



# 遠東發展有限公司

Far East Consortium International Limited

Stock Code: 035



We believe the strategic initiatives being implemented will position the Group in a strong footing to capture future opportunities and the Group will have a good mix of recurring cashflow and development income streams. Our priority is to deliver consistent long term return to our shareholders and we are confident we have the right model to achieve this objective.



**PLACE OF INCORPORATION**

Cayman Islands

**EXECUTIVE DIRECTORS**

Deacon Te Ken CHIU, J.P. (Chairman)  
 David CHIU, Tan Sri Dato', B.Sc.  
 (Deputy Chairman and  
 Chief Executive Officer)  
 Dennis CHIU, B.A.  
 Craig Grenfell WILLIAMS, B. ENG. (CIVIL)

**NON-EXECUTIVE DIRECTORS**

Ching Lan JU CHIU, J.P.  
 Daniel Tat Jung CHIU

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Jian Yin JIANG  
 Kwok Wai CHAN  
 Peter Man Kong WONG, J.P.

**MANAGING DIRECTOR**

Chris Cheong Thard HOONG, B. ENG, ACA

**CHIEF OPERATING OFFICER**

Denny Chi Hing CHAN

**QUALIFIED ACCOUNTANT, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY**

Bill Kwai Pui MOK, B.A., M.B.A., A.I.C.P.A., C.P.A.

**AUTHORIZED REPRESENTATIVES**

Deacon Te Ken CHIU  
 David CHIU

**SOLICITORS****Hong Kong**

Woo, Kwan, Lee & Lo

**Australia**

Freehills

**AUDITOR**

Deloitte Touche Tohmatsu  
 Certified Public Accountants  
 Hong Kong

**PRINCIPAL BANKERS****Hong Kong**

Cathay United Bank Company, Limited  
 Chong Hing Bank Limited  
 Citic Ka Wah Bank Limited  
 Dah Sing Bank, Limited  
 DBS Bank (Hong Kong) Limited  
 Hang Seng Bank Limited  
 Nanyang Commercial Bank Limited  
 Public Bank (Hong Kong) Limited  
 The Hongkong and Shanghai  
 Banking Corporation Limited  
 Wing Hang Bank Limited

**Malaysia**

Affin Islamic Bank Berhad  
 Affrin Bank Berhad  
 OCBC Bank (Malaysia) Berhad  
 Public Bank Berhad

**Singapore**

The Hongkong and Shanghai  
 Banking Corporation Limited

**Australia**

Australia and New Zealand Banking Group Limited  
 Commonwealth Bank of Australia Limited

**China**

Construction Bank of China  
 DBS Bank (China) Limited  
 The Industrial and Commercial Bank of China Limited

**REGISTERED OFFICE**

P.O. Box 1043, Ground Floor,  
 Caledonian House, Mary Street,  
 George Town,  
 Grand Cayman, Cayman Islands,  
 British West Indies

**PRINCIPAL OFFICE**

16th Floor, Far East Consortium Building,  
 121 Des Voeux Road Central,  
 Hong Kong

**SHARE REGISTRAR**

Tricor Standard Limited  
 26th Floor, Tesbury Centre,  
 28 Queen's Road East,  
 Wanchai,  
 Hong Kong

**LISTING INFORMATION**

Ordinary Shares (Code: 035)  
 Zero Coupon Convertible Bonds 2009  
 (Code: 2508)  
 The Stock Exchange of Hong Kong Limited

**WEBSITE**

<http://www.fecil.com.hk>

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## Chairman's Statement



**Since its listing, Far East Consortium has experienced various kinds of challenges. With our determined ambition and accomplishment, we have now grown out of the exploration stage.**

**Mr. Deacon Chiu, J.P.**  
Chairman

**Chairman's Statement**

It has been twelve years since the handover of Hong Kong back to our motherland. In the past twelve years, together we went through the Asian financial crisis in 1997, the burst of dotcom bubble in 2001, SARS in 2003 and the recent global financial tsunami triggered by the subprime mortgage crisis in the United States.

I am delighted to see that the recent robust growth of the PRC economy has made us one of the largest economic systems in the world, and playing a prominent role in the global economic development. After the Second World War, Hong Kong has experienced a period of downturn, but with the rectifying economic development strategies led by Mr. Deng Xiaoping, one of the greatest contemporary leaders of the Mainland, the standard of living of the 1.3 billion citizens of the PRC has seen an unprecedented leap.

Since its listing, Far East Consortium has experienced various kinds of challenges. With our determined ambition and accomplishment, we have now grown out of the exploration stage. Under the leadership of our Deputy Chairman and Chief Executive Officer, as well as the hard work and dedication of our senior management and officers, the road ahead is extremely promising.

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, directors, senior management and staff for their contributions and supports in the past year.

**Deacon Te Ken Chiu**

Chairman

16th July, 2009

## Report of Deputy Chairman & Chief Executive Officer



**“We believe the strategic initiatives being implemented will position the Group in a strong footing to capture future opportunities and the Group will have a good mix of recurring cashflow and development income streams. Our priority is to deliver consistent long term return to our shareholders and we are confident we have the right model to achieve this objective.”**

**Tan Sri Dato' David Chiu**  
Deputy Chairman &  
Chief Executive Officer

I am pleased to present the annual results of Far East Consortium International Limited for the financial year ended 31 March 2009. Financial Year 2008/09 was a challenging year for the global economy with the financial crisis affecting many businesses. The Management carried out a number of strategic initiatives and the Group has emerged to be a stronger organization and is well-positioned to capture many new opportunities ahead of us.

With significant resources invested in the past few years to build up the hotel business, we now have one of the largest hotel operations focusing on the value-for-money segment in Asia, with 13 hotels totaling over 3,200 rooms in operations and a further 10 hotels being developed which will increase our room capacity to over 6,000.

Our three hotel brands, "Dorsett", "Cosmopolitan" and "Cosmo", are increasingly gaining recognitions in the industry and we have also developed a series of boutique hotels, such as "Lan Kwai Fong" and "Central Park", which have won us many awards. With the establishment of our name in the industry, we are now considering to branch out into hotel and serviced apartment management business which will generate a new source of stable revenue stream for the Group.

We are also currently investigating avenues to unlock a significant revaluation surplus of our hotel assets which is not reflected in our book. This may include the adoption of a sale and leaseback model for some of our assets and/or a spin-off of our hotel division.

Despite the fact that the H1N1 flu pandemic is having an impact on the overall travel industry, we remain confident of the long term prospects of the hotel industry given the significant potential of the global travel industry, and, in particular, the Asia and the China markets. Due to our relatively low entry costs for our hotel assets and our business model to optimize space utilization, our hotel operation is highly defensive with one of the highest margins in the industry. We are well-positioned to capture the upturn in the market when the negative macro factors subside.

Our property development division remains a key contributor to our overall profitability. We have presence in Hong Kong, mainland China and Australia with the latter two countries being the key contributors. During the year, we focused on developing our land bank in California Garden and the Northbank project in Australia.

Earlier this year, we took advantage of the weak market and acquired a piece of land in central Melbourne business district. The land is now earmarked for a major residential project in Melbourne where we intend to build 1,500-2,000 apartments with approximately 1 million square feet of gross floor area.

The Management is determined to strengthen our property development business by enhancing our organizational infrastructure and increasing our pipeline for development. We will focus on projects in mainland China where demand for middle-class housing is huge and Australia where we have proven track records and the long term prospects of the property market remain good.

We hold investment properties in Hong Kong, mainland China and Singapore which contributed to a steady revenue stream for the Group. Currently, we are repositioning our asset portfolio with the objective to focus on larger assets. We believe this will allow more efficient use of resources and free up some capital for investment in assets with higher long term return.

We announced on 7 May 2009 that the Group is expanding its business into car park operations. Through the acquisitions, the Group will become one of the largest independent car park operators in the Asia Pacific region with 200 car parks comprising over 42,600 parking bays under its management in strategic locations in Australia, New Zealand and Malaysia, among which 18 car parks comprising 5,200 parking bays will be owned by the Group.

The car park business is a defensive business supported by real estate value. Some assets also have redevelopment potential. The new car park business will generate new recurring cashflow streams going forward and we intend to continue to develop this business utilizing the existing platform.



On financial management, we completed a HK\$1.9 billion syndicated loan during the year at relatively favourable terms despite the difficult financial market conditions. We also took advantage of the low interest rate environment to lock in long term interest rate at a low level. This helps the Group lower its overall cost of capital which will benefit the Group's financial stability. We also bought back HK\$279m of convertible bonds outstanding at below par value which helped improve the Group's overall capital structure.

Going forward, we will continue to review and fine tune our capital structure so as to optimize our balance sheet.

The Management has a strong belief that our people are the most valuable asset to the Group and is key to corporate success. We invest in good people and offer training and clear career development opportunities for all level of staff to help them develop their full potentials. The Group now has approximately 2,000 employees and we will recruit more people to facilitate our expansion.

During the year, Mr. Chris Hoong, an ex-investment banker, joined us as Managing Director. Chris brings with him a wealth of experience in corporate management, strategic development, and mergers and acquisitions.

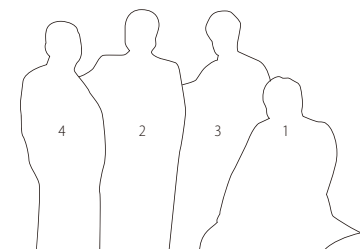
Although 2009 will be as challenging as the previous year with uncertainties in the global economy, the foundations that we have laid will enable us to continue to grow. We believe the strategic initiatives being implemented will position the Group in a strong footing to meet the challenges and the Group will have a good mix of recurring cashflow and development income streams. Our priority is to deliver consistent long term return to our shareholders and we are confident we have the right model to achieve this objective.

I would like to thank our directors, management and all staff for their hard work, supports and contributions during the year.

**David Chiu**

Deputy Chairman & Chief Executive Officer

## Profile of Directors and Senior Management



- 1 Tan Sri Dato' David Chiu** Deputy Chairman & Chief Executive Officer
- 2 Mr. Chris Hoong** Managing Director
- 3 Mr. Denny Chan** Chief Operating Officer
- 4 Mr. Bill Mok** Chief Financial Officer and Company Secretary

**Mr. Deacon Te Ken CHIU, J.P.****(Chairman)**

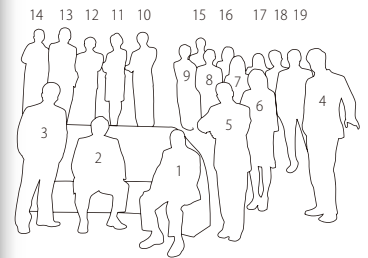
Mr. Chiu, aged 84, is the founder of the Far East Group and has been the Chairman of the Company since 1972. He is also the Chairman of Far East Holdings International Limited (stock code: 36) and Far East Hotels and Entertainment Limited (stock code: 37). Mr. Chiu has more than 50 years of business experience in property investment and development; operation of entertainment and tourism related business; hotel ownership and management; financing and banking. He was a member of the Chinese People's Political and Consultative Conference from the 6th to 9th; the founder of the Yan Chai Hospital and the Vice Patron of the Community Chest since 1968; the founder and permanent Honorary Chairman of The New Territories General Chamber of Commerce; the founder and Chairman of the Ju Ching Chu Secondary Schools since 1966. Mr. Chiu is the husband of Madam Ching Lan Ju Chiu J.P., the father of Tan Sri Dato' David Chiu, Messrs. Dennis Chiu and Daniel Tat Jung Chiu.

**Tan Sri Dato' David CHIU, B.Sc.****(Deputy Chairman & Chief Executive Officer)**

Tan Sri Dato' David Chiu, aged 55, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and related business. In his business career, he established a number of highly successful business operations through organic growth and acquisitions, covering mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, he had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8th December, 1994 and 8th October, 1997 respectively.

In regards of his devotion to the community services, Tan Sri Dato' David Chiu is a trustee member of The Better Hong Kong Foundation and Chairman of the Mid-Autumn Festival Celebration – People and Forces. In Malaysia, he was first conferred an honorary award which carried the title "Dato" by His Majesty, the King of Malaysia, in July 1997. At the end of 2005, he was awarded a more senior honorary title of "Tan Sri" by His Majesty of Malaysia. He is the second son of Mr. Deacon Te Ken Chiu J.P. and Madam Ching Lan Ju Chiu J.P., the brother of Messrs. Dennis Chiu and Daniel Tat Jung Chiu.

Profile of Directors and Senior Management



- 1 Mr. Deacon Chiu, J.P.  
Chairman
- 2 Tan Sri Dato' David Chiu  
Deputy Chairman & Chief Executive Officer
- 3 Mr. Chris Hoong  
Managing Director
- 4 Mr. Denny Chan  
Chief Operating Officer
- 5 Mr. Bill Mok  
Chief Financial Officer and Company Secretary
- 6 Ms. Wendy Yung  
Personal Assistant to Chairman
- 7 Ms. Magdalene Ho  
Human Resources & Administration Manager

- 8 Ms. Teresa Poon  
General Manager – Cosmo Kowloon Hotel
- 9 Ms. Ellen Wu  
Group Chief Accountant
- 10 Mr. Richard Kwong  
General Manager – Dorsett Seaview Hotel & Dorsett Kowloon Hotel
- 11 Ms. Maria Cheung  
Marketing Director
- 12 Mr. Leong Khai Kong  
Internal Auditor
- 13 Mr. Benny Yeung  
Management Accountant
- 14 Ms. Rebecca Kwan  
General Manager – Central Park Hotel & Lan Kwai Fong Hotel

- 15 Mr. Eric Cheng  
General Manager – Dorsett Far East Hotel
- 16 Ms. Anita Chan  
General Manager – Cosmopolitan Hotel & Cosmo Hotel
- 17 Ms. Miranda Tse  
Legal Counsel
- 18 Mr. Julian Leung  
Head of Treasury Investment
- 19 Mr. Frankie Lai  
Director of Hotel Operations

**Mr. Dennis CHIU, B.A.****(Executive Director)**

Mr. Chiu, aged 50, was appointed as an Executive Director of the Far East Consortium Limited, the predecessor of the Company, in 1978. Mr. Chiu has been actively involved in the business development in the People's Republic of China ("P.R.C."), Singapore and Malaysia. He is an Executive Director of Far East Holdings International Limited (stock code: 36) and a Non-executive Director of Far East Hotels and Entertainment Limited (stock code: 37). He is also a Non-executive Director of London-listing Fortune Oil PLC. He is the son of Mr. Deacon Te Ken Chiu J.P. and Madam Ching Lan Ju Chiu J.P., the brother of Tan Sri Dato' David Chiu and Mr. Daniel Tat Jung Chiu.

**Mr. Craig Grenfell WILLIAMS, B.ENG. (CIVIL)****(Executive Director)**

Mr. Williams, aged 57, was appointed as Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. Williams has extensive experience in all facets of property development and is the immediate Past President of the St. Kilda Road Campaign Inc.

**Madam Ching Lan JU CHIU, J.P.****(Non-executive Director)**

Madam Chiu, aged 69, was appointed as Director of Far East Consortium Limited (the predecessor of the Company) in 1972. She is now a Non-executive Director of each of the Company and Far East Hotels and Entertainment Limited (stock code: 37). Since 1975, she is the Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was Lady Chairman of Yan Chai Hospital for 1977/78. Madam Chiu is the founder and Honorary Chairman of New Territories Women's and Juveniles Welfare Association. She is a committee member and Supervisor of Ju Ching Chu Secondary School and the Chairman of Kowloon Women's Welfare Club. She is a member of Shanghai Standing Committee Chinese People's Political Consultative Conference since 1982. She has also been the Honorary Vice-President of Hong Kong Federation of Women since 1997. She is the wife of Mr. Deacon Te Ken Chiu J.P., the mother of Tan Sri Dato' David Chiu, Messrs. Dennis Chiu and Daniel Tat Jung Chiu.

**Mr. Daniel Tat Jung CHIU****(Non-executive Director)**

Mr. Chiu, aged 48, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1984. He is also a Non-executive Director of Far East Holdings International Limited (stock code: 36). He is the major shareholder and Vice Chairman of London-listing Fortune Oil PLC. He is the Chairman of Harrow International School. Mr. Chiu has extensive experience in China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and the P.R.C.. He is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Ju Chiu, the brother of Tan Sri Dato' David Chiu and Mr. Dennis Chiu.

**Mr. Jian Yin JIANG****(Independent Non-executive Director)**

Mr. Jiang, age 79, was appointed as an Independent Non-Executive Director of the Company in July 2004. Mr. Jiang graduated from the Law Faculty of Shanghai Zhengdan University (上海震旦大學法學院). He is a professor and was experienced in supervisory management. He was the secretary and principal of various colleagues and universities. He is currently a committee member and vice president of Shanghai Fuktao Natural Disaster Prevention Foundation (上海福島自然災害減災基金會).

**Mr. Kwok Wai CHAN****(Independent Non-executive Director)**

Mr. Chan, aged 50, is a member of The Hong Kong Securities Institute and an associate member of CPA Australia. Mr. Chan is currently a director of High Progress Consultants Limited and also an Independent Non-Executive Director of Chinese Estates Holdings Limited, Junefield Department Store Group Limited, China Investments Holdings Limited, Tern Properties Company Limited and National Electronics Holdings Limited, the shares of all which are listed on the Main Board of the Stock Exchange.

**Mr. Peter Man Kong WONG, J.P.****(Independent Non-executive Director)**

Mr. Wong, aged 60, was appointed as an Independent Non-executive Director of the Company in May 2007. Mr. Wong graduated from the University of California at Berkeley in U.S.A. with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture) and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. Mr. Wong has over 35 years of experience in industrial, commercial and public service. Mr. Wong is the Chairman of M.K. Corporation Limited and North West Development Limited. He is also a director of China Travel International Investment Hong Kong Limited, Chinney Investments Limited, Glorious Sun Enterprises Limited, Hong Kong Ferry (Holdings) Co. Ltd., Sino Hotels (Holdings) Limited, Sun Hung Kai & Co., Limited and New Times Group Holdings Ltd., all being companies listed on the Stock Exchange. Mr. Wong is a Deputy of the 11th National People's Congress of the P.R.C..

**Mr. Chris Cheong Thard HOONG, B. ENG, ACA****(Managing Director)**

Mr. Hoong, aged 40, joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers & acquisitions as well as international capital markets. Prior to joining the Group, Mr. Hoong was the Chief Executive Officer of China LotSynergy Holdings Ltd, a company listed on the Hong Kong Stock Exchange. He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he is currently a Non-Executive Director of the company. Mr. Hoong was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia.

Mr. Hoong is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

**Mr. Denny Chi Hing CHAN****(Chief Operating Officer)**

Mr. Chan, aged 46, was promoted as the Group's Chief Operating Officer, Hong Kong in March 2004. He is responsible for the Hong Kong, Macau and the Mainland based activities with emphasis on the commercial management, hotel and property development and investment, and project development. He is also responsible for the industrial and infrastructure businesses in the Mainland. He joined the Company in 1990 as the Group Chief Accountant and promoted as the Group Financial Controller in 2002. From 1990 to 2003, he was responsible for the Group's financial, treasury and accounting functions. He has extensive experience in accounting and auditing of Hong Kong listed companies. He is a director of various subsidiaries of the Group. He was also appointed as an alternative Director of Far East Hotels and Entertainment Limited to Mr. Deacon Te Ken Chiu J.P., the founder of the Far East Group, on 17th May, 2003. In June, 2007, he was appointed as an Independent Non-Executive Director of Hidili Industry International Development Limited, a Hong Kong listed company.

Before joining the Group, he was an audit manager of a big four international accounting firm with over ten years of audit experience.

**Mr. Bill Kwai Pui MOK, M.B.A., A.I.C.P.A., C.P.A.****(Chief Financial Officer and Company Secretary)**

Mr. Mok, aged 48, joined the Group on 1st April, 2004 as the Chief Financial Officer. He is responsible for the overall finance and accounting functions of the Group. He began his career in public accounting in the United States. After returning to Hong Kong in 1988, he continued his professional career with a big four international accounting firm, where he worked for five years before moving to commercial field. Prior to joining the Group, Mr. Mok spent over six years in the investment industry where he held senior positions at a security house from the United States and a major investment bank from Europe. Mr. Mok has extensive experience in investment and finance activities in Hong Kong and China.

Mr. Mok holds a Bachelor of Arts degree in Business Administration and a Master's degree in Business Administration. He is a member of American Institute of Certified Public Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

**Mr. Kin Yat KAM****(Deputy Executive Officer – China Business)**

Mr. Kam, aged 56, is the Deputy Executive Officer (China Business) of the Group. He was Independent Non-executive Director of Blu Spa Holdings Limited from 2002 to 2004. On 24th June, 1999, he was appointed the Acting Chief Executive of Lai Fung Holdings Limited and was previously the Senior Vice-president for China investments in Lai Sun Development Company Limited in 1993. He acted as Director of Far East Consortium Limited in the 1980s and was in charge of China investments. He has more than 30 years of working experience in China trade. Before he came to Hong Kong in the beginning of the 1980s, he worked with the government of Jiangsu Province and was engaged in the works relating to promoting foreign investments.



## Five-Year Financial Summary

	<b>For the year ended 31st March,</b>				<b>2009</b> <b>HK\$'000</b>
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	
<b>RESULTS</b>					
Revenue	546,120	684,144	875,176	2,159,514	<b>1,732,841</b>
Profit before taxation	446,485	418,078	693,823	658,396	<b>221,947</b>
Taxation	(36,814)	(85,867)	(157,394)	(215,016)	<b>(116,847)</b>
Profit for the year	409,671	332,211	536,429	443,380	<b>105,100</b>
Earnings per share	32 cents	24 cents	37 cents	28 cents	<b>5 cents</b>
	<b>At 31st March,</b>				<b>2009</b> <b>HK\$'000</b>
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	
<b>ASSETS AND LIABILITIES</b>					
Total assets	6,234,848	7,140,308	8,712,356	9,585,961	<b>10,527,277</b>
Total liabilities	(3,014,603)	(3,568,525)	(4,664,260)	(4,633,817)	<b>(5,753,277)</b>
Minority interests	3,220,245 (31,789)	3,571,783 (27,250)	4,048,096 (26,148)	4,952,144 (39,467)	<b>4,774,000</b> <b>(30,456)</b>
Shareholders' funds	3,188,456	3,544,533	4,021,948	4,912,677	<b>4,743,544</b>

## Business Overview and Financial Review



### Senior Management of Hotels

From left to right:

Mr. Richard Kwong  
General Manager – Dorsett Seaview Hotel &  
Dorsett Kowloon Hotel

Mr. Frankie Lai  
Director of Hotel Operations

Ms. Anita Chan  
General Manager – Cosmopolitan Hotel & Cosmo Hotel

Ms. Teresa Poon  
General Manager – Cosmo Kowloon Hotel

Mr. Eric Cheng  
General Manager – Dorsett Far East Hotel

Ms. Rebecca Kwan  
General Manager – Central Park Hotel & Lan Kwai Fong Hotel

### BUSINESS OVERVIEW

Despite the outbreak of the global financial tsunami and the H1N1 flu virus, the Group remains positive on the long term prospects of its hotel and property development businesses. We are confident that we can overcome the recent adverse market conditions and to further develop our business through the strengthening of our financial position and capturing new opportunities in the region.

With the addition of two new hotels, namely Maytower Hotel and Dorsett Johor Hotel in Malaysia, revenue and profit contribution from our hotel division increased by 6% and 13% to HK\$648 million and HK\$387 million, respectively. Today, we have a total of 13 hotels in operations, including seven in Hong Kong, five in Malaysia and one in China. We expect to add another ten hotels to our hotel portfolio within the next three years. With all the new hotels

in operation, we will be operating a portfolio of over 6,000 hotel rooms, almost doubling the size of current portfolio, making us one of the largest listed hotel groups in Hong Kong.

As of the year end, our operating hotels were valued at HK\$5,748 million while they were recorded at HK\$2,821 million in our balance sheet. A revaluation surplus of HK\$2,927 million was not reflected in our book. To unlock this hidden value, the Group is evaluating various alternatives, which include adopting a sale and leaseback model or a spin-off of our hotel division. The Board of Directors believe this will enhance our shareholders' value longer term.

