The Cross-Harbour (Holdings) Limited

(Stock Code : 32)

Annual Report

2009

Contents

Corporate Information

Board of Directors

Executive Director

Cheung Chung Kiu *(Chairman)*
Yeung Hin Chung, John, SBS, OBE, JP *(Managing Director)*
Yuen Wing Shing
Wong Chi Keung
Leung Wai Fai
Tung Wai Lan, Iris

Non-executive Director

Lee Ka Sze, Carmelo
Wong Yat Fai

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James
Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James *(Chairman)*
Lee Ka Sze, Carmelo
Ng Kwok Fu
Leung Yu Ming, Steven

Remuneration Committee

Cheung Chung Kiu *(Chairman)*
Ng Kwok Fu
Leung Yu Ming, Steven

Authorised Representative

Yeung Hin Chung, John
Leung Wai Fai *(Alternate to Yeung Hin Chung, John)*
Yuen Wing Shing
Wong Chi Keung *(Alternate to Yuen Wing Shing)*

Secretary

Leung Shuk Mun, Phyllis Sylvia

Legal Adviser

Woo, Kwan, Lee & Lo

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Fax: (852) 2802 2080
Website: www.crossharbour.com.hk

External Auditor

KPMG

Registrar & Transfer Office

Tricor Tengis Limited
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28 Queen's Road East
Wanchai
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Tel: (852) 2980 1333
Fax: (852) 2810 8185

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 32

Performance

The Group reported a net profit of HK$291.3 million for the year ended 31 December 2009, representing an increase of 107.6 percent as compared with HK$140.3 million in 2008. The significant increase was the aggregate of an increase in profit contribution from tunnel operations and the improved performance of the treasury segment as compared to the previous year. Earnings per share were HK$0.82 against HK$0.40 for 2008.

Final Dividend

A fourth and final dividend of HK$0.12 per share has been proposed and, if approved by the Shareholders, will result in total dividends of HK$0.30 per share for the year, the same as for 2008. Total dividends paid and proposed for the year will be HK$106.0 million.

Business Review and Outlook

Despite extreme pessimism at the beginning of the year, the global economy has seen a great turnaround in 2009 with various leading economic indicators turning up. The pace of rebound was, however, tepid under the weak economic fundamentals. The adoption of unprecedented quantitative easing measures in the aftermath of the global financial crisis not only helped stabilize financial markets and restore the major economies to growth, but also led to rising risks of asset price bubbles. Moreover, the Dubai World's debt crisis in November reminded us that the nascent global economic recovery remains fragile.

After four consecutive quarters of contraction, Hong Kong also staged a rebound in the second quarter stemming from resilience in private consumption supported by better business prospects though limited by sluggish export trade, revival in financial market activities, rebound in inbound tourism and improving labour market. Unemployment rate fell slightly to 5.3% in the third quarter, the first decline since the onset of the global financial crisis. The property market recouped most of the losses suffered since Lehman's collapse and luxury property prices kept scaling new heights.

Stepping into 2010, the advanced economies are expected to rebound sluggishly with subdued inflation and high unemployment rate, while the emerging and developing economies, led by a resurgence in Asia, are already further ahead on the road to recovery. Buoyed by massive fiscal and monetary stimulus, the Mainland achieved a GDP growth of over 8% in 2009 with a consensus projection of 9.5% for 2010. The acceleration of economic growth in the Mainland certainly helps steering the local economy onto a positive growth path, following a contraction in 2009. Moreover, the potential appreciation of the renminbi continues to attract inflow of funds. As liquidity is likely to remain high for an extended period, local interest rates will stay low as long as the US monetary policy stays accommodative. Nevertheless, support from accommodative monetary and fiscal policies will have to be withdrawn eventually in the long run, but the timing and pace of those exit strategies are crucial to a sustainable recovery.

The Autopass Company Limited ("Autopass") - 70% owned

Autotoll Limited ("Autotoll") - effectively 35% owned

Autotoll Limited, 50% owned by Autopass, provides electronic toll clearing facilities in Hong Kong covering eleven different toll roads and tunnels. There are fifty-three auto-toll lanes in operation at present. Despite the uncertain economic condition and a decrease in new car sales, there was still a slight increase in tag subscribers during 2009. The telematics business was however adversely affected by the shrinking of the logistic market since cross-border truckers are the target customers of the On-Board Trucker Information System ("OBTIS") project. In view of revived business sentiment, the prospects of Autotoll are expected to improve in the coming year.

Following the successful launch of OBTIS, Autotoll is prepared to integrate this data exchange platform with a newly developed electronic advance cargo information system - Road Cargo System (ROCAS). The new system is designed for customs clearance of road cargoes and is scheduled to roll out in the first half of 2010 by the Customs and Excise Department. The importance of smooth cross-border traffic is already well recognized and the need to keep abreast with global, regional and national developments in electronic customs clearance is undeniable. With the electronic submission system, Customs officers are able to conduct risk profiling on every cargo consignment in advance so that the quality of risk assessment can be enhanced. All cross-border trucks, except those selected for inspection, can enjoy seamless customs clearance at the land border.

In the past year, Autotoll has well demonstrated its technology capability in the intelligent transport system activities through winning several government tenders. Following the implementation and integration of the two journey time indication systems - JTIS Hong Kong and JTIS Kowloon, Autotoll was further awarded the tender for the construction of Speed Map Panels ("SMP") for Kowloon-bound traffic in the New Territories in January 2010. The SMPs will be installed on roads with high traffic flows and will enable motorists travelling on the highway network from the New Territories to Kowloon to be provided with real-time traffic information to facilitate them to make informed route choices.

For years, Autotoll has been striving to expand its service network in the Mainland China. After the set up of a GPS joint venture in Guangdong province in 2009, Autotoll has eventually gained a foothold in a market with huge potential for telematics business. Further, system upgrade and product revamp are in progress with the aim of expanding customer size and making way for new products launching in the coming years.

The Hong Kong School of Motoring Limited ("HKSM") - 70% owned

In the wake of the continuously shrinking market size and uncertain employment prospects, HKSM recorded a further deteriorated demand for driving lessons in the year under review. The performance of HKSM was dampened by low throughput in spite of higher lesson income unit rate and various cost saving measures. Though the economy is expected to display strength, the outlook on the driving training industry, however, remains pessimistic in the coming year. The competitiveness of HKSM will continue be threatened by the intensified cut-throat pricing competitions among driving school operators. Further, given the declining market size and low entry barrier, sales intake of motorcycle training is expected to continue its downtrend. Nevertheless, HKSM will continue to deploy more efforts in product development and diversification in order to defend its market share. For years, HKSM has been relying on its strong brand image to support premium pricing. The expansion of the well received "One-to-One" driving training course not only helps to enhance brand image and service quality, but is also conducive to cost structure improvement in the long run.

Western Harbour Tunnel Company Limited ("WHTCL") - 50% owned

Due to the poor economic environment and reduced total cross harbour traffic, the daily throughput of the Western Harbour Tunnel ("WHT") for the first three quarters of 2009 was slightly below 47,000 vehicle journeys, representing a 1.2% decrease as compared with the last corresponding period. However, the daily traffic in September has rebounded significantly to over 50,000 vehicle journeys which was also the level before the implementation of toll increase in January 2008, and continued its uptrend for the remaining period of the year along with an improvement in the total cross harbour traffic. The performance of WHTCL in 2009 was really encouraging as there was an unexpected positive growth in throughput for the full year even after a contraction during the first half year. On the finance side, WHTCL increased interest rate hedgings for its outstanding bank loan so as to take advantage of the favourable swap rates offered under the low interest rates environment as well as to prepare for the anticipated interest rate hikes in the second half of 2010.

For years, the management of WHTCL maintained close liaison with the Transport Department on the improvement of accessibility to and from the WHT. As a result of their prolonged efforts, the traffic congestion during peak periods at the Hong Kong Island egress of the WHT has been alleviated by recently implemented lane re-arrangement. Looking ahead, we expect both traffic growth and revenue growth of the WHT to remain solid in the coming year fuelled by buoyant consumer sentiments alongside gradual wage increase.

