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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 18 March 2011.

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, 19 March 2011

** For identification purpose only*

RNS Number: 2564D
Asian Growth Properties Limited

18 March 2011

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the year ended 31 December 2010

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 31 December 2010 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$824.2 million (£68.5 million) (2009: HK$1,206.2 million (£96.5 million))
- Earnings per share for profit attributable to the Company's shareholders of HK93 cents (7.7 pence) (2009: HK136 cents (10.9 pence))
- Net asset value per share attributable to the Company's shareholders as at 31 December 2010 of HK$10.0 (83.0 pence) (31 December 2009: HK$9.0 (71.7 pence))
- Geographical location of the Group's property assets were as follow:

	31 December 2010	31 December 2009
Hong Kong	HK$7,340.8 million (£609.8 million)	HK$6,928.0 million (£554.2 million)
Mainland China	HK$2,980.1 million (£247.5 million)	HK$2,042.0 million (£163.3 million)
Total	HK$10,320.9 million (£857.3 million)	HK$8,970.0 million (£717.5 million)

- 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, of 10.0% (31 December 2009: 10.2%)

Operational Highlights

- Gross rental income of Dah Sing Financial Centre in Hong Kong was maintained with a high level of occupancy.
- Hotel operation results of Crowne Plaza Hong Kong Causeway Bay were satisfactory.
- Major land acquisitions in Chengdu and Kaifeng in Mainland China with a total site area of about 288,000 square metres and 735,000 square metres respectively for mixed use development.

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 years. The relevant exchange rates adopted are stated as follows:-*

   For 31 December 2010 : £1 = HK$12.0382; and
   For 31 December 2009 : £1 = HK$12.5018

2. *For Shareholders' information, the exchange rate on 16 March 2011 was £1 = HK$12.5464*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2010, which have been approved by the Board of Directors on 18 March 2011.

The 2010 Annual Report is expected to be posted to shareholders and holders of depositary interests in mid April 2011.

For further information, please contact:

Lu Wing Chi TEL: +852 2828 6363
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 am pleased to present the consolidated results of Asian Growth Properties Limited ("AGP" or the "Company") for the year 2010 to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company's shareholders of HK$824.2 million (£68.5 million) for the year ended 31 December 2010 (2009: HK$1,206.2 million (£96.5 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$59.3 million (£4.9 million) (2009: HK$81.0 million (£6.5 million)).

As at 31 December 2010, the Group's equity attributable to the Company's shareholders amounted to HK$8,854.3 million (£735.5 million), representing an increase of HK$909.5 million (£75.6 million) over 31 December 2009. The net asset value per share as at 31 December 2010 was HK$10.0 (83.0 pence) as compared with HK$9.0 (71.7 pence) as at 31 December 2009.

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.

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

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

The Crowne Plaza Hong Kong Causeway Bay commenced operations in November 2009 and its performance improved during the year. The hotel operation generated positive cash flow from its operation, though after depreciation of the hotel property was taken into account an accounting loss was recorded.

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

For details of the Group’s operations, please refer to the Executive Directors’ Review.

Outlook
In 2011, the Group will commence its substantial development programme in Chengdu, Sichuan and Kaifeng, Henan, the People's Republic of China and will also pursue full building approval for the Fo Tan mixed-use development in Hong Kong.

Inflation continues to grow at a worrying pace in Mainland China and the growth of bank lending in the first quarter of 2011 is unprecedented. The rapid growth in food prices is having a wide ranging effect and the Chinese government may be pressured to reign in lending and to raise interest rates. It is expected that there will be some consolidation in real estate prices in Mainland China and the rapid acceleration in prices in the recent past may abate. In Hong Kong, with the continuous effect of low interest rates and shortage of supply of both residential and commercial units, it is believed that the current pricing levels may persist in 2011.

The political uncertainty in North Africa and the Middle East poses a signal which may have far reaching effects, while the consequence of the recent terrible disaster in Japan are yet to be fully reflected. The Group will remain cautious in monitoring its property projects in Hong Kong and Mainland China closely and will continue to adhere to its conservative policy of low gearing and significant cash reserves such that it is in a position to fund these developments and expand its property portfolio at an opportune time. Meanwhile, the Board is confident that the Group will be able to generate satisfactory returns from the development sites which were acquired in recent years.

Dividend
The Board does not propose the payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

Acknowledgement
The Board would like to take this opportunity to thank the executive and management team for the execution of the Board’s strategy and their ongoing support.

Richard Prickett
Non-Executive Chairman
England, 18 March 2011

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2010 amounted to HK$706.8 million (£58.7 million) (2009: HK$516.6 million (£41.3 million)). The turnover was principally attributable to the recognition of the sales of residential units in The Forest Hills, rental incomes from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the year amounted to HK$824.2 million (£68.5 million) (2009: HK$1,206.2 million (£96.5 million)), equivalent to a basic earnings per share of HK93 cents (7.7 pence) (2009: HK136 cents (10.9 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$59.3 million (£4.9 million) (2009: HK$81.0 million (£6.5 million)), equivalent to HK7 cents (0.6 pence) (2009: HK9 cents (0.7 pence)) per share.

As at 31 December 2010, the Group's equity attributable to the Company's shareholders amounted to HK$8,854.3 million (£735.5 million) (31 December 2009: HK$7,944.8 million (£635.5 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2010 was HK$10.0 (83.0 pence) as compared with HK$9.0 (71.7 pence) as at 31 December 2009.

