爪哇集團
SEA Group

S E A HOLDINGS LIMITED
爪哇控股有限公司*

（Incorporated in Bermuda with limited liability）
(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next pages issued by Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company listed on the AIM Market of London Stock Exchange plc., on 19th March, 2010.

As at the date of this announcement, the Board of the Company comprises the following members:-

Executive Directors:-
Messrs. Lu Wing Chi *(Chairman and Managing Director)*, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu

Non-Executive Director:-
Mr. Lam Sing Tai

Independent Non-Executive Directors:-
Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

Hong Kong, 22nd March, 2010

** For identification purpose only*

RNS Number : 8589I
Asian Growth Properties Limited

19th March, 2010

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the year ended 31st December, 2009

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31st December, 2009 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$1,206.2 million (£96.5 million) (2008: loss of HK$89.3 million (£7.9 million))
- Earnings per share for profit attributable to the Company's shareholders of HK$1.36 (10.88 pence) (2008: loss per share for loss attributable to the Company's shareholders of HK$0.10 (0.89 pence))
- Net asset value per share attributable to the Company's shareholders as at 31st December, 2009 of HK$8.96 (71.7 pence) (31st December, 2008: HK$7.6 (67.6 pence))
- Gearing ratio calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets was 10.3% (31st December, 2008: 12.1%)

Operational Highlights

- Rental income for investment properties in both Hong Kong and mainland China increased.
- Crowne Plaza Hong Kong Causeway Bay commenced hotel operations in November 2009.
- Shop at Excelsior Plaza and office floor at 9 Queen's Road Central were sold.

Notes: 1. *Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rates adopted are stated as follows:-*

For 31st December, 2009: £1 = HK$12.5018; and
For 31st December, 2008: £1 = HK$11.2467

2. *For shareholders' information, the exchange rate on 17th March, 2010 was £1 = HK$11.9185.*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31st December, 2009, which have been approved by the Board of Directors on 18th March, 2010.

The 2009 Annual Report is expected to be posted to shareholders and holders of depositary interests in early / mid April 2010.

For further information, please contact:

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Executive Director
Asian Growth Properties Limited

Richard Gray Tel: +44 207 459 3600
Andrew Potts
Panmure Gordon (UK) Limited
(Nominated Advisor)

Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Consolidated Income Statement;
4. Consolidated Statement of Comprehensive Income;
5. Consolidated Statement of Financial Position;
6. Consolidated Statement of Changes in Equity;
7. Consolidated Statement of Cash Flows; and
8. Notes to the Consolidated Financial Statements.

CHAIRMAN'S REVIEW

I have pleasure in presenting below the 2009 consolidated results of Asian Growth Properties Limited ("AGP" or the "Company") to the shareholders.

Results

AGP reported a net profit attributable to the Company's shareholders of HK$1,206.2 million (£96.5 million) for the year ended 31 December 2009 (2008: loss of HK$89.3 million (£7.9 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK$1,125.2 million (£90.0 million). By excluding such net revaluation surplus, the Group's net profit attributable to the Company's shareholders was HK$81.0 million (£6.5 million) (2008: HK$214.5 million (£19.1 million).

As at 31 December 2009, the Group's equity attributable to the Company's shareholders amounted to HK$7,944.8 million (£635.5 million), representing an increase of HK$1,209.2 million (£96.7 million) over 31 December 2008. The net asset value per share attributable to the Company's shareholders as at 31 December 2009 was HK$8.96 (71.7 pence) as compared with HK$7.60 (67.6 pence) as at 31 December 2008.

Figures in Pounds Sterling are converted from Hong Kong dollars based upon exchange rates prevailing on the latest practicable business day of the respective accounting years. The relevant exchange rate for 31 December 2009 was £1=HK$12.5018 (31 December 2008: £1=HK$11.2467).

Operations

During 2009, the Group continued to develop and manage property projects in Hong Kong and mainland China. Occupancy rates in these regions increased during the year with occupancy across all the Groups' office and commercial properties at high levels. Dah Sing Financial Centre in Hong Kong performed well with a pleasing increase in rental income. New Century Plaza in mainland China acquired in July 2008 also made a full year rental contribution with 100% occupancy.

Units in residential developments continue to be marketed with steady sales results. The Group also took the opportunity in a strong market to sell two investment properties namely a shop in the Excelsior Plaza and an office floor at 9 Queen's Road Central, both in Hong Kong. It is also expected that the sale of the commercial podium of The Morrison will be completed in late March 2010.

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

Further details of the Group's operations are set out in the Executive Directors' Review which follows.

Outlook

The Group will continue in its strategy of maintaining stability and exercising caution in the current global financial climate. However, it is in a position to capitalise on good development and investment opportunities in mainland China and Hong Kong as they arise. In 2009, China and Hong Kong experienced economic growth and contributed to the global economic recovery by adopting expansionary fiscal and credit policies, which successfully stimulated the domestic market. This enabled the Group to continue to strengthen its balance sheet for further growth.

During the year, the global economy continued to stabilise although many structural and financial risks at country level remain unaddressed.

Although the Group remains cautious because of these risks, it is optimistic about the medium-to-long-term economic development prospects for mainland China and Hong Kong. The Group will adhere to its focused strategy in these two target markets so as to benefit from their higher growth potential and add value to shareholders and maximize returns.

The Group is actively involved in negotiations to acquire a number of development projects in mainland China. We believe that these could present significant opportunities over the medium to long term. These negotiations are at an advanced stage and, if successful, shareholders will be kept informed.

Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2009.

Acknowledgement

I would like to congratulate and express the Board's gratitude to the executive team for an excellent set of financial results.

Richard Prickett
Non-Executive Chairman
England, 18 March 2010

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December, 2009 amounted to HK$516.6 million (2008: HK$1,507.5 million). The turnover comprised principally the recognised sales of residential units of both The Forest Hills in Hong Kong and Westmin Plaza Phase II in Guangzhou, the increased rental contributions from Dah Sing Financial Centre in Hong Kong and the improved occupancy of Plaza Central in Chengdu.