Tate's Cairn Tunnel Company Limited ("TCTCL") - 39.5% owned

Despite a reduction in traffic volume of almost 7% during the year under review resulting from a diversion of traffic caused by the opening of Route 8 in 2008 and the sluggish performance of logistic industry as reflected by an significant drop in tunnel usage by goods vehicles, the Tate's Cairn Tunnel ("TCT") recorded an increase in toll revenue after its fifth toll increment effective from 30 November 2008 as compared with the previous year. Following a rebound in private consumption during the last quarter of 2009, the TCT experienced a moderate recovery in throughput. However, the threat of alternative routes on TCT's market share will continue to exist and the average daily throughput of the TCT in the new financial year is expected to maintain at the current level of around 52,000 vehicle journeys. In the years ahead, the steady cashflow generated by the franchise will continue to provide sustainable return for the Group.

Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL") - 50% owned

HKTLMCL has managed the busiest Cross-Harbour Tunnel at Hunghom ("CHT") under a Management, Operation and Maintenance ("MOM") Contract with the Government for a period of twenty-six months commencing 1 September 2006 and extension has been granted by the Government for a further twenty-four months up to 31 October 2010.

Looking Forward

Looking forward to 2010, we remain cautiously optimistic on the economic outlook of the Hong Kong economy. However, in view of the reviving business environment, we have confidence that each business segment of the Group will continue to perform steadily in the coming years and create sustainable streams of value for our shareholders.

Acknowledgement

I would like to take this opportunity to extend my sincere appreciation to my fellow directors for their wise counsel and to all the staff for their concerted efforts and continued dedication. Last but not least, I would like to express my gratitude to our shareholders for their support to the Group in the past years.

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

Autotoll

The total number of tags in circulation was around 237,500 as on 31 December 2009, representing an increase of about 2% from the year before. Autotoll's penetration rate on licensed vehicles was about 40% on average. The overall usage of auto-toll facilities in all eleven toll roads and tunnels maintained at about 50% with the highest usage at the Tai Lam Tunnel at around 60%. The daily transactions handled by Autotoll were about 344,000 with toll amount of approximately HK$7.2 million. The number of subscribers for the Global Positioning System at the end of the year under review was about 4,100.

Hong Kong School of Motoring ("HKSM")

HKSM recorded a decrease of 11% in tuition fees income due to a decline in the demand for driving lessons and a substantial reduction in the income from motorcycle training courses, as compared with the previous year. The low throughput was primarily the result of poor economic sentiments and vigorous price competitions. However, due to the continuation of various cost-saving measures and quality improvement programs, the cost structure of HKSM has become more flexible and adaptable to various operation modes.

Tate's Cairn Tunnel ("TCT")

The dual two-lane TCT was constructed at a total cost of HK$2 billion with a designed capacity of 78,500 vehicle journeys. TCT opened for traffic in June 1991 and is the longest road tunnel in Hong Kong. Competition mainly comes from the lower tolls at the Lion Rock Tunnel, Shing Mun Tunnels and the newly opened Eagle's Nest Tunnel (part of Route 8) which connects Cheung Sha Wan and Shatin Valley.

Toll

Toll remained unchanged since 30 November 2008.

Tunnel Usage

Throughput for the year was 18,469,453 vehicle journeys, representing a decrease of 7.1% from 2008. The daily average throughput stood at 50,601 vehicle journeys and the market share of TCT decreased from 34.5% in 2008 to 31.8% in 2009.

	Traffic Mix	
	2009	2008
Private Cars/Taxis and Motorcycles	**73.1%**	71.8%
Goods Vehicles	**17.3%**	19.1%
Buses	**9.6%**	9.1%
	100.0%	100.0%

In terms of vehicle mix profile, the private cars category (i.e. private cars, taxis and motorcycles) increased by 1.3% pt. as compared to last year, while usage by buses increased by 0.5% pt. and usage by goods vehicles decreased by 1.8% pt. The average net toll per vehicle was increased from $16.14 in 2008 to $18.50 in 2009 due to the 5th toll increase effective from 30 November 2008.

Accidents

The traffic accident occurrence rate decreased by 12.1% during 2009 due to strengthening of overnight radar operations.

	Occurrence Rate Per million vehicle trips 2009	2008
Fatal Accidents	0.00	0.00
Traffic Accidents (Personal Injury)	0.65	1.21
Traffic Accidents (Damage Only)	4.22	4.33
TOTAL:	4.87	5.54

Breakdowns

The occurrence rate of breakdowns in 2009 increased by 0.9% but the average time taken to attend the scene was maintained at within two minutes.

	2009	2008
Total Breakdowns (occurrence rate per million vehicle trips)	37.30	36.98
Daily Average Breakdowns	1.89	2.01

Infringements

The number of infringements per million vehicle trips decreased by 16.4% in 2009 because of decrease in toll evasion and speeding cases after stringent prosecution and follow-up. The number of prosecutions per million vehicle trips decreased by 12.1%.

	Number of Events Per million vehicle trips 2009	2008
Total Infringements Reported	473	566
Prosecutions	51	58

Maintenance

To ensure smooth operation of the tunnel, maintenance work on all tunnel service installations were carried out according to the Master Maintenance Program as well as the maintenance check sheets. No major defects causing adverse effect on the normal tunnel operation were found.

During the year, both the manual toll and autotoll systems were upgraded. Both projects are scheduled to complete in 2010.

Quarterly and yearly maintenance reports were prepared and submitted to the Highways Department and Transport Department for review.

Staff

Staff turnover for the year was 8.7% (2008: 9.4%) with 18 members departed.

Western Harbour Tunnel ("WHT")

The construction of the WHT was completed in April 1997 at a total cost of HK$7 billion. The dual three-lane tunnel has been under-utilised due to the lower tolls at the other cross-harbour tunnels and poor connecting roads leading to and from the WHT. The company will continue to work with the Government to improve the overall traffic flow of Hong Kong through better usage of the WHT.

Toll

The eighth toll gazettal took effect on 31 July 2009 due to the performance of the tunnel being below the target set in the Western Harbour Crossing Ordinance ("WHC Ordinance"). Although this permits the tunnel tolls to be raised, actual tolls remained unchanged since 6 January 2008 and the average tunnel toll is very much lower than the anticipated toll level as per the WHC Ordinance.

Tunnel Usage

Throughput for the year was 17,600,924 vehicle journeys, representing an increase of 0.7% from 2008 despite the economic downturn. The daily average throughput stood at 48,222 vehicle journeys (or 1.0% increase) and the market share of WHT increased from 20.6% in 2008 to 20.7% in 2009.

	Traffic Mix	
	2009	2008
Private Cars/Taxis and Motorcycles	75.2%	74.7%
Goods Vehicles	11.0%	11.3%
Buses	13.8%	14.0%
	100.0%	100.0%

In terms of vehicle mix profile, the private cars category (i.e. private cars, taxis and motorcycles) increased by 0.5% pt. as compared to last year, while usage by buses decreased by 0.2% pt. and usage by goods vehicles decreased by 0.3% pt. The average net toll per vehicle was slightly increased from $49.98 in 2008 to $50.02 in 2009 due to change in traffic mix.

Accidents

The traffic accident occurrence rate decreased by 28.4% during 2009 due to enhancement of traffic safety measures implemented by the tunnel management to remind tunnel users of traffic safety.

	Occurrence Rate Per million vehicle trips	
	2009	2008
Fatal Accidents	0.00	0.00
Traffic Accidents (Personal Injury)	0.45	0.74
Traffic Accidents (Damage Only)	2.37	3.20
TOTAL:	2.82	3.94

Breakdowns

The occurrence rate of breakdowns in 2009 decreased by 4.8% and the average time taken to attend the scene was maintained at within two minutes.

	2009	2008
Total Breakdowns (occurrence rate per million vehicle trips)	16.45	17.28
Daily Average Breakdowns	0.79	0.82

Escorts

	Number of trips	
	2009	2008
Dangerous Goods & Abnormal Goods	2,369	2,405

Infringements

The number of infringements per million vehicle trips rose by 8.6% in 2009 because of increase in the toll evasion cases and speeding vehicles. The number of prosecutions per million vehicle trips increased by 14.4%.

	Number of Events Per million vehicle trips	
	2009	2008
Total Infringements Reported	404	372
Prosecutions	39.0	34.1

Maintenance

Throughout the year 2009, all major tunnel systems operated in a safe and reliable condition.

Preventive maintenance work was performed on all engineering systems and no major defects were found in the course of the maintenance.

As an annual exercise, an Independent Consulting Engineer was engaged in November 2009 to conduct a maintenance audit. The audit showed that all tunnel infrastructure and systems had been maintained in compliance with Maintenance Manual, which is a standard agreed with the Highways Department.

Staff

Staff turnover for the year was 10.7% (2008 : 17.7%) with 23 members departed.

