deferred taxation	39	**1,022,954**	849,115	630,171
		2,792,181	3,104,744	1,949,783
		11,170,414	10,738,416	8,509,755

The consolidated financial statements on pages 49 to 114 were approved and authorised for issue by the Board of Directors on 28 March 2011 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 2010

	Attributable to the Company's shareholders										
	Share capital	Share premium	Contributed surplus	Translation reserve	Capital redemption reserve	Share options reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2009	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
Exchange differences arising on translation of foreign operations	–	–	–	1,529	–	–	–	–	1,529	(3,154)	(1,625)
Share of translation differences of associates	–	–	–	6,327	–	–	–	–	6,327	–	6,327
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 non-controlling shareholders	–	–	–	–	–	–	–	–	–	(70,867)	(70,867)
Acquisition of assets and assumption of liabilities (note 41)	–	–	–	–	–	–	–	–	–	10,097	10,097
Contributions from non-controlling 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
Profit for the year	–	–	–	–	–	–	–	715,517	715,517	18,913	734,430
Exchange differences arising on translation of foreign operations	–	–	–	77,873	–	–	–	–	77,873	(1,210)	76,663
Share of translation differences of jointly controlled entities	–	–	–	713	–	–	–	–	713	21	734
Share of translation differences of associates	–	–	–	(786)	–	–	–	–	(786)	–	(786)
Other comprehensive income for the year	–	–	–	77,800	–	–	–	–	77,800	(1,189)	76,611
Total comprehensive income for the year	–	–	–	77,800	–	–	–	715,517	793,317	17,724	811,041
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	(391)	–	(391)	(509)	(900)
Recognition of equity-settled share-based payments	–	–	–	–	–	505	–	–	505	–	505
Share repurchased and cancelled	(1,004)	(44,430)	–	–	–	–	–	–	(45,434)	–	(45,434)
Share issued on exercise of share options	3,198	75,606	–	–	–	(8,929)	–	–	69,875	–	69,875
Dividends paid	–	–	–	–	–	–	–	(73,876)	(73,876)	–	(73,876)
Dividends paid to non- controlling shareholders	–	–	–	–	–	–	–	–	–	(16,650)	(16,650)
At 31 December 2010	**66,913**	**354,721**	**277,707**	**365,575**	**4,451**	**1,502**	**(391)**	**7,040,861**	**8,111,339**	**266,894**	**8,378,233**

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.

Other reserves represent the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit before taxation	**977,047**	1,392,923
Adjustments for:		
Interest expenses	**92,853**	73,138
Write-down of properties held for sale	**24,397**	28,112
Depreciation and amortisation	**69,743**	13,169
Fair value changes on investment properties	**(884,133)**	(1,310,802)
Fair value changes on held for trading investments	**20**	(82)
Fair value changes on derivative financial instrument	**(1,738)**	(5,336)
Fair value adjustment on other receivable	**7,914**	5,868
Share of results of associates	**616**	1,555
Share of results of jointly controlled entities	**1,872**	2,557
Interest income	**(14,414)**	(10,214)
Loss on disposal of property, plant and equipment	**409**	434
Loss on acquisition of assets and assumption of liabilities	**—**	1,057
Share-based payment expenses	**505**	1,083
Operating cash flows before movements in working capital	**275,091**	193,462
Decrease in properties held for sale	**140,592**	116,839
Decrease (increase) in other inventories	**94**	(1,339)
(Increase) decrease in receivables, deposits and prepayments	**(18,378)**	23,293
Decrease in payables, rental deposits and accrued charges	**(64,770)**	(68,935)
Increase (decrease) in sales deposits	**4,502**	(8,426)
Cash generated from operations	**337,131**	254,894
Interest paid	**(89,960)**	(73,115)
Tax paid	**(7,436)**	(107,782)
Net cash from operating activities	**239,735**	73,997

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Investing activities			
Additional costs on investment properties		—	(47)
Net proceeds received on disposal of investment properties		**217,800**	390,871
Refund (payment) of tender deposits		**149,500**	(149,500)
Acquisition of and additional cost on properties for development		**(720,936)**	(157)
Dividend received from an associate		**2,802**	2,478
Interest received		**13,552**	10,834
Receipt of repayments of loans receivable		**30,135**	31,826
Decrease (increase) in pledged bank deposits		**66,484**	(126,896)
Release of restricted bank deposits		—	147,175
Purchase of and additional cost on property, plant and equipment		**(6,892)**	(195,876)
Increase in other receivable		**(49,047)**	(43,868)
Acquisition of assets and assumption of liabilities	41	—	(2,456)
Loan to a jointly controlled entity		**(250)**	(3,000)
Repayments from non-controlling shareholders		—	19,092
Net cash (used in) from investing activities		**(296,852)**	80,476
Financing activities			
Draw down of bank borrowings		**1,013,815**	2,037,018
Repayments of bank borrowings		**(925,084)**	(1,803,158)
Issue of new shares		**69,875**	19,813
Advance from (repayments to) non-controlling shareholders		**33,115**	(131,895)
(Advance to) repayments from non-controlling shareholders		**819**	(1,839)
Acquisition of additional interest in a subsidiary		**(900)**	—
Repurchase of shares		**(45,434)**	(43,502)
Dividends paid		**(73,876)**	(64,475)
Dividends paid to non-controlling shareholders		**(16,650)**	(70,867)
Contributions from non-controlling shareholders		—	63,903
Net cash from financing activities		**55,680**	4,998
Net (decrease) increase in cash and cash equivalents		**(1,437)**	159,471
Cash and cash equivalents at beginning of the year		**2,332,975**	2,166,157
Effect of foreign exchange rate changes		**24,101**	7,347
Cash and cash equivalents at end of the year represented by bank balances and cash		**2,355,639**	2,332,975

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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 exempted companies 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 48.

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").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (revised in 2008)	Business Combinations
HKAS 27 (revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

HKFRS 3 (revised in 2008) Business Combinations and HKAS 27 (revised in 2008) Consolidated and Separate Financial Statements

The Group applied HKFRS 3 (revised in 2008) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (revised in 2008) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As no business combination occurred during the current year, the application of HKFRS 3 (revised in 2008) had no effect on the consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (revised in 2008) is applicable.