During the year, the profit contribution from our property development division was HK\$247 million, representing a drop of 54%. The decrease was mainly due to a reduced number of units for sale from the California Garden, Shanghai. In order to fully utilize the increased plot ratio, a substantial modification to the overall development plan was made. As a result, most of the construction was suspended for most of the year. Recently, construction works have resumed and in addition to 134 townhouses which are presently available for sale, we also plan to pre-sell another 510 units of low-rise and townhouses in 2010 and 2011. The three property development projects in Guangzhou are in different stages of development and are now scheduled to be completed by 2011 and 2012. On the other hand, contribution from our



#### Project Team

From left to right:

Mr. Carl Lee  
Senior Project Manager

Mr. Victor Lau  
Quantity Surveying Manager

Mr. Denny Chan  
Chief Operating Officer

Mr. Lam Y Wong  
Project Manager

Australian property development division increased as compared to last year with a recorded revenue of HK\$570 million versus HK\$331 million the year before.

In March 2009, the Group took advantage of the weak market to acquire a piece of land in the prime location in Melbourne, Australia. According to the present plan, we plan to build 1,500 to 2,000 condominiums with a total gross floor area of approximately 1 million square feet. At present, we expect the whole project to be phased out over a period of three to four years.

### 1. Hotel Division

The Group is now formulating a strategy in which we will position our hotels under various brands. We believe such branding exercise will position the Group to capture new hotel management business in the future which will be a new line of business for our hotel division.

Two of the ten hotels under development, namely Cosmo Kowloon Hotel and Yue Shanghai Hotel, are currently scheduled to commence operations before the end of 2009.

The Group is now assessing the redevelopment potential of Sheraton Subang Hotel. In the meantime, upgrading work is being carried out in Sheraton Subang Hotel (which will be rebranded as "Grand Dorsett Subang"), Dorsett Regency Hotel, Grand Dorestt Labuan Hotel and Dorsett Seaview Hotel. The hotels will provide comfortable and upgraded facilities to our hotel guests upon completion of such upgrading work.

### Hong Kong

*Cosmopolitan Hotel, Causeway Bay* – the largest and flagship contemporary deluxe hotel of the Group with 454 rooms and suites. Like many legendary landmarks which typify historical value, this Hotel was converted from the "old" Xin Hua News Agency Building and commenced operations in December 2004. With its unique location amidst the commercial district in Wanchai and the shopping attractions in Causeway Bay, this 4-star hotel is the perfect location for both business and leisure travellers. Cosmopolitan Hotel is being honored to be one of the few "Comfortable Hotels in Hong Kong" by the prestigious <Michelin Hong Kong & Macau Guide 2009>. The exceptional accommodation experience and quality service it offers are also manifested by its frequent selection as a hotel host of international events, including the city's debut East Asian Games 2009.



**Senior Management of Cosmopolitan Hotel & Cosmo Hotel**

From left to right:

Mr. Eddie Liu  
Assistant Financial Controller

Mr. Andrew Lee  
Director of Rooms

Ms. Anita Chan  
General Manager

*Cosmo Hotel, Causeway Bay* – our first business boutique hotel opened in October 2005. Situated only two buildings away from Cosmopolitan Hotel, this Hotel is renowned for its vibrant use of colour, modern design and latest technology. As impressive as its 142 color-coded rooms and suites, the chic Nooch Bar and the alfresco Breeze, the 4-star Cosmo is embraced by attractions nearby and close to the Star Street Precinct where bars and restaurants with a funky artistic atmosphere abound.

*Central Park Hotel, Sheung Wan* – finalist of “Hong Kong Leading’s Boutique Hotel” by World Travel Awards 2008. Central Park Hotel is a hip, boutique hotel with contemporary design, located in the heart of the financial and commercial district in Sheung Wan and Central. Within a walking distance to the trendy dining and

entertainment areas of Soho and Lan Kwai Fong, this 142-room hotel was converted from a commercial building and opened in April 2005. The Hotel has been newly refurbished to meet the dynamic rhythm of Hong Kong. Interactive elements and art pieces are added to the stylish character of this design hotel, extending the artistic and cultural atmosphere from Hollywood Road’s designer shops, world famous art galleries and antique shops into the hotel.

*Lan Kwai Fong Hotel, Central* – award winning boutique hotel, uniquely designed in décor, modern in style with Chinese accents. Since its opening in 2006, Lan Kwai Fong Hotel is consecutively recognized as “The Best Boutique Hotel in Asia” by TravelWeekly; “Hong Kong’s Leading Boutique Hotel” by World Travel Awards and “The Best Boutique Hotel of China” by China Hotel Starlight Awards. Its 162 rooms are furnished with a distinctive touch of oriental style with private balcony in suite room overlooking the spectacular view of Hong Kong city and Victoria Harbour, which illuminated at night. The Hotel is in a perfect location for trendy dining, nightlife and entertainment area of Soho and Lan Kwai Fong, just moments away from the financial and shopping district of Central.



**Senior Management of Dorsett Seaview Hotel & Dorsett Kowloon Hotel**

From left to right:

Mr. Amas Mo  
Rooms Division Manager

Ms. Joey Chan  
Assistant Financial Controller

Mr. Richard Kwong  
General Manager

Mr. Barry Lo  
Resident Manager

*Dorsett Seaview Hotel, Yau Ma Tei* – a traditional 3-star hotel with a total of 268 rooms. It has been operated and managed by our Group since 2001. The Hotel is located in Yau Ma Tei, one of the bustling commercial, shopping, eating and entertainment centers in Hong Kong and is within walking distance to vibrant district of Tsim Sha Tsui.

*Dorsett Kowloon Hotel, Tai Kok Tsui* – a modern 3-star hotel situated in one of Kowloon's new booming areas – Tai Kok Tsui, with 141 comfortably designed guestrooms. It was developed by the Group and opened in May 2005. The Hotel is close to famous tourist points in Mongkok shopping district such as the Ladies' Market, the Goldfish Market, the Flower Market.

*Dorsett Far East Hotel, Tsuen Wan* – this modern 3-star hotel was converted from the "Far East Bank Building" with a total of 240 rooms and commenced operations in October 2006. The Hotel is situated in one of the major satellite towns, Tsuen Wan. It is just a step away from Tsuen Wan MTR station and close to shopping and entertainment facilities.

**China**

*Wuhan Cosmopolitan Hotel* – a trendy design hotel located in the heart of downtown with a total of 394 rooms. The 18-storey hotel sits atop the well-known Hong Kong & Macau Center with a total gross floor area of approximately 725,000 square feet comprises mainly of retail shops, underground car park and commercial office etc., on Jianguan Road, the famous pedestrian boulevard. With proximity to the most prosperous shopping areas, diverse dining and fabulous entertainment conveniences together with our effective leasing strategies, we recorded a high occupancy with stable leases and high-end tenants for this investment property. Furthermore, with contemporary decor, furniture and fixtures, state-of-the-art meeting and banquet facilities as well as comprehensive recreational facilities, Wuhan Cosmopolitan Hotel aims to blend simplicity with elegance and to be one of a kind in town.



#### Senior Management of Dorsett Far East Hotel

From left to right:

Mr. Stevy Mok  
Rooms Division Manager

Mr. Eric Cheng  
General Manager

Mr. Henry Tse  
Director of Sales

#### Malaysia

*Dorsett Regency Hotel, Kuala Lumpur* – This is a stylish 4-star deluxe hotel which promises “You’ll Never Miss Home!”. Located in the heart of Kuala Lumpur’s city center and at the start of the famous Bintang Walk, it features modern amenities, warm Malaysian hospitality and the comforts of contemporary living. The Hotel boasts 320 tastefully furnished deluxe rooms that include 28 suites and 3 club floors. Its simple yet contemporary elegance charms the executive business travelers who are frequently visiting Malaysia and the leisure travelers who take pleasure in the nation’s unparalleled shopping havens, health clubs, beauty and hair salons, entertainment outlets, and a huge selection of local and international specialty restaurants, cafes and bakeries. The Hotel’s 320 guestrooms and suites as well as its meeting rooms have recently undergone some soft refurbishment with installation of new carpets and LCD TVs.

*Sheraton Subang Hotel, Kuala Lumpur* – A 5-star urban business resort, this Hotel is the epitome contemporary elegance which is set against a picturesque view of lush greenery and serene lakes. It is strategically located in the heart of the commercial hub of Subang Jaya, Shah Alam and Petaling Jaya. It is merely a 35-minute drive from the Kuala Lumpur International Airport (KLIA) and an even shorter 20-minute drive from Kuala Lumpur’s city center. With 502 tastefully furnished guestrooms and suites, spacious conference facilities for up to 2,000 people and latest in technological facilities that includes hi-speed internet access and Wi-Fi, the Hotel is an ideal choice for business travelers, meeting and conference planners and holiday makers alike, living up to its tagline, “Hospitality Redefined”.

*Grand Dorsett Labuan Hotel, Labuan* – Strategically located in the revitalized business district of Labuan, Grand Dorsett Labuan Hotel is only minutes away from Labuan’s town center and airport. Positioned on the duty-free island, the Hotel has 178 well-appointed guestrooms and suites which overlook the serene harbour as well as views of the city. It also features three distinct food and beverage outlets and a 24-hour in-room dining service for guests who prefer to dine within the comforts of their own room. Convention and banquet facilities are complemented by a business centre which offers administrative services as well as internet access. A wide range of audio visual equipment is available to provide a smooth professional



**Senior Management of Central Park Hotel & Lan Kwai Fong Hotel**

From left to right:

Ms. Rebecca Kwan  
General Manager

Ms. Vanessa Chung  
Director of Sales

Ms. Freda Chan  
Accounting Manager

Ms. Agnes Cheng  
Director of Communications

edge to a host of different types of functions, banquets, meetings, and conventions. Alternatively, for some outdoor fun, guests can enjoy a cool dip in the swimming pool, relax in the whirlpool or have an excellent work out at the Hotel's fitness club that offers aerobic classes and personalized fitness programs. The Hotel, which also boasts of the tagline "Redefining Hospitality", is yet another ideal choice for business travelers, conference and meeting planners as well as holiday makers.

*Maytower Hotel & Serviced Residences, Kuala Lumpur* – Designed to provide the ultimate in convenience and comfort, the 32 story-high Maytower has 179 hotel guestrooms and 435 units of serviced residences. All guest rooms and suites are equipped with high-speed wireless broadband internet access, a wide selection of television channels, and a range of amenities. The recently refurbished

Sutera Room is a prestigious venue for holding all kinds of business functions. The Hotel has a single food and beverage outlet called La Maison which is open all day for breakfast, lunch and dinner. There is also a well-equipped gymnasium and an outdoor pool. Maytower, with its tagline "Home Away From Home", offers guests with a glimpse of Kuala Lumpur as a modern city of humble beginnings that has not lost her charming heritage. Only short walks away and accompanied by an excellent network of public transportation for quick access to other parts of the city are the 100-year old 'Little India', China Town, Central Market, KL Tower, and the Petronas Twin Towers.

*Dorsett Johor Hotel, Johor Bahru* – Strategically located for a business stay in Johor Bahru, Dorsett Johor Hotel is just 10 minutes to the North-South Highway, less than 20 minutes to Johor Bahru City Centre and with very close proximity to Sultan Ismail International Airport. The Hotel offers a collection of 252 well-appointed guestrooms, each featuring a 32-inch LCD TV with satellite television channels, private electronic safe, in-room dining service, laundry and dry-cleaning services. The Hotel has wireless high-speed internet access in all areas while convention and banquet facilities are complemented by a business centre which offers administrative services as well as internet access. A wide range of audio visual equipment is available to provide a smooth professional edge to a host of different types of functions, banquets, and meetings. The Hotel offers a myriad of local



#### Senior Management of Cosmo Kowloon Hotel

From left to right:

Ms. Phoebe Chan  
Front Office Manager

Ms. Teresa Poon  
General Manager

Ms. Maggie Wong  
Assistant Director of Sales (Corporate)

Ms. Phoebe Chu  
Marketing and Communications Manager

and international cuisine with Checkers Cafe that is open daily for breakfast, lunch and dinner; DBar, a sports bar which features a big screen of live sports telecast; and Kapitan Corner, an al-fresco dining area that is perfect for guests who love dining under the stars. With just the right facilities and personalized services, it's not a wonder that the Hotel tagline is "You'll Never Miss Home!".

#### Hotels under Development Hong Kong

*Cosmo Kowloon Hotel, Tai Kok Tsui* – a developing hotel project located one block away from our Dorsett Kowloon Hotel. It is our plan to develop a 4-star hotel with a total of 285 rooms. The construction works had been completed and opening is being scheduled before the end of 2009.

*St. Davis Hotel, Kennedy Town* – a 4-star hotel development project, with 225 rooms located at Davis Street. The superstructure works are in progress and scheduled to complete and to commence operations in early 2010.

*Cosmopolitan Kowloon Hotel, Kwun Tong* – a hotel development project, located at Hung To Road. The existing industrial building will be demolished and the site will be re-developed into a 4-star hotel with 380 rooms. The construction works (superstructure) have been commenced in June 2009 and scheduled to complete and to commence operations in late 2010.

*Boutique Hotel at Jervois Street, Sheung Wan* – Just steps away from the heart of Central, our boutique hotel will offer 55 rooms with uniquely contemporary design ranging from studio to one bedroom layouts. Gymnasium and swimming pool will be provided upon completion. The construction of superstructure works have commenced in June 2009 and scheduled to complete and to commence operations by the third quarter of 2010.



**Dorsett International Team**

Seated from left to right:

Ms. Sashi Nair-K  
Area Director of Marketing Communications of  
Malaysia, Dorsett International Sdn. Bhd.

Mr. Eddie Tang  
President, Dorsett International Sdn. Bhd.

Ms. Christina Toh  
General Manager of Dorsett Regency Hotel Kuala Lumpur

Standing from left to right:

Mr. Tengku Ahmad Faizal  
Resident Manager of Dorsett Johor Hotel, Johor Bahru

Ms. Jusnemanwaty Osman  
Area Director of Human Resources of Malaysia,  
Dorsett International Sdn. Bhd.

Mr. Sazrul Fadzil  
Executive Assistant Manager of Maytower Hotel &  
Serviced Residences, Kuala Lumpur

Mr. Siah Chin Wee  
Area Financial Controller of Malaysia,  
Dorsett International Sdn. Bhd.

Mr. Hubert Wilfred  
General Manager of Grand Dorsett Labuan,  
Wilayah Persekutuan.

*Cosmopolitan Kwai Chung Hotel, Kwai Chung* – The existing industrial building, known as Topy Tower, will be fully refurbished into a 4-star hotel with 650 rooms. It is currently under planning and statutory submission stage. Site works will commence in 2009. It will be completed with restaurants, grand ballroom, conference facilities, swimming pool and gymnasium. The Hotel is scheduled to complete and commence operations in the beginning of 2011.

*Boutique Hotel on Hill Road, West Point* – the existing residential building will be demolished and the site will be developed into a boutique hotel with 148 rooms. It is currently under planning and statutory submissions stage. Demolition works are scheduled to commence at the end of 2009.

**China**

*Chengdu Cosmopolitan Hotel* – this Hotel is located at the heart of the central business district and close to major financial and entertainment complexes in Chengdu. It is currently undergoing renovation for a 5-star contemporary deluxe class hotel with 579 rooms. The project is scheduled to complete in early 2010.

*Yue Shanghai Hotel, China* – this Hotel is situated next to Century Park, Pudong. It is undergoing renovation for apartment style hotel with 281 rooms. The project is schedule to complete in the fourth quarter of 2009.

*Zhongshan Cosmopolitan Hotel* – a 4-star hotel development project, with 416 rooms located at Zhongshan, China. It is currently under planning stage and scheduled to complete in early 2010.

*Zhuji Cosmopolitan Hotel* – a 5-star hotel development project with 300 rooms located at Zhuji City, China. It is under the planning stage and scheduled to complete and commence operations by the middle of 2010.



**Far East Consortium International Limited  
– China Team**

First row from left to right:

Ms. Yang Jia Ying  
Human Resources Manager

Ms. Yu Yuan  
Administration Executive & Purchaser

Ms. Peggy Ng  
General Manager

Ms. Li Jing  
Utility Procurement Manager

Ms. Zheng Hua  
Design Manager

Second row from left to right:

Ms. Shao Xue  
Quantity Surveyor

Mr. Liu Wei  
Assistant Financial Controller

Mr. Leong Kooi Faw  
Financial Controller

Ms. Chen Qing  
Sales & Marketing Manager

Mr. Alex Goh Hock Hun  
Assistant Financial Controller

Mr. Zhu Ye Nan  
Engineering Manager

## 2. Property Division

China remains our key market for our middle-class housing development. We have been actively looking for new development opportunities to extend the success of our California Garden in China.

Outside of China, Australia has been a key contributor and the Group has been looking for various investment opportunities in the region to increase its presence.

### China

*California Garden, Shanghai* – a residential development with a land area of approximately 14.5 million square feet with an approved built-up area of approximately 15 million square feet. Upon full completion of the development, this project will boost a total of over 10,000 units of a mixture of residential and commercial properties. Since its first phase of development in

the late 90's, a total of 4,200 units of residential and commercial units have been built with 96% sold. The company is currently developing 762 residential units and has withheld 133 units of commercial units for lease. The remaining balance of about 5,000 units is scheduled for completion over the next 4 to 5 years with an average of no less than 1,000 units a year. This project will be the major profit source of the Group till its completion in 2014.

*New Time Plaza, Guangzhou* – the Group owns 50% of the development. It comprises of an auxiliary building with a site area of about 33,000 square feet and a proposed 28-storey residential tower. The total gross floor area of the residential tower approximately 215,000 square feet. The building includes 110,000 square feet of residential area, 67,000 square feet of commercial area and 38,000 square feet of car parking space. Construction work for the residential tower is currently in progress and is expected to complete by 2011.

*Gantangyuan, Huadiwan, Guangzhou* – the Group owns 100% of this development. It comprises of 2 blocks of 32-storey residential tower with a total gross floor area of approximately 460,000 square feet, including 430,000 square feet of residential area, 20,000 square feet of commercial area and 10,000 square feet of car parking space. Currently the development is at the planning stage. The construction is expected to start in 2009 and is scheduled to complete by 2012.



**Far East Consortium International Limited  
– Australia Team**

Seated from left to right:

Mr. Craig Williams  
Executive Director

Mr. Robert Cooke  
General Manager

Ms. Yvonne Lee  
Legal Counsel

Ms. Ellen Ching  
Marketing Consultant

Standing from left to right:

Ms. Sue Lyons  
Group Accountant

Ms. Lauren Soderman  
Receptionist

Mr. Alan Tan  
Project Manager

Ms. Georgina Karagiannis  
Executive Secretary

Mr. Allan DeZilwa  
Accountant

Ms. Jean Low  
Project Manager

Ms. Alissa Lloyd  
Project Manager

*Huadijiayuen, Huadiwan, Guangzhou* – the Group owns 100% of this development. Located next to the Huadi River, the site has an area of approximately 260,000 square feet and planning to be developed into a residential estate with a total gross floor area of approximately 910,000 square feet. Affected by Government's urban planning for Bai E Tan District, the approval procedure is postponed. The construction is expected to start in 2010 and is scheduled to complete in 2012.

**Hong Kong**

*Bakerview, Hunghom* – a 32-storey residential and commercial development with a total gross floor area of approximately 55,000 square feet comprises of 104 residential units, 26 car parks and two floors of retail spaces. The Group has withheld 35% of the unsold units and the two floors of retail spaces and 26 car parks for lease.

*Art Del Sol, Sai Kung* – a proposed development of 24 houses with a total gross floor area of approximately 53,000 square feet. The construction work on Phase 1 was completed and approximately 85% of the units have been sold. Development for the Second Phase will be carried out upon obtaining approval from relevant government authorities.

*No. 684 Clear Water Bay Road, Sai Kung* – Conversion of an existing 6 houses to 4 luxurious villas with a total gross floor area of approximately 12,000 square feet built on a site with 20,000 square feet. The Project is presently at tendering stage and we target to obtain the certificate of completion from Buildings Department by the second quarter of 2010.

*Tan Kwai Tsuen, Yuen Long* – a luxurious residential development of 22 houses with a total gross floor area of approximately 52,000 square feet. The Group is in the process of applying for land exchange and building plan submission.

*Hung Shui Kiu, Yuen Long* – a 7-storey residential development project with 72 units with a total gross floor area of approximately 36,000 square feet. The Group is currently in the process of applying for land exchange. The whole project was sold in May 2008.

*Fung Lok Wai, Yuen Long* – a joint venture project with Cheung Kong and Sun Hung Kai & Co. Limited for residential estate development with a total area of approximately 8,610,000 square feet. No definite plan for this development at present. The Group currently holds 25.33% beneficial interest in this project.

*Chuen Lung, Tsuen Wan* – a proposed golf club development with a land area of approximately 145,000 square feet with total gross floor area of approximately 58,000 square feet. Phase I had been completed in January 2009. Further development will depend on obtaining approvals from relevant government authorities.

*Sai Yeung Choi Street North, Sham Shui Po* – a commercial and residential development with a total gross floor area of 40,100 square feet comprising of 72 residential units and 2 floors of commercial units. The construction is expected to start in late 2009.

### **Australia**

*Royal Domain Tower, Melbourne* – Located along St. Kilda Road, overlooking the celebrated Melbourne Botanical Gardens, this is a 42 level high rise complex comprising of 133 luxurious residential apartments with a gross floor area of approximately 700,000 square feet. Work on this prominent project commenced in 2003 and was completed in 2006. Up to the

end of the year, 98% of the 133 units of this prestigious project (which is simultaneously one of the tallest residential buildings of prestige in the city of Melbourne) have been sold. The Group has a 90% interest in this venture.

*Northbank Place, Melbourne* – this project consists of an office building with a net lettable area of approximately 110,000 square feet which has been pre-sold to an investor plus two residential towers consisting of 384 apartments which are 100% sold. Construction commenced in April 2007 and was substantially completed in March 2009. The Group has lifted its share to 95% in this project.

*Northcote* – The group has acquired, from the Macquarie Group, approximately 54,000 square feet of land in the inner suburbs of Melbourne. It is designated to build approximately 90 – 100 mid range apartments on the site. The Group has a 90% interest in this project.

*Bundoora, Melbourne* – This project is the construction of 88 two-bedroom mid-range townhouses on a strategic parcel of land abutting RMIT University in the north eastern suburbs of Melbourne. The project has been 70% presold, with strong interest in the remaining units. Construction has commenced with completion envisaged in April 2010. The Group has a 22.5% stake in the project.

*613 – 649 Lonsdale Street, Melbourne* – The Group has acquired 97,000 square feet of vacant land in the central business district of Melbourne. It is proposed to build 4 residential towers consisting of approximately 1,500 to 2,000 apartments.

### **3. Investment Properties**

The Group's existing investment properties comprise mainly of retail shops, car parks, commercial office properties and residential properties. Turnover of the Group's property rental for the year was HK\$85 million, an increase of 27% when compared to last year.

To improve management and operation efficiencies, the Group will continue to streamline our existing portfolio by disposing smaller investment properties and diverting the resource to focus on larger assets. The current portfolio will contribute to a steady stream of recurrent income.

## FINANCIAL REVIEW

For the twelve months under review, revenue amounted to HK\$1,733 million, a decrease of 20% over HK\$2,160 million for previous year. Meanwhile, gross profit for the year of HK\$728 million also represented a decrease of 32% from previous year's HK\$1,071 million. Net profit for the year was reported at HK\$105 million, whereas net profit in financial year of 2008 was HK\$443 million.

The results of the Group for the 2009 financial year were affected by a reduction in property sales from California Garden in Shanghai and the lack of substantial property sales in Hong Kong. The total property sales reduced from HK\$1,334 million in the previous year to this year's HK\$944 million. As a result, the gross profit contribution from the property development division was recorded at HK\$247 million as compared to HK\$537 million in the year before.

Furthermore, in view of the volatility of the financial markets and consistent with our objective to reduce earnings volatility arising from treasury activities, we downsized our treasury investment portfolio. As a result, interest income from financial instruments amounted to HK\$38 million for the

year, as compared to HK\$136 million last year. We also took a loss of HK\$77 million while we liquidated part of our investment portfolio during the year.

Despite the financial crisis, our hotel operation reported 6% and 13% increases to HK\$648 million and HK\$387 million in revenue and gross profit, respectively. While the performance of our hotels in Hong Kong remained relatively stable, the increase was primarily coming from the addition of two new Malaysian hotels, namely Maytower Hotel and Dorsett Johor Hotel, in October 2008.

In order to improve our capital structure and increase our funding source, we raised a syndication loan of HK\$1.9 billion in September 2008 with the seven operating hotels in Hong Kong as the collateral. This is a 5-year term loan with bullet payment of principle at maturity. The interest rate was HIBOR plus 150 basis points. Primarily because of this syndication loan, our finance cost increased 16% to HK\$126 million for the year. The Group is well-positioned with sufficient cash reserves to expand its hotel portfolio as well as to capture good acquisition opportunities.