Cross-Harbour Tunnel at Hunghom

(managed by Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL"))

HKTLMCL operated the Cross-Harbour Tunnel ("CHT") at Hunghom under a Management, Operations and Maintenance ("MOM") Contract with the Government for a period of 26 months commencing 1 September 2006 and an extension was exercised by the Government for a further period of 24 months to 31 October 2010. The company was entitled to a management fee income from, and shared the advertising revenue with, the Government.

Tunnel Usage

Traffic throughput during 2009 was 44,318,966 vehicle journeys, representing a decrease of 0.1% from 2008.

In terms of vehicle mix profile, the private cars category (i.e. private cars, taxis and motorcycles) increased by 0.2% pt. as compared to last year, while usage by buses decreased by 0.1% pt. and usage by goods vehicles decreased by 0.1% pt. CHT's average toll per vehicle increased from $15.86 last year to $15.92 in 2009.

	Traffic Mix	
	2009	2008
Private Cars/Taxis and Motorcycles	66.9%	66.7%
Goods Vehicles	22.5%	22.6%
Buses	10.6%	10.7%
	100.0%	100.0%

Accidents

The overall traffic accident occurrence rate reduced by 29.4% during 2009. The company took constant measures to remind tunnel users of road safety.

	Occurrence Rate Per million vehicle trips	
	2009	2008
Fatal Accidents	0.02	0.00
Traffic Accidents (Personal Injury)	0.79	0.59
Traffic Accidents (Damage Only)	9.70	14.30
TOTAL:	10.51	14.89

Breakdowns

The occurrence rate of breakdowns in 2009 reduced by 19.1% and the average time taken to attend the scene was maintained at within two minutes.

	2009	2008
Total Breakdowns (occurrence rate per million vehicle trips)	23.49	29.04
Daily Average Breakdowns	2.85	3.52

Escorts

	Number of trips	
	2009	2008
Dangerous Goods & Abnormal Goods	264	1,025

Infringements

The number of infringements and prosecutions per million vehicle trips increased by 38.0% and 48.4% respectively in 2009.

Infringements included 3 excessive smoke emissions from vehicles, which the company referred to the Environmental Protection Department for action.

	Number of Events Per million vehicle trips	
	2009	2008
Total Infringements Reported	16.63	12.05
Prosecutions	8.03	5.41

Maintenance

All major tunnel systems operated satisfactorily. Major replacement works were carried out continuously by the Highways Department, Architectural Services Department and Electrical and Mechanical Services Department.

During the contract period, the unit cost of replacement and maintenance of tunnel equipment which exceeds a value of HK$120,000 shall be borne by the Government.

Staff

Staff turnover for the year was 13.3% (2008 : 17.7%) with 33 members either retired or resigned.

Further Corporate Information

Set out below is information disclosed pursuant to the listing rules of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"):

Commentary on Annual Results

(I) Review of 2009 Results

The Group reported a profit attributable to shareholders of HK$291.3 million for the year ended 31 December 2009, an increase of 107.6% compared with HK$140.3 million in 2008. Earnings per share were HK$0.82 compared to HK$0.40 for the previous year. The significant improvement in 2009 result was attributable to an increase in profit contribution from tunnel operations, gain from disposal of listed shares and an increase in fair value changes in securities investment as opposed to the significant losses on trading securities recorded in the last corresponding year.

The Group's turnover for the year was HK$217.5 million, decreased by HK$26.9 million or 11.0% as compared to HK$244.4 million recorded in 2008. The decrease was the aggregate result of a reduction in the turnover of the motoring school and a decrease in interest income on bank deposits which offsets an increase in dividend income from listed investments.

The Hong Kong School of Motoring Limited recorded a reduction in turnover of 11.4% to HK$174.5 million as a result of decrease in tuition fees income due to decline in both demand for driving lessons and income from motorcycle courses despite increase in the lesson income unit rate. Operating profit decreased by 14.8% as compared to the HK$43.1 million recorded in the previous year.

The Group's share of profits less losses of associates has increased by 43.4% to HK$235.4 million as compared to HK$164.1 million in 2008. The significant increase was primarily due to the full year result effect of acquiring an additional 13% interest in Western Harbour Tunnel Company Limited ("WHTCL") and a 39.5% effective interest in Tate's Cairn Tunnel Company Limited ("TCTCL") in the second half of 2008. After accounting for the amortization of fair value in excess of net book value of TCTCL and WHTCL as at the completion dates of the acquisitions in 2008, profit contribution from WHTCL for the year was HK$199.4 million as compared to HK$161.3 million recorded in the previous year and contribution from TCTCL for the year was HK$36.7 million against HK$1.4 million in the previous year.

The Group's share of profit from a jointly controlled entity, Autotoll Limited, was HK$9.7 million for the year against HK$10.3 million recorded in the previous year, representing a reduction of 5.8% as a result of a decrease in interest income on bank deposits.

The Group's financial costs for the year amounted to HK$5.4 million and were primarily due to a new drawdown of HK$500 million bank loans during the second half of 2009. The bank loans are variable interest rate loans with interest rate based on the HIBOR plus the predetermined spread. Further information on the Group's effective interest rates for 2009 and interest rate exposure are provided in note 27(c) to the financial statements on page 113.

Commentary on Annual Results *(continued)*

(II) Investments

At 31 December 2009, the Group maintained a portfolio of investments, composed of listed securities and unlisted investments with an aggregate market value of HK$241.2 million. Certain securities were pledged to the financial institution to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. Dividend income received therefrom in 2009 amounted to HK$23.5 million.

(III) Liquidity and Financial Resources

At 31 December 2009, the Group had bank balances and deposits in the amount of HK$1,115.3 million. Banking facilities available are sufficient to meet the foreseeable funding needs for working capital and capital expenditure. At 31 December 2009, the Group had outstanding bank loans of HK$479.2 million (31 December 2008 : HK$Nil). The bank loans are denominated in Hong Kong dollars and secured by corporate guarantees issued by the Company and two indirect wholly-owned subsidiaries. The gearing ratio, defined as total bank borrowings to shareholders' funds was 18.1% as at 31 December 2009 (31 December 2008 :Nil).

The following is the maturing profile of the group's bank borrowings as of 31 December 2009 :

Within 1 year	23.9%
After 1 year but within 2 years	43.5%
After 2 years but within 5 years	32.6%
	100.0%

The sum of term loan instalment payments repayable within one year is HK$114.6 million.

Except for the Group's investment in trading securities denominated in foreign currencies other than the United States dollars, the Group's major sources of income, major assets and borrowings are denominated in Hong Kong dollars. Further information on the Group's foreign currency exposure is provided in note 27(d) to the financial statements on pages 114 and 115.

Commentary on Annual Results *(continued)*

(IV) Comments on Segmental Information

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries, associates and a jointly controlled entity are the operation of motoring schools, tunnels and an electronic toll collection system, and investment. Further information on the segmental details is provided in note 12 to the financial statements on pages 83 to 85.

(V) Employees

The Group has 514 employees. Employees are remunerated according to the job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options are awarded to employees of the Group at the discretion of the directors, depending upon the financial performance of the Group. Total staff costs for the year amounted to HK$101.0 million. Detailed information is set out in note 8 to the financial statements on page 78.

The Company also operates a Share Option Scheme, details of which are set out in the Report of the Directors on pages 33 and 34.

Executive Director

Cheung Chung Kiu, aged 45, was appointed Chairman of the Company on 21 March 2001. Mr. Cheung was born and educated in Chongqing. He set up Chongqing Industrial Limited ("Chongqing Industrial", a company engaged mainly in the trading business in the PRC) in 1985. He is the founder and chairman of Yugang International Limited ("Yugang"), chairman of Y. T. Realty Group Limited ("Y. T. Realty") and C C Land Holdings Limited ("C C Land"), all being listed public companies in Hong Kong. He is director of Palin Holdings Limited, Chongqing Industrial, Yugang International (B.V.I.) Limited ("Yugang BVI"), Funrise Limited ("Funrise"), Y. T. Investment Holdings Limited ("Y. T. Investment") and Honway Holdings Limited ("Honway") which, together with Yugang and Y. T. Realty, are companies disclosed in the section headed "Interests and Short Positions of Shareholders" on page 35.