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

In respect of the Group's acquisition of additional interest in a subsidiary during the current year, the application of HKAS 27 (revised in 2008) has resulted in recognition of the difference between the consideration received and the decrease in the carrying amount of the non-controlling interests of HK$391,000 in equity. In addition, cash consideration of HK$900,000 paid to the non-controlling shareholders is presented as cash used in financing activities.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of leases. Leasehold lands that qualified for finance lease classification have been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. As a result of the reclassification of prepaid lease payment with previous carrying amount of HK$358,647,000 and HK$350,040,000 as at 1 January 2009 and 31 December 2009 respectively to property, plant and equipment, the carrying amount of property, plant and equipment is increased by HK$358,647,000 and HK$350,040,000 from HK$348,493,000 and HK$634,867,000 as at 1 January 2009 and 31 December 2009 to HK$707,140,000 and HK$984,907,000 respectively. The carrying amount of such leasehold land at 31 December 2010 of HK$341,269,000 has been included in property, plant and equipment. The application of the amendment to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application. However, the application of HK Int 5 does not have any impact on the consolidated financial statements.

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

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

HKAS 12 (Amendments) Deferred Tax: Recovery of Underlying Assets

The amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. Had the amendments been adopted for the year ended 31 December 2010, the deferred tax liabilities for investment properties would have been decreased and the profit for the current year and prior year would have been increased.

3. Significant Accounting Policies

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.

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 principal accounting policies are set out below.

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 income statement 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 in line with those used by other members of the Group.

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. Significant Accounting Policies *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

3. Significant Accounting Policies *(continued)*

Business combinations *(continued)*

Business combinations that took place on or after 1 January 2010 *(continued)*

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. Significant Accounting Policies *(continued)*

Business combinations *(continued)*

Business combinations that took place on or after 1 January 2010 *(continued)*

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

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

3. Significant Accounting Policies *(continued)*

Goodwill *(continued)*

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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. 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. Additional losses are 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 an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. 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. Additional losses are 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 a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

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 non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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 their previous carrying amount and fair value less costs to sell.

3. Significant Accounting Policies *(continued)*

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 if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than properties under development and crockery, utensils and linens, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 when incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 are 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 will be transferred to the appropriate categories according to the management's intention of use of the properties after completion of development.

3. Significant Accounting Policies *(continued)*

Properties under development

When buildings are in the course of development for hotel operation or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of the cost of the building under construction. 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 to 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.

Impairment of 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. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 immediately in profit or loss.

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 immediately in profit or loss.

3. Significant Accounting Policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised in 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.

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, other receivable, loans to jointly controlled entities, amounts due from non-controlling shareholders, trade receivables, bank deposits and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

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.

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.

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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, other 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 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 non-controlling 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own 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 in its entirety, 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 in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, 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 present obligation at the end of the reporting period, and are discounted to present value where the effect of the time value of money is material.

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 received under current liabilities.

Others

Rental income is recognised on a straight-line basis over the term of the relevant lease. In the event that lease incentives are provided to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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.

3. Significant Accounting Policies *(continued)*

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 profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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.

3. Significant Accounting Policies *(continued)*

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 the 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.

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 expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (translation reserve).

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 profit or loss 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.

3. Significant Accounting Policies *(continued)*

Equity-settled share-based payment transactions *(continued)*

Share options granted after 7 November 2002 and vested on or after 1 January 2005 *(continued)*

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.

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 temporary 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.

3. Significant Accounting Policies *(continued)*

Taxation *(continued)*

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$783,801,000 and HK$141,643,000 (2009: HK$512,134,000 and HK$128,675,000) 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

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$792,186,000 (2009: HK$812,986,000) 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.

4. Key Sources Of Estimation Uncertainty *(continued)*

Fair value of investment properties

Investment properties with carrying amount of HK$7,142,776,000 (2009: HK$6,460,503,000) and HK$1,600,000 (2009: HK$1,600,000) 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 used 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.

Valuation of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,134,063,000 (2009: HK$1,280,618,000) is based on an estimation of the net realisable value of these properties 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, where appropriate, 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) less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for (reversal of) write-down of the properties held for sale may result.

Impairment of other receivable

In determining whether there is any impairment loss on the carrying amount of the other receivable of HK$350,726,000 (2009: HK$349,765,000) in relation to cost incurred on certain pieces of land as detailed in note 26, 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, 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 capital, retained profits and 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.

	2010	2009
	HK$'000	HK$'000
Sales of properties	**271,096**	237,243
Renting of investment properties	**275,065**	277,350
Hotel operation	**176,133**	16,059
	722,294	530,652

7. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance are as follows:

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

Property investment and development activities are in Hong Kong, the People's Republic of China (the "PRC"), Australia and New Zealand whereas the hotel in Hong Kong commenced operation in November 2009.

7. Segment Information *(continued)*

Segment revenues and results

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

For the year ended 31 December 2010

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	271,096	275,065	176,133	—	722,294
Inter-segment sales	—	816	—	(816)	—
Total	271,096	275,881	176,133	(816)	722,294
SEGMENT RESULTS					
Segment profit	70,938	1,085,015	15,445		1,171,398
Interest income					14,414
Corporate expenses					(106,804)
Share of results of associates					(616)
Share of results of jointly controlled entities					(1,872)
Finance costs					(99,473)
Profit before taxation					977,047

7. Segment Information *(continued)*

Segment revenues and results *(continued)*

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

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, share of results of associates and jointly controlled entities and finance costs 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 2010

	Property development HK$'000	**Property investment HK$'000**	**Hotel operation HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Amortisation and depreciation					
— Leasehold land	**—**	**—**	**8,771**	**—**	**8,771**
— Properties for development	**4,608**	**—**	**—**	**—**	**4,608**
— Deprecation of building, plant and equipment	**361**	**1,453**	**45,306**	**9,244**	**56,364**
Increase in fair value of investment properties	**—**	**884,133**	**—**	**—**	**884,133**
Fair value adjustment on other receivable	**7,914**	**—**	**—**	**—**	**7,914**
Write down of properties held for sale	**24,397**	**—**	**—**	**—**	**24,397**
Loss on disposal of property, plant and equipment	**266**	**143**	**—**	**—**	**409**

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 and depreciation					
— Leasehold land	—	—	1,434	—	1,434
— Properties for development	1,253	—	—	—	1,253
— Deprecation of building, plant and equipment	557	1,122	7,340	1,463	10,482
Increase in fair value of investment properties	—	1,310,802	—	—	1,310,802
Fair value adjustment on other receivable	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

7. Segment Information *(continued)*

Geographical information

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

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

	2010	2009
	HK$'000	HK$'000
Hong Kong	**600,081**	369,279
PRC	**97,898**	139,552
Australia	**17,115**	14,490
New Zealand	**7,200**	7,331
	722,294	530,652

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 assets, by geographical location are detailed below.