Profit attributable to the Company's shareholders for the year amounted to HK$1,206.2 million (2008: loss of HK$89.3 million), equivalent to an earnings per share of HK$1.36 (2008: a loss per share of HK$0.10). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding such net revaluation surplus, the Group's net profit attributable to the Company's shareholders was HK$81.0 million (2008: HK$214.5 million), equivalent to an earnings per share of HK$0.09 (2008: HK$0.24).

As at 31 December, 2009, the Group's equity attributable to the Company's shareholders amounted to HK$7,944.8 million (2008: HK$6,735.6 million). The net asset value per share as at 31 December, 2009 was HK$8.96 as compared with HK$7.60 as at 31 December, 2008.

For Shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years. The relevant exchange rate for 31 December, 2009 was £1 = HK$12.5018 (2008: £1 = HK$11.2467).

BUSINESS REVIEW

<u>Property Investment and Development</u>

All of the Group's property development and investment projects are located in Hong Kong and mainland China and are as listed below:

Hong Kong

1. Dah Sing Financial Centre, Gloucester Road, Wanchai

   The 39-storey commercial building includes offices and shops (total gross floor area of about 37,000 square metres) and with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. A satisfactory increase in gross rental income from the Dah Sing Financial Centre was recorded in 2009. During the year, the occupancy rate stayed at a high level and it was 98.7% at 31 December, 2009 with the average monthly rental rate increasing by about 4% owing to higher reversionary rental rate.

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

2. The Forest Hills, Diamond Hill

   The property is a 48-storey residential and commercial composite building, with a total gross floor area of approximately 19,000 square metres, comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. To date, about 84% of the residential units and 55 out of 76 residents' car-parking spaces have been sold while all the non-residents' car-parking spaces have been leased to a car-park operator at satisfactory rentals until end of February 2012.

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

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

3. The Morrison, Wanchai

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

In December 2009, the Group entered into an agreement for sale and purchase with an independent party for the disposal of the entire leased commercial podium of The Morrison for HK$245 million (£19.6 million). The Group expects to realize a profit upon completion of the transaction in late March 2010.

4. Royal Green, Sheung Shui

The Group has a 55% interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. The marketing campaign for the remaining 2 duplex residential units (1 of which is furnished) in Tower 3 known as Green Palace and 5 car-parking spaces reserved for the buyers for such units is continuing.

5. Fo Tan, Sha Tin

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

Mainland China

6. Plaza Central, Chengdu

Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total construction floor area of approximately 91,000 square metres. As at 31 December, 2009, the aggregate occupancy rate for the two office towers was 58% (2008:48%) and leasing activities for the remaining areas are continuing. The retail podium with a construction floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long term lease. Rental return from this property will benefit from the improved occupancy.

7. New Century Plaza, Chengdu

The property is a shopping arcade with a gross floor area of about 16,300 square metres and 50 car-parking spaces in a commercial development known as New Century Plaza in Chengdu, Sichuan Province acquired from the Group's intermediate holding company in July 2008. The arcade was fully let to a furniture retailer and the tenancy commencing from 1 September, 2009 has been renewed for a further term of five years at a lower rental in view of the current economic conditions.

8. Westmin Plaza Phase II, Guangzhou

The Westmin Plaza Phase II project, which has a total construction floor area of about 118,966 square metres, comprises four residential blocks of 646 units and one office block erected on a 5-storey commercial/car-parking podium. The development has won the Best Mixed Use Development – China Award of the CNBC Asia Pacific Commercial Property Awards 2009.

All the remaining residential units were sold in February 2009. The 14-storey office tower has a total gross floor area of about 16,112 square metres. As at 31 December, 2009, 86% of the tower was leased with more than one-third of the total office space being leased with naming rights to AIA for a term of six years from April 2008. Leasing activities for the remaining office space and the 3-storey shopping arcade with a total gross floor area of about 26,000 square metres are in progress.

9. Huangshan, Anhui Province

In December 2009, the Group entered into a contract with the joint venture partner to acquire the remaining 9% equity interest in the project company which has the right to develop tourist leisure facilities on land located in the famous scenic Huangshan area. The transaction has been completed recently and the project is now wholly 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. A preliminary master layout plan and the design of the development are being considered by the management.

10. Chi Shan, Nanjing

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

11. Leiyang, Hunan Province

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

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. A member of the InterContinental Hotels Group has been engaged to manage the operation of the Hotel under the name of “Crowne Plaza Hong Kong Causeway Bay”, which commenced operations in early November 2009. So far, the room occupancy rates and room rates have been satisfactory and efforts are being made to enhance operational efficiency and further improve service. Marketing activities for up-scale business travellers for long or short stays are continuing and local promotions for the Hotel’s dining facilities have been successful.

Disposal of Investment Properties

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

In August 2009, the Group received an attractive offer from an independent party for the sale of the shop at Excelsior Plaza in Causeway Bay at a consideration of HK$100 million (£8 million) and the transaction was completed in November 2009 and generated a profit when compared with the shop’s carrying value as revalued by an independent professional valuer of HK$77 million (£6.2 million) as at 30 June, 2009.

In September 2009, the Group entered into a provisional sale and purchase agreement with an independent purchaser for the disposal of its leased office property of 28/F., 9 Queen’s Road Central for HK$252.5 million (£20.2 million). The transaction which was completed in December 2009 generated a profit as the property’s carrying value as revalued by an independent professional valuer was HK$210 million (£16.8 million) as at 30 June 2009.

OUTLOOK

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

In mainland China, the negative impact of weak foreign demand was offset with the implementation of a series of policy measures to boost economic growth in 2009. Amongst these were an aggressive fiscal policy, "moderately loose" monetary policy, massive investment plans, and the Ten Industry Revitalization Plan, including intensive infrastructure investment, subsidizing private cars and home appliances purchasing, all of which increased domestic demand. More than RMB￥9 trillion was eventually injected into the economic system and the annual target of “8% up in GDP” in terms of domestic economic growth was achieved.

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

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

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

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

The Company will continue to exert its efforts to secure quality tenants for its office space in Plaza Central in Chengdu and the office and commercial space in Westmin Plaza Phase II in Guangzhou, and proceed with development of the property projects in Huangshan, Nanjing and Leiyang.

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

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

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

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December, 2009, the Group's total cash balance was HK$1,555.0 million (2008: HK$1,202.2 million) and unutilized facilities were HK$496.0 million (2008: HK$1,002.0 million).