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 and the relevant exchange rates adopted are stated as follows:-

For 31 December 2010 :	£1 = HK$12.0382; and
For 31 December 2009 :	£1 = HK$12.5018

BUSINESS REVIEW

Property Investment and Development

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 37,200 square metres) with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Rental income generated from Dah Sing Financial Centre has been stable and satisfactory. The occupancy rate remains at a high level and was approximately 99% as at 31 December 2010.

2. The Forest Hills, Diamond Hill

   With a total gross floor area of approximately 18,800 square metres, the property has been developed as a 48-storey residential and commercial composite building, comprising 304 residential units above a 7-level retail podium, a club-house and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. Up to 31 December 2010, about 97% of the residential units and 60 out of 76 residents' car-parking spaces have been sold while all the non-residents' car-parking spaces have been leased to a car-park operator at satisfactory rentals until the end of February 2012.

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

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. The development was completed in October 2007 and has won the Best Interior Design Award of the CNBC Asia Pacific Property Awards 2008 organised by the International Homes Magazine and the Best Environmental Design Award 2008 organised by The Hong Kong Institute of Surveyors.

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

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. During the year, the 2 remaining duplex residential units and 5 car-parking spaces were sold.

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 envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus. The Town Planning Board rejected the Group's town planning application in July 2008 due to a number of outstanding environmental, traffic and urban design issues. The appeals submitted by the Group were allowed by the Town Planning Appeal Board in October 2010. In December 2010, General Building Plan was submitted to the Building Department for approval. A land exchange application has been submitted for confirmation on land lease condition and land premium. The Group is awaiting the comments from the Building Department for further progress.

Mainland China

6. Plaza Central, Chengdu, Sichuan Province

Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total gross floor area of approximately 91,500 square metres. During the year, the aggregate occupancy rate for the two office towers improved marginally and leasing activities for the remaining areas are continuing. The retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2010, the aggregate occupancy rate for the two office towers and the retail podium was approximately 74%.

7. New Century Plaza, Chengdu, Sichuan Province

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

8. Westmin Plaza Phase II, Guangzhou, Guangdong Province

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

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

9. Huangshan, Anhui Province

In March 2010, the Group completed its acquisition from the joint venture partner of the remaining 9% equity interest not owned by it in the project company which has the right to develop tourist leisure facilities on land located in the famous scenic and most visited tourist Huangshan (Yellow Mountain) area. The project is presently 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. An overall development plan for a hotel and villas in the integrated resort site has been prepared for the Board's consideration and a renowned landscape architect in Japan has been retained to oversee the development.

10. Chi Shan, Nanjing, Jiangsu Province

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

11. Leiyang, Hunan Province

The 50/50 joint venture was established in March 2009 for the development project known as The Redbud City in Leiyang. The superstructure work for eleven blocks of link-house, seven high-rise apartment buildings and eight bungalows with a total gross floor area of approximately 117,000 square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. The pre-sale campaign for Phase I development was launched in May 2009 and so far, 544 out of 860 residential units and 1 out of 8 bungalows have been sold. Delivery of the first batch of units has commenced in August 2010 and the remaining units are expected to be delivered to the purchasers at different completion stages up to and until the end of 2011.

New Development Projects

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

In late June, 2010, the Group acquired eight pieces of land in Kaifeng, Henan Province with a total site area of about 675,000 square metres for residential and commercial development for RMB399.8 million. In mid August 2010, the Group made a successful bid in a public tender for acquisition of two additional pieces of land, which are adjacent to the abovementioned land, with a total site area of about 60,000 square metres for residential and commercial development for RMB47.5 million. The land costs and related taxes were fully settled in June and September 2010.

During the year, the Group also acquired two pieces of land in Longquan, Chengdu, Sichuan Province with a total site area of about 288,000 square metres for residential development for RMB190 million. The negotiation for the acquisition of the third piece of adjacent land of 218,000 square metres is close to conclusion.

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

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay

The project has been developed into a 29-storey five-star hotel comprising 263 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The operation of the hotel is under the name "Crowne Plaza Hong Kong Causeway Bay", which commenced operations in early November 2009, and is presently managed by a member of the InterContinental Hotels Group ("IHG"). So far, the room occupancy and room rates have been satisfactory and the hotel has proved popular with a wide range of guests and increasing up-scale business travellers. Progress is being made in further improving its food and beverages operation and turnover.

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

1. the Best Hotel Construction & Design Hong Kong – 5-star Award;
2. the Architecture (Leisure & Hospitality) Hong Kong – 5-star Award; and
3. the Best Interior Design Hong Kong – Highly Commended Award.

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

a) the "Best New Hotel Award" amongst the Crowne Plaza Hotels for Greater China opened in 2009 conferred by the IHG; and
b) the "Golfers' Choice Awards 2010 – Choice New Hotel" conferred by Golf Vacations, a magazine distributed in Mainland China, Hong Kong and Macau.

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December 2010, the Group's total cash balance was HK$1,993.5 million (2009: HK$1,880.4 million) and unutilized facilities were HK$830.0 million (2009: HK$495.5 million).

Gearing ratio as at 31 December 2010, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 10.0% (2009: 10.2%).

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

	31 December 2010 HK$' million	31 December 2009 HK$' million
Due		
Within 1 year	1,258.9	671.7
1-2 years	503.2	820.9
3-5 years	737.2	1,113.0
Over 5 years	528.8	193.0
	3,028.1	2,798.6

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2010 amounted to HK$3,028.1 million (2009: HK$2,798.6 million), which were secured by properties valued at HK$8,683.5 million (2009: HK$7,163.8 million) and fixed deposits of HK$264.1 million (2009: HK$325.3 million).