	2010	2009
	HK$'000	HK$'000
Hong Kong	**6,377,247**	5,650,299
PRC	**2,540,931**	1,653,314
Australia	**231,025**	201,700
New Zealand	**9,082**	13,335
	9,158,285	7,518,648

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

	2010	2009
	HK$'000	HK$'000
Interest income from second mortgage loans	**3,018**	4,425
Interest earned on bank deposits	**10,609**	4,799
Imputed interest income on loans to jointly controlled entities	**787**	619
Other interest income	**—**	371
	14,414	10,214

9. Property And Related Costs

	2010	2009
	HK$'000	HK$'000
Changes in completed properties and properties under development held for sale	**122,158**	74,700
Costs incurred for development of properties held for sale	**32,842**	70,825
Write down of properties held for sale	**24,397**	28,112
Direct operating expenses on investment properties	**33,733**	36,873
	213,130	210,510

10. Other Expenses

	2010	2009
	HK$'000	HK$'000
Included in other expenses are:		
Hotel operating expenses	**51,982**	15,021
Tax penalty	**17,000**	—

11. Fair Value Changes On Investment Properties

The comparative amount includes fair value changes relating to investment properties disposed of and investment properties held for sale amounted to HK$104,500,000 and HK$65,000,000 respectively.

12. Finance Costs

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	**59,857**	54,887
Bank borrowings not wholly repayable within 5 years	**35,580**	26,248
	95,437	81,135
Less: Amounts capitalised to property development projects	**(2,584)**	(7,997)
	92,853	73,138
Front end fee	**4,109**	1,945
Other charges	**2,511**	4,228
	99,473	79,311

13. Profit Before Taxation

	2010 HK$'000	2009 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**4,388**	4,159
Directors' emoluments (Note 15)	**49,760**	64,387
Fair value changes on held for trading investments	**20**	—
Fair value adjustment on other receivable	**7,914**	5,868
Loss on disposal of property, plant and equipment	**409**	434
Loss on acquisition of assets and assumption of liabilities	**—**	1,057
Net foreign exchange losses	**3,544**	—
Share-based payment expenses to employees other than directors	**505**	877
and crediting:		
Fair value changes on held for trading investments	**—**	82
Fair value changes on derivative financial instrument	**1,738**	5,336
Net foreign exchange gains	**—**	4,391
Gross rental income from investment properties	**275,065**	277,350
Less: Direct operating expenses	**(33,733)**	(36,873)
Net rental income	**241,332**	240,477

14. Income Tax Expense

	2010 HK$'000	2009 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**38,475**	16,349
PRC Enterprise Income Tax	**31**	8
PRC Land Appreciation Tax	**—**	11,283
Other jurisdictions	**975**	—
	39,481	27,640
Underprovision in prior years		
Hong Kong Profits Tax	**41,974**	1,117
PRC Enterprise Income Tax	**—**	197
	41,974	1,314
Deferred tax	**161,162**	211,023
	242,617	239,977

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

During the year, the Hong Kong Inland Revenue Department ("IRD") has initiated a tax audit on two group entities for the years of assessments 2002/2003 to 2008/2009. At the same time, estimated assessments ("Protective Assessments") for the year of assessment 2003/2004 were issued to the entities. Subsequent to the end of the reporting period, Protective Assessments were also issued for the year of assessment 2004/2005. Objections against the Protective Assessments were lodged by the entities and against which tax reserve certificates totalling HK$8,995,000 were purchased. In order to save the time of the management and professional cost in pursuing further, a settlement proposal has been submitted to the IRD for giving up the deductibility of certain interest costs in arriving at the assessable profit of the relevant entity. Additional tax liability of HK$41,974,000 for the years of assessments 2003/2004 up to 2009/2010 and an estimated penalty of HK$17,000,000 calculated on the basis of the proposed settlement have been made in the current year's financial statements.

PRC Land Appreciation Tax was 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.

Details of deferred taxation are set out in note 39.

14. Income Tax Expense *(continued)*

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	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (loss) before taxation	**1,010,676**	1,437,029	**(33,629)**	(44,106)	**977,047**	1,392,923
Applicable income tax rate	**16.5%**	16.5%	**30%**	30%		
Tax charge (credit) at the applicable income tax rate	**166,761**	237,110	**(10,089)**	(13,232)	**156,672**	223,878
Tax effect of share of results of associates	**—**	—	**185**	467	**185**	467
Tax effect of share of results of jointly controlled entities	**309**	422	**—**	—	**309**	422
Tax effect of expenses not deductible for tax purpose	**24,663**	13,913	**571**	500	**25,234**	14,413
Tax effect of income not taxable for tax purpose	**(1,169)**	(19,640)	**—**	(4,240)	**(1,169)**	(23,880)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	**—**	(4,770)	**—**	—	**—**	(4,770)
Tax effect of tax losses not recognised	**2,042**	10,266	**4,960**	4,519	**7,002**	14,785
Utilisation of tax losses previously not recognised	**(3,570)**	(9,361)	**—**	—	**(3,570)**	(9,361)
Tax effect of deductible temporary differences not recognised	**665**	—	**4,747**	9,531	**5,412**	9,531
Utilisation of deductible temporary differences not previously recognised	**(1,136)**	(4,899)	**—**	—	**(1,136)**	(4,899)
PRC Land Appreciation Tax	**—**	11,283	**—**	—	**—**	11,283
Withholding tax in other jurisdictions	**975**	—	**—**	—	**975**	—
Effect of different tax rates of subsidiaries operated in other jurisdictions	**10,589**	5,959	**—**	—	**10,589**	5,959
Underprovision of income tax in respect of prior years, net	**41,974**	1,314	**—**	—	**41,974**	1,314
Others	**123**	835	**17**	—	**140**	835
Income tax expense (credit) for the year	**242,226**	242,432	**391**	(2,455)	**242,617**	239,977

15. 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
2010											
Fees	**20**	**20**	**20**	**20**	**—**	**—**	**20**	**200**	**250**	**250**	**800**
Other emoluments											
Salaries and other benefits	**5,400**	**720**	**2,400**	**2,400**	**—**	**—**	**1,440**	**—**	**—**	**—**	**12,360**
Retirement benefits scheme contribution	**810**	**90**	**300**	**300**	**—**	**—**	**216**	**—**	**—**	**—**	**1,716**
Discretionary and performance based bonus (Note a)	**28,744**	**350**	**2,395**	**2,395**	**—**	**—**	**1,000**	**—**	**—**	**—**	**34,884**
Total emolument	**34,974**	**1,180**	**5,115**	**5,115**	**—**	**—**	**2,676**	**200**	**250**	**250**	**49,760**
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

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) Except as disclosed above, no directors waive any of their emoluments during both years ended 31 December 2009 and 2010.

16. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2009: four) were directors of the Company whose emoluments are disclosed in note 15. The emoluments paid and payable to the remaining one individual for the year ended 31 December 2010 amounted to HK$2,520,000 (2009: HK$2,012,000), representing salaries and other benefits of HK$1,957,000 (2009: HK$1,708,000), retirement benefits scheme of HK$92,000 (2009: HK$98,000), discretionary and performance-based bonus of HK$471,000 (2009: HK$162,000) and share-based payment expenses of nil (2009: HK$44,000), for his service rendered to the Group.

17. Dividends

	2010 **HK$'000**	2009 HK$'000
Dividend recognised as distribution during the year:		
2010 Interim dividend — HK5 cents (2009: HK5 cents) per share	**33,450**	32,354
2009 Final dividend — HK6 cents (2008: HK5 cents) per share	**40,426**	32,121
	73,876	64,475
2010 Final dividend proposed: HK6 cents (2009: HK6 cents) per share	**40,253**	38,870

A final dividend of HK6 cents (2009: HK6 cents) per share has been proposed by the directors of the Company 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:

	2010 **HK$'000**	2009 HK$'000
Earnings for the purpose of basic and diluted earnings per share	**715,517**	1,122,649

18. Earnings Per Share *(continued)*

	Number of shares 2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	**661,613,904**	645,720,070
Effect of dilutive potential ordinary shares options	**9,387,126**	10,697,437
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**671,001,030**	656,417,507

For the purpose of assessing the performance of the Group, the 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:

	2010 HK$'000	2009 HK$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**715,517**	1,122,649
Fair value changes on investment properties	**(884,133)**	(1,310,802)
Deferred tax thereon	**154,893**	196,196
Attributable to non-controlling interests	**21,824**	30,783
Adjusted profit attributable to the Company's shareholders	**8,101**	38,826
Earnings per share excluding fair value changes on properties net of deferred tax		
Basic	**HK$0.01**	HK$0.06
Diluted	**HK$0.01**	HK$0.06

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 2009	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
Reclassification	(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
Fair value changes	—	785,000	79,515	16,757	2,861	—	—	884,133
Reclassification	—	(259,000)	(13,667)	(12,368)	—	—	—	(285,035)
Exchange adjustments	—	—	49,622	7,267	26,286	—	—	83,175
At 31 December 2010	**—**	**5,197,600**	**1,502,728**	**221,760**	**222,288**	**—**	**—**	**7,144,376**

All of the Group's property interests are 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$6,920,488,000 at 31 December 2010 (2009: HK$6,267,362,000) 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 CB Richard Ellis Pty Ltd ("CBRE").

Savills and CBRE are independent professional valuers not connected with the Group. They are members of Institute of Valuers, and have appropriate qualifications and recent experience 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 (2009: HK$1,600,000) as at 31 December 2010 have been determined by the directors of the Company by reference to recent transacted prices for similar properties in the same locations.

20. Property, Plant And Equipment

	Land in Hong Kong under medium-term lease and building		Properties in PRC							
	Under development HK$'000	Completed HK$'000	Under medium-term lease HK$'000	Under long lease HK$'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 2009										
As previously stated	336,275	–	–	136	184	15,087	19,487	7,055	–	378,224
Prior year adjustment in accordance with amendment to HKAS 17	358,647	–	–	–	–	–	–	–	–	358,647
As restated	694,922	–	–	136	184	15,087	19,487	7,055	–	736,871
Exchange adjustments	–	–	–	–	50	1,048	2,927	7	–	4,032
Additions	274,342	–	–	–	–	6,369	2,788	1,195	3,214	287,908
Reclassification	(969,264)	816,272	–	–	46,746	25,509	–	80,737	–	–
Disposals	–	–	–	–	(18)	(1,032)	(248)	–	–	(1,298)
At 31 December 2009 (restated)	–	816,272	–	136	46,962	46,981	24,954	88,994	3,214	1,027,513
Exchange adjustments	–	–	430	475	12	417	1,828	52	–	3,214
Additions	–	–	–	–	67	3,675	1,462	680	1,008	6,892
Reclassification	–	259,000	12,368	13,667	–	–	–	–	–	285,035
Disposals	–	–	–	–	(133)	(403)	(931)	–	–	(1,467)
At 31 December 2010	**–**	**1,075,272**	**12,798**	**14,278**	**46,908**	**50,670**	**27,313**	**89,726**	**4,222**	**1,321,187**
DEPRECIATION										
At 1 January 2009	–	–	–	54	118	12,930	10,225	6,404	–	29,731
Exchange adjustments	–	–	–	–	29	878	910	6	–	1,823
Provided for the year	–	3,286	–	4	801	1,926	2,094	3,805	–	11,916
Eliminated on disposals	–	–	–	–	(18)	(623)	(223)	–	–	(864)
At 31 December 2009	–	3,286	–	58	930	15,111	13,006	10,215	–	42,606
Exchange adjustments	–	–	6	7	6	345	727	23	–	1,114
Provided for the year	–	27,964	276	304	4,698	8,873	2,482	20,538	–	65,135
Eliminated on disposals	–	–	–	–	(92)	(128)	(838)	–	–	(1,058)
At 31 December 2010	**–**	**31,250**	**282**	**369**	**5,542**	**24,201**	**15,377**	**30,776**	**–**	**107,797**
CARRYING VALUES										
At 31 December 2010	**–**	**1,044,022**	**12,516**	**13,909**	**41,366**	**26,469**	**11,936**	**58,950**	**4,222**	**1,213,390**
At 31 December 2009 (restated)	–	812,986	–	78	46,032	31,870	11,948	78,779	3,214	984,907
At 1 January 2009 (restated)	694,922	–	–	82	66	2,157	9,262	651	–	707,140

20. Property, Plant And Equipment *(continued)*

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

Leasehold land	Over the lease terms ranging from 42 years to 45.5 years
Building	2% to 5%
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

21. Properties For Development

	2010	2009
	HK$'000	HK$'000
COST		
At 1 January	**50,846**	50,632
Addition	**720,936**	157
Exchange adjustments	**18,024**	57
At 31 December	**789,806**	50,846
AMORTISATION		
At 1 January	**(1,890)**	(637)
Provided for the year	**(4,608)**	(1,253)
Exchange adjustments	**(145)**	—
At 31 December	**(6,643)**	(1,890)
CARRYING VALUE		
At 31 December	**783,163**	48,956

The carrying amount represents the Group's cost of interest in certain pieces of lands located in the PRC to be held for future development. However, 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 to 70 years of the leasehold land.