## OUTLOOK

### 1. Hotel Division

We expect it will be a challenging year ahead of us in Hong Kong. Despite the financial tsunami, visitor arrivals to Hong Kong increased by 4.7% for 2008 as compared to 2007. However, with the outbreak of H1N1 flu virus and the quarantine policy implemented in some countries, visitor arrivals posted a significant drop of 13.4% in May 2009. Not until travelers concern over the H1N1 flu pandemic fades away, we do not expect a strong rebound of visitor arrivals in Hong Kong in the near future.

To counter the impact of weakened tourist arrivals, our hotels in Hong Kong have implemented a number of promotional initiatives using the online media as well as travel agents. In addition, our sales teams are diversifying our client base to those countries which were not our focus before, such as India. Thirdly, given our hotels are located at convenient locations in the city, we are making special offers to long-stay guests to secure certain level of occupancy.

Our hotel operations in Malaysia are less affected overall by the H1N1 flu virus. Upon the completion of refurbishment and upgrading of hotel facilities, our hotels in Malaysia will be able to further improve their performance.

We expect our Cosmo Kowloon Hotel in Hong Kong and Yue Shanghai Hotel in Pudong will be in operation by the end of the year. This will add to the profit contribution from our hotel portfolio in the short term future.

## **2. Property Development Division**

With a series of economic stimulus packages launched in China, the Chinese economy is expected to maintain a steady growth, the sentiment of the property buyers and investors has turned positive. We are optimistic that buyers will be supportive of our launch of property sale at California Garden, Shanghai. Furthermore, the opening of 2010 World Expo in Shanghai should also stimulate the local property sales.

In the coming year, we also expect there will be further profit contribution coming from the sale of Northbank project, Australia, which is expected to be completed before the year-end.

We are determined to strengthen our property development business by increasing our pipeline for development. We are actively looking for new opportunities and will continue to focus on projects in mainland China where demand for housing is huge and Australia where we have a proven track record.

## **3. Investment Properties**

The Group owns a portfolio of investment properties located in Hong Kong, Singapore and mainland China. We will continue to consolidate our investment property portfolio by disposing smaller units. Despite some rental pressure, value of properties in the region has generally moved upwards post our financial year end. We will continue to monitor the market closely to rebalance our portfolio.

## **4. Car Park Division**

On 7th May 2009, the Group announced its entry into the car park business with the acquisition of Care Park Group and Best Impact Group.

Through the acquisitions, the Group will become one of the largest independent car park operators in the Asia Pacific region with 200 car parks comprising over 42,600 parking bays under its management among which 18 car parks comprising 5,200 parking bays will be owned. We are actively looking for opportunities to further grow the business.

The acquisitions are expected to complete shortly and the new business division will generate good recurrent cashflow to the Group.

# Directors' Report

The Directors present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2009.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are engaged in property development and investment, hotel operations, and treasury management. These divisions are the basis on which the Group reports its primary segment information. Other operations include sale of boiler products and other interest income.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Details of the Company's principal subsidiaries, associates and jointly controlled entities at 31st March, 2009 are set out in notes 51, 52 and 20 to the consolidated financial statements, respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 45.

An interim dividend of HK1 cent per share amounting to HK\$16,213,000 was paid to the shareholders during the year. The Directors recommend a final dividend for the year of HK2 cents per share to shareholders whose names appear on the Company's Register of Members on 31st August, 2009. The proposed final dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) shareholders' approval of the proposed final dividend at the annual general meeting to be held on 31st August, 2009; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 31st August, 2009. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or about 7th September, 2009. Dividends warrants or new shares certificates will be posted on or about 5th October, 2009.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 16.

## INVESTMENT PROPERTIES

During the year, the Group transferred completed properties for sales to investment properties at their fair value of HK\$329,338,000 at the time of transfer.

The Group revalued all of its investment properties at 31st March, 2009. The decrease in fair value of investment properties, which has been debited directly to consolidated income statement, amounted to HK\$232,753,000.

Details of these and other movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$186,190,000 on freehold land and HK\$413,780,000 on hotel properties and hotel properties under development.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17 and acquisition of a subsidiary/business in note 40 to the consolidated financial statements.

## MAJOR PROPERTIES

Details of the major properties of the Group at 31st March, 2009 are set out on pages 124 to 135 of the annual report.

## SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

During the year, the Company via its subsidiary, Singford Holdings Limited, purchased a total of 12,397,000 shares on the Stock Exchange and details of which are as follows:

Month of Repurchase	No. of ordinary share of HK\$0.1 each HK\$	Price per share		Aggregate consideration paid HK\$
		Highest	Lowest	
		HK\$	HK\$	
April 2008	1,825,000	3.00	2.72	5,178,000
May 2008	904,000	2.80	2.62	2,468,000
June 2008	600,000	2.58	2.55	1,536,000
July 2008	4,320,000	2.00	1.82	8,460,000
August 2008	3,748,000	1.90	1.70	6,906,000
September 2008	1,000,000	1.51	1.43	1,482,000

The above shares were cancelled upon purchase and, accordingly the issued share capital of the Company was reduced by the nominal value of these shares and the premium paid on repurchase was charged to share premium.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities other than the above disclosed.



## **DISTRIBUTABLE RESERVES OF THE COMPANY**

In the opinion of the Directors, the reserves of the Company which are available for distribution to shareholders at 31st March, 2009, amounted to approximately HK\$381,874,000 (2008: HK\$519,329,000), representing the net of the distributable reserve of HK\$403,122,000 (2008: HK\$580,512,000) and accumulated losses of HK\$21,248,000 (2008: HK\$61,183,000).

## **DIRECTORS**

The Directors of the Company during the year and up to the date of this report were:

### **Executive Directors**

Mr. Deacon Te Ken Chiu, J.P., Chairman  
Tan Sri Dato' David Chiu, Deputy Chairman and Chief Executive Officer  
Mr. Dennis Chiu  
Mr. Craig Grenfell Williams

### **Non-executive Directors**

Madam Ching Lan Ju Chiu, J.P.  
Mr. Daniel Tat Jung Chiu

### **Independent Non-executive Directors**

Mr. Jian Yin Jiang  
Mr. Kwok Wai Chan  
Mr. Peter Man Kong Wong, J.P.

In accordance with the provisions of the Company's Articles of Association, Mr. Daniel Tat Jung Chiu and Mr. Kwok Wai Chan shall retire by rotation and, being eligible, offer themselves for re-election.

Under the second part of code provision A.4.2 of the code and provisions in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), every director, including those appointed for a specific term should be subject to retirement by rotation at least once every three years. The Chairman of the Company, however, is not subject to retirement by rotation. In accordance with the second part of Article 115(B) of the Articles of Association of the Company, a director appointed as an executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of directors. In view of upholding good corporate governance practices, the executive Chairman voluntarily retires from his offices and offers himself for re-election at the forthcoming annual general meeting of the Company notwithstanding that he is not required to do so pursuant to the Company's Article 115(B).

The term of office for each of the Non-executive Directors is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN SHARES

At 31st March, 2009, the interests and short positions of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows :

### (a) Directors' interest in shares and underlying shares of the Company:

Name of Director	Nature of Interests	Number of Ordinary Shares Held			Beneficial Interests in Underlying Shares	Total	Percentage of Issued Share Capital of the Company
		Personal Interests	Family Interests	Corporate Interests			
Deacon Te Ken Chiu	Long Position	11,912,255	1,485,810	129,098,058 <sup>(i)</sup>	–	142,496,123	8.79%
David Chiu	Long Position	820,002	557,000	367,525,574 <sup>(ii)</sup>	–	368,902,576	22.74%
Dennis Chiu	Long Position	8,633	–	5,180,378 <sup>(iii)</sup>	–	5,189,011	0.32%
Ching Lan Ju Chiu	Long Position	1,485,810	141,010,313	–	–	142,496,123	8.79%
Daniel Tat Jung Chiu	Long Position	44,561	–	3,877,218 <sup>(iv)</sup>	–	3,921,779	0.24%

Notes:

- (i) These Shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.
- (ii) These Shares are held by Sumptuous Assets Limited and Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David Chiu.
- (iii) These Shares are held by Chiu Capital N.V., a company controlled by Mr. Dennis Chiu and First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.
- (iv) These Shares are held by First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu and are entirely duplicated and included in the corporate interest of Mr. Dennis Chiu.

**(b) Director's interest in shares and underlying shares of associated corporation:**

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Name of associated corporation</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued share capital of the associate corporation</b>
Deacon Te Ken Chiu	Long Position	Kanic Property Management Limited	2	50%
David Chiu	Long Position	Oi Tak Enterprises Limited	250,000	25%

Save as disclosed above, none of the Directors had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code at 31st March, 2009.

**SHARE OPTION SCHEME**

The Company's share option scheme was adopted pursuant to a resolution passed on 28th August, 2002 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

<b>Category of grantee</b>	<b>Date of grant</b>	<b>Exercise price</b> HK\$	<b>Number of options</b>			<b>Outstanding at 31.03.2009</b>	<b>Exercise period</b>
			<b>Outstanding at 1.4.2008</b>	<b>Exercised during the year</b>	<b>Lapsed during the period</b>		
<b>Senior Management</b>							
Denny Chi Hing Chan	21.10.2004	2.075	500,000	-	-	500,000	01.01.2007 – 31.12.2010
			1,800,000	-	-	1,800,000	01.01.2008 – 31.12.2010
			2,000,000	-	-	2,000,000	01.01.2009 – 31.12.2010
			4,300,000	-	-	4,300,000	
Bill Kwai Pui Mok	21.10.2004	2.075	1,200,000	-	-	1,200,000	01.01.2007 – 31.12.2010
			1,800,000	-	-	1,800,000	01.01.2008 – 31.12.2010
			2,000,000	-	-	2,000,000	01.01.2009 – 31.12.2010
			5,000,000	-	-	5,000,000	

## Directors' Report

Category of grantee	Date of grant	Exercise price HK\$	Number of options				Exercise period
			Outstanding at 1.4.2008	Exercised during the year	Lapsed during the period	Outstanding at 31.03.2009	
Other employees in aggregate	21.10.2004	2.075	250,000	-	-	250,000	01.01.2004 – 31.12.2010
			425,000	-	-	425,000	01.01.2006 – 31.12.2010
			1,075,000	-	-	1,075,000	01.01.2007 – 31.12.2010
			2,275,000	-	-	2,275,000	01.01.2008 – 31.12.2010
			3,675,000	-	400,000	3,275,000	01.01.2009 – 31.12.2010
			7,700,000	-	400,000	7,300,000	
Other employees in aggregate	25.08.2006	3.29	125,000	-	-	125,000	01.01.2008 – 31.12.2010
			675,000	-	-	675,000	01.01.2009 – 31.12.2010
			750,000	-	-	750,000	01.01.2010 – 31.12.2010
			1,550,000	-	-	1,550,000	
Total			18,550,000	-	400,000	18,150,000	

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2009, the register of interests in shares or short positions required to be kept under Section 336 of the SFO showed that, other than the interests of directors as set out above, the following shareholders were interested in 5% or more of the issued share capital of the Company:

	Capacity	Nature of interests	No. of ordinary shares held	% of issued share capital
Zwaanstra John	Interests in controlled corporation	Long	469,074,397	28.92%
Penta Investment Advisers Ltd.	Investment manager	Long	469,074,397	28.92%
Mercurius GP LLC	Founder of a discretionary trust	Long	178,265,591	10.99%
Penta Asia Fund, Ltd.	Interests in controlled corporation	Long	178,265,591	10.99%
Zwaanstra Todd	Trustee	Long	178,265,591	10.99%
UBS AG	Beneficial owner	Long	4,373,359	0.27%
		Short	40,614	0.003%
	Person having a security interest	Long	141,204,769	8.71%
	Interests in controlled corporation	Long	186,436	0.011%
		Short	186,436	0.011%

Note: "Long" refers to the long position in the shares of the Company held by such person/entity, while "Short" refers to short position in the shares of the Company held by such person/entity.

Save as disclosed herein, the Company has not been notified of any other person (other than Directors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31st March, 2009.

## DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$5,700,000.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases.

The aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover.

## **CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON- EXECUTIVE DIRECTORS**

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company considers all of the Independent Non-executive Directors are independent.

## **EMOLUMENT POLICY**

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible participants, details of the scheme is set out in note 37 to the consolidated financial statements.

## **CORPORATE GOVERNANCE**

A report on the principal corporate governance practices adopted by the Company is set out on pages 38 to 42 of the annual report.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31st March, 2009.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **AUDITOR**

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**Tan Sri Dato' David Chiu**

Deputy Chairman and Chief Executive Officer

16th July, 2009

# Corporate Governance Report

The Company is committed to meeting statutory and regulatory standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Board and the Senior Management of the Company shall ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Group.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the code provisions under the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") throughout the year ended 31st March, 2009, except for the deviations from the code provisions A.4.1 and A.4.2 of the Code described below.

Under code provision A.4.1 of the Code, Non-executive Directors should be appointed for a specific term and subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term of office. However, the Non-executive Directors of the Company are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

Under the second part of code provision A.4.2 of the Code, every Director, including those appointed for a specific term should be subject to retirement by rotation at least once every three years. The Chairman of the Company, however, is not subject to retirement by rotation. In accordance with the second part of Article 115(B) of the Articles of Association of the Company, a Director appointed as an Executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, the Executive Chairman voluntarily retires from his office and offers himself for re-election at the forthcoming annual general meeting of the Company notwithstanding that he is not required to do so by the Company's Article 115(B). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## THE BOARD OF DIRECTORS

### Board Responsibilities

The Board is responsible for the management of the business and affairs of the Group with the objective of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in the annual and interim reports, and of other price-sensitive announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirements.

The Management is responsible for the day-to-day operations of the Group under the leadership of the Deputy Chairman and Chief Executive Officer. The Deputy Chairman and Chief Executive Officer, with other Executive Directors and the management team of each business division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group.

### **Board Composition**

The Board comprises nine Directors, whose profiles are set out in the section "Profile of Directors and Senior Management" on pages 9 to 15 of this Annual Report. Four of the Directors are Executive, two are Non-executive and three are Independent Non-executive. Please refer to the Report of Directors on page 30 for the composition of the Board.

Pursuant to the requirement of the Listing Rules, the Company has received written confirmation from all three Independent Non-executive Directors of their independence from the Company and considers them to be independent.

Collectively the Board has a diverse wealth of expertise and experience in the areas of business management, accounting, finance and corporate governance. One of the Independent Non-executive Directors possesses recognized professional qualification in accounting and corporate governance practices. This diversity of experiences and backgrounds enables the Board to enhance good corporate governance and to bring in valuable contributions and advices for the development of the Group's business.

### **ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of Chairman and Deputy Chairman and Chief Executive Officer are held separately by Mr. Deacon Te Ken Chiu and Tan Sri Dato' David Chiu respectively. Their roles and responsibilities are separate and are set out in writing.

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board. He is also responsible for taking the lead of effective running of the Board.

The Deputy Chairman and Chief Executive Officer is delegated with the authorities to manage the Group's business in all aspects effectively, formulating and setting major strategies, making day-to-day decisions and coordinating overall business operations.

### **REGULAR BOARD MEETINGS**

The Board meets five times during the year and has a formal schedule of matters referred to it for consideration and decision. Additional meetings may be convened as and when necessary. Notice of at least fourteen days is served for regular Board meetings and reasonable notice is given for all other Board meetings. Directors are consulted and provided with opportunities to include matters into the agenda for discussion at the Board meetings. The Company Secretary assists the Chairman in preparing the agenda for each regular Board meeting and ensuring that applicable rules and regulations regarding the meetings are observed.



The Board met on five occasions during the year ended 31st March, 2009. The attendance of individual Directors at the Board meetings is set out in the table below.

	<b>Number of meetings attended</b>	<b>Attendance rate</b>
<b>Executive Directors</b>		
Deacon Te Ken Chiu, Chairman	1/5	20%
David Chiu, Deputy Chairman and Chief Executive Officer	5/5	100%
Dennis Chiu	0/5	0%
Craig Grenfell Williams	0/5	0%
<b>Non-executive Directors</b>		
Ching Lan Ju Chiu	0/5	0%
Daniel Tat Jung Chiu	0/5	0%
<b>Independent Non-executive Directors</b>		
Jian Yin Jiang	0/5	0%
Kwok Wai Chan	5/5	100%
Peter Man Kong Wong	2/5	40%

## **BOARD COMMITTEES**

The Board has established an Audit Committee and a Remuneration Committee with written terms of reference which are of no less exacting terms than those set out in the Code. Each Committee has its own defined scope of duties and terms of reference. The Company Secretary shall make available the terms of reference of the Committees to any shareholder upon receipt of a request in writing from the shareholder. The members of each Committee are empowered to make decisions on matters within the terms of reference of such Committee.

### Audit Committee

The Audit Committee currently comprises three members, all of whom are Independent Non-executive Directors, namely Mr. Kwok Wai Chan, Mr. Jian Yin Jiang and Mr. Peter Man Kong Wong.

The principal duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the terms of reference of the Audit Committee. Two meetings were held during the year ended 31st March, 2009, and the attendance record is set out as follows:

	Number of meetings attended	Attendance rate
<b>Executive Director</b>		
David Chiu	2/2	100%
<b>Independent Non-executive Directors</b>		
Kwok Wai Chan, Chairman	2/2	100%
Jian Yin Jiang	0/2	0%
Peter Man Kong Wong	2/2	100%

During the year, the works performed by the Audit Committee were mainly set out below:

- reviewed the annual results for the year ended 31st March, 2008 and interim results for the period ended 30th September, 2008 of the Group
- discussed with the Management of the Company over the fairness and adequacy of the accounting standards and policies of the Group in the preparation of the interim and annual financial statements
- reviewed and discussed with external auditors over the financial reporting of the Company
- reviewed the internal control procedures

### Remuneration Committee

A Remuneration Committee has been established by the Company in accordance with the requirements of the Code. The Remuneration Committee currently comprises one Executive Director, namely Tan Sri Dato' David Chiu, who is the Chairman of the Remuneration Committee, and two Independent Non-executive Directors, namely Mr. Kwok Wai Chan and Mr. Peter Man Kong Wong.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the Senior Management. In accordance with the Code, no Director or any of his/her associates may be involved in determining his/her own remuneration.

During the year ended 31st March, 2009, no meeting was held by the Remuneration Committee.

## DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31st March, 2009.

Deloitte Touche Tohmatsu, the auditors of the Company, acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31st March, 2009.

## AUDITORS' REMUNERATION

The remuneration paid to the external auditors in respect of audit services for the year ended 31st March, 2009 amounted to HK\$5,250,000.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standards as set out in the Model Code during the year.

## INTERNAL CONTROLS

The Board has overall responsibility for the Group's internal control systems and through the Audit Committee, conducts reviews on the effectiveness of these systems at least bi-annually, covering all material controls, financial, operational and compliance controls and risk management functions. The process used in reviewing the effectiveness of these internal control systems includes discussion with the Management on risk areas identified by the Management. The purpose of the Company's internal control is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems so that the Company's objectives can be achieved.

## COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to maintain a high level of transparency in communicating with shareholders. Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and corporate website (<http://www.fecil.com.hk>). Shareholders of the Company are encouraged to attend the annual general meeting of the Company which offers a valuable forum for dialogue and interaction with the Management.

# Independent Auditor's Report

## Deloitte.

## 德勤

**TO THE MEMBERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED**

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 123, which comprise the consolidated balance sheet as at 31st March, 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditor's Report**

**OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2009 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

16th July, 2009

# Consolidated Income Statement

For the year ended 31st March, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Revenue	8	<b>1,732,841</b>	2,159,514
Depreciation and amortisation		<b>(67,659)</b>	(60,827)
Other cost of sales		<b>(937,497)</b>	(1,028,142)
Gross profit		<b>727,685</b>	1,070,545
Other income		<b>26,539</b>	42,593
Administrative expenses		<b>(275,723)</b>	(258,197)
Fair value increase on properties held for sale upon transfer to investment properties		<b>230,038</b>	–
(Decrease) increase in fair value of investment properties		<b>(232,753)</b>	205,562
Discount on acquisition of subsidiaries		–	66,140
Other gains and losses	9	<b>(135,915)</b>	(373,034)
Share of results of associates		<b>(133)</b>	15,675
Share of results of jointly controlled entities		<b>7,956</b>	(2,904)
Finance costs	10	<b>(125,747)</b>	(107,984)
Profit before taxation		<b>221,947</b>	658,396
Income tax expense	11	<b>(116,847)</b>	(215,016)
Profit for the year	12	<b>105,100</b>	443,380
Attributable to:			
Equity holders of the Company		<b>85,540</b>	432,905
Minority interests		<b>19,560</b>	10,475
		<b>105,100</b>	443,380
Dividends	13	<b>177,389</b>	206,789
Earnings per share	14	<b>HK cents</b>	HK cents
Basic		<b>5.3</b>	27.8
Diluted		<b>2.3</b>	26.4

# Consolidated Balance Sheet

At 31st March, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Investment properties	16	1,943,061	1,936,939
Property, plant and equipment	17	3,141,956	2,598,266
Prepaid lease payments	18	1,493,376	1,115,311
Interests in associates	19	163,276	170,675
Interests in jointly controlled entities	20	84,664	70,942
Available-for-sale investments	21	83,282	93,802
Financial assets designated at fair value through profit or loss	22	6,903	264,384
Deposit for acquisition of properties		73,450	97,249
Amounts due from associates	23	90,318	82,221
Amount due from an investee company	47	119,995	119,995
Amount due from a minority shareholder	47	451	563
Loans receivable	24	1,885	2,110
Pledged deposits	30	11,768	–
		<b>7,214,385</b>	<b>6,552,457</b>
<b>Current assets</b>			
Completed properties for sale		488,890	759,407
Properties for/under development for sale	25	1,705,278	1,201,666
Other inventories		4,431	1,805
Prepaid lease payments	18	26,969	20,141
Loans receivable	24	23,802	1,154
Debtors, deposits and prepayments	26	124,873	167,687
Amount due from a jointly controlled entity	47	15,234	13,135
Amounts due from associates	23	4,718	407
Amount due from a related company	27	2,550	4,773
Tax recoverable		13,454	1,889
Available-for-sale investments	21	163,751	72,101
Financial assets designated at fair value through profit or loss	22	16,754	166,103
Investments held for trading	28	11,597	71,277
Derivative financial instruments	29	8,255	–
Pledged deposits	30	75,658	143,635
Bank balances and cash	30	626,678	408,324
		<b>3,312,892</b>	<b>3,033,504</b>

## Consolidated Balance Sheet

	NOTES	2009 HK\$'000	2008 HK\$'000
<b>Current liabilities</b>			
Creditors and accruals	31	379,626	279,855
Obligations under finance leases	32	1,015	1,247
Amounts due to directors	47	933	3,352
Amounts due to related companies	47	41,910	43,548
Amounts due to associates	47	15,894	13,760
Amounts due to minority shareholders	47	28,367	29,665
Customers' deposits received		81,505	349,050
Derivative financial instruments	29	–	141,038
Financial liabilities designated at fair value through profit or loss	33	121,845	430,123
Tax payable		192,619	256,747
Secured bank and other borrowings	34	1,009,219	1,018,476
		<b>1,872,933</b>	2,566,861
<b>Net current assets</b>			
		<b>1,439,959</b>	466,643
<b>Total assets less current liabilities</b>			
		<b>8,654,344</b>	7,019,100
<b>Capital and reserves</b>			
Share capital	35	162,200	161,941
Share premium		2,041,906	2,042,873
Reserves		2,539,438	2,707,863
Equity attributable to equity holders of the Company		<b>4,743,544</b>	4,912,677
Minority interests		<b>30,456</b>	39,467
<b>Total equity</b>			
		<b>4,774,000</b>	4,952,144
<b>Non-current liabilities</b>			
Convertible bond	36	228,995	–
Amount due to a minority shareholder	47	5,175	22,277
Amount due to a jointly controlled entity	47	12,552	12,552
Deferred taxation	38	251,771	221,395
Obligations under finance leases	32	1,236	574
Secured bank and other borrowings	34	3,380,615	1,810,158
		<b>3,880,344</b>	2,066,956
		<b>8,654,344</b>	7,019,100

The consolidated financial statements on pages 45 to 123 were approved and authorised for issue by the Board of Directors on 16th July, 2009 and are signed on its behalf by:

**Deacon Te Ken Chiu**  
DIRECTOR

**David Chiu**  
DIRECTOR



# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2009

	Attributable to equity holders of the Company											Minority interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Exchange reserve	Investment revaluation reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2007	146,761	1,509,561	253	7,228	(40,159)	(225)	1,464	-	1,038,709	1,358,356	4,021,948	26,148	4,048,096
Revaluation decrease	-	-	-	-	-	(45,350)	-	-	-	-	(45,350)	-	(45,350)
Exchange difference on translation of foreign operations	-	-	-	-	154,949	-	-	-	-	-	154,949	2,844	157,793
Net income (expense) recognised directly in equity	-	-	-	-	154,949	(45,350)	-	-	-	-	109,599	2,844	112,443
Transfer to profit or loss on disposal on available-for-sale investments	-	-	-	-	-	5,660	-	-	-	-	5,660	-	5,660
Profit for the year	-	-	-	-	-	-	-	-	-	432,905	432,905	10,475	443,380
Total recognised income and expense for the year	-	-	-	-	154,949	(39,690)	-	-	-	432,905	548,164	13,319	561,483
Shares issued in lieu of cash dividend	3,157	108,740	-	-	-	-	-	-	-	-	111,897	-	111,897
Shares issued upon exercise of share options	895	19,438	-	-	-	-	-	-	-	-	20,333	-	20,333
Shares issued upon conversion of convertible bonds	11,728	422,302	-	-	-	-	-	-	-	-	434,030	-	434,030
Shares issue expenses	-	(64)	-	-	-	-	-	-	-	-	(64)	-	(64)
Repurchase of own shares	(600)	(17,104)	-	-	-	-	-	-	-	-	(17,704)	-	(17,704)
Recognition of the equity-settled share based payments	-	-	-	-	-	-	862	-	-	-	862	-	862
Dividends declared and paid	-	-	-	-	-	-	-	-	-	(206,789)	(206,789)	-	(206,789)
At 31st March, 2008	161,941	2,042,873	253	7,228	114,790	(39,915)	2,326	-	1,038,709	1,584,472	4,912,677	39,467	4,952,144
Revaluation decrease	-	-	-	-	-	(105,883)	-	-	-	-	(105,883)	-	(105,883)
Exchange difference on translation of foreign operations	-	-	-	-	(175,438)	-	-	-	-	-	(175,438)	(7,439)	(182,877)
Net expense recognised directly in equity	-	-	-	-	(175,438)	(105,883)	-	-	-	-	(281,321)	(7,439)	(288,760)
Transfer to profit or loss on disposal on available-for-sale investments	-	-	-	-	-	77,317	-	-	-	-	77,317	-	77,317
Impairment loss on available-for-sale investments recognised in profit or loss	-	-	-	-	-	31,921	-	-	-	-	31,921	-	31,921
Profit for the year	-	-	-	-	-	-	-	-	-	85,540	85,540	19,560	105,100
Total recognised expense and income for the year	-	-	-	-	(175,438)	3,355	-	-	-	85,540	(86,543)	12,121	(74,422)
Shares issued in lieu of cash dividend	1,499	23,823	-	-	-	-	-	-	-	-	25,322	-	25,322
Issue of convertible bond	-	-	-	-	-	-	-	113,831	-	-	113,831	-	113,831
Deferred tax on equity component of convertible bond (note 36)	-	-	-	-	-	-	-	(18,782)	-	-	(18,782)	-	(18,782)
Repurchase of own shares	(1,240)	(24,790)	-	-	-	-	-	-	-	-	(26,030)	-	(26,030)
Recognition of the equity-settled share based payments	-	-	-	-	-	-	458	-	-	-	458	-	458
Dividends paid to minority interest	-	-	-	-	-	-	-	-	-	-	-	(21,132)	(21,132)
Dividends declared and paid	-	-	-	-	-	-	-	-	-	(177,389)	(177,389)	-	(177,389)
At 31st March, 2009	162,200	2,041,906	253	7,228	(60,648)	(36,560)	2,784	95,049	1,038,709	1,492,623	4,743,544	30,456	4,774,000

Other reserve represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company pursuant to the group reorganization in 1991.

# Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	2009 HK\$'000	2008 HK\$'000
<b>Operating activities</b>		
Profit before taxation	221,947	658,396
Adjustments for:		
Share of results of jointly controlled entities	(7,956)	2,904
Share of results of associates	133	(15,675)
Depreciation and amortisation	75,714	70,984
Dividend from listed investments	(4,761)	(4,061)
Interest income	(13,970)	(7,093)
Interest expenses	125,747	107,984
Allowance for bad and doubtful debts	2,220	3,460
Allowance for loans receivable	–	3,900
Fair value increase on properties held for sale upon transfer to investment properties	(230,038)	–
Decrease (increase) in fair value of investment properties	232,753	(205,562)
Loss on disposal of available-for-sale investments	77,317	5,660
Impairment loss of available-for-sale recognised to profit and loss	31,921	–
(Decrease) increase in fair value of financial liabilities designated at fair value through profit or loss	(55,901)	25,817
Discount on acquisitions of subsidiaries	–	(66,140)
Recognition of share-based payments	458	862
Loss (gain) on disposal of property, plant and equipment	103	(31)
Operating cash flows before movements in working capital	455,687	581,405
Decrease in completed properties for sale	671,051	720,866
Increase in properties under development for sale	(1,021,482)	(373,587)
Increase in other inventories	(2,268)	(91)
Decrease in loans receivable	185	1,338
Decrease (increase) in debtors, deposits and prepayments	46,631	(11,614)
Increase in amount due from jointly controlled entities	(2,099)	(865)
Decrease (increase) in investments held for trading	59,680	(20,513)
Decrease in financial assets designated at fair value through profit or loss	406,830	423,526
(Increase) decrease in derivative financial instruments	(149,293)	141,524
Increase (decrease) in creditors and accruals	90,812	(125,882)
(Decrease) increase in customers' deposits received	(273,291)	177,265
Increase in amounts due to associates	2,134	1,875
Cash from operations	284,577	1,515,247
Hong Kong Profits Tax paid	(46,938)	(50,469)
Tax paid for other jurisdictions	(134,008)	(27,940)
<b>Net cash from operating activities</b>	<b>103,631</b>	<b>1,436,838</b>

## Consolidated Cash Flow Statement

	NOTE	2009 HK\$'000	2008 HK\$'000
<b>Investing activities</b>			
Purchase of property, plant and equipment		(287,758)	(446,338)
Addition to investment properties		(76,267)	(309,709)
Acquisition of subsidiaries, net of bank balances and cash acquired	40	4,169	(70,099)
Contribution to a jointly controlled entity		(5,766)	–
Proceeds from disposal of property, plant and equipment		967	470
Proceeds from disposal of investments properties		88,000	–
Purchase of available-for-sale investments		(460,252)	(1,430,013)
Proceeds from disposal of available-for-sale investments		273,239	1,635,664
Increase in prepaid lease payments		(407,691)	(425,770)
Deposit paid on acquisition of a property		–	(97,249)
Decrease in pledged deposits		57,408	113,077
Advance to associates		(12,408)	(1,755)
Repayment from (advance to) related companies		2,267	(4,773)
Advance to a minority shareholder		(18,288)	(19,900)
Increase in loans receivable		(22,608)	–
Dividend received from associates		7,266	10,094
Dividend received from listed investments		4,761	4,061
Bank interest received		13,970	7,093
<b>Net cash used in investing activities</b>		<b>(838,991)</b>	<b>(1,035,147)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		–	20,269
Repurchase of own shares		(26,030)	(17,704)
Repurchase of convertible bond		(252,377)	–
New bank and other borrowings raised		3,266,529	972,645
Repayments of bank and other borrowings		(1,635,602)	(873,208)
Repayments of obligations under finance leases		(2,118)	(563)
Repayment to a director		(2,419)	(3,718)
Repayment to a related company		(2,763)	(119,319)
Dividends paid		(152,067)	(94,891)
Dividend paid to minority interests		(21,132)	–
Interest paid		(200,460)	(142,214)
<b>Net cash from (used in) financing activities</b>		<b>971,561</b>	<b>(258,703)</b>
<b>Net increase in cash and cash equivalents</b>		<b>236,201</b>	<b>142,988</b>
<b>Cash and cash equivalents brought forward</b>		<b>408,324</b>	<b>257,442</b>
Effect of foreign exchange rate changes		(17,847)	7,894
<b>Cash and cash equivalents carried forward</b>		<b>626,678</b>	<b>408,324</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		626,678	408,324

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Group are property development and investment, hotel operations, and treasury management.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>3</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>3</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>4</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>3</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>4</sup>
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>3</sup>
HKFRS 8	Operating Segments <sup>3</sup>
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>3</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>7</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>4</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>8</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>5</sup> Effective for annual periods ending on or after 30th June, 2009

<sup>6</sup> Effective for annual periods beginning on or after 1st July, 2008

<sup>7</sup> Effective for annual periods beginning on or after 1st October, 2008

<sup>8</sup> Effective for transfers on or after 1st July, 2009

The adoption of HKAS 1 results in changes in the presentation of primary financial statements and HKFRS 8 results in a change in the basis of reporting of segment information. The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group’s accounting treatment for changes in the Group’s ownership interest in a subsidiary.

The directors of the Company anticipated that the application of the other new or revised standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

#### **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 benefit 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 or up to the effective date of disposal, as appropriate.

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

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

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

#### **Business combinations**

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

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

#### **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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition *(Continued)*

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of properties is recognised upon the delivery of the completed properties. Deposits from presale of properties is recognised as customers' deposits received and is recognised as revenue when the criteria for revenue recognition are met.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from hotel operations is recognised when the relevant services are provided.

Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.

Building management fee income is recognised when the relevant services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at effective the 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.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

#### Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 consolidated income statement in the year in which the item is derecognised.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Investment properties** *(Continued)*

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Transfer from inventories to investment property will be made when there is a change of intention to hold the property for rentals and/or for capital appreciation, which is evidenced by the commencement of an operating lease. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

#### **Property, plant and equipment**

Property, plant and equipment other than buildings and hotel under development are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is provided to write off the cost of items of property, plant and equipment other than buildings and hotel under development over their estimated useful lives and after taking into account of their estimated residual value.

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

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

When an item of property, plant and equipment is transferred to investment property carried at fair value, if the carrying amount is decreased as a result of a revaluation at the date of transfer, any resulting decrease in the carrying amount of the property is recognised in profit or loss. If the carrying amount is increased, to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised. Any remaining part of the increase is credited directly to equity (assets revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to accumulated profits. The transfer from revaluation surplus to accumulated profits is not made through profit or loss.

#### **Buildings under development for own use**

Buildings under development held for hotel operation or for administrative purpose are stated at cost less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period.

No depreciation is provided on the cost of the buildings which are under development held for own use. Depreciation on the building commences when they are available for use.

When the building on the leasehold land is in the course of development for hotel operation or for administrative purposes, the leasehold land component is amortised on a straight-line basis over the lease term. The amortisation charge for the leasehold land is included as part of the costs of the buildings under construction during the construction period.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Owner-occupied leasehold interest in land**

When the leasehold land is in the course of development for hotel operation or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term.

#### **Interests in associates**

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

#### **Joint ventures**

##### **Interests in jointly controlled entities**

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Joint ventures** *(Continued)*

##### **Jointly controlled assets**

When a group company undertakes its activities under joint venture arrangements directly, constituted as jointly controlled assets, the Group's share of jointly controlled assets and share of any liabilities incurred jointly with other venturers are recognised in the consolidated financial statements and classified according to their nature. Expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, together with its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group.

##### **Impairment of tangible assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Except for financial assets, the policy of which are set out below, the carrying amount of the asset is increased to the revised estimate of its recoverable amount where an impairment loss subsequently reverses, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as profit or loss immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

#### **Inventories**

##### **Properties for sale**

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

Properties for/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 the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of properties includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

##### **Other inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments

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

#### Financial assets

The Group's financial assets are classified into financial assets at fair value through profits or loss, available-for-sale investments and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### *Loans and receivables*

Loans and receivables (including amounts due from associates, investee company, a minority shareholder, jointly controlled entity and related company, loans receivable, debtors and bank deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses. 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

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 through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

#### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

###### Financial assets at fair value through profit or loss ("FVTPL") (Continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition, if it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets designated at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

###### Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

###### Impairment of financial assets

Financial assets, other than those designated at FVTPL, are assessed for indicators of impairment at each balance sheet date. 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 impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Financial assets** *(Continued)*

###### *Impairment of financial assets (Continued)*

For certain categories of financial asset, such as debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, 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 such 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 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

##### **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.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Considerations paid to repurchase the Company's own equity instruments are deducted directly from equity.

###### *Financial liabilities*

The Group's financial liabilities are generally classified into financial liabilities designated at FVTPL and other financial liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial liabilities and equity (Continued)

###### *Financial liabilities designated at fair value through profit or loss*

The Group has designated certain convertible bonds with conversion option settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments and the conversion option is not closely related to the liability component of the convertible bonds as financial liability carried at fair value through profit or loss. At initial recognition and in subsequent periods, the convertible bonds is measured at fair value through profit or loss with changes in fair value recognised directly in profit or loss in the period in which they arise.

Interest expense on financial liabilities designated at FVTPL, is included in net gains or losses.

###### *Other financial liabilities*

Other financial liabilities (including creditors, amounts due to directors, related companies, associates, minority shareholders and a jointly controlled entity and secured bank and other borrowings) are subsequently measured at amortised cost, using the 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 financial liability at initial recognition. Interest expense is recognised on an effective interest basis.

###### *Convertible bond*

Convertible bond issued by the Group with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments is classified as an equity instrument separating into two components, liability and equity elements.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond or the fair value of assets acquired through the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in convertible bond equity reserve under equity.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the embedded option is exercised in which case the balance stated in convertible bond equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Convertible bonds issued by the Group with conversion option that will be settled other than by the exchange of a fixed amount of cash or for a fixed number of the Company's own equity instruments is a conversion option derivative. The Group has designated those bonds as financial liability carried at fair value through profit or loss and the accounting policy of which is set out above.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Financial liabilities and equity** *(Continued)*

###### *Derivative financial instruments*

Derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

###### **Derecognition**

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

###### **Leases**

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

###### **The Group as lessee**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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

###### **Leasehold land and building**

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in its functional currency, the currency of the primary economic environment in which the entity operates, at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet 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 translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company, the Hong Kong dollars, at the rate of exchange prevailing at the balance sheet date, 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 as exchange reserve, a separate component of equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **Retirement benefits schemes**

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Equity-settled share-based payment**

##### **Share options granted to employees after 7th November, 2002 and vested on or after 1st April, 2005**

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

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

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

##### **Share options granted to employees on or before 7th November, 2002, or granted after 7th November, 2002 and vested before 1st April, 2005.**

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

#### **Equity instruments issued in exchange for assets**

Equity instruments (conversion options) that will be settled by exchange of a fixed amount of cash for a fixed number of the Company's equity instruments issued in exchange for assets are measured at the fair values of the assets received, unless that fair value cannot be reliably measured, in which case the assets received are measured by reference to the fair value of the equity instruments granted.

#### **Taxation**

Taxation 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 and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Taxation** *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and jointly controlled entities, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Impairment of property, plant and equipment**

The Group performs a review annually to determine whether property, plant and equipment have any indication of impairment by considering the recoverable amounts of property, plant and equipment which have been determined based on value in use. The calculation of value in use requires an estimation of future profit generated from the use of the assets and the operating cash flows discounted to arrive at the present value of the assets. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### **Fair value of investment properties**

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

#### **Impairment of available-for-sale financial assets**

The group follows the guidance of HKAS 39 to determine whether an available-for sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is lower than the Group's cost. Should the market continue to deteriorate, additional impairment loss might need to be recognised.

#### **Fair value of derivative financial instruments**

The Group relies on the valuations provided by financial institutions to determine the fair values of the interest rate swaps, HK\$ bonds and US\$ bonds which are calculated using various valuation techniques, including discounted cash flow models and option pricing models. Judgment is required for the variables used in arriving at these fair values. Changes in the underlying assumptions could materially impact profit and loss.

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

##### **Estimated allowances for bad and doubtful debts**

The Group makes allowances for bad and doubtful debts when there is objective evidence that debtors balances are impaired. The balances of the debtors are based on the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. The directors involved a considerable amount of judgement in assessing the ultimate realisation of these receivables including the current creditworthiness and the past collection history of each debtors. If the financial credit of customers of the Group were to deteriorate, resulting in an impairment of their activity to make payments and therefore affecting the estimated future cash flow, additional allowance may be required.

##### **Taxation**

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available to offset the assets in the foreseeable future. The directors of the Company determine whether deferred tax assets would be recognized based on profit projections of the Group and the expected reversal of taxable temporary differences in the coming years. The Group will review the probability of utilising tax losses in future on each balance sheet dates. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a recognition or reversal takes place.

#### 5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The Group regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

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

## 6. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	2009 HK\$'000	2008 HK\$'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
Held for trading	11,597	71,277
Designated at fair value through profit or loss	23,657	430,487
Derivative financial instruments	8,255	–
Available-for-sale investments	247,033	165,903
Loans and receivables		
Trade and other debtors	92,712	114,573
Amounts due from associates	95,036	82,628
Amount due from an investee company	119,995	119,995
Amount due from a minority shareholder	451	563
Amount due from a jointly controlled entity	15,234	13,135
Amount due from a related company	2,550	4,773
Loans receivable	25,687	3,264
Pledged deposits	87,426	143,635
Bank balances and cash	626,678	408,324
	<b>1,356,311</b>	<b>1,558,557</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss		
Designated at fair value through profit or loss	121,845	430,123
Held-for-trading derivative financial instruments	–	141,038
Other financial liabilities stated at amortised cost		
Trade and other creditors	367,721	274,563
Amounts due to directors	933	3,352
Amounts due to related companies	41,910	43,548
Amounts due to associates	15,894	13,760
Amounts due to minority shareholders	33,542	51,942
Amount due to a jointly controlled entity	12,552	12,552
Secured bank and other borrowings	4,389,834	2,828,634
Obligations under finance leases	2,251	1,821
Convertible bond	228,995	–
	<b>5,215,477</b>	<b>3,801,333</b>

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The management monitors and manages the financial risk of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and deposits, variable-rate loan receivable and bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of HIBOR and LIBOR which affect the Group's major financial liability, the bank borrowings.

#### *Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate borrowings and receivables. The analysis is prepared assuming that the change in interest rate had occurred at balance sheet date and had been applied to the exposure to interest rate risk for financial assets and liabilities in existence at that date. The 50 basis points (2008: 200 basis points) represent the best estimation of the possible change in the interest rates over the period until the next balance sheet date made by the management. The management adjusted the sensitivity rate from 200 basis points to 50 basis points for assessing interest rate risk after considering the impact of the current financial market condition.

If interest rates had been increased/decreased by 50 basis points (2008: 200 basis points) and all other variables were held constant, the Group's profit after taxation would decrease/increase by approximately HK\$10,822,000 (2008: HK\$35,070,000) and the interest capitalised to the Group's properties under development would increase/decrease by approximately HK\$8,977,000 (2008: HK\$13,600,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### Foreign currency risk

The group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuation arises. The Group currently does not use any derivatives contract to hedge against its exposure to currency risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities, except for financial assets and financial liabilities designated at fair value through profit or loss at the balance sheet dates are as follow:

	2009 HK\$'000	2008 HK\$'000
<b>Assets</b>		
US Dollars	13,779	25,959
Renminbi	5,104	4,985
Japanese Yen	3,931	2,986
Australian Dollars	3,075	646
Euro	1,600	296
Singapore Dollars	–	11
<b>Liabilities</b>		
Euro	–	11,573

#### Foreign currency sensitivity analysis

The Group mainly exposes to foreign currency risks other than US Dollars. Since Hong Kong Dollars are pegged to US Dollars under the Linked Exchange Rate System, the management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuation between Hong Kong Dollars and US Dollars. The following table details the Group's sensitivity to a 10% (2008: 10%) increase in the Hong Kong Dollars against the relevant foreign currencies, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation if Hong Kong Dollars strengthens 10% against the relevant foreign currency.

	Increase (decrease) in profit	
	2009 HK\$'000	2008 HK\$'000
Renminbi	(510)	(499)
Japanese Yen	(393)	(300)
Australian Dollars	(307)	(64)
Euro	(160)	1,128

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### Foreign currency risk *(Continued)*

##### *Foreign currency sensitivity analysis (Continued)*

For a 10% weakening of Hong Kong Dollars against the relevant foreign currency, these would be an equal and opposite impact on profit.

In management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

#### Price risk

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products including available-for-sale investments, investment held for trading and derivative financial instruments.

The Group is also exposed to equity price risk arising from changes in the Company's own share price in relation to conversion options embedded in convertible bonds.

##### *Price risk sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. For the sensitivity analysis purpose, the sensitivity rate is increased from 5% to 10% in the current year as a result of the volatile financial market.

If the price of the respective equity securities has been 10% (2008: 5%) higher/lower:

- profit for the year ended 31st March, 2009 would increase/decrease by HK\$1,160,000 (2008: increase/decrease HK\$3,564,000) as a result of the changes in fair value of held-for trading investments.
- profit for the year ended 31st March, 2009 would increase by HK\$3,191,000 (2008: increase HK\$21,524,000) as a result of the changes in fair value of financial assets designated at fair value through profit or loss and derivative financial instruments.
- change in profit for the year ended 31st March, 2009 as a result of the changes in fair value of financial liabilities designated at fair value through profit or loss and derivative financial instruments is minimal (2008: decrease in profit of HK\$28,558,000).
- investment revaluation reserve would increase by HK\$20,808,000 (2008: HK\$8,295,000) as a result of the changes in fair value of available-for-sale investments. In addition, the profit for the year would be affected should the 10% decrease indicate impairment losses that should be recognised in profit or loss.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### **Credit risk**

At each balance date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial liabilities as stated in the consolidated balance sheets and the contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 43. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group has concentration of credit risk on the amount due from an investee company, associates and loan receivable. However, the Group's exposure to credit risk arising from default of the counterparty is limited as the amounts are either secured by the assets of the counterparty or the business operations of the counterparties would generate sufficient cash to repay their debts.

There are no significant concentration of credit risk on other debts, with exposure spread over a number of counterparties and customers. The Group reviews the recoverable amount of each individual debt at each balance sheet date 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.

The credit risk for bank deposits and pledged deposits is limited because the counterparties are banks or financial institutions with high credit ratings.

#### **Liquidity risk**

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that it maintain sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and longer term. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.



## 6. FINANCIAL INSTRUMENTS (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

The following table details the Group's contractual maturity for its derivative and non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
<b>At 31st March, 2009</b>								
<b>Non-derivative financial liabilities</b>								
Non-interest bearing	N/A	454,824	-	12,552	-	-	467,376	467,376
Fixed interest rate instruments	4.70	14,116	13,870	52,993	76,628	43,017	200,624	165,830
Variable interest rate instruments	2.16	864,706	240,032	987,310	2,463,840	360,341	4,916,229	4,229,180
Convertible bond	8.81	-	-	-	331,445	-	331,445	228,995
Obligations under finance leases	4.15	581	505	973	285	-	2,344	2,251
		<b>1,334,227</b>	<b>254,407</b>	<b>1,053,828</b>	<b>2,872,198</b>	<b>403,358</b>	<b>5,918,018</b>	<b>5,093,632</b>
<b>Derivative financial liabilities</b>								
Financial liabilities designated at fair value through profit or loss	N/A	1,992	129,257	-	-	-	131,249	121,845
<b>At 31st March, 2008</b>								
<b>Non-derivative financial liabilities</b>								
Non-interest bearing	N/A	283,551	81,337	12,552	-	-	377,440	377,440
Fixed interest rate instruments	7.05	785	785	3,141	3,141	23,324	31,176	22,277
Variable interest rate instruments	3.15	799,240	308,330	965,084	386,929	683,448	3,143,031	2,828,634
Obligations under finance lease	4.70	369	957	437	154	-	1,917	1,821
		<b>1,083,945</b>	<b>391,409</b>	<b>981,214</b>	<b>390,224</b>	<b>706,772</b>	<b>3,553,564</b>	<b>3,230,172</b>
<b>Derivative financial liabilities</b>								
Financial liabilities designated at fair value through profit or loss	N/A	-	-	443,460	-	-	443,460	430,123
Derivative financial instruments	N/A	26,566	600,642	-	-	-	627,208	141,038
		<b>26,566</b>	<b>600,642</b>	<b>443,460</b>	<b>-</b>	<b>-</b>	<b>1,070,668</b>	<b>571,161</b>

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### c. Fair value of financial instruments

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

- the fair value of listed available-for-sale investments and held for trading investments with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of the financial assets designated at fair value through profit or loss is determined based on valuation and are determined using generally accepted pricing models based on discounted cash flow using prices or rates from observable current market transactions.
- the fair value of the financial liabilities designated at fair value through profit or loss is determined based on discounted cash flow model and black-scholes model using prices or rates of similar instruments with key inputs such as weighted average share price, expected volatility, risk free rate and expected dividend yield.
- the fair value of derivative financial instruments are determined in accordance with generally accepted pricing models based on data obtained from current market transactions or dealer quotes for similar instruments.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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.