Yeung Hin Chung, John, SBS, OBE, JP, aged 63, was appointed Managing Director of the Company on 1 August 2001. Mr. Yeung holds a doctoral degree in management. Prior to joining the Company, he had held various key management positions in the Government of Hong Kong, where he last served as Deputy Director of Immigration; and in the private sector, where he last worked as the chief executive of a large trading consortium. He is a member of the Chinese People's Political Consultative Conference, Guangzhou. Mr. Yeung is active in community service and is member of the Basic Law Promotion Steering Committee and the Lotteries Fund Advisory Committee, as well as chairman of Hong Kong Repertory Theatre Limited. He is a member of the Advisory Board on Undergraduate Studies in Business, The Chinese University of Hong Kong; a member of the Advisory Committee of Hong Kong Community College, The Hong Kong Polytechnic University; a Visiting Professor of Asia International Open University (Macau); and a Senior Visiting Scholar of Beijing Normal University.

Yuen Wing Shing, aged 63, was appointed Executive Director of the Company on 21 March 2001. Mr. Yuen holds a diploma in management studies from The Hong Kong Polytechnic University. Prior to joining the Company, he had held senior management positions with a major bank in Hong Kong for over 20 years. He is the managing director of Yugang, an executive director of Y. T. Realty and a non-executive director of Silver Grant International Industries Limited, all being listed public companies in Hong Kong. He is director of Yugang BVI, Funrise, Y. T. Investment and Honway.

Wong Chi Keung, aged 54, was appointed Executive Director of the Company on 21 March 2001. Mr. Wong holds a doctoral degree in business and is member of Hong Kong Institute of Housing, Chartered Institute of Housing, and the Chinese People's Political Consultative Conference, Nanning City, Guangxi. He is fellow of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors, an honorary fellow of Guangxi Academy of Social Science and vice chairman of Officers' Club, Hong Kong Auxiliary Medical Services. He has held various senior executive positions with some of Hong Kong's leading property companies and property consultant firms for the past 30 years, and has taken an active role in public and voluntary services. He is the managing director of Y. T. Realty and an independent non-executive director of Water Oasis Group Limited, both being listed public companies in Hong Kong, and director of Y. T. Investment and Honway.

Directors and Senior Management

Leung Wai Fai, aged 48, was appointed Executive Director of the Company on 21 March 2001. Mr. Leung graduated from University of Wisconsin at Madison, USA with a bachelor degree in business administration. He is fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is an executive director of C C Land and the group financial controller of Yugang.

Tung Wai Lan, **Iris**, aged 44, was appointed Executive Director of the Company on 21 March 2001. Ms. Tung holds a master of philosophy degree from The Chinese University of Hong Kong. She is an executive director of Y. T. Realty and director of Y. T. Investment and Honway.

Non-executive Director

Lee Ka Sze, Carmelo, aged 49, was appointed Independent Non-executive Director of the Company on 21 March 2001 and re-designated Non-executive Director of the Company on 30 September 2004. Mr. Lee received his bachelor of laws degree and postgraduate certificate in laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and the Australian Capital Territory. Mr. Lee is a deputy chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited, and serves as an adjudicator of the Registration of Persons Tribunal and a chairman of the Transport Tribunal of the Hong Kong SAR Government, as well as a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants. He is independent non-executive director of KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd. and non-executive director of China Pharmaceutical Group Limited, Hopewell Holdings Limited, Safety Godown Company, Limited, Termbray Industries International (Holdings) Limited, Yugang and Y. T. Realty, all being listed public companies in Hong Kong. He is a partner at Messrs. Woo, Kwan, Lee & Lo, legal advisers to Yugang, Y. T. Realty and the Company.

Wong Yat Fai, aged 50, was appointed Independent Non-executive Director of the Company on 30 September 2004 and re-designated Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. He has over 13 years of experience working with an international banking group. He is an executive director of GR Vietnam Holdings Limited and non-executive director of Yugang, Y. T. Realty and C C Land, all being listed public companies in Hong Kong.

Independent Non-executive Director

Ng Kwok Fu, aged 38, was appointed Independent Non-executive Director of the Company on 30 September 2004. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College, Canada. He has over 20 years of experience in the marketing, trading, purchasing and developing of construction materials and in technical control, support and management in building projects. He is independent non-executive director of Yugang and Y. T. Realty.

Luk Yu King, James, aged 55, was appointed Independent Non-executive Director of the Company on 10 September 2007. Mr. Luk graduated from The University of Hong Kong with a bachelor of science degree. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and an ordinary member of Hong Kong Securities Institute. He has over 10 years of experience in corporate finance and in securities & commodities trading business working with international and local financial institutions. He is independent non-executive director of Yugang and Y. T. Realty.

Leung Yu Ming, Steven, aged 50, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung received his bachelor of social science degree from The Chinese University of Hong Kong and master degree in accountancy from Charles Sturt University, Australia. He is an associate of The Institute of Chartered Accountants in England and Wales, and fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. Mr. Leung is a certified practising accountant of CPA Australia and a practising certified public accountant in Hong Kong. He commenced public practice in auditing and taxation in 1990 and is currently senior partner in a CPA firm. Apart from accounting and taxation, he has over 24 years of experience in assurance, financial management and corporate finance, including working as assistant vice president with Nomura International (Hong Kong) Limited, International Finance and Corporate Finance Department. He is independent non-executive director of Suga International Holdings Limited, Yugang, Y. T. Realty and C C Land, all being listed public companies in Hong Kong.

Senior Management

Chung Wai Yee, Stella, aged 48, was appointed Financial Controller of the Company on 1 July 2001. Ms. Chung received her bachelor of commerce degree from The University of New South Wales, Australia and master degree in business administration from The Chinese University of Hong Kong. She is fellow of CPA Australia and the Hong Kong Institute of Certified Public Accountants, and associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Prior to joining the Company, she was a senior manager of corporate planning with a major listed property investment company in Hong Kong.

Shareholder Value

The Company is committed to upholding the principles of good corporate governance. These principles highlight an effective board, a sound internal control system as well as transparency and accountability. The board considers such commitment essential in balancing the interests of various stakeholders and the Company and its subsidiaries (the "Group") as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

Corporate Governance Practices

This report sets out the Company's application in the year to 31 December 2009 of the Code on Corporate Governance Practices (the "CG Code") set out within Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In the opinion of the board, the Company has complied with the principles and the relevant code provisions of the CG Code in all respects throughout the year.

Directors' Securities Transactions

The Company has adopted a code (the "Securities Code") for directors' securities dealings (of which the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules as amended from time to time (the "Model Code") forms part) at least as exacting as the Model Code. Each director is given a copy of the Securities Code on appointment (or immediately after the adoption of the revised Securities Code) and thereafter notification, followed by a reminder, of each period during which directors are not allowed to deal under the Securities Code.

The Company has also adopted a code for relevant employees (within the meaning of the CG Code) regarding securities transactions on terms no less exacting than the required standard set out in the Model Code. Each relevant employee is given notification and reminder of each period during which relevant employees are not allowed to deal under the code.

All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code and the Securities Code throughout the year.

Board of Directors

The Company is governed by a board of directors which assumes responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Company by directing and supervising its affairs. In discharging their duties, the directors exercise care, diligence and skill and act in good faith and in the best interests of the Group.

As at the date of this report, the board comprises the chairman, the managing director and four other executive directors; and five non-executive directors three of whom are independent non-executive directors. Brief biographical details, showing the balance of independence, skills, knowledge, experience and perspectives among directors and senior management, are given on pages 17 to 19.

All directors give the board and any committees on which they serve, if any, the benefits of diversity through regular attendance and active participation. Board meetings are held four times a year and additionally as needed to discharge the board duties effectively. Regular scheduled meetings are also held by the board committees to discharge their duties effectively. Non-executive directors attend general meetings whenever possible, and develop a balanced understanding of the views of shareholders.

Apart from the annual general meeting, the board met on four occasions at approximately quarterly intervals during 2009. All directors had perfect attendance at such meetings.

	No. of meetings attended / held
Executive Director	
Cheung Chung Kiu *(Chairman)*	4/4
Yeung Hin Chung, John *(Managing Director)*	4/4
Yuen Wing Shing	4/4
Wong Chi Keung	4/4
Leung Wai Fai	4/4
Tung Wai Lan, Iris	4/4
Non-executive Director	
Lee Ka Sze, Carmelo [1]	4/4
Wong Yat Fai [2]	4/4
Independent Non-executive Director	
Ng Kwok Fu [1]	4/4
Luk Yu King, James [2]	4/4
Leung Yu Ming, Steven [2]	4/4

Board of Directors *(continued)*

Notes:

1 The term of office for Mr. Lee Ka Sze, Carmelo and Mr. Ng Kwok Fu is approximately three years, commencing 15 May 2009 and ending at the close of the annual general meeting in 2012.