Treasury Policies

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

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.

OUTLOOK

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

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

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

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

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

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

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

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 18 March 2011

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	2010	2009
		HK$'000	HK$'000
Revenue	6	706,765	516,604
Interest income	8	12,713	8,673
Other income		21,364	30,763
Costs:			
Property and related costs	9	(155,533)	(189,244)
Staff costs		(64,260)	(37,705)
Depreciation and amortisation		(67,063)	(12,285)
Other expenses	10	(228,767)	(139,061)
		(515,623)	(378,295)
Profit from operations before fair value changes on properties		225,219	177,745
Fair value changes on investment properties	11	927,048	1,325,668
Profit from operations after fair value changes on properties		1,152,267	1,503,413
Share of results of jointly controlled entities		(1,872)	(2,557)
Finance costs	12	(80,594)	(58,167)
Profit before taxation	13	1,069,801	1,442,689
Income tax expense	15	(245,573)	(239,890)
Profit for the year		824,228	1,202,799
Attributable to:			
Company's shareholders		824,235	1,206,220
Non-controlling interests		(7)	(3,421)
		824,228	1,202,799
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders - Basic	16	0.93	1.36
Earnings per share excluding fair value changes on properties net of deferred tax - Basic	*16*	*0.07*	*0.09*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	824,228	1,202,799
Other comprehensive income		
Exchange differences arising on translation of foreign operations	88,131	2,830
Share of translation differences of jointly controlled entities	734	-
	88,865	2,830
Total comprehensive income for the year	913,093	1,205,629
Total comprehensive income attributable to:		
Company's shareholders	909,612	1,208,937
Non-controlling interests	3,481	(3,308)
	913,093	1,205,629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current assets				
Investment properties	18	7,252,223	6,267,362	5,536,702
Property, plant and equipment	19	1,214,757	1,272,221	997,053
Properties for development	20	783,163	48,956	49,995
Interests in jointly controlled entities	21	40,499	40,613	-
Loans receivable	22	34,392	63,209	86,379
Other receivable	23	350,726	145,235	-
		9,675,760	7,837,596	6,670,129
Current assets				
Properties held for sale	24			
Completed properties		592,182	693,985	830,166
Properties under development		610,175	603,363	593,967
Other inventories		1,245	1,339	-
Loans receivable	22	1,755	3,073	3,429
Other receivable	23	-	192,330	-
Receivables, deposits and prepayments	25	126,033	246,628	160,896
Tax recoverable		453	30,718	79
Amounts due from non-controlling shareholders	26	1,578	2,397	558
Pledged bank deposits	27	264,103	325,318	198,422
Restricted bank deposits		-	-	147,322
Bank balances and cash	28	1,729,354	1,555,069	1,202,230
		3,326,878	3,654,220	3,137,069
Investment properties held for sale	29	-	245,000	-
		3,326,878	3,899,220	3,137,069
Current liabilities				
Payables, rental deposits and accrued charges	30	275,336	353,166	202,879
Sales deposits		5,682	969	9,580
Provisions	31	4,865	6,047	6,807
Tax liabilities		125,754	84,203	123,879
Amounts due to non-controlling shareholders	26	68,332	37,256	-
Bank borrowings - due within one year	32	1,258,898	671,685	1,289,269
		1,738,867	1,153,326	1,632,414
Liabilities associated with investment properties held for sale	29	-	27,200	-
		1,738,867	1,180,526	1,632,414
Net current assets		1,588,011	2,718,694	1,504,655
Total assets less current liabilities		11,263,771	10,556,290	8,174,784

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AS AT 31 DECEMBER 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Capital and reserves				
Share capital	33	345,204	345,204	345,204
Reserves		8,509,106	7,599,589	6,390,356
Equity attributable to the Company's shareholders		8,854,310	7,944,793	6,735,560
Non-controlling interests		94,682	108,360	57,918
Total equity		8,948,992	8,053,153	6,793,478
Non-current liabilities				
Bank borrowings - due after one year	32	1,769,227	2,126,938	1,215,963
Deferred taxation	34	545,552	376,199	165,343
		2,314,779	2,503,137	1,381,306
		11,263,771	10,556,290	8,174,784

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
		Attributable to the Company's shareholders							
At 1 January 2009		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 from exchange differences arising on translation of foreign operations		-	-	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	-	-	-	-	-	-	10,097	10,097
Contributions from non-controlling shareholders		-	-	-	-	-	-	63,903	63,903
Share options issued by intermediate holding company		-	-	-	-	296	296	-	296
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(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
Profit for the year		-	-	-	-	824,235	824,235	(7)	824,228
Exchange differences arising on translation of foreign operations		-	-	84,643	-	-	84,643	3,488	88,131
Share of translation differences of jointly controlled entities		-	-	734	-	-	734	-	734
Other comprehensive income for the year		-	-	85,377	-	-	85,377	3,488	88,865
Total comprehensive income for the year		-	-	85,377	-	824,235	909,612	3,481	913,093
Acquisition of additional interest in a subsidiary		-	-	-	(391)	-	(391)	(509)	(900)
Share options issued by intermediate holding company		-	-	-	-	296	296	-	296
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(16,650)	(16,650)
At 31 December 2010		345,204	4,836,225	247,995	766,370	2,658,516	8,854,310	94,682	8,948,992