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is currently organised into three major operating divisions listed below. These divisions are the basis on which the Group reports its primary segment information. Other operations mainly include sale of boiler products and provision of financing services including provision of second mortgage loans and loans receivable.

Property development and	–	properties development, letting and sale
Hotel operations	–	hotel operations and management
Financial products investments	–	investment and trading in securities

Segment information about these businesses is presented below.

### Year ended 31st March, 2009

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External sales	1,043,946	647,611	37,505	3,779	–	1,732,841
Inter-segment sales	45,210	–	–	–	(45,210)	–
Total revenue	1,089,156	647,611	37,505	3,779	(45,210)	1,732,841
Inter-segment sales are charged at mutually agreed price.						
<b>RESULTS</b>						
Segment results	274,937	202,740	(140,889)	(1,713)		335,075
Bank interest income						13,970
Unallocated corporate expenses						(65,075)
Decrease in fair value of financial liabilities designated at fair value through profit or loss						55,901
Share of results of associates	(3,483)	–	–	3,350		(133)
Share of results of jointly controlled entities	–	–	–	7,956		7,956
Finance costs						(125,747)
Profit before taxation						221,947
Income tax expense						(116,847)
Profit for the year						105,100

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

## Business segments (Continued)

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment assets	4,404,048	4,683,946	301,809	126,308	9,516,111
Interests in associates	40,059	–	–	123,217	163,276
Interests in jointly controlled entities	–	–	–	84,664	84,664
Amounts due from associates	60,719	–	–	34,317	95,036
Amount due from a jointly controlled entity	–	–	–	15,234	15,234
Tax recoverable	–	–	–	–	13,454
Unallocated corporate assets	–	–	–	–	639,502
Consolidated total assets					<u>10,527,277</u>
<b>LIABILITIES</b>					
Segment liabilities	380,745	93,064	2,083	22,485	498,377
Amounts due to associates	15,796	–	–	98	15,894
Amount due to a jointly controlled entity	–	–	–	12,552	12,552
Borrowings	–	–	–	–	4,742,925
Tax payable	–	–	–	–	192,619
Deferred taxation	–	–	–	–	251,771
Unallocated corporate liabilities	–	–	–	–	39,139
Consolidated total liabilities					<u>5,753,277</u>
<b>OTHER INFORMATION</b>					
Allowance for bad and doubtful debts	1,322	898	–	–	2,220
Capital additions	109,972	941,593	–	5,104	1,056,669
Depreciation and amortisation	17,013	68,068	–	1,486	86,567
Decrease in fair value of financial assets designated at fair value through profit or loss	–	–	67,415	–	67,415
Decrease in fair value of investments held for trading	–	–	25,213	–	25,213
Decrease in fair value of investment properties	232,753	–	–	–	232,753
Fair value increase on properties held for sale upon transfer to investment properties	230,038	–	–	–	230,038
Loss on disposal of available-for-sale investments	–	–	77,317	–	77,317
Impairment loss on available-for-sale investments	–	–	31,921	–	31,921
Increase in fair value of derivative financial instruments – liabilities	–	–	10,050	–	10,050

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

### Business segments *(Continued)*

Year ended 31st March, 2008

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External sales	1,408,583	611,789	135,912	3,230	–	2,159,514
Inter-segment sales	32,636	–	–	–	(32,636)	–
Total revenue	1,441,219	611,789	135,912	3,230	(32,636)	2,159,514

Inter-segment sales are charged at mutually agreed price.

### RESULTS

Segment results	720,717	253,486	(186,614)	(14,551)	–	773,038
Bank interest income						7,093
Unallocated corporate expense						(66,845)
Discount on acquisition	–	66,140	–	–	–	66,140
Increase in fair value of financial liabilities designated at fair value through profit or loss						(25,817)
Share of results of associates	11,675	–	–	4,000	–	15,675
Share of results of jointly controlled entities	–	–	–	(2,904)	–	(2,904)
Finance costs						(107,984)
Profit before taxation						658,396
Income tax expense						(215,016)
Profit for the year						443,380

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

### Business segments *(Continued)*

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment assets	3,972,053	3,960,477	739,713	126,692	8,798,935
Interests in associates	43,613	–	–	127,062	170,675
Interests in jointly controlled entities	–	–	–	70,942	70,942
Amounts due from associates	60,712	–	–	21,916	82,628
Amount due from a jointly controlled entity	–	–	–	13,135	13,135
Tax recoverable					1,889
Unallocated corporate assets					447,757
Consolidated total assets					9,585,961
<b>LIABILITIES</b>					
Segment liabilities	560,944	98,229	146,623	18,255	824,051
Amounts due to associates	13,760	–	–	–	13,760
Amount due to a jointly controlled entity	–	–	–	12,552	12,552
Borrowings					3,260,578
Tax payable					256,747
Deferred taxation					221,395
Unallocated corporate liabilities					44,734
Consolidated total liabilities					4,633,817

## Notes to the Consolidated Financial Statements

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

## Business segments (Continued)

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
<b>OTHER INFORMATION</b>					
Allowance for bad and doubtful debts	–	3,460	–	–	3,460
Allowance for loans receivables	–	–	–	3,900	3,900
Capital additions	501,985	838,550	–	–	1,340,535
Depreciation and amortisation	5,270	65,714	–	–	70,984
Decrease in fair value of financial assets designated at fair value through profit or loss	–	–	154,391	–	154,391
Decrease in fair value in derivative financial instruments	–	–	139,105	–	139,105
Decrease in fair value of investments held for trading	–	–	48,061	–	48,061
Loss on disposal of available-for-sale investments	–	–	5,660	–	5,660
Increase in fair value of investment properties	205,562	–	–	–	205,562

## Geographic segments

A geographical analysis of the Group's revenue by geographical location of customers is presented in the following table. For financial products investment, the analysis is based on the location of operation of business. For other segments, the analysis is based on the location of market.

	2009 HK\$'000	2008 HK\$'000
Hong Kong	507,638	722,021
Other regions in the People's Republic of China ("PRC")	396,704	882,547
Australia	570,407	331,196
Malaysia	238,391	205,502
Singapore	19,701	18,248
	<b>1,732,841</b>	<b>2,159,514</b>

## 7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

### Geographic segments *(Continued)*

The following is an analysis of the carrying amount of segment assets and capital additions by geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong	4,397,001	4,686,892	453,888	386,507
Other regions in the PRC	2,676,420	2,149,132	342,660	806,421
Malaysia	1,155,420	919,745	255,512	146,847
Australia	809,472	461,963	169	677
Singapore	337,414	440,134	4,440	4
United States of America ("USA")	140,384	140,912	–	–
Others	–	157	–	79
	<b>9,516,111</b>	8,798,935	<b>1,056,669</b>	1,340,535

## 8. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, property renting and property management, income from hotel operations, interest income from investments less returns and discounts. An analysis of the Group's revenue for the year is set out as follows:

	2009 HK\$'000	2008 HK\$'000
Sale of properties	943,818	1,333,679
Renting of premises and property management	100,128	74,904
Hotel operations	647,611	611,789
Interest income from investments	37,505	135,912
Other operations	3,779	3,230
	<b>1,732,841</b>	2,159,514



## Notes to the Consolidated Financial Statements

## 9. OTHER GAINS AND LOSSES

	2009 HK\$'000	2008 HK\$'000
Loss on disposal of available-for-sale investments	(77,317)	(5,660)
Impairment loss on available-for-sale investments	(31,921)	–
Decrease in fair value of financial assets designated at fair value through profit or loss	(67,415)	(154,391)
Decrease (increase) in fair value of financial liabilities designated at fair value through profit or loss	55,901	(25,817)
Increase (decrease) in fair value of derivative financial instruments	10,050	(139,105)
Decrease in fair value of investments held for trading	(25,213)	(48,061)
	<b>(135,915)</b>	<b>(373,034)</b>

## 10. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest on:		
Bank loans		
– wholly repayable within five years	123,606	79,552
– not wholly repayable within five years	70,647	40,188
Other loans		
– wholly repayable within five years	5,266	21,937
– not wholly repayable within five years	–	266
Finance leases	136	66
Convertible bond	11,381	–
Amortisation of front-end fee	4,328	–
Others	804	205
Total interest costs	<b>216,168</b>	142,214
Less: Amounts of interest costs on fund borrowed specifically for, and capitalised to:		
– properties under development for sale	(77,526)	(25,006)
– owner's occupied properties	(12,895)	(9,224)
	<b>125,747</b>	<b>107,984</b>

## 11. INCOME TAX EXPENSE

	2009 HK\$'000	2008 HK\$'000
The income tax expense comprises:		
Current year:		
Hong Kong	22,615	29,764
Other regions in the PRC	77,686	165,459
Other jurisdictions	3,975	615
	<b>104,276</b>	195,838
Prior years under(over)provision:		
Hong Kong	977	(7,590)
Other regions in the PRC	-	(4,334)
Other jurisdictions	-	(2,087)
	<b>977</b>	(14,011)
Deferred taxation (note 38)		
Current year	25,315	33,189
Attributable to changes in tax rate	(13,721)	-
	<b>11,594</b>	33,189
	<b>116,847</b>	215,016

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other regions in the PRC or other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Included in current PRC tax expenses are PRC Enterprises Income Tax of HK\$33,868,000 (2008: HK\$81,726,000) and Land Appreciation Tax ("LAT") of HK\$43,818,000 (2008: HK\$83,733,000).

## Notes to the Consolidated Financial Statements

**11. INCOME TAX EXPENSE** (Continued)

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

	Hong Kong HK\$'000	Other regions in the PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>2009</b>						
(Loss) profit before taxation	(207,417)	371,574	31,386	101,100	(74,696)	221,947
Applicable income tax rate	16.5%	25%	25%	30%	18%	
Tax at the applicable income tax rate	(34,224)	92,894	7,847	30,330	(13,174)	83,673
Tax effect of expenses not deductible for tax purpose	22,629	3,065	4,398	331	4,638	35,061
Tax effect of income not taxable for tax purpose	(11,151)	(290)	(462)	(3,374)	(272)	(15,549)
Tax effect of LAT charged at different rate	–	32,864	–	–	–	32,864
Tax effect of tax losses not recognised	24,452	6,095	–	–	96	30,643
Utilisation of tax loss not previously recognised	(898)	–	(11,981)	(23,695)	–	(36,574)
Decrease in operating deferred tax liabilities resulting from a decrease in applicable tax rate	(12,273)	(273)	(302)	–	(873)	(13,721)
Tax effect of share of results of associates	22	–	–	–	–	22
Tax effect of share of result of jointly controlled entities	–	(1,989)	–	–	–	(1,989)
Underprovision in prior years	977	–	–	–	–	977
Others	945	455	558	4	(522)	1,440
Income tax expense for the year	(9,521)	132,821	58	3,596	(10,107)	116,847

## 11. INCOME TAX EXPENSE (Continued)

	Hong Kong HK\$'000	Other regions in the PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
2008						
(Loss) profit before taxation	(30,504)	380,491	105,218	88,762	114,429	658,396
Applicable income tax rate	17.5%	33%	26%	30%	18%	
Tax at the applicable income tax rate	(5,338)	125,562	27,356	26,629	20,602	194,811
Tax effect of expenses not deductible for tax purpose	27,413	3,178	3,534	3,873	259	38,257
Tax effect of income not taxable for tax purpose	(2,022)	(4,182)	(18,696)	(22,251)	(207)	(47,358)
Tax effect of LAT charged at different rate	–	56,101	–	–	–	56,101
Tax effect of tax losses not recognised	29,152	245	–	–	–	29,397
Utilisation of tax loss not previously recognised	(6,800)	(10,930)	(11,890)	(8,251)	–	(37,871)
Tax effect of share of results of associates	(2,743)	–	–	–	–	(2,743)
(Over)underprovision in prior years	(7,590)	(5,720)	37	–	(738)	(14,011)
Others	895	(1,800)	(158)	–	(504)	(1,567)
Income tax expense for the year	32,967	162,454	183	–	19,412	215,016

Details of the deferred taxation are set out in note 38.

## Notes to the Consolidated Financial Statements

## 12. PROFIT FOR THE YEAR

	2009 HK\$'000	2008 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	21,564	19,993
Less: Amount capitalised to:		
– hotel properties under development	(10,614)	(6,491)
– other building under development	(239)	(1,609)
	<b>10,711</b>	11,893
Amortisation of investment in a jointly controlled entity (include in share of results of jointly controlled entities)	2,904	2,904
Allowance for bad and doubtful debts	2,220	3,460
Allowance for loans receivable	–	3,900
Auditor's remuneration	5,250	5,661
Cost of completed properties for sale recognised as an expense	699,750	797,186
Depreciation:		
Owned assets	63,263	58,872
Assets held under finance leases	1,740	219
Loss (gain) on disposal of property, plant and equipment	103	(31)
Directors' remuneration and other staff costs	115,730	105,378
Share of taxation of associates (included in share of results of associates)	1,646	2,716
Net foreign exchange loss	486	–
Dividend income from:		
Investments held for trading	(2,024)	(553)
Available-for-sale investments	(2,737)	(3,508)
	<b>(4,761)</b>	(4,061)
Bank interest income	(13,970)	(7,093)
Net foreign exchange gain	–	(9,650)
Rental income, net of outgoings of HK\$16,137,000 (2008: HK\$16,979,000)	<b>(68,676)</b>	(50,120)

Of the consolidated profit for the year, a profit of HK\$39,935,000 (2008: loss of HK\$42,329,000) has been dealt with in the financial statements of the Company.

### 13. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend of HK1 cent (2008: HK5 cents) per share	16,213	80,293
Final dividend, paid for 2008 – HK10 cents (2008: Final dividend, paid for 2007 HK8 cents) per share	161,176	126,496
	<b>177,389</b>	206,789

A final dividend for the year ended 31st March, 2009 of HK2 cents (2008: HK10 cents) per share, amounting to HK\$32,440,000 in total was proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to receive new shares of the Company in lieu of cash for the dividend proposed and paid during the year. Shares issued during the year on the shareholders' election to receive shares are set out in note 35.

### 14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2009 HK\$'000	2008 HK\$'000
Earnings:		
Earnings for the purpose of basic earnings per shares	85,540	432,905
Effect of convertible bonds		
– (decrease) increase in fair value of financial liabilities designated at fair value through profit or loss	(55,901)	25,817
– interest expenses	11,381	–
Earnings for the purpose of diluted earnings per share	<b>41,020</b>	458,722

## Notes to the Consolidated Financial Statements

## 14. EARNINGS PER SHARE (Continued)

	2009 '000	2008 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,617,418	1,555,305
Effect of dilutive potential ordinary shares		
– convertible bonds	128,924	173,303
– share options	–	9,248
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,746,342	1,737,856

The computation of diluted earnings per share for the year does not assume the conversion of outstanding share options since the exercise price is higher than the average market price of the Company's shares for the year ended 31st March, 2009.

## 15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The emoluments paid and payable to each of the directors of the Company were as follows:

## For the year ended 31st March, 2009

	Deacon Te Ken Chiu HK\$'000	David Chiu HK\$'000	Craig Grenfell Williams HK\$'000	Dennis Chiu HK\$'000	Ching Lan Ju Chiu HK\$'000	Daniel Tat Jung Chiu HK\$'000	Jian Yin Jiang HK\$'000	Kwok Wai Chan HK\$'000	Peter Man Kong Wong HK\$'000	Total HK\$'000
Fees	25	25	25	25	25	25	25	150	150	475
Other emoluments										
Salaries and other benefits	3,945	2,540	1,991	1,116	650	–	–	–	–	10,242
Contributions to retirement benefits schemes	–	12	116	53	–	–	–	–	–	181
Total emoluments	3,970	2,577	2,132	1,194	675	25	25	150	150	10,898

## 15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (Continued)

For the year ended 31st March, 2008

	Deacon Te Ken Chiu HK\$'000	David Chiu HK\$'000	Craig Grenfell Williams HK\$'000	Dennis Chiu HK\$'000	Ching Lan Ju Chiu HK\$'000	Dick Tat Sang Chiu HK\$'000	Daniel Tat Jung Chiu HK\$'000	David Kwok Kwei Lo HK\$'000	Jian Yin Jiang HK\$'000	Kwok Wai Chan HK\$'000	Peter Man Kong Wong HK\$'000	Total HK\$'000
Fees	25	25	25	25	25	7	25	38	25	150	137	507
Other emoluments												
Salaries and other benefits	6,828	2,549	3,870	688	650	-	-	-	-	-	-	14,585
Contributions to retirement benefits schemes	-	12	-	50	-	-	-	-	-	-	-	62
Total emoluments	6,853	2,586	3,895	763	675	7	25	38	25	150	137	15,154

Of the five individuals with the highest emoluments in the Group, three (2008: three) were directors whose emoluments are included in the disclosures above. The remuneration of the remaining two (2008: two) individuals were as follows:

	2009 HK\$'000	2008 HK\$'000
Salaries and other benefits	3,297	3,310
Contributions to retirement benefits scheme	24	24
	<b>3,321</b>	<b>3,334</b>

The remuneration of each of the remaining two individuals were within the range of HK\$1,000,001 to HK\$2,000,000.

No emolument was paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

No directors waived any of their emoluments for both years.



## 16. INVESTMENT PROPERTIES

	2009 HK\$'000	2008 HK\$'000
FAIR VALUE		
At 1st April	1,936,939	1,371,722
Exchange adjustments	(38,730)	49,946
Additions	76,267	309,709
Transfer from completed properties for sales	329,338	–
Disposal	(88,000)	–
Transfer to hotel properties	(40,000)	–
(Decrease) increase in fair value recognised in the consolidated income statement	(232,753)	205,562
At 31st March	<b>1,943,061</b>	1,936,939
	2009 HK\$'000	2008 HK\$'000
The carrying amount of investment properties on land:		
In Hong Kong:		
Long lease	141,654	252,186
Medium-term lease	679,575	857,191
Outside Hong Kong:		
Freehold	41,840	50,206
Medium-term lease	335,280	341,525
Long lease	744,712	435,831
	<b>1,943,061</b>	1,936,939

The fair value of the investment properties in Hong Kong, PRC, Malaysia, Singapore and Australia at 31st March, 2009 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd, independent qualified professional valuers not connected with the Group, respectively. DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors and Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd are member of Royal Institution of Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties at similar locations.

## Notes to the Consolidated Financial Statements

## 17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Hotel Hotel development HK\$'000	Hotel under development HK\$'000	Other buildings development HK\$'000	Other buildings under development HK\$'000	Other assets HK\$'000	Total HK\$'000
COST							
At 1st April, 2007	182,777	1,681,766	23,739	84,650	86,509	94,779	2,154,220
Exchange adjustments	5,342	43,856	–	4,307	–	2,346	55,851
Additions	–	90,645	342,293	–	20,808	14,510	468,256
Acquired through business combinations	–	104,000	–	–	–	4,528	108,528
Reclassification	–	6,281	(6,281)	–	–	–	–
Disposals	–	–	–	–	–	(2,955)	(2,955)
At 31st March, 2008	188,119	1,926,548	359,751	88,957	107,317	113,208	2,783,900
Exchange adjustments	(24,357)	(81,341)	6,027	1,403	–	(8,456)	(106,724)
Additions	186,190	147,419	266,361	–	30,806	37,998	668,774
Transfer from investment properties	–	40,000	–	–	–	–	40,000
Disposals	–	–	–	–	–	(3,567)	(3,567)
At 31st March, 2009	349,952	2,032,626	632,139	90,360	138,123	139,183	3,382,383
DEPRECIATION							
At 1st April, 2007	–	43,665	–	18,100	–	51,792	113,557
Exchange adjustments	–	12,190	–	1,859	–	1,453	15,502
Provided for the year	–	44,239	–	3,418	–	11,434	59,091
Eliminated on disposals	–	–	–	–	–	(2,516)	(2,516)
At 31st March, 2008	–	100,094	–	23,377	–	62,163	185,634
Exchange adjustments	–	(5,270)	–	542	–	(2,985)	(7,713)
Provided for the year	–	48,030	–	4,542	–	12,431	65,003
Eliminated on disposals	–	–	–	–	–	(2,497)	(2,497)
At 31st March, 2009	–	142,854	–	28,461	–	69,112	240,427
CARRYING VALUES							
At 31st March, 2009	349,952	1,889,772	632,139	61,899	138,123	70,071	3,141,956
At 31st March, 2008	188,119	1,826,454	359,751	65,580	107,317	51,045	2,598,266

## Notes to the Consolidated Financial Statements

**17. PROPERTY, PLANT AND EQUIPMENT** (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings on freehold land or land held under long lease	2%
Building on land held under medium-term lease	Shorter of lease terms or 50 years
Hotel properties	Shorter of lease terms or 50 years
Other assets	10% – 20%

No depreciation is provided on freehold land and buildings under development.

The carrying amount shown above comprises properties:

	2009 HK\$'000	2008 HK\$'000
In Hong Kong:		
Long lease	122,197	27,273
Medium-term lease	1,470,143	1,375,546
Outside Hong Kong:		
Freehold	835,144	580,840
Long lease	93,090	109,426
Medium-term lease	551,311	454,136
	<b>3,071,885</b>	<b>2,547,221</b>

Included in the carrying value of other assets is an aggregate amount of HK\$5,498,000 (2008: HK\$2,294,000) in respect of assets held under finance leases.

**18. PREPAID LEASE PAYMENTS**

	2009 HK\$'000	2008 HK\$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong:		
Long-term lease	423,517	294,556
Medium-term lease	780,045	666,724
Leasehold land outside Hong Kong:		
Long-term lease	25,687	29,949
Medium-term lease	291,096	144,223
	<b>1,520,345</b>	<b>1,135,452</b>
Analysed for reporting purposes as:		
Current asset	26,969	20,141
Non-current asset	1,493,376	1,115,311
	<b>1,520,345</b>	<b>1,135,452</b>

## 19. INTERESTS IN ASSOCIATES

	2009 HK\$'000	2008 HK\$'000
Unlisted investments, at cost less impairment	86,761	86,761
Share of post-acquisition reserves, net of dividends received	76,515	83,914
	<b>163,276</b>	170,675

Details of the Group's principal associates at 31st March, 2009 and 2008 are set out in note 52.

Included in the cost of investments in associates is goodwill of HK\$10,601,000 (2008: HK\$10,601,000) arising on acquisitions of associates in prior years.

The summarised financial information in respect of the Group's associates is set out below:

	2009 HK\$'000	2008 HK\$'000
Total assets	958,381	899,503
Total liabilities	(427,661)	(291,630)
	<b>530,720</b>	607,873
Group's share of net assets	<b>151,678</b>	171,247

	2009 HK\$'000	2008 HK\$'000
Revenue	478,787	385,559
(Loss) profit for the year	(1,530)	64,913
Group's share of results for the year	<b>(133)</b>	15,675

The Group has discontinued recognising its share of losses of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant management accounts of associates, both for the year and cumulatively, are as follows:

	2009 HK\$'000	2008 HK\$'000
Unrecognised share of losses for the year	38	23
Accumulated unrecognised share of losses	<b>50,191</b>	50,153

## 20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2009 HK\$'000	2008 HK\$'000
Unlisted investments, at cost less amortisation	42,118	39,256
Share of post-acquisition reserves, net of dividends received	42,546	31,686
	<b>84,664</b>	70,942

Details of the Group's jointly controlled entities at 31st March, 2009 and 2008 are as follows:

Name of entity	Country of registration/ incorporation and operations	Proportion of registered capital/ nominal value of ordinary share capital held by the Group		Principal activities
		2009	2008	
Dorvic Hotel F & B Limited (note a)	Hong Kong	60%	60%	Restaurant operations
商丘永遠公路有限公司 Shangqiu Yongyuan Development Company Limited ("Shangqiu Yongyuan") (notes a, b)	PRC	68%	68%	Operation of highway
Jarrah Estate (Bundoora) Joint Venture	Australia	25%	–	Property development

- (a) The entities are accounted for as jointly controlled entities irrespective of the Group's interest of more than 50% as the Group and the other shareholder jointly control the operating and financial policies of the entities under contractual arrangement.
- (b) The entity is established, under a joint venture agreement, for the construction and operation of a highway for a term of 21 years commencing from 31st July, 1997. The Group is entitled to 85% of the profits from operation of the highway until it has recouped its investment cost from the distribution by the entity. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until the joint venture partner has recouped its investment cost representing the agreed fair value of the land contributed to the entity. Thereafter, both parties' entitlement to the share of profit is in proportion to their respective contributions. On expiry of the joint venture period, the joint venture will be dissolved and all remaining undistributed assets will be surrendered to the PRC joint venture partner. Accordingly, the Group's cost of investment in the jointly controlled entity is amortised over the joint venture period. Amortisation charged to the profit and loss amounts to HK\$2,904,000 (2008: HK\$2,904,000) for the year ended 31st March, 2009.