22. Club Memberships

	2010 **HK$'000**	2009 HK$'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.

23. Interests In Associates

	2010 **HK$'000**	2009 HK$'000
Investment cost—unlisted	**96,990**	96,990
Share of post-acquisition reserves	**(7,992)**	(3,788)
Impairment loss recognised	**(80,396)**	(80,396)
	8,602	12,806

Included in the cost of investment in associates is goodwill of HK$80,396,000 (2009: HK$80,396,000) arising on acquisitions of the associates and against which impairment loss had been fully recognised in prior years.

Details of the Group's principal associates at 31 December 2009 and 2010, 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 Group**		**Principal activities**
			2010	2009	
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**	40	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.

23. Interests In Associates *(continued)*

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

	2010 **HK$'000**	2009 HK$'000
Total assets	**27,586**	35,305
Total liabilities	**(10,382)**	(9,693)
Net assets	**17,204**	25,612
Group's share of net assets of associates	**8,602**	12,806
Revenue	**55,071**	49,346
Loss for the year	**(1,232)**	(3,110)
Other comprehensive income	**(1,572)**	12,654
Total comprehensive income for the year	**(2,804)**	9,544
Group's share of total comprehensive income of associates for the year	**(1,402)**	4,772

24. Interests In Jointly Controlled Entities

	2010 **HK$'000**	2009 HK$'000
Cost of unlisted investments in jointly controlled entities	**3,875**	3,859
Share of post-acquisition reserves	**(3,695)**	(2,557)
	180	1,302
Loans to jointly controlled entities	**40,319**	39,311
	40,499	40,613

24. Interests In Jointly Controlled Entities *(continued)*

As at 31 December 2010 and 2009, the Group had interests in the following significant 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
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	49	Investment holding
Leiyang Shunhua Real Estate Development Ltd.# 耒陽順華置業有限公司	Established	PRC	Registered capital	49	Property development

English translation of the entity's official name.

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:

	2010 HK$'000	2009 HK$'000
Current assets	**98,071**	61,312
Non-current assets	**4,662**	4,668
Current liabilities	**59,318**	45,149
Non-current liabilities	**43,235**	19,529
Income recognised in profit or loss	**19,915**	2
Expenses recognised in profit or loss	**21,787**	2,559
Other comprehensive income	**734**	—

Loans to jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand repayment within one year, the amounts are classified as non-current assets.

24. Interests In Jointly Controlled Entities *(continued)*

On application of Hong Kong Accounting Standard 39 "Financial Instruments — Recognition and Measurement", the fair value of the loans advanced to jointly controlled entities is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advance, determined on initial recognition, deemed to be capital contributed to jointly controlled entities, is included as part of the cost investments in jointly controlled entities.

25. Loans Receivable

	2010	2009
	HK$'000	HK$'000
Second mortgage loans	**36,100**	66,205
Unsecured loans	**47**	77
	36,147	66,282
Analysed for reporting purposes		
Current assets	**1,755**	3,073
Non-current assets	**34,392**	63,209
	36,147	66,282

The 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.

The second mortgage loans are secured by certain leasehold properties of the borrowers.

The effective interest rates of the loans receivable is 5.0% (2009: 5.0%) 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, among other factors, 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.

26. Other Receivable

Other receivable represents expenses totalling HK$364,895,000 (2009: HK$343,433,000) incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC and is wholly refundable from the relevant PRC local government as detailed in note 41. Based on the latest development of the time schedule for auction of the relevant lands, the directors estimate that the receivable will be recovered by 31 December 2012. Accordingly, the full amount at its carrying value of HK$350,726,000 which is arrived at based on an effective interest rate of 2% is reclassified to non-current asset.

27. Properties Held For Sale

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

28. Held For Trading Investments

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

29. Receivables, Deposits And Prepayments

	2010	2009
	HK$'000	HK$'000
Trade receivables	**10,170**	5,774
Accrued income, deposits and prepayments	**120,867**	251,361
Less: Allowance for impairment loss	**(488)**	(488)
	130,549	256,647

Included in accrued income, deposits and prepayments at 31 December 2009 are deposits of HK$149,500,000 paid for the tendering of certain pieces of lands situated in the PRC. The deposits were refunded to the Group during the current year on successful tendering of the lands.

Trade receivables mainly comprise of 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 is allowed to corporate customers and travel agents.

Receivables from sale of properties are payable 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.

29. Receivables, Deposits And Prepayments *(continued)*

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

	2010	2009
	HK$'000	HK$'000
0 to 30 days	**9,432**	4,962
31 to 60 days	**552**	297
61 to 90 days	**55**	23
91 to 365 days	**10**	443
Over 365 days	**121**	49
	10,170	5,774

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.

30. Amounts Due From/To Non-Controlling 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 0.4% (2009: 0.1% to 3.0%) per annum and are pledged to secure short-term bank borrowings.

32. 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 3.0% (2009: 0.1% to 2.5%) per annum with maturity period of three months or less.

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

	2010	2009
	HK$'000	HK$'000
Hong Kong dollars	**13,196**	28,615
United States dollars	**3,980**	78,007
Renminbi	**354,200**	—

33. 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 was completed during the year. The liabilities associated with the disposal of the investment properties at the end of the preceding reporting period were as follows:

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

34. Payables, Rental Deposits And Accrued Charges

	2010	2009
	HK$'000	HK$'000
Trade payables	**2,294**	2,383
Rental deposits	**73,429**	69,980
Other payables, other deposits and accrued charges	**253,105**	352,086
	328,828	424,449

Included in other payables, other deposits and accrued charges is an amount of HK$94,743,000 (2009: HK$130,109,000) 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 41.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK$50,934,000 (2009: HK$53,010,000).