Other reserves comprise (i) a discount on acquisition/assumption, in prior years, of certain assets and liabilities from the intermediate holding company, S E A Holdings Limited ("SEA") and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be recognised in profit or loss; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK$'000	HK$'000
Operating activities		
Profit before taxation	1,069,801	1,442,689
Adjustments for:		
Interest expenses	75,181	53,328
Reversal of write-down of properties held for sale	(34,455)	-
Depreciation and amortisation	67,063	12,285
Fair value changes on investment properties	(927,048)	(1,325,668)
Fair value adjustment on other receivable	7,914	5,868
Share of results of jointly controlled entities	1,872	2,557
Interest income	(12,713)	(8,673)
Loss on disposal of property, plant and equipment	143	153
Loss on acquisition of assets and assumption of liabilities	-	1,057
Share options expense	296	296
Operating cash flows before movements in working capital	248,054	183,892
Decrease in properties held for sale	143,956	127,439
Decrease (increase) in other inventories	94	(1,339)
(Increase) decrease in receivables, deposits and prepayments	(24,035)	21,948
Decrease in payables, rental deposits and accrued charges	(47,643)	(60,259)
Increase (decrease) in sales deposits	4,713	(8,611)
Cash generated from operations	325,139	263,070
Interest paid	(72,421)	(53,487)
Tax paid	(11,482)	(99,624)
Net cash from operating activities	241,236	109,959

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 HK$'000	2009 HK$'000
Investing activities			
Net proceeds received on disposal of investment properties		217,800	377,000
Refund (payment) of tender deposits		149,500	(149,500)
Acquisition of and additional costs on properties for development		(720,936)	(157)
Interest received		11,811	9,518
Receipt of repayments of loans receivable		30,135	23,526
Decrease (increase) in pledged bank deposits		61,215	(126,896)
Release of restricted bank deposits		-	147,175
Purchase of and additional costs on property, plant and equipment		(5,014)	(194,317)
Increase in other receivable		(49,047)	(43,868)
Acquisition of assets and assumption of liabilities	36	-	(2,456)
Loan to a jointly controlled entity		(250)	(3,000)
Net cash (used in) from investing activities		(304,786)	37,025
Financing activities			
Draw down of bank borrowings		933,815	1,877,018
Repayments of bank borrowings		(732,608)	(1,584,551)
Advance from (repayments to) non-controlling shareholders		29,103	(129,294)
Repayments from (advance to) non-controlling shareholders		819	(1,839)
Acquisition of additional interest in a subsidiary		(900)	-
Dividends paid to non-controlling shareholders		(16,650)	(20,250)
Contributions from non-controlling shareholders		-	63,903
Net cash from financing activities		213,579	204,987
Net increase in cash and cash equivalents		150,029	351,971
Cash and cash equivalents at beginning of the year		1,555,069	1,202,230
Effect of foreign exchange rate changes		24,256	868
Cash and cash equivalents at end of the year represented by bank balances and cash		1,729,354	1,555,069

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. ("AIM"). 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 ("SEA"), 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 SEA and JCS Limited are companies incorporated in Bermuda as exempted companies 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 43.

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").

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs 2008
IFRSs (Amendments)	Improvements to IFRSs 2009
IAS 27 (revised in 2008)	Consolidated and Separate Financial Statements
IAS 39 (Amendments)	Eligible Hedged Items
IFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (revised in 2008)	Business Combinations
IFRIC 17	Distributions of Non-cash Assets to Owners

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

IFRS 3 (revised in 2008) Business Combinations and IAS 27 (revised in 2008) Consolidated and Separate Financial Statements

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

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

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

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

Amendment to IAS 17 Leases

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

In accordance with the transitional provisions set out in the amendment to IAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of leases. Leasehold lands that qualified for finance lease classification have been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. As a result of the reclassification of prepaid lease payment with previous carrying amount of HK$607,117,000 and HK$591,995,000 as at 1 January 2009 and 31 December 2009 respectively to property, plant and equipment, the carrying amount of property, plant and equipment is increased by HK$607,117,000 and HK$591,995,000 from HK$389,936,000 and HK$680,226,000 as at 1 January 2009 and 31 December 2009 to HK$997,053,000 and HK$1,272,221,000 respectively. The carrying amount of such leasehold land at 31 December 2010 of HK$576,873,000 has been included in property, plant and equipment. The application of the amendments to IAS17 has had no impact on the reported profit or loss for the current and prior years.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. Except as disclosed below, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared 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 income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Allocation of total comprehensive income to non-controlling interests

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

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

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

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

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

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

Jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Jointly controlled entities - continued

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

Revenue recognition

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

Sales of properties

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

Others

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

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

Investment properties - continued

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and 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 the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties for development

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

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

Properties under development

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

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

Inventories

Properties for sale

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

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

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

Other inventories

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

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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.

Loans and receivables

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

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

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the 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 with the exception of loans receivable, other receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity - continued

Financial liabilities

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

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect of the time value of money is material.