**20. INTERESTS IN JOINTLY CONTROLLED ENTITIES** (Continued)

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

	2009 HK\$'000	2008 HK\$'000
Non-current assets	68,999	73,543
Current assets	89,114	46,439
Current liabilities	(6,902)	(7,930)
Revenue	28,797	29,441
Expenses	(19,436)	(22,524)

**21. AVAILABLE-FOR-SALE INVESTMENTS**

	2009 HK\$'000	2008 HK\$'000
Listed equity securities:		
In Hong Kong	25,136	40,089
Overseas	5,672	29,271
	30,808	69,360
Unlisted:		
Equity securities	38,970	26
Debt securities with fixed interest rates	13,504	24,416
Investment funds	163,751	72,101
	216,225	96,543
	247,033	165,903
Analysed for reporting purposes as:		
Non-current assets	83,282	93,802
Current assets	163,751	72,101
	247,033	165,903

Available-for-sale investments are stated at fair value except that the unlisted equity securities are measured at cost less impairment where applicable as the directors are of the opinion that their fair values cannot be measured reliably.

## 21. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The fair value of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair value of the debt securities are determined in accordance with generally accepted pricing models based on discounted cash flow using market interest rates. The fair value of the investment funds represents the net asset value per unit of the fund redeemable at the discretion of the holder.

## 22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount represents unlisted equity-linked notes of aggregate principal amount of HK\$37,008,000 (2008: HK\$536,438,000) with fixed coupon interest rates and remaining time to maturity ranging from six months to two years. The notes contain terms enabling the issuers either to deliver the underlying equity securities on maturity if the market prices of underlying securities are lower than their respective predetermined reference prices or cash settlement of the principal and interest if market price of the underlying securities are higher than their respective predetermined reference prices. The notes are subject to the option for early termination at the discretion of holder.

The equity linked notes, which contain a host debt contract and an embedded equity derivative, are designated as financial assets at fair value through profit or loss and are measured at fair value. They are classified into current and non-current based on the maturity date of the respective notes.

During the year, the Group took delivery of the listed equity securities on maturity of certain notes. The Group also requested for early termination of certain notes by net cash settlement based on the fair values of the respective notes at the date of termination. The loss arising on maturity and early termination of the notes and the loss on decrease in fair value for the year ended 31st March, 2009 amounted to HK\$67,415,000 (2008: HK\$154,391,000) in aggregate and has been charged to the profit and loss.

The fair values of the equity-linked notes which are outstanding at 31st March, 2009 and 2008 are determined based on valuation using generally accepted pricing models based on discounted cashflow using prices or rates from observable current market transactions. Key assumptions include prices of underlying shares and market interest rate.

## 23. AMOUNTS DUE FROM ASSOCIATES

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Unsecured and interest free advance to associates	<b>95,036</b>	82,628
Less: Amounts due within one year shown as current assets	<b>(4,718)</b>	(407)
Amounts due after one year	<b>90,318</b>	82,221

The amounts due from associates are aged over 90 days.

In determining the recoverability of the amounts due from associates, the Group takes into consideration the fair values of the underlying assets of the associates and the future operation and expected operating cashflows of these associates.

## 24. LOANS RECEIVABLE

	2009 HK\$'000	2008 HK\$'000
Second mortgage loans and interest receivable, secured	26,988	27,173
Fixed rate loan	22,608	–
	<b>49,596</b>	27,173
Less: Impairment loss recognised	<b>(23,909)</b>	(23,909)
	<b>25,687</b>	3,264
Less: Amount due within one year and shown as current assets	<b>(23,802)</b>	(1,154)
Amount due after one year	<b>1,885</b>	2,110

The second mortgage loans and interest receivable are secured by certain properties of the borrowers, bearing interest at prevailing market rates with the effective interest rate for the year of 5.17% (2008: 6.59%), and repayable by instalments in accordance with their respective repayment terms.

The fixed rate loan is secured by the borrower's interest in certain jointly controlled assets which is held by independent party on trust for the group until the loan is fully repaid out of the proceed from sale of the assets according to the terms of the arrangement amongst the Group, the borrower and the trustee. The loan bears interest at 9% per annum.

The aging of the second mortgage loans and interest receivable that are past due but not impaired are as follows:

	2009 HK\$'000	2008 HK\$'000
31 – 60 days	52	39
61 – 90 days	50	34
> 90 days	2,917	3,147
	<b>3,019</b>	3,220

No allowance for doubtful debts is recognised during the year (2008: HK\$3,900,000 recognised).

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying security. The directors believe that there is no further provision required in excess of allowance for doubtful debts of HK\$23,909,000 (2008: HK\$23,909,000) already made.

## 25. PROPERTIES FOR/UNDER DEVELOPMENT FOR SALE

Included in properties for/under development for sale are properties with a carrying value of HK\$1,263,837,000 (2008: HK\$657,774,000) which are not expected to be realised within the next twelve months.



## 26. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade and other debtors of HK\$54,107,000 (2008: HK\$49,202,000) and HK\$38,605,000 (2008: HK\$65,371,000) respectively.

Trade debtors mainly comprise of receivable from sale and renting of properties, corporate customers and agents. Sales receivable are settled according to the payment terms of each individual sales contracts and have to be fully settled before the transfer of the legal titles. Rentals are payable upon receipt of demand notes. No credit are allowed to these customers. Credit period of 30 to 60 days are allowed to other customers.

The following is an aged analysis of trade debtors based on the invoice date:

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
0 – 60 days	<b>42,942</b>	42,069
61 – 90 days	<b>5,541</b>	1,454
Over 90 days	<b>5,624</b>	5,679
	<b>54,107</b>	49,202

The trade debtors aged over 60 days are past due but are not impaired.

In determining the recoverability of trade and other debtors, the Group considers any change in the credit quality of the debtors from the date credit was initially granted up to the reporting date. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

An allowance was provided on the doubtful debts due from the trade and other debtors and the movements are as follow:

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Balance at beginning of the year	<b>60,256</b>	56,796
Impairment losses recognised on receivable	<b>2,220</b>	3,460
Amount written off as uncollectible	<b>(552)</b>	–
Balance at end of the year	<b>61,924</b>	60,256

## 27. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company, Malaysia Land Properties Sdn. Bhd, which is controlled by a director, Mr. David Chiu, is as follows:

	HK\$'000
Balance at 31st March, 2009	<u>2,550</u>
Balance at 31st March, 2008	<u>4,773</u>
Maximum amount outstanding during the year	<u>4,773</u>

The amount is unsecured, interest free and repayable on demand.

## 28. INVESTMENTS HELD FOR TRADING

	2009 HK\$'000	2008 HK\$'000
Equity securities listed		
In Hong Kong	659	58,880
Overseas	10,938	12,397
	<u>11,597</u>	<u>71,277</u>

The securities are stated at fair value which is determined based on the quoted market bid price available on the relevant exchanges.

## 29. DERIVATIVE FINANCIAL INSTRUMENTS

	2009 HK\$'000	2008 HK\$'000
Assets – Interest rate swaps (note i)	8,255	–
Liabilities – Equity accumulators (note ii)	–	141,038
	<u>8,255</u>	<u>141,038</u>

## 29. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

- (i) During the year, the Group entered into various interest rate swap contracts to minimise its exposure to interest rate fluctuation risk of the bank borrowings. These derivatives are not accounted for under hedge accounting. Major terms of the interest rate swap contracts are as follow:

Notional amount	Maturity	Term
HK\$1,900,000,000	September 2013	From 3 months HIBOR to fixed rate of 2.395% per annum
Total notional amount of HK\$1,900,000,000	September 2013	Pay 3 months HIBOR with a maximum of 7.5% per annum and receive 3 months HIBOR
S\$14,169,000 and S\$4,369,000	May 2009 and October 2009	From SGD-SOR to the fixed rate of 2.95% per annum and 2.9% per annum respectively

The contracts are subject to early termination at the discretion of the Group.

The interest rate swap contracts are measured at fair value which are determined based on discounted cash flow analysis using the applicable yield curve for the outstanding duration of the instruments.

- (ii) The comparative amount represented forward contracts to purchase certain listed equity securities with contracted amount of HK\$627,208,000 and remaining time to maturity ranging from one to three months. The Group had an obligation under the contracts to purchase the designated securities at a series of predetermined reference prices on specified dates with intervals of weekly or monthly up to December 2008. The contracts would be terminated if the market prices of the underlying securities were higher than their respective predetermined strike prices. During the year, the Group took delivery of the listed equity securities as required and early terminated certain contracts by cash settlement, which was determined based on the market value of the underlying securities and the quantity of securities obligated to purchase over the remaining time to maturity and resulted in a loss of HK\$41,971,000.

## 30. BANK DEPOSITS

Pledged deposits included in non-current assets carry fixed interest rates ranging from 0.02% to 3.00% per annum with maturity date ranging from 1 to 6 months and are pledged to secure bank borrowings repayable after one year.

Pledged deposits included in current assets include time deposits of HK\$21,101,000 (2008: HK\$107,339,000) which carry fixed interest rates ranging from 0.01% to 4.10% (2008: 0.34% to 5.95%) per annum with maturity dates ranging from 1 to 6 months and the remaining balances carry floating average market interest rate of 3.80% (2008: 2.90%). The deposits are pledged to secure bank borrowings repayable within one year.

Bank balances comprise of short-term time deposits of HK\$355,140,000 (2008: HK\$16,500,000) with maturity dates of three months or less which carry fixed interest rate of ranging from 0.01% to 4.25% (2008: 0.01% to 6.10%) per annum and the remaining balances carry floating average market interest rate of 3.80% (2008: 2.90%).

### 31. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$107,465,000 (2008: HK\$131,144,000). The following is an aged analysis of the trade creditors:

	2009 HK\$'000	2008 HK\$'000
0 – 60 days	27,247	21,804
61 – 90 days	1,860	670
Over 90 days	78,358	108,670
	<b>107,465</b>	131,144

### 32. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Amounts payable under finance leases:				
Within one year	1,086	1,326	1,015	1,247
In the second to fifth year inclusive	1,258	591	1,236	574
	<b>2,344</b>	1,917	<b>2,251</b>	1,821
Less: Future finance charges	(93)	(96)	–	–
Present value of lease obligations	<b>2,251</b>	1,821	<b>2,251</b>	1,821
Less: Amount due within one year shown under current liabilities			<b>(1,015)</b>	(1,247)
Amount due after one year			<b>1,236</b>	574

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 3 years. The average effective borrowing rates is range from 3% to 8% (2008: 3% to 8%) per annum during the year. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's financial lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate at the balance sheet date approximates to their carrying amount.

**33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Convertible bonds denominated in:		
– Hong Kong dollars (note i)	<b>119,950</b>	428,175
– United States dollars (note ii)	<b>1,895</b>	1,948
	<b>121,845</b>	430,123

## Notes:

- (i) On 10th December, 2004, the Company issued zero coupon convertible bonds (with net cash settlement option) with a principal amount of HK\$754,000,000 (the "HK\$ Bonds") maturing on 10th December, 2009. The holders of the HK\$ Bonds are entitled to convert the HK\$ Bonds into ordinary shares of the Company at an initial conversion price of HK\$4.10 (subsequently adjusted to HK\$2.775) per share during the period from 11th January, 2007 to 10th November, 2009, or to require the Company to redeem all or part of the HK\$ Bonds on 10th December, 2008 at 104.58% of their principal amount. The Company may redeem in full the remaining HK\$ Bonds on or at any time after 10th June, 2007 and prior to 10th December, 2009, subject to certain conditions. The outstanding HK\$ Bonds will be redeemed at 111.84% of their principal amount on maturity.

During the year, the Company repurchased certain HK\$ Bonds with a principal amount of HK\$279,140,000 at a price of HK\$252,377,000 (2008: Nil). The HK\$ Bonds holders had not exercise their rights to request the Company to redeem the bonds nor to convert their holdings into ordinary shares of the Company during the year, while an aggregate principal amount of HK\$359,720,000 of the convertible bond were converted into ordinary shares of the Company in prior year. At 31st March, 2009, HK\$116,680,000 (2008: HK\$394,680,000) of the principal amount of HK\$ Bonds was outstanding.

Subsequent to the year end, the Company repurchased HK\$10,000,000 of the principal amount of the HK\$ Bond at prices 95% giving a total consideration of HK\$9,500,000.

- (ii) On 13th April, 2004, the Company issued zero coupon convertible bonds with a principal amount of US\$66,989,000 (the "US\$ Bonds") and maturing on 13th April, 2009. The holders of the US\$ Bonds are entitled to convert the US\$ Bonds into ordinary shares of the Company at an initial conversion price of HK\$2.25 (subsequently adjusted to HK\$1.876) per share during the period from 13th May, 2004 to 14th March, 2009, or to require the Company to redeem in full the US\$ Bonds on 13th April, 2007 at 102.01% of their principal amount. The Company may redeem in full the remaining US\$ Bonds, on or at any time after 13th April, 2007 and prior to 13th April, 2009, subject to certain conditions. The outstanding US\$ Bonds will be redeemed at 105.10% of their principal amount on maturity.

The US\$ Bonds holders had not exercise their rights to request the Company to redeem the bonds nor to convert their holdings into ordinary shares of the Company during the two years ended 31st March, 2009.

The fair value of the convertible bonds which contain a liability component, an embedded conversion option and early redemption option are determined based on the respective fair value of the components. The fair value of the liability component is determined based on discounted cash flow using the Company's current borrowing rate on each balance sheet date and the fair value of conversion options is based on the black-scholes model with key inputs such as weighted average share price, expected volatility, risk-free rate and expected dividend yield. The change in the fair value of convertible bonds includes the effects of the decrease in fair value of the liability component which is affected by the market interest rate, credit spread of the Group and the time to maturity and decrease in the fair value of the conversion option.

### 33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

The fair value of the financial liabilities designated at fair value through profit or loss is also affected by the change in the credit spread of the Group. The following table detailed the effect on fair value:

	2009 HK\$'000	2008 HK\$'000
Cumulative changes in fair value attributable to changes in credit risk	2,293	1,640
Changes in fair value attributable to changes in credit risk recognised during the year	653	(13,880)
Difference between carrying amount and maturity amount:		
Convertible bonds at fair value	121,845	430,123
Amount payable on maturity	131,249	443,460
	<b>9,404</b>	13,337

The change in fair value attributable to change in credit risk is calculated with reference to change in credit rating of the Group assigned by an international financial institution. The credit rating is determined with reference to various factors, such as the Group's performance, maturity period of the convertible bonds and the market condition.

### 34. SECURED BANK AND OTHER BORROWINGS

	2009 HK\$'000	2008 HK\$'000
The borrowings comprise:		
Bank loans	4,448,158	2,675,930
Other loans	4,857	152,704
	<b>4,453,015</b>	2,828,634
Less: front-end fee	<b>(63,181)</b>	–
	<b>4,389,834</b>	2,828,634

The Group's bank loans with carrying amount of HK\$160,655,000 (2008: Nil) bear interest at fixed rates ranging from 4.95% to 5.75% (2008: Nil) per annum. The remaining bank loans which carry interest at floating rates ranging from 2% to 5.25% (2008: 3% to 7.25%) and repayable within a period ranging from one to twelve years. Other loans are secured, repayable on demand and bearing floating interest rates ranging from 1.07% to 8.25% (2008: 1.07% to 10.75%) per annum.

## Notes to the Consolidated Financial Statements

**34. SECURED BANK AND OTHER BORROWINGS** (Continued)

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
The borrowings are repayable:		
On demand or within one year	<b>1,009,219</b>	1,018,476
More than one year, but not exceeding two years	<b>404,058</b>	547,251
More than two years, but not exceeding three years	<b>403,187</b>	309,175
More than three years, but not exceeding five years	<b>2,143,995</b>	319,943
More than five years	<b>429,375</b>	633,789
	<b>4,389,834</b>	2,828,634
Less: Amount due within one year shown under current liabilities	<b>(1,009,219)</b>	(1,018,476)
Amount due after one year	<b>3,380,615</b>	1,810,158

**35. SHARE CAPITAL**

	<b>Number of ordinary shares of HK\$0.1 each</b>	<b>Nominal value HK\$'000</b>
Authorised:	2,000,000,000	200,000
Issued and fully paid:		
At 1st April, 2007	1,467,608,319	146,761
Issue of shares in lieu of cash dividends at HK\$3.21	18,677,554	1,868
Issue of shares on conversion of HK\$ Bonds at HK\$2.96	117,286,643	11,728
Issue of shares on exercise of share options at HK\$2.075	1,300,000	130
Issue of shares on exercise of share options at HK\$3.29	7,650,000	765
Issue of shares in lieu of cash dividends at HK\$4.03	12,889,436	1,289
Repurchase of shares	(6,000,000)	(600)
At 31st March, 2008	1,619,411,952	161,941
Issue of shares in lieu of cash dividends at HK\$1.73	14,248,502	1,425
Issue of shares in lieu of cash dividends at HK\$0.98	738,486	74
Repurchase of shares	(12,397,000)	(1,240)
At 31st March, 2009	1,622,001,940	162,200

### 35. SHARE CAPITAL *(Continued)*

During the year, the Company through its subsidiary repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary share purchased HK\$	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
April 2008	1,825,000	3.00	2.72	5,178,000
May 2008	904,000	2.80	2.62	2,468,000
June 2008	600,000	2.58	2.55	1,536,000
July 2008	4,320,000	2.00	1.82	8,460,000
August 2008	3,748,000	1.90	1.70	6,906,000
September 2008	1,000,000	1.51	1.43	1,482,000

The share were cancelled upon repurchase and, accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

All the shares issued during the two years ended 31st March, 2009 rank pari passu in all respects with the existing shares.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities other than those disclosed above.

### 36. CONVERTIBLE BOND

The carrying amount represents the unamortized cost of the liability component of a HKD denominated zero coupon convertible bond with principal amount of HK\$331,445,000 due in 2013 (the "2013 Convertible Bond") issued on 1st October, 2008 in connection with the acquisition of assets set out in note 40(a).

The bond is convertible, at the option of the holder, into ordinary shares of HK\$0.10 each of the Company at a conversion price of HK\$4.30 per share, subject to adjustments. The outstanding 2013 Convertible Bond will be redeemed by the Company at nominal value on maturity.

As at 31st March, 2009, none of the 2013 Convertible Bond had been converted into ordinary shares of the Company. The director has proposed, subsequent to the year end, to convert in full the 2013 Convertible Bond which if converted in full, represent 4.5% of the enlarged capital of the Company.

The 2013 Convertible Bond contain two components, equity elements of HK\$113,831,000 and liability element of HK\$217,614,000 which are determined based on the valuation carried out by Vigers Appraisal & Consulting Limited. The equity element is presented as convertible bond equity reserve in equity, whereas the liability component is classified under non-current liability. Fair value of the liability component is determined at an effective interest rate of 8.8%.



### 37. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 28th August, 2002 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st March, 2009, the number of options which remained outstanding under the Share Option Scheme was 18,150,000 (2008: 18,550,000) which, if exercise in full, represents 1.12% (2008: 1.15%) of the enlarged capital of the Company. The total number of shares to be issued under the options of the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted will be taken up upon payment of HK\$1 per option. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of share options, which were granted on 21st October, 2004 at an initial exercise price at HK\$2.075 per share to certain chief executives, Mr. Chi Hing Chan and Bill Kwai Pui Mok, and certain employees on 25th August, 2006 at an initial exercise at HK\$3.290 per share to other employees, are as follows:

#### Options granted on 21st October, 2004

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	21.10.2004 to 31.10.2004	1.11.2004 to 31.12.2010	2.075
Tranche 2	21.10.2004 to 31.12.2005	1.1.2006 to 31.12.2010	2.075
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 31.12.2010	2.075
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 31.12.2010	2.075
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 31.12.2010	2.075

#### Options granted on 25th August, 2006

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	25.8.2006 to 31.8.2006	1.9.2006 to 31.12.2010	3.290
Tranche 2	25.8.2006 to 31.12.2006	1.1.2007 to 31.12.2010	3.290
Tranche 3	25.8.2006 to 31.12.2007	1.1.2008 to 31.12.2010	3.290
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 31.12.2010	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 31.12.2010	3.290

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## 37. SHARE OPTION SCHEME (Continued)

The movements in the options during the years are as follows:

Grantee	Date of grant	Option type	At 1.4.2007	Exercised during the year	At 31.3.2008	Lapsed during the year	At 31.3.2009
Chi Hing Chan	21.10.2004	Tranche 2	1,000,000	(1,000,000)	–	–	–
		Tranche 3	1,600,000	(1,100,000)	500,000	–	500,000
		Tranche 4	1,800,000	–	1,800,000	–	1,800,000
		Tranche 5	2,000,000	–	2,000,000	–	2,000,000
			6,400,000	(2,100,000)	4,300,000	–	4,300,000
Bill Kwai Pui Mok	21.10.2004	Tranche 1	1,200,000	(1,200,000)	–	–	–
		Tranche 2	1,400,000	(1,400,000)	–	–	–
		Tranche 3	1,600,000	(400,000)	1,200,000	–	1,200,000
		Tranche 4	1,800,000	–	1,800,000	–	1,800,000
		Tranche 5	2,000,000	–	2,000,000	–	2,000,000
	8,000,000	(3,000,000)	5,000,000	–	5,000,000		
Other employees in aggregate	21.10.2004	Tranche 1	250,000	–	250,000	–	250,000
		Tranche 2	875,000	(450,000)	425,000	–	425,000
		Tranche 3	2,075,000	(1,000,000)	1,075,000	–	1,075,000
		Tranche 4	3,225,000	(950,000)	2,275,000	–	2,275,000
		Tranche 5	3,675,000	–	3,675,000	(400,000)	3,275,000
	10,100,000	(2,400,000)	7,700,000	(400,000)	7,300,000		
Other employees in aggregate	25.08.2006	Tranche 1	450,000	(450,000)	–	–	–
		Tranche 2	525,000	(525,000)	–	–	–
		Tranche 3	600,000	(475,000)	125,000	–	125,000
		Tranche 4	675,000	–	675,000	–	675,000
		Tranche 5	750,000	–	750,000	–	750,000
	3,000,000	(1,450,000)	1,550,000	–	1,550,000		
	27,500,000	(8,950,000)	18,550,000	(400,000)	18,150,000		
	Weighted average exercise price		2.208	2.272	2.177	–	2.179

### 37. SHARE OPTION SCHEME (Continued)

The estimated fair value of the options granted in prior years is determined at the date of grant using the Binominal model was approximately HK\$2,961,000. The Group recognised the total expense of approximately HK\$458,000 (2008: HK\$862,000) in relation to share options granted by the Company.

Total consideration received by the Group for exercising the options granted amounted to approximately HK\$20,333,000 in 2008.

The weighted average closing price of the Company's shares immediately before the date(s) on which the options were exercised is HK\$3.92 in 2008.