The gearing ratio as at 31 December, 2009 was 10% (2008:12%), calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets.

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

	31 December, 2009 HK$' million	31 December, 2008 HK$' million
Due		
Within 1 year	671.7	1,289.3
1-2 years	820.9	59.4
3-5 years	1,112.9	883.6
Over 5 years	193.1	272.9
	2,798.6	2,505.2

PLEDGE OF ASSETS

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 31 December, 2009 amounted to HK$2,798.6 million (2008: HK$2,505.2 million), which were secured by properties valued at HK$7,163.8 million (31 December, 2008: HK$6,161.8 million).

TREASURY POLICIES

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Group has adopted IFRS and the audited consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

On behalf of the Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 18 March, 2010

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	2009	2008
		HK$'000	HK$'000
Revenue	6	516,604	1,507,500
Interest income	8	8,673	26,113
Other income		30,763	23,387
Costs:			
Property and related costs	9	(189,244)	(1,032,921)
Staff costs		(37,705)	(18,871)
Depreciation and amortisation		(12,285)	(1,197)
Other expenses	10	(139,061)	(129,523)
		(378,295)	(1,182,512)
Profit from operations before fair value changes on properties		177,745	374,488
Fair value changes on investment properties	11	1,325,668	(576,295)
Fair value changes on properties held for sale upon transfer to investment properties		-	227,145
Profit from operations after fair value changes on properties		1,503,413	25,338
Share of results of jointly controlled entities		(2,557)	-
Finance costs	12	(58,167)	(81,071)
Profit (loss) before taxation	13	1,442,689	(55,733)
Income tax expense	14	(239,890)	(24,290)
Profit (loss) for the year		1,202,799	(80,023)
Attributable to:			
Company's shareholders		1,206,220	(89,256)
Minority interests		(3,421)	9,233
		1,202,799	(80,023)
		HK$	HK$
Earnings (loss) per share for profit (loss) attributable to the Company's shareholders - Basic	15	1.36	(0.10)
Earnings per share excluding fair value changes on properties net of deferred tax - Basic	*15*	*0.09*	*0.24*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 HK$'000	2008 HK$'000
Profit (loss) for the year	1,202,799	(80,023)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	2,830	72,300
Total comprehensive income for the year	1,205,629	(7,723)
Total comprehensive income attributable to:		
Company's shareholders	1,208,937	(16,956)
Minority interests	(3,308)	9,233
	1,205,629	(7,723)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties	17	6,267,362	5,536,702
Property, plant and equipment	18	680,226	389,936
Prepaid lease payments	19	576,873	591,995
Properties for development	20	48,956	49,995
Interests in jointly controlled entities	21	40,613	-
Loans receivable	22	63,209	86,379
Other receivables	23	145,235	-
		7,822,474	6,655,007
Current assets			
Properties held for sale	24		
Completed properties		693,985	830,166
Properties under development		603,363	593,967
Other inventories		1,339	-
Prepaid lease payments	19	15,122	15,122
Loans receivable	22	3,073	3,429
Receivables, deposits and prepayments	23	438,958	160,896
Tax recoverable		30,718	79
Amount due from a minority shareholder		2,397	558
Pledged bank deposits	25	325,318	198,422
Restricted bank deposits	26	-	147,322
Bank balances and cash	27	1,555,069	1,202,230
		3,669,342	3,152,191
Investment properties held for sale	28	245,000	-
		3,914,342	3,152,191
Current liabilities			
Payables, deposits received and accrued charges	29	353,166	202,879
Sales deposits received		969	9,580
Provisions	30	6,047	6,807
Tax liabilities		84,203	123,879
Amount due to a minority shareholder	31	37,256	-
Bank borrowings - due within one year	32	671,685	1,289,269
		1,153,326	1,632,414
Liabilities associated with investment properties held for sale	28	27,200	-
		1,180,526	1,632,414
Net current assets		2,733,816	1,519,777
Total assets less current liabilities		10,556,290	8,174,784

	NOTES	2009	2008
		HK$'000	HK$'000
Capital and reserves			
Share capital	33	345,204	345,204
Reserves		7,599,589	6,390,356
Equity attributable to the Company's shareholders		7,944,793	6,735,560
Minority interests		108,360	57,918
Total equity		8,053,153	6,793,478
Non-current liabilities			
Secured bank borrowings - due after one year	32	2,126,938	1,215,963
Deferred taxation	34	376,199	165,343
		2,503,137	1,381,306
		10,556,290	8,174,784

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
		Attributable to the Company's shareholders							
At 1 January 2008		345,204	4,836,225	87,601	772,376	711,110	6,752,516	134,194	6,886,710
Loss for the year		-	-	-	-	(89,256)	(89,256)	9,233	(80,023)
Other comprehensive income for the year		-	-	72,300	-	-	72,300	-	72,300
Total comprehensive income for the year		-	-	72,300	-	(89,256)	(16,956)	9,233	(7,723)
Acquisition of assets and assumption of liabilities	36(b)	-	-	-	-	-	-	198	198
Contributions from a minority shareholder		-	-	-	-	-	-	693	693
Dividend paid to a minority shareholder		-	-	-	-	-	-	(86,400)	(86,400)
At 31 December 2008		345,204	4,836,225	159,901	772,376	621,854	6,735,560	57,918	6,793,478
Profit for the year		-	-	-	-	1,206,220	1,206,220	(3,421)	1,202,799
Other comprehensive income for the year		-	-	2,717	-	-	2,717	113	2,830
Total comprehensive income for the year		-	-	2,717	-	1,206,220	1,208,937	(3,308)	1,205,629
Acquisition of assets and assumption of liabilities	36(a)	-	-	-	-	-	-	10,097	10,097
Contributions from minority shareholders		-	-	-	-	-	-	63,903	63,903
Share options issued by intermediate holding company		-	-	-	-	296	296	-	296
Dividend paid to a minority shareholder		-	-	-	-	-	-	(20,250)	(20,250)
Transfer		-	-	-	(5,615)	5,615	-	-	-
At 31 December 2009		345,204	4,836,225	162,618	766,761	1,833,985	7,944,793	108,360	8,053,153