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

35. Provisions

	2010	2009
	HK$'000	HK$'000
At 1 January	**6,047**	6,807
Exchange adjustments	**179**	10
Reversed during the year	**(1,361)**	(770)
At 31 December	**4,865**	6,047

35. Provisions *(continued)*

The provisions represent the outstanding compensation payable to the former owners for possession of their properties for redevelopment by the Group. The compensation is 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 relevant PRC statutory requirements.

36. Bank Borrowings

	2010 **HK$'000**	2009 HK$'000
Secured	**3,136,988**	3,012,318
Unsecured	**280,000**	260,000
	3,416,988	3,272,318

The bank borrowings are repayable as follows:

	2010 **HK$'000**	2009 HK$'000
On demand or within one year	**1,647,761**	1,019,994
More than one year, but not exceeding two years	**503,157**	946,295
More than two years, but not exceeding five years	**737,230**	1,112,960
More than five years	**528,840**	193,069
	3,416,988	3,272,318
Less: Amounts due for settlement within 12 months shown under current liabilities	**(1,647,761)**	(1,019,994)
Amounts due for settlement after 12 months	**1,769,227**	2,252,324

Except for a fixed rate bank borrowing of 7.25% with carrying amount of HK$142,253,000 (2009: HK$125,385,000), the effective interest rates of remaining borrowings range from 0.7% to 6.7% (2009: 0.7% to 8.5%) per annum.

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

37. 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% per annum 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.

38. Share Capital

	Number of ordinary shares of HK$0.1 each		Nominal value	
	2010	2009	**2010**	2009
			HK$'000	HK$'000
Authorised	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of year	**647,185,802**	656,928,517	**64,719**	65,693
Share issued upon exercise of share options at HK$1.44 or HK$2.262 per share	**31,980,996**	8,759,285	**3,198**	876
Shares repurchased and cancelled	**(10,040,000)**	(18,502,000)	**(1,004)**	(1,850)
At end of year	**669,126,798**	647,185,802	**66,913**	64,719

During the year, the Company repurchased 10,040,000 (2009: 18,502,000) of its own shares as follows. The shares were cancelled upon repurchase.

Month of repurchase	No. of shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
2010				
May	3,578,000	4.00	3.70	14,251
June	710,000	4.10	3.98	2,869
September	1,306,000	4.60	4.05	5,734
October	3,786,000	5.13	4.80	18,952
November	660,000	5.55	5.18	3,628
	10,040,000			45,434
2009				
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.

39. 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 HK$'000	Fair value of investment properties HK$'000	Effective rental income HK$'000	Others HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2009	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
Exchange adjustments	251	13,330	517	(163)	(1,258)	12,677
(Credit) charge to profit or loss	(2,742)	154,893	955	1,182	6,874	161,162
At 31 December 2010	**35,063**	**998,271**	**15,701**	**(1,155)**	**(24,926)**	**1,022,954**

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

At 31 December 2010, the Group has unused tax losses of HK$904,213,000 (2009: HK$662,536,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$120,412,000 (2009: HK$150,402,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$783,801,000 (2009: HK$512,134,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams.

At 31 December 2010, the Group has deductible temporary differences in respect of deduction of certain costs of properties of HK$141,643,000 (2009: HK$128,675,000). 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.

40. Financial Instruments

(a) Categories of financial instruments

	2010 **HK$'000**	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**3,069,252**	3,121,062
Held for trading investments	**143**	154
	3,069,395	3,121,216
Financial liabilities		
Derivative financial liability	**1,828**	3,305
Financial liabilities at amortised cost	**3,834,883**	3,746,881
	3,836,711	3,750,186

(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.

40. 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 in the respective group entities are as follows:

	2010	2009
	HK$'000	HK$'000
Hong Kong dollars	**13,196**	28,615
United States dollars	**3,980**	78,039
Renminbi	**354,200**	—

The loans for foreign operations within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currency, other than the functional currency of the respective entities, the Hong Kong dollars and United States dollars, at the end of the reporting period amounted to HK$184,805,000 (2009: HK$163,206,000) and HK$92,804,000 (2009: HK$92,541,000) respectively.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2009: 5%) appreciation in the functional currencies of the relevant subsidiaries, Renminbi and Hong Kong dollars, relative to the foreign currencies of the relevant subsidiaries, the Hong Kong dollars, United States dollars and Renminbi. There would be an equal and opposite impact where Renminbi and Hong Kong dollars weaken 5% (2009:5%) against the relevant currencies.

	Decrease in profit for the year		**Increase in equity**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	**660**	1,431	**9,240**	8,160
United States dollars	**198**	—	**4,640**	4,627
Renminbi	**17,710**	—	**—**	—

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

40. 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, loans receivable, bank balances and deposits. The directors consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is performed. 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 bank borrowing.

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

Sensitivity analysis

The sensitivity analysis below has 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 (2009: 50) basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2009: 50) basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would decrease/increase by HK$16,193,000 (2009: HK$15,403,000).

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, 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 2010, the Group has concentration of credit risk on loans to jointly controlled entities and other receivable from two counterparties.

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.

40. 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	3 months to 6 months	6 months to 9 months	9 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2010								
Payables and deposits received	—	**249,673**	**6,024**	**4,398**	**3,056**	**50,934**	**314,085**	**314,085**
Amounts due to non-controlling shareholders	—	**177,238**	—	—	—	—	**177,238**	**177,238**
Variable rates bank borrowings	**2.74**	**738,095**	**761,985**	**29,050**	**41,927**	**2,096,185**	**3,667,242**	**3,274,735**
Fixed rate bank borrowing	**7.25**	**2,578**	**2,578**	**2,578**	**144,452**	—	**152,186**	**142,253**
		1,167,584	**770,587**	**36,026**	**189,435**	**2,147,119**	**4,310,751**	**3,908,311**
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 non-controlling 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

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.

40. 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).

		2010	
	Level 1	**Level 2**	**Total**
	HK$'000	HK$'000	HK$'000
Held for trading investments	**143**	—	**143**
Derivative financial liability	—	**1,828**	**1,828**

		2009	
	Level 1	Level 2	Total
	HK$'000	HK$'000	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.

41. Acquisition Of Assets And Assumption Of Liabilities

On 31 May 2009, the Group acquired certain assets, mainly a receivable from a PRC local government and assumed certain liabilities, mainly payable to contractors and amount due to a shareholder 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 Co., Ltd.), 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 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 land in Hushu, Nanjing. The amount, together with further costs to complete the work, are wholly refundable out of the proceeds from tendering or public auctions of certain portion of the land. Nanjing Company will then be awarded the portion of the land 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.