Leasing

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

The Group as lessor

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Borrowing costs

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Retirement benefit costs

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

Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

The carrying amount of deferred tax assets is reviewed at the end of each 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$399,866,000 and HK$4,188,000 (2009: HK$160,521,000 and HK$7,043,000) respectively as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

Impairment of property, plant and equipment

The Group performs a review annually to determine whether hotel property with aggregate carrying amount of HK$1,083,173,000 (2009: HK$1,111,354,000) 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$7,252,223,000 (2009: HK$6,267,362,000) are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumption of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Valuation of properties held for sale

Management's assessment of properties held for sale with aggregate carrying amount of HK$1,202,357,000 (2009: HK$1,297,348,000) is based on an estimation of the net realisable value of these properties which involves, inter-alia, considerable analyses of the recent transacted prices of the respective properties held for sale, the current market price of properties of comparable standard and location, the estimated costs to complete the development, where appropriate, and a forecast of future sales based on available market data and statistics. If the actual net realisable values of the properties held for sale are (more) less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material adjustment for (reversal of) write-down of the properties held for sale may result.

Impairment of other receivable

In determining whether there is any impairment loss on the carrying amount of the other receivable of HK$350,726,000 (2009: HK$349,765,000) in relation to cost incurred on certain pieces of land as detailed in note 23, the Group takes into consideration objective evidences in the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss, which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, may arise.

5. CAPITAL RISK MANAGEMENT

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

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

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

6. REVENUE

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

	2010 HK$'000	2009 HK$'000
Sale of properties	263,896	230,873
Renting of investment properties	266,736	269,672
Hotel operation	176,133	16,059
	706,765	516,604

7. SEGMENT INFORMATION

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

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

Property investment and development activities are in Hong Kong and the People's Republic of China (the "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 2010

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	263,896	266,736	176,133	-	706,765
Inter-segment sales	-	816	-	(816)	-
Total	263,896	267,552	176,133	(816)	706,765
SEGMENT RESULTS					
Segment profit (loss)	105,214	1,044,159	(6,979)		1,142,394
Interest income					12,713
Corporate expenses					(2,840)
Share of results of jointly controlled entities					(1,872)
Finance costs					(80,594)
Profit before taxation					1,069,801

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 RESULTS					
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

7. SEGMENT INFORMATION - continued

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.

Other segment information

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

For the year ended 31 December 2010

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Consolidated HK$'000
Amortisation and depreciation				
- Leasehold land	-	-	15,122	15,122
- Properties for development	4,608	-	-	4,608
- Depreciation of building, plant and equipment	162	833	46,338	47,333
Increase in fair value of investment properties	-	927,048	-	927,048
Fair value adjustment on other receivable	7,914	-	-	7,914
Reversal of write-down of properties held for sale	34,455	-	-	34,455
Loss on disposal of property, plant and equipment	-	143	-	143
	=========	=========	=========	=========

For the year ended 31 December 2009

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Consolidated HK$'000
Amortisation and depreciation				
- Leasehold land	-	-	2,520	2,520
- Properties for development	1,253	-	-	1,253
- Depreciation of building, plant and equipment	25	822	7,665	8,512
Increase in fair value of investment properties	-	1,325,668	-	1,325,668
Fair value adjustment on other receivable	5,868	-	-	5,868
Loss on disposal of property, plant and equipment	-	153	-	153
	=========	=========	=========	=========

7. SEGMENT INFORMATION - continued

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.

	2010 HK$'000	2009 HK$'000
Hong Kong	608,867	377,052
PRC	97,898	139,552
	706,765	516,604

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

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

	2010 HK$'000	2009 HK$'000
Hong Kong	6,710,505	5,939,029
PRC	2,539,818	1,650,812
	9,250,323	7,589,841

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

8. INTEREST INCOME

	2010 HK$'000	2009 HK$'000
Interest income from second mortgage loans	3,018	4,006
Interest earned on bank deposits	8,908	3,677
Imputed interest income on loans to jointly controlled entities	787	619
Other interest income	-	371
	12,713	8,673

9. PROPERTY AND RELATED COSTS

	2010 HK$'000	2009 HK$'000
Changes in completed properties and properties under development held for sale	129,446	126,785
Costs incurred for development of properties held for sale	28,682	27,304
Reversal of write-down of properties held for sales	(34,455)	-
Direct operating expenses on investment properties	31,860	35,155
	155,533	189,244

10. OTHER EXPENSES

	2010 HK$'000	2009 HK$'000
Included in other expenses are:		
Management fees paid to a related company	117,461	84,424
Hotel operating expenses	51,982	15,021
Legal and professional fees	5,274	10,948
Tax penalty	17,000	-

11. FAIR VALUE CHANGES ON INVESTMENT PROPERTIES

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

12. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	39,601	34,182
Bank borrowings not wholly repayable within 5 years	35,580	26,248
	75,181	60,430
Less: Amounts capitalised to property development projects	-	(7,102)
	75,181	53,328
Front end fee	4,109	1,908
Other charges	1,304	2,931
	80,594	58,167

13. PROFIT BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,892	1,773
Directors' emoluments (Note 14)	2,995	3,360
Fair value adjustment on other receivable	7,914	5,868
Loss on disposal of property, plant and equipment	143	153
Loss on acquisition of assets and assumptions of liabilities	-	1,057
Net foreign exchange losses	4,360	791
and crediting:		
Gross rental income from investment properties	266,736	269,672
Less: Direct operating expenses	(31,860)	(35,155)
Net rental income	234,876	234,517

14. DIRECTORS' EMOLUMENTS

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

	Lu Wing Chi HK$000	Lambert Lu HK$000	David Andrew Runciman HK$000	Donald Ian Fletcher HK$000	Richard Öther Prickett HK$000	David Carr Mathewson HK$000 (Note)	Total HK$000
2010							
Fee	239	239	-	239	482	-	1,199
Other emoluments							
Salaries and other benefits	-	-	1,320	-	-	-	1,320
Retirement benefits scheme contribution	24	24	132	-	-	-	180
Share-based payment expenses	-	-	296	-	-	-	296
Total Emoluments	263	263	1,748	239	482	-	2,995
2009							
Fee	242	242	-	242	265	446	1,437
Other emoluments							
Salaries and other benefits	-	-	1,320	-	-	127	1,447
Retirement benefits scheme contribution	24	24	132	-	-	-	180
Share-based payment expenses	-	-	296	-	-	-	296
Total Emoluments	266	266	1,748	242	265	573	3,360

Note: Mr. David Carr Mathewson resigned as a director on 30 November 2009.