2 The term of office for Mr. Wong Yat Fai, Mr. Luk Yu King, James and Mr. Leung Yu Ming, Steven is approximately three years, commencing 2 May 2008 and ending at the close of the annual general meeting in 2011.

3 Non-executive directors are subject to retirement by rotation and re-election, notwithstanding any contractual or other terms of appointment or engagement on which they are appointed or engaged, in such manner as is from time to time prescribed by law or the Company's articles of association.

It is the board's role and responsibility to balance broader stakeholder interests and those of the Group. The board sets the business strategy of the Group and monitors its development in pursuit of such objective.

The board, led by the chairman, is accountable to shareholders for the management of the Company. It appoints and delegates all other matters to management while reserving certain decisions and actions for itself and performing them effectively. The managing director in turn delegates aspects of the management and administration functions to senior executives who report directly to him on a regular basis.

The functions of the board revolve around management and policy matters. Matters that are specifically reserved for decision by the board include the following: board and senior management; relations with the members and stakeholders; financial matters; business strategy; capital expenditures; lease or purchase of buildings; major transactions not included in the budget; actions or transactions involving legality or propriety; and internal control and reporting systems.

The directors acknowledge their responsibility for preparing the accounts and for presenting a balanced, clear and understandable assessment. Such responsibility extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The directors are also responsible for the integrity of financial information and for ensuring its timely disclosure. Arrangements are made which will allow them to be satisfied that the accounts are true and fair, which accurately disclose the financial position of the Company, and comply with statutory requirements and applicable accounting standards.

The board ensures the adequacy of the accounting systems and appropriateness in respect of the human resources for the financial reporting function. It is also the responsibility of the board to see to it that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The board has delegated authority for reviewing the financial controls, internal control and risk management systems of the Group to its audit committee. The audit committee receives an annual review report from management with regard to the operational aspects of internal controls. The chairman of the audit committee reports on the review of internal controls and any matters arising to the board at the following board meeting. Using the above process, the duty to review internal controls is properly discharged.

Board of Directors *(continued)*

In line with the requirements of the CG Code, the board scheduled an annual meeting in December 2009 to review the effectiveness of the system of internal control and an additional meeting in March 2010 for an update on the review. Each such review covered all material controls, including financial, operational and compliance controls and risk management functions; and gave due consideration to the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget. Nothing improper was noted on both occasions.

The Company has clearly established written policies and procedures applicable to all operational units regarding internal controls. When devising and reviewing such policies and procedures, it is recognised that the system of internal control is designed to assist the directors in obtaining reasonable assurance that problems are identified on a timely basis and dealt with appropriately. It is further recognised that the purpose of internal controls is to help manage and control, rather than eliminate, risks and as such internal control systems can only provide reasonable, and not absolute, assurance against misstatement or loss.

The Company has also a process for identifying, evaluating, and managing significant risks to the achievement of its operational objectives. This process is subject to continuous improvement and was in place throughout 2009 and up to the date of this report. In formulating the risk management strategy, the board ensures that the risks facing the Company have been assessed, and that the policies for handling them are up to date and are being complied with. No significant control failings were reported during the year and up to the date of this report.

The board is supported in its decisions by three principal board committees, the executive committee, the remuneration committee and the audit committee.

The executive committee comprises all the executive directors from to time to time of the Company, the terms of reference of which have been duly authorised by the board and properly documented. The executive committee so established forms the core of the management team, with additional members from the second line of management.

There is a written statement of the functions reserved for the board and those delegated to management, the latter of which are described below. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

In exercising its role over the management of the Company, the board is supported by management whose remit includes executing the business strategies and initiatives adopted by the board, considering and approving investments and divestments, and managing the Group's assets and liabilities in accordance with the policies and directives of the board. Management carry out a number of duties, specifically the preparation of annual and interim reports, the implementation and continued review of the systems of internal control and risk management, and compliance. Monthly management meetings are held to review, inter alia, the operating and financial performance of the Group against agreed budgets and targets.

Board of Directors *(continued)*

Besides the executive committee, the board has appointed the remuneration committee and the audit committee to deal with specific matters and advise the board or, where appropriate, decide on behalf of the board on such matters. Each committee has specific terms of reference that accord with the CG Code and are posted on the Company's website. The secretary of each appointed committee minutes all matters discussed or decided at each meeting and the work of each committee is reported to the board. Further information relating to the remuneration committee and the audit committee is provided in the remainder of this report.

The board and each director have separate and independent access to executives at all times. Management ensure that the board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. Such access rights extend to the secretary of the Company who regularly updates the board on governance and regulatory matters. Any director or board committee member, wishing to do so in furtherance of his or her duties, may seek through the chairman at the Company's expense such independent professional advice as may be recommended by the Company or as deemed fit by the independent non-executive directors provided that such approval may not be unreasonably withheld or delayed.

New directors, together with existing board members, are provided with the opportunity to visit the operating divisions and meet up with management to gain a proper understanding of the Group's business and operations. Each newly appointed director is given a package of materials comprising the latest quarterly management reports and annual and interim reports of the Company, as well as guidelines on directors' duties and corporate governance. In addition, the mini-library maintained by the company secretarial department, open to directors and senior management during office hours, is well stocked with corporate publications and all applicable rules, codes, ordinances and acts to the Group. Directors are welcome to borrow those materials and make copies of them.

The Company has in force appropriate insurance cover in respect of legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

Chairman and Managing Director

The positions of chairman and managing director are held by separate individuals with the defined roles of managing the board and managing the affairs of the Company respectively. The board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company. The division of responsibilities between the chairman and managing director has been clearly established and set out in writing.

The chairman provides leadership for the board, ensuring its effectiveness in all aspects of its role. The managing director, supported by the management team, provides planning and implementation.

The chairman ensures that all directors are properly briefed on issues arising at board meetings and that all key and appropriate issues are discussed by the board in a timely manner. Board meetings for each year are scheduled in advance to give all directors an opportunity to attend, and are structured to encourage open discussion. All board members are encouraged to update their knowledge of and familiarity with the Group through active participation at board meetings.

The chairman settles the agenda for each individual board meeting, taking into account any additional items proposed by the managing director and arising from current operating issues, as well as such other matters as may be raised by the other directors with him, who can include them on the agenda. The agenda and accompanying board papers are sent in full to all directors where possible at least 3 days before the time appointed for the meeting.

It is also the chairman's responsibility to control board meetings, to lead discussions to clear conclusions, and to satisfy himself that the secretary of the meeting has understood each conclusion reached. The secretary and financial controller of the Company attend board meetings to advise on corporate governance practices and accounting and financial matters, where appropriate.

Minutes of board meetings and meetings of board committees are kept by a duly appointed secretary of the meeting and open for inspection by any director. Draft and final versions of minutes of board meetings are sent to all directors for their comments and records respectively.

Remuneration of Directors

The remuneration committee was established on 30 June 2005. This committee supports the board in reviewing and approving the general remuneration framework for directors and senior management. It is responsible to the board specifically for formulating and recommending remuneration policy and structure applicable to all directors and senior management, as well as for determining the specific remuneration packages of all executive directors and senior management and making recommendations on the remuneration of non-executive directors.

As at the date of this report, the remuneration committee comprises the chairman of the board, Mr. Cheung Chung Kiu who is also chairman of the committee, and two independent non-executive directors, Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven.

The remuneration committee met once during 2009 with perfect attendance. No member took part in any discussion or decision concerning his own remuneration at the meeting.

	No. of meetings attended / held
Cheung Chung Kiu *(Chairman)*	1/1
Ng Kwok Fu	1/1
Leung Yu Ming, Steven	1/1

The remuneration policy is designed to ensure that the Company maintains competitive remuneration packages in order to recruit, retain and motivate high-calibre executives in the overall interests of shareholders. The remuneration package for executives comprises both fixed and variable elements, including salaries, discretionary bonuses (without capping), pension contributions and other incentive arrangements such as share options.

The emoluments received by every executive director and senior executive are subject to annual assessment and determined with reference to corporate and individual performance as well as remuneration benchmark in the industry and the prevailing market conditions.

For non-executive directors, the remuneration committee recommends the level of fees to be paid annually, based on market information, time commitment required and the level of responsibility undertaken. These recommendations are then put to a meeting of the board of directors for approval.

The remuneration committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, meets the corporate goals and objectives. At the annual meeting of the committee as noted above, members approved individual remuneration packages of the executive directors while delegating the responsibility to determine the remuneration packages of senior management to Mr. Cheung Chung Kiu and Mr. Yuen Wing Shing. In the view of the committee, the executive remuneration packages for 2009 were in line with the market.