42. Major Non-Cash Transaction

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

43. Operating Lease Arrangements

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$951,000 (2009: HK$701,000).

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:

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,086**	480
In the second to fifth years inclusive	**932**	108
	2,018	588

Leases are negotiated for the range of 1 to 3 years (2009: 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$15,530,000 (2009: HK$19,989,000) included in other income.

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**256,408**	257,656
In the second to fifth years inclusive	**472,915**	522,342
Over five years	**842,269**	831,204
	1,571,592	1,611,202

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 16 years (2009: 1 to 17 years).

44. Pledge Of Assets

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

(a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK$7,159,657,000 (2009: HK$5,642,231,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$792,186,000 (2009: HK$812,986,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$718,107,000 (2009: HK$714,089,000).

(d) Fixed charges on completed properties for sale with aggregate carrying value of HK$70,063,000 (2009: HK$84,869,000).

(e) Bank deposits of HK$264,103,000 (2009: HK$330,616,000).

45. Share-Based Payments

Share Option Scheme of the Company

The Company operated an employee share option scheme (the "SEA Old Share Option Scheme") for the primary purpose of providing incentive to directors and eligible employees. The SEA Old Share Option Scheme was approved and adopted on 23 June 2000 and effective up to 29 June 2010. Under the SEA Old Share Option 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 SEA Old Share Option Scheme was terminated on 19 August 2005 and no further options could be granted. The SEA Old Share Option Scheme expired on 30 June 2010 and all options previously granted under the SEA Old Share Option Scheme have been exercised.

The Company approved and adopted a new employee share option scheme (the "SEA New Share Option Scheme") on 19 August 2005 for the primary purpose of providing incentive to directors and eligible employees. The SEA New Share Option Scheme shall be valid and effective for a term of 10 years until 24 August 2015.

Under the SEA New Share Option 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 of the Company at a price at least the highest of (i) the nominal value of the share of the Company; (ii) the average of the closing price of the share of the Company on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of the Company on the Stock Exchange on the date of grant of the option.

45. Share-Based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

No option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue. Any further grant of option exceeding such limit is subject to the approval of the shareholders of the Company in general meeting. In addition, for any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or its subsidiaries or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK$5 million, then the proposed grant is also subject to the approval of the shareholders of the Company in general meeting.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10. The period during which an option may be exercised is determined by the board of directors of the Company at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the board of directors of the Company at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

Details of the share options granted under the SEA Old Share Option Scheme and the SEA New Share Option Scheme during the two years ended 31 December 2010 are as follows:

Grantee	Date of grant	Vesting period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 January 2009	Exercised	Lapsed	Number of share options at 31 December 2009	Exercised	Lapsed	Number of share options at 31 December 2010
Old SEA Share Option Scheme											
Director	4.12.2000	–	4.12.2000-3.12.2010	1.44	3,000,000	–	–	3,000,000	(3,000,000)	–	**–**
New SEA Share Option Scheme											
Directors	31.12.2008	–	31.12.2008-30.12.2010	2.262	31,160,281	(3,569,285)	–	27,590,996	(27,590,996)	–	**–**
	31.12.2008	31.12.2008-30.12.2009	31.12.2009-30.12.2011	2.262	1,313,856	–	(656,928)	656,928	–	–	**656,928**
					32,474,137	(3,569,285)	(656,928)	28,247,924	(27,590,996)	–	**656,928**
Employees	31.12.2008	–	31.12.2008-30.12.2010	2.262	6,290,000	(5,190,000)	–	1,100,000	(1,100,000)	–	**–**
	31.12.2008	31.12.2008-30.12.2009	31.12.2009-30.12.2011	2.262	150,000	(150,000)	–	–	–	–	**–**
	31.12.2008	31.12.2008-29.6.2010	30.6.2010-29.6.2012	2.262	210,000	–	(70,000)	140,000	(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	–	(500,000)	**2,900,000**
	31.12.2008	31.12.2008-29.6.2011	30.6.2011-29.6.2013	2.262	500,000	–	–	500,000	–	(100,000)	**400,000**
	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	–	(100,000)	570,000	–	(70,000)	**500,000**
	31.12.2008	31.12.2008-30.12.2012	31.12.2012-30.12.2014	2.262	1,010,000	–	(160,000)	850,000	–	(500,000)	**350,000**
	31.12.2008	31.12.2008-29.6.2013	30.6.2013-29.6.2015	2.262	1,330,000	–	(160,000)	1,170,000	–	(210,000)	**960,000**
					13,660,000	(5,340,000)	(490,000)	7,830,000	(1,240,000)	(1,380,000)	**5,210,000**
				Total	49,134,137	(8,909,285)	(1,146,928)	39,077,924	(31,830,996)	(1,380,000)	**5,866,928**
				Exercisable at year end	40,450,281			32,347,924			**3,556,928**

45. Share-Based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$4.06 (2009: HK$2.93).

No share options were granted or cancelled during the year.

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.

Share Award Scheme of the Company

The share award scheme of the Company (the "SEA Share Award Scheme") was approved by the shareholders of the Company pursuant to a resolution passed on 27 May 2010. The SEA Share Award Scheme came into effect on 15 June 2010 (the "Adoption Date") upon fulfillment of the conditions contained in the SEA Share Award Scheme. Unless terminated earlier by the Board, the SEA Share Award Scheme shall be valid and effective for a term of 15 years until 14 June 2025.

The purpose of the Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the SEA Share Award Scheme). Under the SEA Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and is listed on the Stock Exchange from time to time; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

No award was granted since the Adoption Date and up to 31 December 2010.

45. Share-Based Payments *(continued)*

Share Option Scheme of Asian Growth Properties Limited ("AGP")

The share option scheme of AGP (the "AGP Share Option Scheme") was approved by the shareholders of the Company pursuant to a resolution passed on 27 May 2010 and by the board of directors of AGP (the "AGP Board") on 28 May 2010. The AGP Share Option Scheme came into effect on 16 August 2010 (the "AGP Adoption Date") upon fulfillment of the conditions contained in the AGP Share Option Scheme. Unless terminated earlier by the AGP Board, the AGP Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

The purpose of the AGP Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined under the AGP Share Option Scheme).