Other reserves arose from acquisition of subsidiaries from the intermediate holding company, S E A Holdings Limited comprising (i) the excess of the consideration price over the market closing price of the shares issued at the amount of HK$289,592,000 (2008: HK$294,736,000) for the acquisition and (ii) a discount of HK$477,169,000 (2008: HK$477,640,000), representing the excess of fair value of assets and liabilities acquired over the purchase consideration. The amount attributable to assets disposed of during the year is transferred to retained profits.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 HK$'000	2008 HK$'000
Operating activities			
Profit (loss) before taxation		1,442,689	(55,733)
Adjustments for:			
Interest expenses		53,328	76,886
Write down of properties held for sale		-	35,916
Depreciation and amortisation		12,285	1,197
Fair value changes on investment properties		(1,325,668)	576,295
Fair value changes on properties held for sale upon transfer to investment properties		-	(227,145)
Fair value loss on initial recognition of other receivables		5,868	-
Share of results of jointly controlled entities		2,557	-
Interest income		(8,673)	(26,113)
Loss on disposal of property, plant and equipment		153	106
Loss on acquisition of assets and assumption of liabilities		1,057	-
Share options expense		296	-
Operating cash flows before movements in working capital		183,892	381,409
Decrease in properties held for sale		127,439	859,722
Increase in other inventories		(1,339)	-
(Increase) decrease in receivables, deposits and prepayments		(172,389)	192,581
Decrease in payables, deposits received and accrued charges		(59,290)	(147,113)
Decrease in sales deposits received		(8,611)	(344,752)
Cash generated from operations		69,702	941,847
Interest received		9,518	22,888
Interest paid		(53,487)	(105,894)
Tax paid		(99,624)	(56,978)
Net cash (used in) from operating activities		(73,891)	801,863

	NOTE	2009	2008
		HK$'000	HK$'000
Investing activities			
Additional costs on investment properties		-	(1,202)
Proceeds and deposit received on disposal of investment properties		377,000	-
Additional costs on properties for development		(157)	(36,416)
Purchase of and additional costs on property, plant and equipment		(194,317)	(199,848)
Advance of loans		-	(1,225)
Receipt of repayments of loans		23,526	39,817
(Increase in) release of pledged bank deposits		(126,896)	119,350
Release of (increase in) restricted bank deposits		147,175	(5,888)
Loan to a jointly controlled entity		(3,000)	-
Acquisition of assets and assumption of liabilities	36(a)	(2,456)	(64,399)
Net cash from (used in) investing activities		220,875	(149,811)
Financing activities			
Repayments of bank borrowings		(1,584,551)	(2,287,592)
Drawn down of bank borrowings		1,877,018	2,307,454
Repayments to a minority shareholder		(129,294)	(87,037)
Advance to a minority shareholder		(22,089)	-
Contributions from minority shareholders		63,903	693
Net cash from (used in) financing activities		204,987	(66,482)
Net increase in cash and cash equivalents		351,971	585,570
Cash and cash equivalents at beginning of the year		1,202,230	605,634
Effect of foreign exchange rate changes		868	11,026
Cash and cash equivalents at end of the year represented by bank balances and cash		1,555,069	1,202,230

1. GENERAL

The Company is a public limited company incorporated in the British Virgin Islands ("B.V.I.") with limited liability and its shares are admitted for trading on the AIM market of London Stock Exchange plc. The Company's immediate holding company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. One of the Company's intermediate holding companies is S E A Holdings Limited ("S E A"), the shares of which are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that the Company's ultimate holding company is JCS Limited. Both S E A and JCS Limited are companies incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I. and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

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 44.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee of the IASB.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

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

IFRS 8 Operating Segments

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

IAS 1 (Revised 2007) Presentation of Financial Statements

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of consolidation

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

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

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

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

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

Jointly controlled entities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Jointly controlled entities - continued

Goodwill arising on acquisition of jointly controlled entity representing the excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is included within the carrying amount of the investment in the jointly controlled entity 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 jointly controlled entity. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

Non-current assets held for sale

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

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

Revenue recognition

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

Sales of properties

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

Others

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

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

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

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.

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

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

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

Properties for development

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Properties under development

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

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

Inventories

Properties for sale

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

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

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

Other inventories

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

Impairment on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets

The Group's financial assets are all classified as loans and receivables.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

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

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

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including payables, amount due to a minority shareholder 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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Derecognition

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

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

Provisions

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Borrowing costs

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of 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.

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

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted under the share option scheme of holding company at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in retained profits.

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 retained profits.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, management has made judgements and estimation that have 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$160,521,000 and HK$7,043,000 (2008: HK$171,823,000 and HK$36,685,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

Impairment of property, plant and equipment and prepaid lease payments

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$1,111,354,000 (2008: HK$994,704,000) has any indication of impairment by considering the recoverable amount of hotel building which has been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from hotel operating cash flows discounted to arrive at the present value of the asset. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value of investment properties

Investment properties with carrying amount of HK$6,267,362,000 (2008: HK$5,536,702,000) are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Write-down of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,297,348,000 (2008: HK$1,424,133,000) is based on an estimation of the net realisable value of the properties held for sale which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable standard and location, the estimated costs to complete the development and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for write-down of the properties for sale may result.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Impairment of receivables

In determining whether there is any impairment loss on the receivables of HK$349,765,000 (2008: Nil) in relation to cost incurred on certain pieces of land as detailed in note 23(a), the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate at initial recognition, may arise.

5. CAPITAL RISK MANAGEMENT

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

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

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

6. REVENUE

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

	2009	2008
	HK$'000	HK$'000
Sale of properties	230,873	1,274,469
Renting of properties	269,672	233,031
Hotel operation	16,059	-
	516,604	1,507,500

7. SEGMENT INFORMATION

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

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

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

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

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

7. SEGMENT INFORMATION - continued

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

Segment revenues and results

For the year ended 31 December 2009

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	230,873	269,672	16,059	-	516,604
Inter-segment sales	-	455	-	(455)	-
Total	230,873	270,127	16,059	(455)	516,604
SEGMENT RESULT					
Segment profit (loss)	56,371	1,484,632	(42,855)		1,498,148
Interest income					8,673
Corporate expenses					(3,408)
Share of results of jointly controlled entities					(2,557)
Finance costs					(58,167)
Profit before taxation					1,442,689

For the year ended 31 December 2008

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	1,274,469	233,031	-	-	1,507,500
Inter-segment sales	-	417	-	(417)	-
Total	1,274,469	233,448	-	(417)	1,507,500
RESULT					
Segment profit (loss)	499,958	(477,541)	(15,422)		6,995
Interest income					26,113
Corporate expenses					(7,770)
Finance costs					(81,071)
Loss before taxation					(55,733)

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 jointly controlled entities and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision maker.