Details of the directors' remuneration for 2009 are set out in note 7 to the financial statements on pages 76 and 77.

Nomination of Directors

The Company has no nomination committee the establishment of which is a recommended best practice under code provision A.4.4 of the CG Code. The full board participates in the selection of individuals nominated for directorships. When assessing the suitability of a candidate, the board takes into consideration factors such as time commitment, professional knowledge, expertise and industry experience, integrity and skill as well as whether s/he is able to demonstrate a competency standard commensurate with his or her position as a director of the Company.

In the case of independent non-executive directors, the candidate for office must also satisfy the independence criteria set out in rule 3.13 of the Listing Rules. In the view of the board, no independent non-executive director has any relationships that could materially interfere with his independent judgment. It is therefore the board's view that all independent non-executive directors currently sitting on the board are independent.

Auditors' remuneration

Auditors' remuneration for the year amounted to a total of HK$1.96 million, as to HK$1.64 million for audit services, as to HK$0.29 million for review services and as to HK$0.03 million for tax services.

Audit Committee

The audit committee was established on 1 January 1999 with reference to the guidelines issued by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee are amended from time to time as and when imposed by the Listing Rules.

The audit committee is tasked with the responsibility to monitor integrity of the Company's financial statements, interim and annual reports and accounts. It has also an oversight role over the Company's financial reporting function and internal control procedures, and to review and report to the board upon the same. The committee meets regularly, seeking to ensure that arrangements are in place for the staff to whistle-blow on financial reporting or other matters in so far as they may affect the Company, and to this end has unrestricted access to the management and external auditor.

As at the date of this report, the audit committee is chaired by Mr. Luk Yu King, James, an independent non-executive director. Other members are Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven who are independent non-executive directors, and Mr. Lee Ka Sze, Carmelo who is non-executive director.

Audit Committee *(continued)*

Regular meetings have been held by the audit committee since its inception. The committee met on three occasions during 2009 with perfect attendance.

	No. of meetings attended / held
Luk Yu King, James *(Chairman)*	3/3
Lee Ka Sze, Carmelo	3/3
Ng Kwok Fu	3/3
Leung Yu Ming, Steven	3/3

During the year, the audit committee reviewed the Company's interim and annual reports and accounts, paying attention to any changes in accounting policies and practices, major judgmental areas and significant adjustments resulting from audit; as well as the financial controls, internal control and risk management systems. The work and findings of the committee were reported to the board.

At the meeting convened exclusively for that purpose in December 2009, the audit committee reviewed the systems of accounting and internal financial control and risk management with reference to the findings of the annual review report prepared by the management. Management concluded, they were satisfied that the prevailing system, integrated to encompass Tate's Cairn Tunnel, was adequately in place to facilitate the effectiveness and efficiency of operations, to safeguard assets against unauthorised use and disposition, to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, as well as to ensure compliance with relevant legislation and regulations. There revealed no significant areas of improvement which were required to be brought to the committee's attention. The committee discussed the review report in this regard and concurred with the conclusion reached.

At the meeting last held in March 2010, the audit committee discussed with the external auditor matters relating to its audit fees and other issues arising from audit, and was satisfied in all respects, including the external auditor's independence and objectivity and the effectiveness of the audit process. Management confirmed that since the date of the December 2009 report, there had been no changes in the nature and extent of significant risks which were required to be brought to the attention of the committee, nor were there any changes in the Company's activities, business or operating units and internal control procedures. Management also confirmed that the Company had maintained an effective internal control system and that there was no major issue regarding internal control procedures. As with the findings of the December 2009 report, the committee confirmed the adequacy and effectiveness of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function. No material impact of the new or revised accounting standards on the 2009 accounts was reported, nor were there any significant financial reporting judgments contained in them.

Audit Committee *(continued)*

The audit committee has recommended the re-appointment of KPMG as the external auditor for 2010, and has delegated the responsibility for approving and agreeing the actual remuneration and terms of engagement of the external auditor for 2009 to the management.

Recommendation was also made on the tabling of the 2009 accounts for adoption by the shareholders at the forthcoming annual general meeting.

Conclusion

In the opinion of the board, the Company has maintained good corporate governance practices throughout the accounting period covered by the annual report. The board shall continue to review such practices.

Report of the Directors

The directors submit their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

Principal Activities

The principal activity of the Company is investment holding while the principal activities of its subsidiaries are set out in note 14 to the financial statements on pages 88 and 90.

During the year, more than 90% of the Group's trading operations in terms of both turnover and operating profit were carried out in Hong Kong. An analysis of the Group's turnover and operating profit for the year is set out in note 3 to the financial statements on page 72.

Results and Appropriations

The results of the Group and appropriations of profit for the year ended 31 December 2009 are set out in the consolidated income statement on page 42 and note 26(b) to the financial statements on page 106 respectively.

The first, second and third quarterly interim dividends each of HK$0.06 per share (2008: HK$0.06 per share) were paid on 26 June 2009, 16 October 2009 and 8 January 2010 respectively. The directors recommend the payment of a final dividend of HK$0.12 per share (2008: HK$0.12 per share) which, together with the interim dividends, make total dividends for the year ended 31 December 2009 of HK$0.30 per share (2008: HK$0.30 per share), representing a total distribution of approximately HK$106.0 million (2008: HK$106.0 million) for the year.

Subject to the shareholders' approval of the proposed final dividend at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 4 June 2010 to shareholders registered on 24 May 2010. The register of members and transfer books of the Company will be closed from 19 May 2010 to 24 May 2010, both days inclusive, in order to determine the proposed dividend entitlements.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK$15,000 (2008: HK$125,000).

Fixed Assets

Movements in fixed assets during the year are set out in note 13 to the financial statements on pages 86 and 87.

Share Capital

Movements in the share capital of the Company during the year are set out in note 26(c) to the financial statements on page 107.

Reserves

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 47.

Five-year Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 124.

Major Suppliers and Customers

During the year, less than 30% of the Group's purchases (not being purchases of items of a capital nature) were attributable to the Group's five largest suppliers, whereas less than 30% of the Group's turnover were attributable to the Group's five largest customers (being the five largest customers of The Hong Kong School of Motoring Limited, a 70%-owned subsidiary). None of the directors; their associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in those suppliers and customers.

Directors

The directors serving for the year and up to the date of this report are listed on page 2.

In accordance with article 82 of the articles of association of the Company, Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing, Mr. Wong Chi Keung and Mr. Wong Yat Fai retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence and it still considers them to be independent.

Change in Directors' Information

Mr. Lee Ka Sze, Carmelo ("Mr. Carmelo Lee") was appointed as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. on 9 June 2009 and resigned as a non-executive director of Taifook Securities Group Limited on 13 January 2010.

The updated information regarding Mr. Carmelo Lee is set out on page 18.

Apart from the foregoing, the Company has not been advised by directors of any changes in the information required to be disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") as published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since implementation of the said rule.

Directors' Interests in Contracts

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

Mr. Carmelo Lee is a partner at Messrs. Woo, Kwan, Lee & Lo and as such has an interest in the normal remuneration paid by the Company to that firm for the services rendered to the Company during the year.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

The register kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following interest of a director in the shares of the Company as at 31 December 2009:

Name	Capacity	No. of shares	% of issued share capital
Cheung Chung Kiu	Interest of controlled corporation	155,254,432	43.92%

Note:

The above interest of Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") represents a long position. Mr. C.K. Cheung was deemed to be interested in the shares by virtue of his indirect shareholding interest in Honway Holdings Limited ("Honway") which owned those shares. Honway was a wholly owned subsidiary of Y. T. Investment Holdings Limited ("Y. T. Investment") which in turn was a wholly owned subsidiary of Y. T. Realty Group Limited ("Y. T. Realty"). Yugang International (B.V.I.) Limited ("Yugang BVI"), through its wholly owned subsidiary, Funrise Limited ("Funrise"), owned 34.14% of the issued share capital of Y. T. Realty. Yugang BVI was a wholly owned subsidiary of Yugang International Limited ("Yugang"). Mr. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.57%, 9.16% and 34.33% of the issued share capital of Yugang respectively. Chongqing Industrial was owned as to 35% by Mr. C.K. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. C.K. Cheung and his associates), as to 30% by Peking Palace Limited ("Peking Palace") and as to 5% by Miraculous Services Limited ("Miraculous Services"). Peking Palace and Miraculous Services were companies controlled by Palin Discretionary Trust, the objects of which included Mr. C.K. Cheung and his family.