### 38. DEFERRED TAXATION

The major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation	Revaluation of properties	Fair value on business adjustments on business combination	Convertible bond	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2007	42,116	136,414	42,500	–	(32,824)	188,206
Charge to consolidated income statement for the year	1,220	39,125	(1,036)	–	(6,120)	33,189
At 31st March, 2008	43,336	175,539	41,464	–	(38,944)	221,395
Charge to consolidated income statement for the year	(6,207)	15,782	(1,037)	–	16,777	25,315
Charge to equity	–	–	–	18,782	–	18,782
Effect of change in tax rate	(2,098)	(11,000)	(2,369)	–	1,746	(13,721)
At 31st March, 2009	35,031	180,321	38,058	18,782	(20,421)	251,771

At 31st March, 2009, the Group has unused tax losses of HK\$1,075,521,000 (2008: HK\$1,134,911,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK\$104,630,000 (2008: HK\$204,807,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$970,891,000 (2008: HK\$930,104,000) due to the unpredictability of future profit streams.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits of the PRC subsidiaries generated after 1st January, 2008 amounted to HK\$221,247,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

### 39. JOINTLY CONTROLLED ASSETS

The aggregate amounts of the Group's interest in jointly controlled assets and the share of liabilities arising from the use of these assets included in the respective items in the consolidated balance sheet are as follows:

	2009 HK\$'000	2008 HK\$'000
Properties under development for sale	478,850	153,211
Debtors, deposits and prepayments	7,188	3,459
Bank balances	2,299	8,975
Creditors and accruals	(40,440)	(2,632)
Bank borrowings	(406,211)	(150,118)
	<b>41,686</b>	<b>12,895</b>

### 40. ACQUISITION OF ASSETS

- (a) On 1st October, 2008, the Group acquired from a director, a newly developed hotel property and the related assets and liabilities through the acquisition of the entire issued share capital of Jade River Profits Limited ("JRPL") together with the assignment of the shareholder's loan of HK\$106,635,000. The consideration was satisfied by the issuance of the 2013 Convertible Bond with a principal amount of HK\$331,445,000. Details of the convertible bond is set out in note 36. The fair value of net assets acquired were as follows:

	HK\$'000
Property, plant and equipment	330,921
Inventories	358
Debtors, deposits and prepayments	6,037
Amounts due from related companies	44
Bank balances and cash	4,169
Creditors and accruals	(8,959)
Amounts due to related companies	(1,125)
Total consideration satisfied by issue of convertible bond	<b>331,445</b>
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	<b>4,169</b>

**40. ACQUISITION OF ASSETS** *(Continued)*

- (b) On 26th September, 2007, the Group acquired the entire issued share capital of Merlin Labuan Sdn. Bhd. ("MLSB") which is engaged in hotel operation, at a consideration of HK\$72,960,000 together with the assignment of the shareholders' loans of HK\$321,239,000. The acquisition was accounted for using the purchase method.

The fair value of net assets acquired were as follows:

	<b>Carrying amount</b>	<b>Fair value adjustment</b>	<b>Fair value of net assets</b>
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	108,528	–	108,528
Prepaid lease payments	12,403	15,869	28,272
Inventories	445	–	445
Debtors, deposits and prepayments	3,578	–	3,578
Bank balances and cash	2,861	–	2,861
Creditors and accruals	(4,584)	–	(4,584)
	<u>123,231</u>	<u>15,869</u>	139,100
Discount on acquisition recognised in the consolidated income statement			<u>(66,140)</u>
Satisfied by cash			<u>72,960</u>
Net cash outflow arising on acquisition:			
Cash consideration			(72,960)
Bank balances and cash acquired			<u>2,861</u>
			<u>(70,099)</u>

#### 41. MAJOR NON-CASH TRANSACTIONS

The Group acquired a hotel and the related assets and liabilities which was satisfied by the issuance of the 2013 Convertible Bond with a principal amount of HK\$331,445,000 (as in note 40(a)).

During the year, the Group entered into finance lease arrangements in respect of asset with a total capital value at the inception of the leases of HK\$2,548,000 (2008: HK\$548,000).

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK\$25,321,000 (2008: HK\$111,898,000) and upon conversion of the HK\$ Bonds with the principal amount of HK\$359,720,000 during the year ended 31st March, 2008.

#### 42. PLEDGE OF ASSETS

Bank loan facilities to the extent of approximately HK\$5,455,069,000 (2008: HK\$3,626,111,000) of which HK\$4,448,158,000 (2008: HK\$2,675,930,000) were utilised and secured by a charge over the Group's properties (presented in the consolidated balance sheet as completed properties for sale, investment properties, property, plant and equipment and prepaid lease payments) with an aggregate carrying amount of HK\$5,858,000,000 (2008: HK\$4,989,610,000), bank deposits of HK\$25,286,000 (2008: HK\$76,157,000) and available-for-sale investments of Nil (2008: HK\$764,000).

Other loans facilities to the extent of approximately HK\$623,763,000 (2008: HK\$732,846,000), of which HK\$4,857,000 (2008: HK\$152,704,000) were utilised and secured by a pledge of the Group's investments held for trading, available-for-sale investments, derivative financial instruments, and deposits with financial institutions with an aggregate carrying amount of approximately HK\$285,481,000 (2008: HK\$228,894,000).

#### 43. CONTINGENT LIABILITIES

The Group has given guarantees for mortgage loans provided to the home buyers of the Group's properties in the PRC. At 31st March, 2009, the total amount of mortgage loans outstanding which are under the guarantee was HK\$150,443,000 (2008: HK\$354,419,000). The directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.

#### 44. CAPITAL COMMITMENTS

	2009 HK\$'000	2008 HK\$'000
Capital expenditure contracted but not provided in the financial statements in respect of:		
Acquisition and development of properties	260,698	611,695
Others	3,025	14,164
	<b>263,723</b>	625,859
Capital expenditure authorised but not contracted for in respect of:		
Development of properties	126,801	73,636
	<b>390,524</b>	699,495

#### 45. OPERATING LEASE ARRANGEMENTS

##### The Group as lessor:

At the balance sheet date, investment properties and completed properties for sale with carrying amount of HK\$1,609,984,000 (2008: HK\$1,888,973,000) and HK\$97,290,000 (2008: HK\$97,290,000) respectively were let out under operating leases.

Gross rental income earned during the year is HK\$84,813,000 (2008: HK\$67,099,000), of which HK\$64,860,000 (2008: HK\$49,712,000) was derived from letting of investment properties. The property held has committed tenants for the next one to twelve years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009 HK\$'000	2008 HK\$'000
Within one year	74,329	64,092
In the second to fifth years inclusive	114,632	100,669
More than fifth years	99,181	146,854
	<b>288,142</b>	311,615

Leases are negotiated and rentals are fixed for terms ranging from one to twelve years.

#### 45. OPERATING LEASE ARRANGEMENTS (Continued)

##### The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2009 HK\$'000	2008 HK\$'000
Premises	1,094	3,294
Motor vehicles	–	118
Other equipment	157	74
	<b>1,251</b>	<b>3,486</b>

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 HK\$'000	2008 HK\$'000
Premises		
– within one year	971	713
– in the second to fifth years inclusive	1,155	87
	<b>2,126</b>	<b>800</b>

Leases are negotiated for an average term of two years and rentals are fixed over the lease term.

#### 46. RELATED PARTY TRANSACTIONS

(i) During the year, the Group entered into the following significant transactions with related parties:

Related party	Nature of transaction	2009 HK\$'000	2008 HK\$'000
Related company	Acquisition of assets (note 40(a))	331,445	–
Associates	Property management services expenses	5,262	4,489
Jointly controlled entities	Renting of properties	2,400	2,400



**46. RELATED PARTY TRANSACTIONS** (Continued)

- (ii) The remuneration paid and payable to the directors and other members of key management during the year was as follows:

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Short-term benefits	<b>14,014</b>	18,402
Post-employment benefits	<b>205</b>	86
	<b>14,219</b>	18,488

The remuneration of directors and key executives is determined with reference to the performance of individuals and the market trends.

**47. AMOUNT DUE FROM/TO RELATED PARTIES**

The amounts due from/to jointly controlled entities, investee companies, related companies, minority shareholders, associates and director are unsecured, interest-free and either repayable on demand or without fixed terms of repayment, except for an amount of HK\$5,175,000 (2008: HK\$22,277,000) due to a minority shareholder which bears interest at 8.9% (2008: 7.05%) and repayable fully in November 2013.

The Group has obtained confirmation from the jointly controlled entity that it will not demand the Group for repayment of the amount due to it within the next twelve months from the balance sheet date and, accordingly, the amount is classified as non-current.

The repayment from an investee company in accordance to the terms of the shareholders agreement.

No repayment will be demanded for the amounts due from a minority shareholder within next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

The amounts due from associates and a related company are disclosed in note 23 and 27 respectively.

The related company is a company controlled by a director.

#### 48. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee. The retirement benefits scheme contributions charged to consolidated income statement during the year amounted to HK\$4,379,000 (2008: HK\$3,783,000).

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions charged to consolidated income statement during the year amounted to HK\$521,000 (2008: HK\$250,000).

Together with contributions to retirement benefits schemes in other locations, total retirement benefit expenses charged to the consolidated income statement amounted to HK\$11,146,000 (2008: HK\$9,193,000) in the current year.

#### 49. SIGNIFICANT POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Group has completed the acquisition of 73.75% and 100% interest in certain companies with principal activities of car park operation in Australia ("Australia Acquisition") and Malaysia ("Malaysia Acquisition") for an aggregate consideration of Australian Dollars ("A\$") 29.5 million (equivalent to approximately HK\$171 million) and Malaysian Ringgit 52 million (equivalent to approximately HK\$114.4 million) respectively. Of the total acquisition, 84% of the Australia Acquisition and 100% of the Malaysia Acquisition were acquired from a director and is to be settled by the issuance of 102,328,571 and 81,714,285 new shares of the Company respectively at the issue price of HK\$1.4 per share. The remaining 7% and 9% of the Australia Acquisition which are acquired from another director of the Company and independent third parties are to be settled in cash of A\$2 million and A\$2.8 million respectively (equivalent to approximately HK\$11.6 million and HK\$16.2 million respectively).

The sellers are in the process of finalising the financial information of the acquired companies and it is impracticable to disclose these financial information and their impacts on the consolidated financial statements.

## 50. BALANCE SHEET OF THE COMPANY

	At 31st March,	
	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>		
Investment in subsidiaries	1,210,284	1,210,284
Loan to a subsidiary	479,152	–
	<b>1,689,436</b>	1,210,284
<b>Current assets</b>		
Amounts due from subsidiaries	1,732,994	1,793,262
Other debtors and deposits	–	30,559
Cash at bank	997	1,186
	<b>1,733,991</b>	1,825,007
<b>Current liabilities</b>		
Amounts due to subsidiaries	11,371	–
Other creditors and accruals	2,475	2,811
Financial liabilities designated at fair value through profit & loss	122,951	430,123
	<b>136,797</b>	432,934
<b>Net current assets</b>	<b>1,597,194</b>	1,392,073
Total assets less current liabilities	<b>3,286,630</b>	2,602,357
<b>Capital and reserves</b>		
Share capital	162,200	161,941
Share premium	2,041,906	2,042,873
Capital redemption reserve	253	253
Distributable reserve	403,122	580,512
Share option reserve	2,784	2,326
Convertible bond equity reserve	95,049	–
Other reserve	(124,365)	(124,365)
Accumulated losses	(21,248)	(61,183)
	<b>2,559,701</b>	2,602,357
<b>Non-current liabilities</b>		
Convertible bond	228,995	–
Deferred taxation	18,782	–
Loan from a subsidiary	479,152	–
	<b>726,929</b>	–
	<b>3,286,630</b>	2,602,357

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of direct subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities	Place of incorporation/ operation
	Number of shares	Par value per share	Class of shares held	2009	2008		
Accord Rise Investments Limited	1	US\$1	Ordinary	100	100	Investment holding	British Virgin Islands ("BVI")
Ample Bonus Limited	100	US\$1	Ordinary	100	100	Investment holding	BVI
Ondella International Limited	1	US\$1	Ordinary	100	100	Investment holding	BVI

## Notes to the Consolidated Financial Statements

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
	Number of shares	Par value per share/ registered capital	Class of shares held	2009	2008	
Accessway Profits Limited	1	US\$1	Ordinary	100	100	Investment holding
Action Fulfilled Assets Limited	1	US\$1	Ordinary	100	100	Property investment
Amphion Investment Limited	2	HK\$1	Ordinary	100	100	Investment holding
Annick Investment Limited	2	HK\$1	Ordinary	100	100	Property investment
Arvel Company Limited	10,000	HK\$1	Ordinary	100	100	Property investment
Asia Land Pty Ltd. (formerly known as FEC Property Services Pty Ltd.)	1	A\$1	Ordinary	100	100	Loan financing
Best Hoover Limited	1	HK\$1	Ordinary	100	100	Property investment
Bonus Gain Investments Ltd.	1	US\$1	Ordinary	100	100	Investment holding
Bournemouth Estates Limited	2	HK\$10	Ordinary	100	100	Property development
Bradney Proprietary Ltd.	2	A\$1	Ordinary	100	100	Investment holding
Billion Century Holdings Ltd.	1	HK\$1	Ordinary	100	100	Investment holding
Capital Fortune Investment Limited	2	HK\$1	Ordinary	100	100	Property investment
Caragis Limited	1,000	HK\$1	Ordinary	100	100	Hotel operation
Cathay General Inc.	1	Nil	Common	100	100	Investment holding
Charter Joy Limited	2	HK\$1	Ordinary	100	100	Hotel operation
Charter National International Limited	2	HK\$1	Ordinary	100	100	Property development
Cheong Sing Property Development Limited	500	HK\$100	Ordinary	100	100	Property development
China Web Incorporated	1	US\$1	Ordinary	100	100	Investment holding
Ching Chu Property Management (Shanghai) Company Limited (i)	N/A	US\$9,000,000	N/A	100	100	Property management
Ching Chu (Shanghai) Real Estates Company Limited	N/A	US\$5,000,000	N/A	100	100	Property development
Chun Wah Holdings Limited	200	HK\$1	Ordinary	100	100	Property development
Complete Delight Limited	1	US\$1	Ordinary	100	100	Hotel operation
Cosmopolitan Hotel Limited	10,000	HK\$1	Ordinary	100	100	Hotel operation
Detheridge Estates Limited	2	HK\$1	Ordinary	100	100	Property development
Dorsett Hotel Management Services Limited	2	HK\$1	Ordinary	100	100	Hotel management
Dorsett Hotels & Resorts (H.K.) Ltd	1,000,000	HK\$1	Ordinary	100	100	Investment holding

## Notes to the Consolidated Financial Statements

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
	Number of shares	Par value per share/ registered capital	Class of shares held	2009	2008	
Dorsett Regency Hotel (M) Sdn. Bhd.	5,000,000	M\$1	Ordinary	100	100	Hotel operation
Double Advance Group Limited	1	US\$1	Ordinary	100	100	Hotel operation
Double Gaining Ltd	1	HK\$1	Ordinary	100	100	Administration services
Dunball Limited	2	HK\$1	Ordinary	100	100	Property investment
Dunjoy Limited	2	HK\$1	Ordinary	100	100	Investment holding
E-Cash Ventures Limited	1	US\$1	Ordinary	100	100	Investment holding
Eldonstead Investment Ltd.	1	US\$1	Ordinary	100	100	Investment holding
Elliott Investment Corporation	2	Nil	Ordinary	100	100	Investment holding and share investment
Esmart Management Limited	2	HK\$1	Ordinary	100	100	Hotel management
Ever Liberty (M) Sdn. Bhd.	2	M\$1	Ordinary	100	100	Property investment
Everkent Development Limited	2	HK\$1	Ordinary	100	100	Property development
Excel Chinese International Ltd	1	HK\$1	Ordinary	100	100	Property development
Far East Consortium China Infrastructure Company Limited	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium China Investments Limited	6,000	HK\$100	Ordinary	100	100	Property development and trading
Far East Consortium China Land Corporation Limited	1,000	HK\$100	Ordinary	100	100	Property development
Far East Consortium Holdings (Australia) Pty Limited	12 235	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	100 100	Investment holding
Far East Consortium Limited	830,650,000	HK\$1	Ordinary	100	100	Investment holding and property investment
Far East Consortium (BVI) Limited	50,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium Machinery Limited	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium (Malaysia) Limited	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	6,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium Properties Pty Limited	12 225	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	100 100	Investment holding and property investment

## Notes to the Consolidated Financial Statements

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
	Number of shares	Par value per share/ registered capital	Class of shares held	2009	2008	
Far East Consortium Property & Marketing Service Pty Limited	1	A\$1	Ordinary	100	100	Property development
Far East Dorsett Hotel Mgt (Cheng Du) Co. Ltd.	N/A	US\$38,000,000	N/A	100	100	Property development
Far East Real Estate and Agency (H.K.) Limited	60,000	HK\$100	Ordinary	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	12	A\$1	Ordinary	100	100	Investment holding
	375	A\$0.01	Redeemable preference	100	100	
Far East Rockman Investments Pty Limited	12	A\$1	Ordinary	100	100	Investment holding
	125	A\$0.01	Redeemable preference	100	100	
Far East Supermarket Limited	500,000	HK\$1	Ordinary	100	100	Property investment
FEC Development (Malaysia) Sdn. Bhd.	2	M\$1	Ordinary	100	100	Investment holding
FEC Financing Solutions Pty. Ltd.	1	A\$1	Ordinary	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	120,000	DFL1	Ordinary	100	100	Investment holding
Focus Venue Sdn. Bhd.	90	M\$1	Ordinary	90	90	Property development
Fortune Plus (M) Sdn. Bhd.	935,000	M\$1	Ordinary	100	100	Property investment
FECFW 1 Pty Ltd.	1	A\$1	Ordinary	100	100	Investment holding
FECFW 2 Pty Ltd.	1	A\$1	Ordinary	100	100	Investment holding
Full Benefit Limited	1	US\$1	Ordinary	100	100	Investment holding
Garden Resort Development Ltd.	100	HK\$1	Ordinary	100	100	Property development
Grand Expert Limited	10,000	HK\$1	Ordinary	100	100	Hotel operation
Grandco Investment Limited	1	US\$1	Ordinary	100	100	Property investment
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	N/A	HK\$ 50,000,000	N/A	51	51	Operation of boiler factory
Hong Kong (SAR) Hotel Ltd.	10,000	HK\$1	Ordinary	100	100	Property development
Hong Kong Hotel REIT Finance Company Limited	1	HK\$1	Ordinary	100	100	Loan financing
Hamsher International Ltd.	29,805,065	US\$1	Ordinary	100	100	Hotel investment and operation
Havena Holdings Ltd. (Formerly known as Hanta Investment Ltd.)	1	US\$1	Ordinary	100	100	Investment holding

## Notes to the Consolidated Financial Statements

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
		Par value per share/ registered capital	Class of shares held	2009	2008	
Henrik Investment Limited	2	HK\$1	Ordinary	100	100	Property investment
Hero Housing Limited	880	HK\$1,000	Ordinary	100	100	Property investment
Hong Kong Hotel Asset Management Limited	5,000,000	HK\$1	Ordinary	100	100	Investment holding
Hong Kong Hotel REIT Holdings Ltd	100	US\$1	Ordinary	100	100	Investment holding
Kuala Lumpur Land Holdings Limited	100	£1	Ordinary	100	100	Investment holding
Madison Lighters and Watches Company Limited	4	HK\$1	Ordinary	100	100	Investment holding
Multi Yield Limited	1	HK\$1	Ordinary	100	100	Property investment
New Time Plaza Development Limited	1,000	HK\$1	Ordinary	100	100	Investment holding
New Union Investments (China) Limited	300	HK\$1	Ordinary	100	100	Investment holding
N.T. Horizon Realty (Jordan) Limited	2	HK\$100	Ordinary	100	100	Property investment
The Hotel of Lan Kwai Fong Limited	10,000	HK\$1	Ordinary	100	100	Hotel operation
Oi Tak Enterprises Limited	1,000,000	HK\$1	Ordinary	75	75	Investment holding
Pandix Ltd.	1	HK\$1	Ordinary	100	100	Property development
Panley Ltd	1	HK\$1	Ordinary	100	100	Property development
Pansy Development Limited	2	HK\$1	Ordinary	100	100	Property investment
Peacock Management Services Limited	2	HK\$1	Ordinary	100	100	Administration services
Polyland Development Limited	2	HK\$1	Ordinary	100	100	Property investment
Ready Town Limited	2	HK\$1	Ordinary	100	100	Property and share investment
Redleaf Properties Limited	20,000	US\$1	Ordinary	100	100	Investment holding
Regency Hotels Proprietary Limited	100	A\$1	Ordinary	100	100	Investment holding
Rich Diamond Holdings Limited	10	US\$1	Ordinary	70	70	Investment holding
Ridon Investment Limited	2	HK\$1	Ordinary	100	100	Investment holding and share investment
Roseville Enterprises Limited	6,000	HK\$100	Ordinary	100	100	Property development
Royal Domain Plaza Pty. Ltd.	2	A\$1	Ordinary	100	100	Property investment
Royal Domain Towers Pty. Limited	2	A\$1	Ordinary	100	100	Property investment
Ruby Way Limited	2	HK\$1	Ordinary	100	100	Property development
Scarborough Development Limited	2	HK\$1	Ordinary	100	100	Property investment
Sea Wave Properties Limited	1,000,000	HK\$1	Ordinary	100	100	Investment holding



## Notes to the Consolidated Financial Statements

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
		Par value per share/ registered capital	Class of shares held	2009	2008	
Shanghai Chingchu Property Development Company Limited (ii)	N/A	US\$9,000,000	N/A	98.2	98.2	Developing, selling and property investment
Sheen Profit Industries Limited	2	HK\$1	Ordinary	100	100	Hotel operation
Smartland Assets Limited	1	US\$1	Ordinary	100	100	Investment holding
Singford Holdings Limited	1	US\$1	Ordinary	100	100	Treasury management
Southsino Development Limited	100	HK\$1	Ordinary	100	100	Property development
Speedy Time Holdings Limited	1	HK\$1	Ordinary	100	100	Investment holding
Star Bridge Development Limited	2	HK\$1	Ordinary	100	100	Property development
Stoneline Sdn. Bhd.	100	M\$1	Ordinary	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	245,000,000	M\$1	Ordinary	100	100	Hotel operation
Tang City Holdings Ltd.	1,000,000	S\$1	Ordinary	100	100	Property investment
Tang City Development Pte Limited	2	S\$1	Ordinary	100	100	Property investment
Tang City Parkway Pte Limited	10	S\$1	Ordinary	100	100	Property investment
Tang City Properties Pte Limited	2,600,000	S\$1	Ordinary	100	100	Property investment
Tomarta Sdn. Bhd.	1,000,000	M\$1	Ordinary	100	100	Property trading
Top Trend Developments Limited	2	US\$1	Ordinary	100	100	Property development
Turbulent Limited	2	HK\$10	Ordinary	100	100	Investment holding
Upperace Development Limited	1,000,000	HK\$1	Ordinary	100	100	Investment holding
Vennex Ltd.	1	HK1	Ordinary	100	–	Property development
Vicsley Limited	1,000	HK\$1	Ordinary	100	100	Hotel operation
Victoria Land Pty. Ltd.	12	A\$1	Ordinary	100	100	Management services
Vicco Development Limited	2	HK\$1	Ordinary	100	100	Investment holding
Vico Overseas Inc.	4	US\$1	Ordinary	75	75	Property investment
Virgobee Limited	2	HK\$1	Ordinary	100	100	Property investment
Wanchope Limited	1	US\$1	Ordinary	100	100	Investment holding
Win Chance Engineering Limited	2	HK\$1	Ordinary	100	100	Engineering
Wonder China Investments Limited	1	US\$1	Ordinary	100	100	Investment holding
Wuhan Far East Dorsett Hotel Management Company Limited	N/A	US\$29,800,000	N/A	100	100	Hotel operation and property investment
Zhongshan Development Limited	1	US\$1	Ordinary	100	100	Investment holding

(i) Foreign investment enterprise registered in the PRC

(ii) Sino-foreign equity joint venture registered in the PRC

**51. PARTICULARS OF PRINCIPAL SUBSIDIARIES** *(Continued)*

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

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

All the above indirect subsidiaries are incorporated and are operating in Hong Kong except the followings:

<b>Name of indirect subsidiary</b>	<b>Place of incorporation</b>	<b>Place of operation</b>
404577 Alberta Ltd.	Canada	Canada
413643 Alberta Ltd.	Canada	Canada
Accessway Profits Limited	British Virgin Islands	Hong Kong
Action Fulfilled Assets Limited	British Virgin Islands	Hong Kong
Asia Land Pty Ltd. (formerly known as FEC Property Services Pty Ltd.)	Australia	Australia
Bradney Proprietary Ltd.	Australia	Australia
Cathay General Inc.	Republic of Liberia	Hong Kong
China Web Incorporated	Cayman Islands	Hong Kong
Ching Chu Property Management (Shanghai) Company Limited	The PRC	The PRC
Coventry Investments Inc.	Republic of Liberia	Republic of Liberia
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
E-Cash Ventures Limited	British Virgin Islands	Hong Kong
Elliott Investment Corporation	Panama	Hong Kong
Ever Liberty (M) Sdn. Bhd.	Malaysia	Malaysia
Far East Consortium Holdings (Australia) Pty Limited	Australia	Australia
Far East Consortium (Netherlands Antilles) N.V.	Netherlands Antilles	Netherlands Antilles
Far East Consortium Properties Pty Limited	Australia	Australia
Far East Consortium Property & Marketing Service Pty Limited	Australia	Australia
Far East Rockman Hotels (Australia) Pty Limited	Australia	Australia
Far East Rockman Investments Pty Limited	Australia	Australia
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	Malaysia
FEC Financing Solutions Pty Ltd.	Australia	Australia
FEC Properties Limited	British Virgin Islands	Hong Kong
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	The Netherlands
FEH Strategic Investment Pte Limited	Singapore	Singapore
Focus Venue Sdn. Bhd.	Malaysia	Malaysia
Fortune Plus (M) Sdn. Bhd.	Malaysia	Malaysia
FECFW 1 Pty Ltd.	Australia	Australia
FECFW 2 Pty Ltd.	Australia	Australia
Grandco Investment Limited	British Virgin Islands	The U.S.A.
Guangzhou Pegasus Boiler Manufacture Company Limited	The PRC	The PRC