7. SEGMENT INFORMATION - continued

Other segment information

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

For the year ended 31 December 2009

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Consolidated HK$'000
Amortisation of prepaid lease payments	-	-	2,520	2,520
Amortisation of properties for development	1,253	-	-	1,253
Depreciation	25	822	7,665	8,512
Increase in fair value of investment properties	-	1,325,668	-	1,325,668
Fair value loss on initial recognition of other receivables	5,868	-	-	5,868
Loss on disposal of property, plant and equipment	-	153	-	153

For the year ended 31 December 2008

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Consolidated HK$'000
Amortisation of properties for development	637	-	-	637
Depreciation	189	353	18	560
Decrease in fair value of investment properties	-	576,295	-	576,295
Increase in fair value of properties held for sale upon transfer to investment properties	227,145	-	-	227,145
Write down of properties held for sale	35,916	-	-	35,916
Loss on disposal of property, plant and equipment	-	106	-	106

Geographical information

The Group operates in two principal geographical areas, Hong Kong (country of domicile) and PRC.

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

	2009 HK$'000	2008 HK$'000
Hong Kong	377,052	1,438,386
PRC	139,552	69,114
	516,604	1,507,500

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

7. SEGMENT INFORMATION - continued

Geographical information - continued

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

	2009 HK$'000	2008 HK$'000
Hong Kong	5,923,907	4,977,904
PRC	1,650,812	1,590,724
	7,574,719	6,568,628

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

8. INTEREST INCOME

	2009 HK$'000	2008 HK$'000
Interest on loans receivable	4,006	5,651
Interest on bank deposits	3,677	20,462
Other interest income	990	-
	8,673	26,113

9. PROPERTY AND RELATED COSTS

	2009 HK$'000	2008 HK$'000
Changes in completed properties and properties under development held for sale	126,785	846,216
Costs incurred for development of properties held for sale	27,304	118,827
Write down of properties held for sale	-	35,916
Direct operating expenses on investment properties	35,155	31,962
	189,244	1,032,921

10. OTHER EXPENSES

	2009 HK$'000	2008 HK$'000
Included in other expenses are:		
Management fees paid to a related company	84,424	98,751
Legal and professional fees	10,948	9,651

11. FAIR VALUE CHANGES ON INVESTMENT PROPERTIES

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

12. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	34,182	97,984
Bank borrowings not wholly repayable within 5 years	26,248	3,267
	60,430	101,251
Less: Amounts capitalised to property development projects	(7,102)	(24,365)
	53,328	76,886
Front end fee	1,908	1,870
Other charges	2,931	2,315
	58,167	81,071

13. PROFIT (LOSS) BEFORE TAXATION

	2009 HK$'000	2008 HK$'000
Profit (loss) before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	15,122	15,122
Less: Capitalised to hotel building	(12,602)	(15,122)
	2,520	-
Amortisation of properties for development	1,253	637
Auditor's remuneration	1,773	1,575
Directors' emoluments	3,360	3,128
Fair value loss on initial recognition of other receivables	5,868	-
Loss on disposal of property, plant and equipment	153	106
Loss on acquisition of assets and assumptions of liabilities	1,057	-
and crediting:		
Gross rental income from investment properties	269,672	233,031
Less: Direct operating expenses	(35,155)	(31,962)
Net rental income	234,517	201,069

14. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
The charge (credit) comprise:		
Current tax		
Hong Kong	16,333	71,169
PRC Enterprise Income Tax	8	-
PRC Land Appreciation Tax	11,283	-
	27,624	71,169
Under(over)provision in prior years		
Hong Kong	1,359	(298)
PRC Enterprise Income Tax	197	15,719
PRC Land Appreciation Tax	-	(5,839)
	1,556	9,582
Deferred tax		
Current year	210,710	(46,947)
Attributable to a change in tax rate	-	(9,514)
	210,710	(56,461)
	239,890	24,290

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

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

PRC Enterprise Income Tax is calculated at the rates applicable to respective companies.

Details of deferred taxation are set out in note 34.

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:

	2009 HK$'000	2008 HK$'000
Profit (loss) before taxation	1,442,689	(55,733)
Tax charge (credit) at Hong Kong income tax rate of 16.5%	238,044	(9,196)
Tax effect of share of results of jointly controlled entities	422	-
Tax effect of expenses not deductible for tax purpose	9,720	53,061
Tax effect of income not taxable for tax purpose	(16,424)	(3,116)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	(4,770)	-
Utilisation of tax losses previously not recognised	(1,865)	(31,184)
Utilisation of deductible temporary differences not previously recognised	(4,891)	(569)
PRC Land Appreciation Tax	11,283	-
Effect of different tax rates of subsidiaries operated in other jurisdictions	5,959	15,478
Effect of change in tax rate	-	(9,514)
Underprovision of Hong Kong Profits Tax and PRC Enterprise Income Tax in respect of prior years, net	1,556	15,421
Overprovision of PRC Land Appreciation Tax in respect of prior years	-	(5,839)
Others	856	(252)
Income tax expense for the year	239,890	24,290

15. EARNINGS (LOSS) PER SHARE

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

	2009 HK$'000	2008 HK$'000
Earnings (loss) for the purpose of basic earnings (loss) per share	1,206,220	(89,256)

	2009	2008
Number of ordinary shares for the purpose of basic earnings (loss) per share	886,347,812	886,347,812

No diluted earnings (loss) per share is presented as the Company did not have any potential ordinary share in issue during both years or at the end of each reporting period.