Save as disclosed herein, as at 31 December 2009, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Code for Securities Transactions by Directors adopted by the Company on 24 March 2009.

Share Option Scheme

On 29 April 2005, the Company adopted a share option scheme (the "New Scheme") and terminated the one it adopted on 8 May 2001 (the "Old Scheme") in order to comply with the requirements of Chapter 17 of the Listing Rules then in force. Details of the New Scheme are given in the Company's circular dated 13 April 2005 (the "Scheme Circular").

A summary of the New Scheme is set out below.

(1)	Purpose	:	To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the participants and for such other purposes as the board may approve from time to time
(2)	Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the Scheme Circular); any business consultant, professional and other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
(3)	Total number of shares available for issue (% of issued share capital as at 26 March 2010)	:	28,015,985 shares (7.9%)
(4)	Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
(5)	Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion, such period to expire not later than ten years from the date of grant of the option
(6)	Minimum period for which an option must be held before exercise	:	To be determined by the board at its absolute discretion
(7)	Amount payable on application or acceptance of the option	:	HK$1.00

Share Option Scheme *(continued)*

(8) Basis of determining the exercise price : The exercise price shall be a price solely determined by the board, such price being no less than the highest of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(c) the nominal value of a share

(9) Remaining life : Until 28 April 2015

Pursuant to the Old Scheme, options over 19,200,000 shares had been granted to eligible participants and all such options remained exercisable throughout the year. Particulars of those outstanding options at the beginning and at the end of the year are set out in the table below.

Type of participant	No. of outstanding options at the beginning and at the end of the year	Date of grant	Vesting period	Exercise period	Exercise price per share
Directors	Nil	N/A	N/A	N/A	N/A
Other employees	19,200,000	30 August 2001	Nil	30 August 2001 to 7 May 2011	HK$2.492

No option lapsed and no option was granted, exercised or cancelled during the year under the Old Scheme and the New Scheme.

Directors' Rights to Acquire Securities

Apart from the New Scheme noted above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements whose objects are, or one of whose objects is,to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests and Short Positions of Shareholders

As at 31 December 2009, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept under section 336 of the SFO:

Name	Capacity	No. of shares	% of issued share capital
Palin Holdings Limited	Interest of controlled corporation	155,254,432 [1]	43.92%
Chongqing Industrial	Interest of controlled corporation	155,254,432 [1]	43.92%
Yugang	Interest of controlled corporation	155,254,432 [1]	43.92%
Yugang BVI	Interest of controlled corporation	155,254,432 [1]	43.92%
Funrise	Interest of controlled corporation	155,254,432 [1]	43.92%
Y. T. Realty	Interest of controlled corporation	155,254,432 [1]	43.92%
Y. T. Investment	Interest of controlled corporation	155,254,432 [1]	43.92%
Honway	Beneficial owner	155,254,432 [1]	43.92%
Sheldon Fenton Kasowitz[2]	Interest of controlled corporation	17,705,000	5.01%
David Nathan Kowitz[2]	Interest of controlled corporation	17,705,000	5.01%
Indus Capital Partners, LLC[2]	Investment manager	17,705,000	5.01%

Notes:

1 Each parcel of 155,254,432 shares represents the same shareholding interest of Honway and is duplicated in Mr. C.K. Cheung's interest as set out on page 32. Each of Palin Holdings Limited, Chongqing Industrial, Yugang, Yugang BVI, Funrise, Y. T. Realty and Y. T. Investment was deemed to be interested in those shares by virtue of its direct/indirect shareholding interest in Honway.

2 Messrs. Sheldon Fenton Kasowitz and David Nathan Kowitz owned 35.3% each of Indus Capital Partners, LLC.

3 All the interests disclosed above represent long positions.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 31 December 2009, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on page 32.

Retirement Schemes

The Group operates a defined contribution retirement scheme, and two Mandatory Provident Fund schemes (the "MPF Schemes"). Particulars of those schemes are set out below.

(I) Pension Scheme

(i) Nature of the scheme

The principal scheme operated by the Group is a defined contribution retirement scheme for the employees of The Hong Kong School of Motoring Limited.

(ii) Funding of the scheme

The benefits of the scheme were funded in 2009 by a 5% contribution by employees and a 5% contribution by The Hong Kong School of Motoring Limited based on the annual salaries of employees. The contributions excluded the costs of administration and term life assurance.

(iii) Costs of the scheme

Total costs of the scheme, amounting to HK$2.9 million, were charged to the Group's income statement for the year under review. The required contribution rate was calculated as 5% of the total salaries payable during the year.

(iv) Forfeited contributions of the scheme

There is no available balance of forfeited contributions that may be used to reduce the existing level of contributions under the scheme as at 31 December 2009 and no amount was utilized during the year.

Retirement Schemes *(continued)*

(II) MPF Schemes

As from 1 December 2000, the Group has operated two MPF Schemes under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement scheme. The MPF Schemes are defined contribution retirement schemes administered by independent trustees. Under the MPF Schemes, the employer and its employees are each required to make contributions to the schemes at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. The total amount of contributions to the MPF Schemes charged to the Group's income statement for the year was HK$1.9 million.

Disclosure under Rules 13.20 and 13.22 of the Listing Rules

(I) Financial Assistance

In relation to the provision of financial assistance by the Company to Western Harbour Tunnel Company Limited ("WHTCL"), a 50%-owned associate of the Company, as previously disclosed in the Company's interim report and financial statements for the half-year ended 30 June 2009, obligations in relation to the abovementioned financial assistance by the Group continued to exist as at 31 December 2009. Total advances given by the Group to WHTCL including accrued interest thereon amounted to HK$293.4 million as at 31 December 2009.

Terms of the Financial Assistance

WHTCL, a consortium, was granted a thirty-year franchise to construct and operate the Western Harbour Tunnel ("WHT") in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993. The construction of the WHT was completed in April 1997 at a total cost of HK$7 billion. In addition to external loan finance, the project was partly financed by the shareholders' fund of the consortium in the form of equity and shareholders' loan in proportion to their shareholdings.

The loan to WHTCL bears interest at such rate as may be agreed from time to time among all the shareholders of WHTCL, currently being fixed at 1% per annum. The loan is repayable on demand as may from time to time be agreed among WHTCL's shareholders, subject to certain financial parameters of a syndicated loan being fulfilled. No security is provided to the Group for the loan.

Disclosure under Rules 13.20 and 13.22 of the Listing Rules *(continued)*

(II) Guarantee

On 8 August 2008, the Company entered into a new guarantee ("Guarantee") which superseded the guarantee previously signed on 6 July 2006, in favour of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), given for the benefit of Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL"), a company which is owned as to 50% by the Company as at 31 December 2009, to the extent of HK$38.5 million, which becomes effective as from 8 August 2008, the completion date of the acquisition of an additional 13% interest in HKTLMCL. The Guarantee is given to HSBC in return for it providing a guarantee in favour of the Government of the Hong Kong SAR on behalf of HKTLMCL to secure the performance of an agreement in relation to the operation and management of the Cross-Harbour Tunnel at Hunghom and the operation and maintenance of the tunnel equipment by HKTLMCL.

(III) Combined Balance Sheet of Affiliated Companies

Set out below is a combined unaudited balance sheet of WHTCL and HKTLMCL as at 31 January 2010 (being the latest practicable date for determining the relevant figures):

	HK$'000
Total assets	4,927,451
Other liabilities	(2,401,615)
	2,525,836
Share capital and reserves	1,938,624
Shareholders' loans	587,212
	2,525,836

Further Corporate Information

Further information of the Group which is required to be disclosed pursuant to the Listing Rules is set out on pages 14 to 16.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company maintained throughout the year the prescribed amount of public float under the Listing Rules.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the year.