15. INCOME TAX EXPENSE

	2010 HK$'000	2009 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	38,432	16,333
PRC Enterprise Income Tax	31	8
PRC Land Appreciation Tax	-	11,283
	38,463	27,624
Underprovision in prior years		
Hong Kong Profits Tax	41,974	1,359
PRC Enterprise Income Tax	-	197
	41,974	1,556
Deferred tax	165,136	210,710
	245,573	239,890

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

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

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

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

Details of deferred taxation are set out in note 34.

15. INCOME TAX EXPENSE - continued

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

	2010 HK$'000	2009 HK$'000
Profit before taxation	1,069,801	1,442,689
Tax charge at Hong Kong income tax rate of 16.5%	176,517	238,044
Tax effect of share of results of jointly controlled entities	309	422
Tax effect of expenses not deductible for tax purpose	22,356	9,720
Tax effect of income not taxable for tax purpose	(6,388)	(16,424)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	-	(4,770)
Tax effect of tax losses not recognised	1,175	-
Utilisation of tax losses previously not recognised	(722)	(1,865)
Utilisation of deductible temporary differences not previously recognised	(471)	(4,891)
PRC Land Appreciation Tax	-	11,283
Effect of different tax rates of subsidiaries operated in other jurisdiction	10,655	5,959
Underprovision of current tax in respect of prior years, net	41,974	1,556
Others	168	856
Income tax expense for the year	245,573	239,890

16. EARNINGS PER SHARE

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

	2010 HK$'000	2009 HK$'000
Earnings for the purpose of basic earnings per share	824,235	1,206,220

	2010	2009
Number of ordinary shares for the purpose of basic earnings per share	886,347,812	886,347,812

No diluted earnings 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.

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

	2010 HK$'000	2009 HK$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	824,235	1,206,220
Fair value changes on investment properties	(927,048)	(1,325,668)
Deferred tax thereon	162,129	200,450
Adjusted profit attributable to the Company's shareholders	59,316	81,002
Basic earnings per share excluding fair value changes on properties net of deferred tax	HK$0.07	HK$0.09

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

17. DIVIDENDS

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

18. INVESTMENT PROPERTIES

	Hong Kong		PRC		
	Long lease	Medium-term lease	Long lease	Medium-term lease	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2009	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)
Reclassification to asset 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
Fair value changes	-	830,000	79,820	17,228	927,048
Exchange adjustments	-	-	50,105	7,708	57,813
At 31 December 2010	-	5,500,000	1,517,183	235,040	7,252,223
	========	========	========	========	========

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

The fair value of investment properties at the end of the reporting periods 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 experience 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"), was arrived at on the basis of capitalisation of net income.

19. PROPERTY, PLANT AND EQUIPMENT

	Land in Hong Kong under medium-term lease and hotel building: Under development HK$'000	Completed HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Crockery, utensils and linens HK$'000	Total HK$'000
COST								
At 1 January 2009								
As previously stated	387,587	-	-	2,830	756	43	-	391,216
Prior year adjustment in accordance with amendment to IAS 17	607,117	-	-	-	-	-	-	607,117
As restated	994,704	-	-	2,830	756	43	-	998,333
Exchange adjustments	-	-	-	5	1	1	-	7
Additions	274,339	-	-	6,304	1,297	1,195	3,214	286,349
Reclassification	(1,269,043)	1,116,051	46,746	25,509	-	80,737	-	-
Disposals	-	-	-	(433)	-	-	-	(433)
At 31 December 2009 (restated)	-	1,116,051	46,746	34,215	2,054	81,976	3,214	1,284,256
Exchange adjustments	-	-	-	76	60	43	-	179
Additions	-	-	-	2,544	1,462	-	1,008	5,014
Disposals	-	-	-	(981)	-	-	-	(981)
At 31 December 2010	-	1,116,051	46,746	35,854	3,576	82,019	4,222	1,288,468
DEPRECIATION								
At 1 January 2009	-	-	-	975	262	43	-	1,280
Exchange adjustments	-	-	-	1	1	1	-	3
Provided for the year	-	4,697	779	1,730	247	3,579	-	11,032
Eliminated on disposals	-	-	-	(280)	-	-	-	(280)
At 31 December 2009	-	4,697	779	2,426	510	3,623	-	12,035
Exchange adjustments	-	-	-	28	17	14	-	59
Provided for the year	-	28,181	4,674	8,682	516	20,402	-	62,455
Eliminated on disposals	-	-	-	(838)	-	-	-	(838)
At 31 December 2010	-	32,878	5,453	10,298	1,043	24,039	-	73,711
CARRYING VALUES								
At 31 December 2010	-	1,083,173	41,293	25,556	2,533	57,980	4,222	1,214,757
At 31 December 2009 (restated)	-	1,111,354	45,967	31,789	1,544	78,353	3,214	1,272,221
At 1 January 2009 (restated)	994,704	-	-	1,855	494	-	-	997,053

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

Leasehold land	Over the lease terms ranging from 42 years to 45.5 years
Completed hotel building	40 years
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

20. PROPERTIES FOR DEVELOPMENT

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

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

The carrying amount is amortised on a straight-line basis over the lease term of 40 to 70 years of the leasehold land.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES - continued

As at 31 December 2010 and 2009, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place/country of incorporation/ operation	Class of equity interest	Effective percentage of equity interest held by the Group	Principal activity
Hong Kong Lawdion (Property) Limited	Incorporated	Hong Kong	Ordinary shares	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:

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

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

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

22. LOANS RECEIVABLE

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

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

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

The effective interest rate of the loans receivable is 5.0% (2009: 5.0%) per annum.