15. EARNINGS (LOSS) PER SHARE - continued

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

	2009 HK$'000	2008 HK$'000
Profit (loss) attributable to the Company's shareholders as shown in the consolidated income statement	1,206,220	(89,256)
Fair value changes on investment properties	(1,325,668)	576,295
Fair value changes on properties held for sale upon transfer to investment properties	-	(227,145)
Deferred tax thereon	200,450	(37,266)
Effect of change in tax rate	-	(8,116)
Adjusted profit attributable to the Company's shareholders	81,002	214,512
Basic earnings per share excluding fair value changes on properties net of deferred tax	HK$0.09	HK$0.24

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

16. DIVIDENDS

No dividends were paid or proposed during the reported period. The directors do not recommend the payment of any final dividend.

17. INVESTMENT PROPERTIES

	Hong Kong		PRC		
	Long lease HK$'000	Medium-term lease HK$'000	Long lease HK$'000	Medium-term lease HK$'000	Total HK$'000
At 1 January 2008	318,000	4,000,000	1,174,690	-	5,492,690
Additions	-	-	1,202	-	1,202
Fair value changes	(110,000)	(430,000)	(31,558)	(4,737)	(576,295)
Transferred from properties held for sale	220,000	-	-	210,995	430,995
Acquisition of assets through acquisition of a subsidiary (Note 36(b))	-	-	118,290	-	118,290
Exchange adjustments	-	-	71,976	(2,156)	69,820
At 31 December 2008	428,000	3,570,000	1,334,600	204,102	5,536,702
Fair value changes	169,500	1,100,000	50,494	5,674	1,325,668
Disposals	(352,500)	-	-	-	(352,500)
Reclassified to held for sale	(245,000)	-	-	-	(245,000)
Exchange adjustments	-	-	2,164	328	2,492
At 31 December 2009	-	4,670,000	1,387,258	210,104	6,267,362

17. INVESTMENT PROPERTIES - continued

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

The fair value of investment properties at 31 December 2009 and 2008 had been arrived at on the basis of valuation carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected with the Group. Savills, recognised by The Hong Kong Institute of Surveyors, has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations.

The valuation, which conforms to the appropriate sections of both the current Practice Statements, and United Kingdom Practices Statements contained in the RICS Valuation Standards (January 2008), 6th Edition published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "RICS") as well as the AIM Rules for Companies and Listing Rules published by London Stock Exchange plc., was arrived at on the basis of capitalisation of net income.

18. PROPERTY, PLANT AND EQUIPMENT

	Hotel building			Furniture,				
	Under development	Completed	Plant and equipment	fixtures and equipment	Motors Vehicles	Leasehold improvements	Crockery, utensils and linens	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST								
At 1 January 2008	156,738	-	-	2,086	712	40	-	159,576
Exchange adjustments	-	-	-	127	44	3	-	174
Additions	215,727	-	-	747	-	-	-	216,474
Amortisation of prepaid lease payments capitalised	15,122	-	-	-	-	-	-	15,122
Disposals	-	-	-	(130)	-	-	-	(130)
At 31 December 2008	387,587	-	-	2,830	756	43	-	391,216
Exchange adjustments	-	-	-	5	1	1	-	7
Additions	274,339	-	-	6,304	1,297	1,195	3,214	286,349
Amortisation of prepaid lease payments capitalised	12,602	-	-	-	-	-	-	12,602
Reclassification	(674,528)	521,536	46,746	25,509	-	80,737	-	-
Disposals	-	-	-	(433)	-	-	-	(433)
At 31 December 2009	-	521,536	46,746	34,215	2,054	81,976	3,214	689,741
DEPRECIATION								
At 1 January 2008	-	-	-	512	145	40	-	697
Exchange adjustments	-	-	-	34	10	3	-	47
Provided for the year	-	-	-	453	107	-	-	560
Eliminated on disposals	-	-	-	(24)	-	-	-	(24)
At 31 December 2008	-	-	-	975	262	43	-	1,280
Exchange adjustments	-	-	-	1	1	1	-	3
Provided for the year	-	2,177	779	1,730	247	3,579	-	8,512
Eliminated on disposals	-	-	-	(280)	-	-	-	(280)
At 31 December 2009	-	2,177	779	2,426	510	3,623	-	9,515
CARRYING VALUES								
At 31 December 2009	-	519,359	45,967	31,789	1,544	78,353	3,214	680,226
At 31 December 2008	387,587	-	-	1,855	494	-	-	389,936

18. 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:

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

19. PREPAID LEASE PAYMENTS

	2009 HK$'000	2008 HK$'000
Leasehold land in Hong Kong held under medium-term lease	591,995	607,117
Analysed for reporting purposes as:		
Current	15,122	15,122
Non-current	576,873	591,995
	591,995	607,117

Amortisation of prepaid lease payments during the year amounting to HK$12,602,000 (2008: HK$15,122,000) was capitalised to hotel building under development.

20. PROPERTIES FOR DEVELOPMENT

	2009 HK$'000	2008 HK$'000
COST		
At 1 January	50,632	-
Acquisition of leasehold land through acquisition of a subsidiary (Note 35(b))	-	13,901
Additional costs	157	36,416
Exchange adjustments	57	315
At 31 December	50,846	50,632
AMORTISATION		
At 1 January	(637)	-
Provided for the year	(1,253)	(637)
At 31 December	(1,890)	(637)
CARRYING VALUE		
At 31 December	48,956	49,995

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

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

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

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

Name of entity	Form of business structure	Place/ country of Incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group: Directly	Effective percentage of equity interest held by the Group: Indirectly	Principal activity
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	50	-	Investment holding
Leiyang Shunhua Real Estate Development Ltd.#	Established	PRC	Registered capital	-	50	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:

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

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES - continued

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

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

22. LOANS RECEIVABLE

	2009 HK$'000	2008 HK$'000
Second mortgage loans	66,205	89,808
Unsecured loans	77	-
	66,282	89,808
Analysed for reporting purposes:		
Current assets	3,073	3,429
Non-current assets	63,209	86,379
	66,282	89,808

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 rate of the loans receivable is 5.0% (2008: 5.2%) per annum.