**51. PARTICULARS OF PRINCIPAL SUBSIDIARIES** *(Continued)*

<b>Name of indirect subsidiary</b>	<b>Place of incorporation</b>	<b>Place of operation</b>
Hamsher International Ltd.	British Virgin Islands	The U.S.A.
Kuala Lumpur Land Holdings Limited	Channel Islands	Malaysia
New Empire Assets Limited	Cayman Islands	The PRC
People Assets Limited	British Virgin Islands	Macau
Redleaf Properties Limited	British Virgin Islands	Malaysia
Regency Hotels Proprietary Limited	Australia	Australia
Rich Diamond Holdings Limited	British Virgin Islands	The Philippines
Royal Domain Plaza Pty. Ltd.	Australia	Australia
Royal Domain Towers Pty. Limited	Australia	Australia
Shanghai Chingchu Property Development Company Limited	The PRC	The PRC
Singford Holdings Limited	British Virgin Islands	Hong Kong
Smartland Assets Limited	British Virgin Islands	Singapore
Stoneline Sdn. Bhd.	Malaysia	Malaysia
Tang City Holdings Ltd.	Singapore	Singapore
Tang City Parkway Pte. Limited	Singapore	Singapore
Tang City Properties Pte. Limited	Singapore	Singapore
Tomarta Sdn. Bhd.	Malaysia	Malaysia
Top Trend Developments Limited	British Virgin Islands	China
Vico Overseas Inc.	British Virgin Islands	Malaysia
Victoria Land Pty. Ltd.	Australia	Australia
Tang City Holdings Limited	Singapore	Singapore
Wonder China Investments Limited	British Virgin Islands	The PRC
Zhongshan Development Limited	British Virgin Islands	The PRC

## 52. PARTICULARS OF PRINCIPAL ASSOCIATES

Name of indirect associate	Class of shares held	Proportion of nominal value of issued capital/registered capital held by the Group		Principal activities
		2009	2008	
Bermuda Investments Limited	Ordinary	25	25	Property investment
Gold Coin (Hong Kong) Limited	Ordinary	26	26	Investment holdings
Gold Coin Feedmill (China) Limited	Ordinary	26	26	Operation of feedmill factory
Guangdong Xin Shi Dai Real Estate Limited	N/A	45	45	Property development
Kanic Property Management Limited	Ordinary	50	50	Building management
Liuzhou Universe Compressor Company Limited	N/A	25.2	25.24	Operation of compressor factory
Naples Investments Limited	Ordinary	35	35	Investment holdings
Omicron International Limited	Ordinary	30	30	Investment holding
Peacock Estates Limited	Ordinary	25	25	Property investment
Philippine Dream Company, Inc.	Ordinary	25.2	25.2	Hotel operation

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

All the above associates are incorporated and are operating in Hong Kong except the followings:

Name of indirect associate	Place of incorporation	Place of operation
Gold Coin Feedmill (China) Limited	The PRC	The PRC
Guangdong Xin Shi Dai Real Estate Limited	The PRC	The PRC
Liuzhou Universe Compressor Company Limited	The PRC	The PRC
Naples Investments Limited	British Virgin Islands	The Philippines
Philippine Dream Company, Inc.	The Philippines	The Philippines

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
1. Cosmopolitan Hotel No. 387 Queen's Road East Wanchai	IL 1578RP	100%	1,093
2. Central Park Hotel No. 263 Hollywood Road	IL568 s.A. RP. and IL 8412	100%	317
3. Dorsett Kowloon Hotel 46-48 Anchor Street, Tai Kok Tsui	KIL 6374	100%	357
4. Cosmo Hotel No. 375 Queen's Road East Wanchai	IL 1578 s.Ass1	100%	380
5. Lan Kwai Fong Hotel 1 Kau U Fong 3-9 Aberdeen Street and 1 Gough Street, Central	IL 1747, 8852	100%	377
6. Dorsett Far East Hotel 135-143 Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	100%	632
7. Dorsett Seaview Hotel 268 Shanghai Street Yau Ma Tei	KIL 9944, 9701, 9705, 9727, 9769 & 7429	100%	502
8. Cosmo Kowloon Hotel 35-43 Ivy Street Tai Kok Tsui	KIL 8050	100%	513
9. St. Davis Hotel 12-22 Davis Street Hong Kong	IL 905	100%	461
10. Cosmopolitan Kowloon Hotel 84 Hung To Road, Kwun Tong	KTIL 162	100%	929
11. 27-31 Jervois Street Sheung Wan	IL871s.A., IL 872s.A., ML9B	100%	234
12. 90-100 Hill Road West Point	IL 1095	100%	537

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
16,988	H	Completed	Existing
4,745	H	Completed	Existing
3,210	H	Completed	Existing
5,546	H	Completed	Existing
5,853	H	Completed	Existing
9,077	H	Completed	Existing
5,563	H	Completed	Existing
6,237	H	Under construction	2008
6,920	H	Under construction	2009
11,147	H	Under construction	2010
3,505	H	Under construction	2010
8,055	H	Planning stage	2010

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
13. 16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors and Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	120/736 shares of and in IL 2198, 2200, 2201 s.A and IL 2199 RP and s.A, s.B & s.C of ML 299	100%	—
14. Far East Consortium Building 204-206 Nathan Road Tsim Sha Tsui	KIL 10467 RP and KIL 10468 RP	100%	314
15. Flats 1A, 1C Tung Wai Garden 419G Queen's Road West Sai Ying Pun	RP of s.B of ML 205 RP	100%	—
16. G/F, Garden Area and 1/F of Block 4, and Car Parking Spaces Nos.1, 4, 25, 61 & 62, Rise Park Villas 38 Razor Hill Road, Sai Kung	69/1408 shares of and in Lot 1124 in DD 253	100%	—
17. Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15-23 Castle Peak Road Tsuen Wan	241/4400 shares of and in TWTL 241	100%	—
18. Shops 17, 18 and 20 on G/F commercial portion of 1/F - 3/F Tung Fai Court 2 Shui Che Kwun Street Yuen Long	245/750 shares of and in YLTL 287 & 349	100%	—
19. Shop 6 on G/F and whole of 1/F Cheong Hung Mansion 2-14 Mei Fong Street, Kwai Chung	119/1000 shares of and in KCTL 186 & 295	100%	—
20. Shop C on Ground Floor and 1/F to 3/F, Full Hang Court Nos. 104-112 Ma Tau Wai Road Hung Hom	213/527 shares of and in KIL 8480-8484, KIL 6020 RP	100%	—
21. Shop Nos. G10, G19-24, G44-46, G56-60 and Showcase Nos. 18, 18a, 18b on G/F, shops nos. 101-173 on 1/F Come On Building 387 Castle Peak Road, Castle Peak Bay Tuen Mun	351/2485 shares of and in TMTL 151	100%	—

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
2,474	O	Completed	Existing
3,579	S & O	Completed	Existing
92	R	Completed	Existing
620	R & CP	Completed	Existing
3,908	SA	Completed	Existing
1,318	S, R & C	Completed	Existing
570	C	Completed	Existing
1,684	C & S	Completed	Existing
1,475	C & S	Completed	Existing



## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
22. Shop Nos. 4, 5 and 6 on G/F Toho Court, 18 Main Street and 5 Ping Lan Street Ap Lei Chau	29/1176 shares of and in s.A of Ap Lei Chau IL 47 and the Extension thereto	100%	–
23. Bakerview, 66 Baker Street Hung Hom	HHIL 235 s.B, s.C, s.D, s.E, s.lss1, s.lss2 and s.lss3	100%	604
24. Sheung Yeung Sai Kung	Lots 84, 85, 86, 89, 91, 92, 94, 95A, 99, 116RP, 137, 139, 141RP, 213, 221RP, 224RP, 229, 230, 231A, 231RP, 233, 234, 236, 258, 263RP and 746 in DD 225	100%	7,136
25. No. 684 Clear Water Bay Road	Lot No. 236 in D.D. at Ah Kwung Wan	100%	1,859
26. Route TWISK, Chuen Lung Tsuen Wan	IL 389	100%	13,500
27. Tan Kwai Tsuen, Yuen Long	Lot 3927 s.B in DD 124	100%	418
28. Various lots, Pak Kong Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,524
29. Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
57	S	Completed	Existing
5,444	S & R	Completed	Existing
4,682	R	Phase 1 completed	2010 (phase 2)
744	R	Under construction	2009
5,400	A	Under construction	2008 (phase 1)
4,497	R	Planning stage	2010
Not yet determined	A	Planning stage	Vacant site
–	A	Planning stage	Vacant

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
30. Car Parking Spaces Nos. 14, 16, 17, 24, 26, 27, 29, 30, 34, 35, 40, 41, 44-46, 51, 53-56, 58, 62-71, 75, 77, 85, 86, 90, 91, 94, 96 and 97 on the Basement 1 and Car Parking Spaces Nos. 98, 99, 114, 124, 125, 129, 139-141, 144-147, 149-152, 154-157, 159-162, 164 and 167 on the Basement 2 Covent Garden, 88 Ma Tin Road Yuen Long	1675/35313 shares of and in YLTL 419	100%	–
31. 287-293 Sai Yeung Choy Street North Shamshuipo	KIL 317	88%	468
<b>China</b>			
1. Chengdu Cosmopolitan Hotel 124-177 Yu Long West Street Chengdu, PRC	N/A	100%	5,866
2. Wuhan Cosmopolitan Hotel 118 Jiang Han Street Jiang An District, Wuhan	N/A	100%	5,409
3. Room 2603, Block 3 Dong-Jun Plaza 836 Dong Feng Road East Guangzhou, PRC	N/A	100%	–
4. Room 2604, Block 3 Dong-Jun Plaza 836 Dong Feng Road East Guangzhou, PRC	N/A	100%	–
5. New Time Plaza JianSheHengMaLu Yue Xiu District, Guangzhou	N/A	50%	3,000
6. Gan Tang Yuan Huadidadao East Li Wan District, Guangzhou	N/A	100%	8,000
7. Hua Di Jia Yuen 10 Miaoqianjie North, Chajiao Li Wan District, Guangzhou	N/A	100%	24,359

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
–	CP	Completed	Existing
4,074	C & R	Planning stage	2010
67,644	H	Under construction	2009
67,307	H	Under construction	2009
91	O	Completed	Existing
91	O	Completed	Existing
20,000	C & R	Under construction	2009
43,000	C & R	Planning stage	2010
83,700	R	Planning stage	2010

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Overseas</b>			
1. Dorsett Regency Hotel 172, Jalan Imbi Kuala Lumpur Malaysia	Lots 471 and 472 Section 67, Town of Kuala Lumpur, Wilayah Persekutuan	100%	1,270
2. Sheraton Subang Hotel Jalan SS 12/1, 47500 Subang Jaya Selangor Malaysia	Lots 4244 and 4245 Mukim of Damansara, District of Petaling, Selangor	100%	37,782
3. Grand Dorsett Labuan Hotel 462, Jalan Merdeka, 87029 Labuan F.T. Malaysia	Lot TL No. 207531888, Town of Labuan, Federal Territory of Labuan	100%	6,071
4. Sri Jati Service Apartments Jalan Jati, Off Jalan Imbi Kuala Lumpur Malaysia	Lot 1292 Section 67, Town and District of Kuala Lumpur, Wilayah Persekutuan	100%	886
5. Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan Malaysia	Lots 600 and 619	100%	422,907
6. No. 100, Eu Tong Sen Street Pearl's Centre Singapore	Lot U871W	100%	–
7. 100A Eu Tong Sen Street Yang Tze Building Singapore	Lot U865L	100%	–
8. Parkway Centre 1 Marine Parade Central Singapore	Various lots of Mukim 26	100%	–
9. Dallas Grand Hotel 1914 Commerce Street Dallas, Texas, USA	N/A	100%	6,849
10. 1954 Commerce Street Dallas, Texas, USA	N/A	100%	2,322
11. Royal Domain Tower 368 St Kilda Road Melbourne, Victoria	Lot 1306 PS 419703E Lot 1801 PS 419703E Lot 2201 PS 419703E	90%	–

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
27,753	H	Completed	Existing
57,879	H	Completed	Existing
21,565	H	Completed	Existing
4,685	R	Completed	Existing
–	A	Planning stage	Vacant
14,044	CP	Completed	Existing
8,007	O & S	Completed	Existing
4,756	C	Completed	Existing
–	H	Completed	Existing
11,918	C	Completed	Existing
762	R	Completed	Existing

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Overseas</b>			
12. Northbank Place – East, 507-541 Flinders Street, Melbourne, Victoria	Lot 1 PS 549354	95%	2,014
– Central, 545-557 Flinders Street, Melbourne, Victoria	Lot 2 PS 549354	95%	2,647
– West, 561-581 Flinders Street, Melbourne, Victoria	Lot 3 PS 549354	95%	1,482
13. 166 Victoria Road Northcote, Victoria	Vol 09173 Folio 688	90%	4,856
14. 289 McKimmies Road Bundoora, Victoria	Vol 10044 Folio 204	22.5%	98,200
15. 613-649 Lonsdale Street. Melbourne, Victoria	Vol 10439 Folio 667 Vol 10372 Folio 666 Vol 4287 Folio 316 Vol 4864 Folio 623 Vol 1953 Folio 469 Vol 1959 Folio 722 Vol 4774 Folio 620 Vol 4682 Folio 328 Vol 10630 Folio 819 Vol 10630 Folio 820 Vol 10632 Folio 451	90%	9,196
16. Maytower Hotel & Serviced Apartment No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur	Lot No. 301 Seksyen 40 held under Title No. GRN 54118 Town and District of Kuala Lumpur Wilayah Persekutuan	100%	2,162
17. Dorsett Johor Hotel Mukim of Plentong District of Johor Bahru State of Johor	Part of PTD No. 101375 held under Title No. H.S. (D) 227751 Mukim of Plentong District of Johor Bahru	100%	4,370

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
10,592	O, S	Completed	Existing
13,483	R, S, CP	Completed	Existing
11,977	R, S	Under Construction	2009
5,675	R	Planning	2011
7,191	R	Under Construction	2010
98,845	R, C, CP	Planning	*2011
5,542	H	Completed	Existing
8,804	H	Completed	Existing

\* Being the expected completion year of first stage development

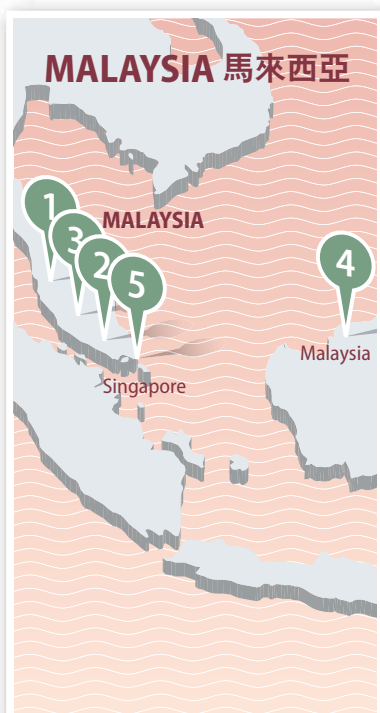
O – Office  
SA – Shopping Arcade  
C – Commercial

S – Shops  
R – Residential  
A – Agricultural


H – Hotel  
CP – Car Park



# Hotel Portfolio 酒店組合




**1 Dorsett Regency Hotel**




320 rooms, in operation  
320 間房間，營業中

**2 Sheraton Subang Hotel**




502 rooms, in operation  
502 間房間，營業中

**3 Maytower Hotel**




179 rooms, in operation  
179 間房間，營業中

**4 Grand Dorsett Labuan Hotel**



178 room, in operation  
178 間房間，營業中

**5 Dorsett Johor Hotel**



252 rooms, in operation  
252 間房間，營業中

## HOTELS IN OPERATION

<p><b>1 Central Park Hotel</b> 麗栢酒店</p> <p><b>Location:</b> Central</p> <p><b>No. of rooms:</b> 142</p> <p><b>Type:</b> Boutique hotel</p> <p><b>Date of Commencement:</b> Apr, 2005</p> 	<p><b>2 Cosmopolitan Hotel</b> 麗都酒店</p> <p><b>Location:</b> Wanchai</p> <p><b>No. of rooms:</b> 454</p> <p><b>Type:</b> 4-star hotel</p> <p><b>Date of Commencement:</b> Dec, 2004</p> 	<p><b>3 Cosmo Hotel</b> 麗悅酒店</p> <p><b>Location:</b> Wanchai</p> <p><b>No. of rooms:</b> 142</p> <p><b>Type:</b> Boutique hotel</p> <p><b>Date of Commencement:</b> Oct, 2005</p> 
<p><b>4 Dorsett Far East Hotel</b> 遠東帝豪酒店</p> <p><b>Location:</b> Tsuen Wan</p> <p><b>No. of rooms:</b> 240</p> <p><b>Type:</b> 3-star hotel</p> <p><b>Date of Commencement:</b> Oct, 2006</p> 	<p><b>5 Dorsett Kowloon Hotel</b> 帝豪九龍酒店</p> <p><b>Location:</b> Tai Kok Tsui</p> <p><b>No. of rooms:</b> 141</p> <p><b>Type:</b> 3-star hotel</p> <p><b>Date of Commencement:</b> Apr, 2005</p> 	<p><b>6 Dorsett Seaview Hotel</b> 帝豪海景酒店</p> <p><b>Location:</b> Yau Ma Tei</p> <p><b>No. of rooms:</b> 268</p> <p><b>Type:</b> 3-star hotel</p> <p><b>Date of Commencement:</b> Dec, 2000</p> 
<p><b>7 Lan Kwai Fong Hotel</b> 蘭桂坊酒店</p> <p><b>Location:</b> Central</p> <p><b>No. of rooms:</b> 162</p> <p><b>Type:</b> Boutique hotel</p> <p><b>Date of Commencement:</b> Mar, 2006</p> 		

## HOTELS UNDER DEVELOPMENT

<p><b>8 Cosmo Kowloon Hotel</b> 麗悅九龍酒店</p> <p><b>Location:</b> Tai Kok Tsui</p> <p><b>No. of rooms:</b> 285</p> <p><b>Type:</b> 4-star hotel</p> <p><b>Estimated Completion Date:</b> 3rd Quarter, 2009</p> 	<p><b>9 Cosmopolitan Kwai Chung Hotel</b> 麗都葵涌酒店</p> <p><b>Location:</b> Kwai Chung</p> <p><b>No. of rooms:</b> 650</p> <p><b>Type:</b> 4-star hotel</p> <p><b>Estimated Completion Date:</b> 1st Quarter, 2011</p> 	<p><b>10 Cosmopolitan Kowloon Hotel</b> 麗都九龍酒店</p> <p><b>Location:</b> Kwun Tong</p> <p><b>No. of rooms:</b> 380</p> <p><b>Type:</b> 4-star hotel</p> <p><b>Estimated Completion Date:</b> 4th Quarter, 2010</p> 
<p><b>11 St. Davis Hotel</b></p> <p><b>Location:</b> Kennedy Town</p> <p><b>No. of rooms:</b> 225</p> <p><b>Type:</b> 4-star hotel</p> <p><b>Estimated Completion Date:</b> 1st Quarter, 2010</p> 	<p><b>12 Boutique Hotel on Hill Road</b> 山道之酒店</p> <p><b>Location:</b> West Point</p> <p><b>No. of rooms:</b> 148</p> <p><b>Type:</b> Boutique hotel</p> <p><b>Estimated Completion Date:</b> 4th Quarter, 2009</p> 	<p><b>13 Boutique Hotel on Jervois Street</b> 蘇杭街之酒店</p> <p><b>Location:</b> Sheung Wan</p> <p><b>No. of rooms:</b> 55</p> <p><b>Type:</b> Boutique hotel</p> <p><b>Estimated Completion Date:</b> 3rd Quarter, 2010</p> 

# China Projects 中國業務



### SHANGHAI 上海

Shanghai Metro Line 9 地鐵9號線  
Shanghai New International Expo Center 上海新國際博覽中心  
Jinxiu Road 錦繡路  
Fanglian Road 芳蓮路  
Shanghai Science and Technology Museum 上海科技館  
Century Park 世紀公園  
Hua Mu Road 花木路  
Pujian Road 浦建路  
YUE SHANGHAI HOTEL 上海麗悅酒店  
Baoyang Road 白楊路

**Yue Shanghai Hotel\***  
上海麗悅酒店  
(Hotel under development, 281 rooms)  
(發展中酒店物業 · 281 間房間)

### SHANGHAI 上海

Tang Qi Road 塘祁路  
Qilian Shan Road 祁連山路  
District 6-8 (sold) 6-8 區 (已售)  
District 5 (sold) 5 區 (已售)  
District 1 (sold) 1 區 (已售)  
Future phase 日後發展的階段  
Xin Shi Dai Square 新時代廣場  
Shanghai University 上海大學  
Jin Qiu Road 錦秋路  
Jin Qiu Xin Tian Di 錦秋新天地  
District 3 (sold) 3 區 (已售)  
District 2 (sold) 2 區 (已售)  
Future phase 日後發展的階段

**1 M7 Shanghai University Station**  
M7地鐵上海大學站  
(in progress)  
(在建中)

**4 Di Jing Court**  
帝景苑

**2 Yong Jing Court**  
雍景苑

**5 Jin Qiu Xin Tian Di**  
錦秋新天地

**3 Jin He Ya Court**  
錦和雅苑

**GUANGZHOU 廣州**

Liwan District 荔灣區  
Xique Road 喜鵲路  
Guangzhou Metro Line 1 地鐵一號線  
Caileng Road 彩鳳路  
Huadi Da Road 花地大道

**Gantangyuan**  
廣州甘棠苑  
(Under development)  
(發展中物業)

**GUANGZHOU 廣州**

Liwan District 荔灣區  
Huadi River 花地河  
Fengnian Road 豐年路  
Lihai Road 荔海路  
Baihuo Road 百花路

**Huadijiayuen**  
廣州花地家園  
(Under development)  
(發展中物業)

**GUANGZHOU 廣州**

Yuexiu District 越秀區  
Sixth Jianshe Road 建設六路  
Cross Jianshe Road 建設橫馬路  
Dongfeng Road East 東風東路  
Third Jianshe Road 建設三路

**New Time Plaza**  
廣州新時代大廈  
(Under development)  
(發展中物業)

**ZHONGSHAN 中山**

中山一路  
新沙街  
富華道  
香山大街  
西堤路

**Zhongshan Cosmopolitan Hotel**  
中山麗悅酒店  
(Hotel under development, 416 rooms)  
(發展中酒店物業 · 416 間房間)

**CHENGDU 成都**

Renmin Zhong Road II 人民中二路  
Renmin Zhong Road I 人民中一路  
Yulong Street West 西玉龍街  
Shangsheng Street 上升街  
Donger Lane 東二巷

**CHENGDU COSMOPOLITAN HOTEL**  
成都麗悅酒店

**Chengdu Cosmopolitan Hotel**  
成都麗悅酒店  
(Hotel under development, 579 rooms)  
(發展中酒店物業 · 579 間房間)

**WUHAN 武漢**

Zhonghan Road 中漢路  
Yangtze River 長江  
Jiangnan Commercial Walking Street 江漢商業步行街  
Wangfujing Dpt. Store 王府井百貨公司

**Wuhan Cosmopolitan Hotel**  
武漢麗悅酒店  
(394 rooms)  
(394 間房間)

**ZHEJIANG 浙江**

Wuxei Resort 五洩度假村  
Wuxei National 4A Forrest Park 五洩國家園 4A森林公園  
Wuxei Scenic Spot 五洩風景區  
Qing Kou Cun 青口村

**ZHUJI COSMOPOLITAN HOTEL**  
諸暨麗悅酒店

**Zhuji Cosmopolitan Hotel\***  
諸暨麗悅酒店  
(Hotel under development, 300 rooms)  
(發展中酒店物業 · 300 間房間)