Under the AGP Share Option Scheme, the AGP Board (or any committee delegated by the AGP Board) may offer to the eligible participants options to subscribe for shares of AGP at a price at least the highest of (i) the closing price of the share of AGP on the AIM Market on the date of grant of the option; (ii) the average of the closing price of the share of AGP on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of AGP.

No option may be granted to an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of AGP then in issue. Any further grant of option exceeding such limit is subject to the approval of the shareholders of the Company in general meeting. In addition, for any grant of options to a substantial shareholder and/or an independent non-executive director of the Company or AGP or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceeding 0.1% of the shares of AGP then in issue and with an aggregate value exceeding HK$5 million (or its equivalent amount in British Pound), then the proposed grant is also subject to the approval of the shareholders of the Company in general meeting.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10 (or its equivalent amount in British Pound or United States dollar). The period during which an option may be exercised is determined by the AGP Board (or any committee delegated by the AGP Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the AGP Board (or any committee delegated by the AGP Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the AGP Adoption Date and up to 31 December 2010.

45. Share-Based Payments *(continued)*

Share Award Scheme of AGP

The share award scheme of AGP (the "AGP Share Award Scheme") was approved by the shareholders of the Company pursuant to a resolution passed on 27 May 2010 and by the AGP Board on 28 May 2010. The AGP Share Award Scheme came into effect on the AGP Adoption Date upon fulfillment of the conditions contained in the AGP Share Award Scheme. Unless terminated earlier by the AGP Board, the AGP Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

The purpose of the AGP Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined in the AGP Share Award Scheme). Under the AGP Share Award Scheme, the AGP Board (or any committee delegated by the AGP Board) may at its absolute discretion grant awards, which may comprise (a) new shares of AGP; (b) existing shares of AGP in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of AGP; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the AGP Share Award Scheme. No award may be granted under the AGP Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the AGP Share Award Scheme and any other share award scheme of AGP and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of AGP exceed 30% of the shares of AGP in issue from time to time.

No award was granted since the AGP Adoption Date and up to 31 December 2010.

46. 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$6,250,000 (2009:HK$4,035,000). Forfeited contributions for the year amounted to HK$57,000 (2009: nil) has been used to reduce the level of contributions.

47. Related Party Transactions

(a) Details of the loans to jointly controlled entities and interest income thereon are disclosed in the consolidated statement of financial position and notes 24 and 8.

(b) The remuneration of directors who are the Group's key management was set out in note 15.

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

48. 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 2010 %	2009 %	Principal activities
Direct subsidiaries					
SEABO Pacific Limited	Bermuda/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 each	**97**	97	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Property development and investment
Asian Growth Properties Limited	British Virgin Islands ("B.V.I.")/ Hong Kong	886,347,812 ordinary shares of US$0.05 each	**97**	97	Investment holding
Chengdu Huashang House Development Co., Ltd.* 成都華商房屋開發有限公司	PRC	RMB200,000,000 registered capital	**97**	97	Property investment
Chengdu Yulong No.1 Property Development Company Limited* 成都裕龍壹號房地產開發有限公司	PRC	RMB150,000,000 registered capital	**97**	—	Property development
Chengdu Yulong No.2 Property Development Company Limited* 成都裕龍貳號房地產開發有限公司	PRC	RMB60,000,000 registered capital	**97**	—	Property development
Chengdu Yulong No.3 Property Development Company Limited* 成都裕龍叁號房地產開發有限公司	PRC	RMB300,000,000 registered capital	**97**	—	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	**97**	97	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	**97**	97	Investment holding

48. 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 2010 %	2009 %	Principal activities
Indirect subsidiaries (continued)					
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Treasury services
Guangzhou Yingfat House Property Development Co., Ltd. ** 廣州市盈發房產發展有限公司	PRC	US$20,110,000 registered capital	**97**	97	Property development and investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	97	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited* 黃山市徽州區楓丹白露投資開發有限公司	PRC	RMB35,000,000 registered capital	**97**	88	Property and tourist leisure facilities development
Kaifeng International City No.1 Realty Development Company Limited* 開封國際城一號實業開發有限公司	PRC	US$9,270,000 registered capital	**97**	—	Property development
Kaifeng International City No.2 Realty Development Company Limited* 開封國際城二號實業開發有限公司	PRC	US$8,830,000 registered capital	**97**	—	Property development
Kaifeng International City No.3 Realty Development Company Limited* 開封國際城三號實業開發有限公司	PRC	US$9,420,000 registered capital	**97**	—	Property development
Kaifeng International City No.4 Realty Development Company Limited* 開封國際城四號實業開發有限公司	PRC	US$9,270,000 registered capital	**97**	—	Property development
Kaifeng International City No.5 Realty Development Company Limited* 開封國際城五號實業開發有限公司	PRC	US$7,800,000 registered capital	**97**	—	Property development
Kaifeng International City No.6 Realty Development Company Limited* 開封國際城六號實業開發有限公司	PRC	US$8,240,000 registered capital	**97**	—	Property development
Kaifeng International City No.7 Realty Development Company Limited* 開封國際城七號實業開發有限公司	PRC	US$6,920,000 registered capital	**97**	—	Property development
Kaifeng International City No.8 Realty Development Company Limited* 開封國際城八號實業開發有限公司	PRC	US$8,090,000 registered capital	**97**	—	Property development

48. 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 2010 %	2009 %	Principal activities
Indirect subsidiaries (continued)					
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	**53**	53	Property development
Leighton Road Hotel Management Services Limited	Hong Kong	1 ordinary share of HK$1	**97**	97	Hotel operation
Nanjing Hushu Ecology Travel Development Co., Ltd.@ 南京湖熟生態旅遊發展有限公司	PRC	RMB100,000,000 registered capital	**50**	50	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@ 南京搭里崗旅遊開發有限公司	PRC	RMB35,000,000 registered capital	**50**	50	Property, cultural and tourism 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
Sino Harvest Real Estate Development (Chengdu) Company Limited* 漢泰房地產開發(成都)有限公司	PRC	US$3,000,000 registered capital	**97**	97	Property investment
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

* *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.*

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.

26/F Dah Sing Financial Centre 108 Gloucester Road Wanchai Hong Kong
香港灣仔告士打道 108 號大新金融中心 26 樓
T 電話 +852 2828 6363 F 傳真 +852 2598 6861
www.seagroup.com.hk

爪哇控股有限公司
S E A Holdings Limited

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)