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

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

23. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 HK$'000	2008 HK$'000
Trade receivables	4,203	3,042
Other receivables, deposits and prepayments	579,990	157,854
	584,193	160,896
Analysed for reporting purposes:		
Current	438,958	160,896
Non-current	145,235	-
	584,193	160,896

Included in the other receivables, deposits and prepayments are:

(a) an aggregate amount of HK$349,765,000 (2008: Nil) incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of PRC undertaken by the subsidiaries, one of which was acquired during the year. Details are set out in note 36(a). Based on the latest progress of auction of the relevant land, the directors estimate that the receivable will be fully recovered by 31 December 2011. The carrying amount of receivable expected to be recovered one year after the end of the reporting period is presented under non-current assets; and

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

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

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

All trade receivables at the end of the reporting period are aged less than 60 days and within credit period. The Group does not hold any collateral over these balances.

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 of HK$2,483,00 (2008: HK$3,042,000) at the end of the reporting period which are past due for a period of 1 to 30 days are not considered impaired as these debtors have good repayment history.

24. PROPERTIES HELD FOR SALE

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

25. PLEDGED BANK DEPOSITS

The deposits carry fixed interest rates ranging from 0.1% to 1.5% (2008: 0.6% to 3.9%) per annum and are pledged to secure short-term bank borrowings.

26. RESTRICTED BANK DEPOSITS

Restricted bank deposits included:

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

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

27. 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 1.2% (2008: 0.1% to 3.7%) 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:

	2009 HK$'000	2008 HK$'000
Hong Kong dollars	28,613	4,377
United States dollars	78,007	-

28. INVESTMENT PROPERTIES HELD FOR SALE

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

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

29. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2009 HK$'000	2008 HK$'000
Trade payables	2,383	11,845
Rental deposits	69,980	63,273
Other payables, other deposits received and accrued charges	280,803	127,761
	353,166	202,879

Included in other payables and accrued charges is an amount of HK$130,109,000 (2008: Nil) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed in note 36(a).

30. PROVISIONS

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

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

31. AMOUNT DUE TO A MINORITY SHAREHOLDER

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

32. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Secured	2,698,623	2,505,232
Unsecured	100,000	-
	2,798,623	2,505,232

The variable-rate bank borrowings are repayable as follows:

	2009 HK$'000	2008 HK$'000
On demand or within one year	671,685	1,289,269
More than one year, but not exceeding two years	820,909	59,398
More than two years, but not exceeding five years	1,112,960	883,649
More than five years	193,069	272,916
	2,798,623	2,505,232
Less: Amounts due for settlement within 12 months shown under current liabilities	(671,685)	(1,289,269)
Amounts due for settlement after 12 months	2,126,938	1,215,963

The effective interest rates of these borrowings range from 0.7% to 7.8% (2008: 2.7% to 7.8%) per annum.

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

33. SHARE CAPITAL

	US$'000	2009 HK$'000	2008 HK$'000
Authorised:			
1,300,000,000 ordinary of shares of US$0.05 each	65,000	506,313	506,313
Issued and fully paid:			
886,347,812 ordinary shares of US$0.05 each	44,317	345,204	345,204

34. 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$'000	Other temporary difference in respect of fair value adjustments on acquisition of subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2008	2,943	195,040	-	26,000	(4,489)	219,494
Exchange adjustments	-	2,272	106	-	(68)	2,310
(Credit) charge to profit or loss	(816)	(37,266)	12,403	(14,181)	(7,087)	(46,947)
Effect of change in tax rate	(168)	(8,116)	-	(1,486)	256	(9,514)
At 31 December 2008	1,959	151,930	12,509	10,333	(11,388)	165,343
Exchange adjustments	-	136	21	-	(11)	146
Charge (credit) to profit or loss	22,627	200,450	1,699	(2,769)	(11,297)	210,710
At 31 December 2009	24,586	352,516	14,229	7,564	(22,696)	376,199

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

At 31 December 2009, the Group has unused tax losses of HK$284,766,000 (2008: HK$224,155,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$124,245,000 (2008: HK$52,332,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$160,521,000 (2008: HK$171,823,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams.

At 31 December 2009, the Group has deductible temporary differences in respect of properties of HK$7,043,000 (2008: HK$36,685,000). 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.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009	2008
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,331,727	1,683,657
Financial liabilities		
Financial liabilities at amortised cost	3,107,139	2,630,992

(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 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.

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

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

	2009	2008
	HK$'000	HK$'000
Hong Kong dollars	28,613	4,377
United States dollars	78,007	135,022

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

Sensitivity analysis

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

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

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

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(ii) Interest rate risk

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

The Group currently does not have an interest rate swap hedging policy. However, the management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2009 would decrease/increase by HK$13,662,000 (2008: loss increase/decrease by HK$12,077,000).

Credit risk

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

At 31 December 2009, the Group has concentration of credit risk on loan to a jointly controlled entity and other receivables from two counterparties which constitute 99% of the total other receivables.

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

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

35. 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 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 31.12.2009								
Payables and deposits received	-	274,748	3,654	3,992	5,836	55,710	343,940	343,940
Amount due to a minority shareholder	-	37,256	-	-	-	-	37,256	37,256
Variable rates bank borrowings	2.1	566,995	27,372	30,582	88,801	2,259,767	2,973,517	2,798,623
		878,999	31,026	34,574	94,637	2,315,477	3,354,713	3,179,819

	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 31.12.2008								
Payables and deposits received	-	126,023	6,692	6,141	2,089	48,088	189,033	189,033
Variable rates bank borrowings	2.4	720,329	22,853	567,929	20,717	1,382,957	2,714,785	2,505,232
		846,352	29,545	574,070	22,806	1,431,045	2,903,818	2,694,265

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.

(c) Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing model which is based on discounted cash flows 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.

36. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES

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

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

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

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

36. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES - continued

(b) On 9 July 2008 and 7 March 2008, the Group acquired certain investment properties and certain interest in land respectively, and the related assets and liabilities through the acquisition of Montelima Holdings Inc. ("Montelima") and Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited ("Feng Dan Bailu"):

	Montelima HK$'000	Feng Dan Bailu HK$'000	Total HK$'000
Net assets acquired:			
Investment property	118,290	-	118,290
Properties for development	-	13,901	13,901
Receivables, deposits and prepayments	370	-	370
Bank balances and cash	1,165	1	1,166
Payables, deposits received and accrued charges	(2,698)	(8,396)	(11,094)
Bank borrowings	(56,870)	-	(56,870)
	60,257	5,506	65,763
Minority interest	-	(198)	(198)
Consideration satisfied by cash	60,257	5,308	65,565
Net cash outflow arising on acquisition:			
Consideration paid	(60,257)	(5,308)	(65,565)
Bank balances and cash acquired	1,165	1	1,166
	(59,092)	(5,307)	(64,399)

37. MAJOR NON-CASH TRANSACTIONS

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

(b) In the preceding year, certain completed properties were transferred to the former owners of the Group's redeveloped properties as compensation for possession of the former owners' properties, details of which are disclosed in note 30.

38. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$389,000 (2008: HK$1,931,000).

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

	2009 HK$'000	2008 HK$'000
Within one year	222	730
In the second to fifth years inclusive	108	-
	330	730

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

The Group as lessor

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

Certain properties held for sale are temporarily leased with rental income earned during the year of HK$16,551,000 (2008: HK$12,960,000) included in other income.

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

	2009 HK$'000	2008 HK$'000
Within one year	240,058	213,344
In the second to fifth years inclusive	453,196	430,349
Over five years	498,154	513,796
	1,191,408	1,157,489

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

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

39. CAPITAL COMMITMENTS

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

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

40. PLEDGE OF ASSETS

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

(a) Fixed charges on investment properties with an aggregate carrying value of HK$5,449,090,000 (2008: HK$4,573,177,000).

(b) Fixed charges on hotel properties presented in the consolidated statement of financial position as property, plant and equipment and prepaid lease payments with aggregate carrying values of HK$519,359,000 and HK$591,995,000 (2008: HK$387,587,000 and HK$607,117,000) respectively.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$603,363,000 (2008: HK$593,967,000).

(d) Bank deposits of HK$325,318,000 (2008: HK$198,422,000).

41. SHARE-BASED PAYMENTS

S E A operates an employee share option scheme (the "Scheme") for the primary purpose of providing incentive to directors and eligible employees. The Scheme was approved and adopted on 19 August 2005, and will expire on 18 August 2015.

Under the Scheme, the board of directors of S E A may offer to any director or full time employee/chief executive of S E A, or any of its subsidiaries, options to subscribe for shares in S E A at a price equal to the highest of the nominal value of the shares, and the average of the closing prices of shares on the Stock Exchange on the five business days immediately preceding the date of the grant of the options and the closing price of the shares on the Stock Exchange on the date of grant. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 10% of the shares of S E A in issue at any point in time, without prior approval from the S E A's shareholders. The period during which an option may be exercised is determined by the board of directors of S E A at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

41. SHARE-BASED PAYMENTS - continued

Options granted must be taken up within 28 days from the date of grant or such period as the S E A's directors determine, upon payment of HK$10.

On 31 December 2008, S E A has granted share options to a director of the Company entitling the holder to subscribe for 2,000,000 S E A shares at an exercise price of HK$2.262 per share. The vesting period is from 31 December 2008 to 30 December 2010.

These granted share options have not lapsed or exercised during the year. In addition, no options were granted during the year.

The option is exercisable within a term of two years commencing from 31 December 2010. The directors determined the fair value of the share option with reference to the calculation made by an independent professional valuer to be HK$592,000. 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:	35.083%
Expected dividend yield:	6.19%
Risk-free rate:	0.539%
Suboptimal factor:	2.64

Expected volatility was determined by using the historical volatility of S E A's share price before the grant date for previous three years. The suboptimal factor was to account for the exercise behaviour of the share option granted by S E A.

42. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Schemes (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 MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 15% of relevant payroll costs per month 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$1,684,000 (2008: HK$800,000).

43. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with fellow subsidiaries, the wholly-owned subsidiaries of S E A during the year and the prior year:

(i) Rental income of HK$8,853,000 (2008: HK$9,158,000) from the renting of the Group's premises;

(ii) Management fees of HK$84,424,000 (2008: HK$113,611,000) in respect of provision of property development management services to the Group on the Group's property portfolio; and

(iii) Acquisition of Montelima as detailed in note 36(b).

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

(c) Compensation to directors who are the Group's key management personnel is as follows:

	2009 HK$'000	2008 HK$'000
Short-term benefits	2,884	2,994
Post-employment benefits	180	134
Share-based payments	296	-
	3,360	3,128

Details of share options are disclosed in note 41.

44. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Direct subsidiary					
Benefit Strong Group Limited	B.V.I./Hong Kong	1 ordinary share of HK$1	100	100	Investment holding
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	100	100	Property development

44. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Indirect subsidiaries - continued					
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development and investment
AGP Hong Kong Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	100	100	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	100	100	Investment holding
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Treasury services
Handy View Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Financing
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	55	55	Property development
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	100	Treasury services
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Shinning Worldwide Limited	B.V.I./Hong Kong	1,000 ordinary shares of US$1 each	55	55	Investment holding
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Hotel operation
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property investment
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB200,000,000 registered capital	100	100	Property investment
Guangzhou Yingfat House Property Development Co., Ltd.**	PRC	US$20,110,000 registered capital	100	100	Property development and investment
Montelima Holdings Inc.	B.V.I./ Hong Kong	1 ordinary share of US$1	100	100	Investment holding
Sino Harvest Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Investment holding

44. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company 2009 %	2008 %	Principal activities
Indirect subsidiaries - continued					
Sino Harvest Real Estate Development (Chengdu) Company Limited*	PRC	US$3,000,000 registered capital	100	100	Property investment
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited@#	PRC	RMB35,000,000 registered capital	91	91	Property and tourist leisure facilities development
Prime Sign Limited	Hong Kong	1 ordinary share of HK$1	100	100	Investment holding
Nanjing Hushu Ecology Travel Development Company Limited@	PRC	RMB100,000,000 registered capital	51	-	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@	PRC	RMB35,000,000 registered capital	51	51	Property, cultural and tourism development

* Wholly foreign owned enterprise

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

@ Sino-foreign equity joint venture

English translation of the entity's official name.

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