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

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

23. OTHER RECEIVABLE

Other receivable represents expenses totalling HK$364,895,000 (2009: HK$343,433,000) incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC and is wholly refundable from the relevant PRC local government as detailed in note 36. Based on the latest development of the time schedule for auction of the relevant lands, the directors estimate that the receivable will be recovered by 31 December 2012. Accordingly, the full amount at its carrying value of HK$350,726,000 which is arrived at based on an effective interest rate of 2% is reclassified to non-current asset.

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. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010 HK$'000	2009 HK$'000
Trade receivables	9,698	4,203
Accrued income, deposits and prepayments	116,335	242,425
	126,033	246,628

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

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

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

All trade receivables at the end of the reporting period are aged less than 60 days. 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$4,790,000 (2009: HK$2,483,000) 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.

26. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

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

27. PLEDGED BANK DEPOSITS

The deposits carry fixed interest rates ranging from 0.1% to 0.4% (2009: 0.1% to 1.5%) per annum and are pledged to secure short-term bank borrowings.

28. 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% (2009: 0.1% to 1.2%) per annum with maturity period of three months or less.

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

	2010 HK$'000	2009 HK$'000
Hong Kong dollars	13,196	28,613
United States dollars	3,954	78,007
Renminbi	354,200	-

29. INVESTMENT PROPERTIES HELD FOR SALE

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

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

30. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2010 HK$'000	2009 HK$'000
Trade payables	2,294	2,383
Rental deposits	73,429	69,980
Other payables, other deposits and accrued charges	199,613	280,803
	275,336	353,166

Included in other payables, other deposits and accrued charges is an amount of HK$94,743,000 (2009: HK$130,109,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed in note 36.

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

31. PROVISIONS

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

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

32. BANK BORROWINGS

	2010 HK$'000	2009 HK$'000
Secured	2,828,125	2,698,623
Unsecured	200,000	100,000
	3,028,125	2,798,623

The bank borrowings are repayable as follows:

	2010 HK$'000	2009 HK$'000
On demand or within one year	1,258,898	671,685
More than one year, but not exceeding two years	503,157	820,909
More than two years, but not exceeding five years	737,230	1,112,960
More than five years	528,840	193,069
	3,028,125	2,798,623
Less: Amounts due for settlement within 12 months shown under current liabilities	(1,258,898)	(671,685)
Amounts due for settlement after 12 months	1,769,227	2,126,938

The effective interest rates of these variable-rate borrowings range from 0.7% to 5.9% (2009: 0.7% to 7.8%) per annum.

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

33. SHARE CAPITAL

	US$'000	2010 HK$'000	2009 HK$'000
Authorised:			
1,300,000,000 ordinary 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$'000	Fair value adjustments on acquisition of subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2009	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
Exchange adjustments	-	3,804	517	-	(104)	4,217
(Credit) charge to profit or loss	(2,198)	162,129	955	(3,960)	8,210	165,136
At 31 December 2010	22,388	518,449	15,701	3,604	(14,590)	545,552

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

At 31 December 2010, the Group has unused tax losses of HK$485,448,000 (2009: HK$284,766,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$85,582,000 (2009: HK$124,245,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$399,866,000 (2009: HK$160,521,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams.

At 31 December 2010, the Group has deductible temporary differences in respect of depreciation of properties of HK$4,188,000 (2009: HK$7,043,000). 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

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,440,070	2,331,727
Financial liabilities		
Financial liabilities at amortised cost	3,286,541	3,107,139

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

Market risk

(i) Foreign currency risk

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

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

	2010	2009
	HK$'000	HK$'000
Hong Kong dollars	13,196	28,613
United States dollars	3,954	78,007
Renminbi	354,200	-

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

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

Sensitivity analysis

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

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

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

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loans receivable, bank balances and deposits. The directors consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is performed. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Money Market Offer Rate, Hong Kong Prime Rate and the People's Bank of China lending rate 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, management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loans receivable at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 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 2010 would decrease/increase by HK$14,960,000 (2009: profit decrease/increase by HK$13,662,000).

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk

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

At 31 December 2010, the Group has concentration of credit risk on loans to jointly controlled entities and other receivable from two counterparties.

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

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

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 and 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 31.12.2010								
Payables and deposits received	-	199,102	6,024	4,397	3,056	50,934	263,513	263,513
Amounts due to non-controlling shareholders	-	68,332	-	-	-	-	68,332	68,332
Variable rates bank borrowings	2.6	489,106	761,985	29,050	41,927	2,096,185	3,418,253	3,028,125
		756,540	768,009	33,447	44,983	2,147,119	3,750,098	3,359,970

35. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued

	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 non-controlling 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

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 value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models 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

On 31 May 2009, the Group acquired certain assets, mainly a receivable from a PRC local government and assumed certain liabilities, mainly payable to contractors and amount due to a shareholder through acquisition of 51 per cent interest in Nanjing Hushu Ecology Travel Development Co., Ltd., a company established in the PRC ("Nanjing Company") at a consideration of HK$11,566,000. The excess of the consideration over the net assets acquired representing pre-acquisition operating expenses of Nanjing Company of HK$1,057,000 is recognised as loss on acquisition.

	HK$'000
Net cash outflow arising on acquisition:	
Consideration paid	(11,566)
Bank balances and cash acquired	9,110
	(2,456)

36. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES - continued

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

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

37. MAJOR NON-CASH TRANSACTION

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

38. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating lease during the year are HK$624,000 (2009: HK$389,000).

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

	2010 HK$'000	2009 HK$'000
Within one year	810	222
In the second to fifth years inclusive	932	108
	1,742	330

Leases are negotiated for the range of 1 to 3 years (2009: 1 to 2 years) with fixed monthly rentals.

38. OPERATING LEASE ARRANGEMENTS - continued

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$12,015,000 (2009: HK$16,551,000) included in other income.

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

	2010	2009
	HK$'000	HK$'000
Within one year	241,174	240,058
In the second to fifth years inclusive	394,965	453,196
Over five years	467,746	498,154
	1,103,885	1,191,408

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

The lease terms of the remaining leased properties range from 1 to 16 years (2009: 1 to 17 years).

39. PLEDGE OF ASSETS

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

(a) Fixed charges on investment properties with an aggregate carrying value of HK$6,990,154,000 (2009: HK$5,449,090,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$1,083,173,000 (2009: HK$1,111,354,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$610,175,000 (2009: HK$603,363,000).

(d) Bank deposits of HK$264,103,000 (2009: HK$325,318,000).

40. SHARE-BASED PAYMENTS

Share Option Scheme of the Company

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

The purpose of the Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of any (i) director or employee of the Company or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of the Company or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of the Company or any of its affiliates (together, the "Eligible Participants").

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

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

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

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

40. SHARE-BASED PAYMENTS - continued

Share Award Scheme of the Company

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

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

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

Share Option Scheme of SEA

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

Under the SEA Share Option Scheme, the board of directors of SEA may offer to any director or full time employee/chief executive of SEA, or any of its subsidiaries, options to subscribe for shares in SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange on the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

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

40. SHARE-BASED PAYMENTS - continued

Share Option Scheme of SEA - continued

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

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

None of these share options were lapsed or exercised during the year. In addition, no option was 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:

SEA’s 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 SEA'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 SEA.

41. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the 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$2,705,000 (2009: HK$1,684,000).

42. RELATED PARTY TRANSACTIONS

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

(i) Rental income of HK$9,886,000 (2009: HK$8,853,000) from the renting of the Group's premises; and

(ii) Management fees of HK$117,461,000 (2009: HK$84,424,000) in respect of provision of property development management services to the Group on the Group's property portfolio.

(b) Details of loans to jointly controlled entities and interest income thereon are disclosed in the consolidated statement of financial position and notes 21 and 8.

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

43. 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		Principal activities
			2010	2009	
			%	%	
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
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Property development and investment
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB200,000,000 registered capital	100	100	Property investment
Chengdu Yulong No. 1 Property Development Company Limited*	PRC	RMB150,000,000 registered capital	100	-	Property development
Chengdu Yulong No. 2 Property Development Company Limited*	PRC	RMB60,000,000 registered capital	100	-	Property development
Chengdu Yulong No. 3 Property Development Company Limited*	PRC	RMB300,000,000 registered capital	100	-	Property development
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
Guangzhou Yingfat House Property Development Co., Ltd.**	PRC	US$20,110,000 registered capital	100	100	Property development and investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	100	100	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited*	PRC	RMB35,000,000 registered capital	100	91	Property and tourist leisure facilities development

43. 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		Principal activities
			2010	2009	
Indirect subsidiaries - continued			%	%	
Kaifeng International City No. 1 Realty Development Company Limited*	PRC	US$9,270,000 registered capital	100	-	Property development
Kaifeng International City No. 2 Realty Development Company Limited*	PRC	US$8,830,000 registered capital	100	-	Property development
Kaifeng International City No. 3 Realty Development Company Limited*	PRC	US$9,420,000 registered capital	100	-	Property development
Kaifeng International City No. 4 Realty Development Company Limited*	PRC	US$9,270,000 registered capital	100	-	Property development
Kaifeng International City No. 5 Realty Development Company Limited	PRC	US$7,800,000 registered capital	100	-	Property development
Kaifeng International City No. 6 Realty Development Company Limited*	PRC	US$8,240,000 registered capital	100	-	Property development
Kaifeng International City No. 7 Realty Development Company Limited*	PRC	US$6,920,000 registered capital	100	-	Property development
Kaifeng International City No. 8 Realty Development Company Limited*	PRC	US$8,090,000 registered capital	100	-	Property development
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	55	55	Property development
Leighton Road Hotel Management Services Limited	Hong Kong	1 ordinary share of HK$1	100	100	Hotel operation
Nanjing Hushu Ecology Travel Development Co., Ltd.@	PRC	RMB100,000,000 registered capital	51	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
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
Sino Harvest Real Estate Development (Chengdu) Company Limited*	PRC	US$3,000,000 registered capital	100	100	Property investment
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

* Wholly foreign owned enterprise

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

@ Sino-foreign equity joint venture

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