External Auditor

The financial statements for the year have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the external auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

KPMG

Independent auditor's report to the shareholders of The Cross-Harbour (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of The Cross-Harbour (Holdings) Limited (the "Company") set out on pages 42 to 123, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

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

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2010

Consolidated Income Statement

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Turnover	3	217,518	244,401
Other revenue	4	3,917	5,883
Other net gains/(losses)	4	34,689	(68,520)
Direct costs and operating expenses		(98,360)	(108,526)
Selling and marketing expenses		(17,663)	(21,763)
Administrative and corporate expenses		(65,255)	(58,379)
Operating profit/(loss) before finance costs		74,846	(6,904)
Finance costs	5(a)	(5,429)	(442)
Operating profit/(loss)	3	69,417	(7,346)
Share of profits less losses of associates		235,355	164,128
Share of profits of a jointly controlled entity		9,709	10,279
Profit before taxation	5	314,481	167,061
Income tax	6(a)	(7,842)	(9,064)
Profit for the year		306,639	157,997
Attributable to:			
Equity shareholders of the Company	9	291,343	140,266
Minority interests		15,296	17,731
Profit for the year		306,639	157,997
Earnings per share	11		
Basic		$0.82	$0.40
Diluted		$0.80	$0.38

The notes on pages 52 to 123 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(b).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Profit for the year		306,639	157,997
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Available-for-sale securities: net movement in the fair value reserve		16,798	(332,366)
Share of other comprehensive income of the associate:			
Cash flow hedge: net movement in the hedging reserve		8,206	(21,255)
		25,004	(353,621)
Total comprehensive income for the year		331,643	(195,624)
Attributable to:			
Equity shareholders of the Company		316,347	(213,355)
Minority interests		15,296	17,731
Total comprehensive income for the year		331,643	(195,624)

The notes on pages 52 to 123 form part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 December 2009

(Expressed in Hong Kong dollars)

		2009		2008	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets	13(a)				
– Property, plant and equipment			46,531		61,876
– Interest in leasehold land held for own use under operating leases			27,348		28,077
			73,879		89,953
Interest in associates	15		1,849,043		1,858,885
Interest in a jointly controlled entity	16		39,197		34,488
Available-for-sale securities	17		161,066		121,831
Deferred tax assets	25(b)		2,240		1,360
			2,125,425		2,106,517
Current assets					
Trading securities	18	80,178		38,694	
Equity-linked notes	19	—		4,316	
Inventories		806		960	
Trade and other receivables	20	15,061		12,149	
Bank deposits and cash	21	1,115,341		476,959	
		1,211,386		533,078	
Current liabilities					
Trade and other payables	22	45,722		45,335	
Course fees received in advance		67,113		56,748	
Bank loans	23	114,583		—	
Taxation payable	25(a)	13,097		11,764	
Interim dividends payable		21,288		21,279	
		261,803		135,126	
Net current assets			949,583		397,952

Consolidated Balance Sheet

as at 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Total assets less current liabilities			3,075,008		2,504,469
Non-current liabilities					
Bank loans	23		364,583		—
Deferred tax liabilities	25(b)		150		560
			364,733		560
NET ASSETS			2,710,275		2,503,909
CAPITAL AND RESERVES					
Share capital	26(c)		353,488		353,488
Reserves			2,292,436		2,082,136
Total equity attributable to equity shareholders of the Company			2,645,924		2,435,624
Minority interests			64,351		68,285
TOTAL EQUITY			2,710,275		2,503,909

Approved and authorised for issue by the board of directors on 26 March 2010.

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

The notes on pages 52 to 123 form part of these consolidated financial statements.

Company Balance Sheet

as at 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Non-current assets					
Fixed assets	13(b)		112		164
Interest in subsidiaries	14		1,100,456		1,214,112
Interest in associates	15		365,501		473,603
			1,466,069		1,687,879
Current assets					
Trade and other receivables	20	1,448		532	
Cash and cash equivalents	21	883,785		258,428	
Dividend receivable		5,530		—	
		890,763		258,960	
Current liabilities					
Bank loans	23	83,333		—	
Trade and other payables	22	26,138		26,103	
Interim dividends payable		21,288		21,279	
		130,759		47,382	
Net current assets			760,004		211,578
Non-current liability					
Bank loans	23		145,833		—
NET ASSETS			2,080,240		1,899,457
CAPITAL AND RESERVES					
Share capital	26(a)		353,488		353,488
Reserves			1,726,752		1,545,969
TOTAL EQUITY			2,080,240		1,899,457

Approved and authorised for issue by the board of directors on 26 March 2010.

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

The notes on pages 52 to 123 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Hedging reserve	Retained profits	Total	Minority interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2008		353,488	1,228,127	1,984	336,615	(4,103)	838,915	2,755,026	68,974	2,824,000
Changes in equity for 2008:										
Dividends approved in respect of the previous financial year	26(b)	—	—	—	—	—	(42,419)	(42,419)	—	(42,419)
Total comprehensive income for the year		—	—	—	(332,366)	(21,255)	140,266	(213,355)	17,731	(195,624)
Minority interest's share of dividend		—	—	—	—	—	—	—	(18,420)	(18,420)
Dividends declared in respect of the current financial year	26(b)	—	—	—	—	—	(63,628)	(63,628)	—	(63,628)
Balance at 31 December 2008		353,488	1,228,127	1,984	4,249	(25,358)	873,134	2,435,624	68,285	2,503,909
Balance at 1 January 2009		**353,488**	**1,228,127**	**1,984**	**4,249**	**(25,358)**	**873,134**	**2,435,624**	**68,285**	**2,503,909**
Changes in equity for 2009:										
Dividends approved in respect of the previous financial year	26(b)	–	–	–	–	–	(42,419)	(42,419)	–	(42,419)
Total comprehensive income for the year		–	–	–	16,798	8,206	291,343	316,347	15,296	331,643
Minority interest's share of dividend		–	–	–	–	–	–	–	(19,230)	(19,230)
Dividends declared in respect of the current financial year	26(b)	–	–	–	–	–	(63,628)	(63,628)	–	(63,628)
Balance at 31 December 2009		**353,488**	**1,228,127**	**1,984**	**21,047**	**(17,152)**	**1,058,430**	**2,645,924**	**64,351**	**2,710,275**

The notes on pages 52 to 123 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Operating activities					
Profit before taxation		314,481		167,061	
Adjustments for:					
– Dividend income from listed investments		(23,547)		(8,188)	
– Amortisation of land lease premium		729		729	
– Depreciation		17,875		24,160	
– Finance costs		5,429		442	
– Interest income		(6,838)		(28,571)	
– Share of profits less losses of associates		(235,355)		(164,128)	
– Share of profits of a jointly controlled entity		(9,709)		(10,279)	
– Net gain on sale of fixed assets		(111)		(869)	
– Net gain on sale of available-for-sale securities		(14,024)		(71,139)	
– Net realised and unrealised (gains)/losses on trading securities		(18,590)		132,712	
– Net realised and unrealised (gains)/losses on equity-linked notes		(1,964)		11,102	
– Net realised and unrealised gains on derivative financial instruments		—		(7,583)	
– Impairment on available-for-sale securities		—		4,297	

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Operating profit before changes in working capital		28,376		49,746	
Decrease/(increase) in inventories		154		(15)	
(Increase)/decrease in trade and other receivables		(1,349)		7,068	
Decrease in trade and other payables		(3,381)		(17,381)	
Increase/(decrease) in course fees received in advance		10,365		(10,569)	
Cash generated from operations		34,165		28,849	
Tax paid					
– Hong Kong profits tax paid		(7,799)		(11,533)	
Net cash generated from operating activities			26,366		17,316
Investing activities					
Increase in deposits with banks greater than 3 months		(49,709)		(67,172)	
Payments for the purchase of fixed assets		(1,713)		(7,260)	
Proceeds from sale of fixed assets		248		1,127	
Refund from overpayment on fixed assets		—		700	
Payments for the purchase of available-for-sale securities		(177,104)		(94,567)	
Payments for the purchase of trading securities		(22,894)		(168,319)	
Payments for the purchase of derivative financial instruments		—		(42,141)	
Proceeds from sale of available-for-sale securities		168,691		334,046	
Proceeds from sale of trading securities		—		133,148	
Proceeds from sale of equity-linked notes		6,280		34,547	

Consolidated Cash Flow Statement

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

		2009		2008	
	Note	$'000	$'000	$'000	$'000
Proceeds from sale of derivative financial instruments		—		31,090	
Additional investment in an associate		—		(461,114)	
Acquisition of an associate		—		(555,670)	
Additional investment in a jointly controlled entity		—		(2,495)	
Repayment of loan from an associate		150,000		125,000	
Additional loan from an associate		31,718		2,173	
New loan to a jointly controlled entity		—		(10,000)	
Dividends received from investments		23,547		6,748	
Dividend received from an associate		75,602		5,036	
Dividend received from a jointly controlled entity		5,000		17,500	
Interest received		2,817		24,661	
Net cash generated from /(used in) investing activities			212,483		(692,962)
Financing activities					
Proceeds from new bank loans		500,000		—	
Repayment of bank loans		(20,834)		—	
Other borrowing costs		(6,444)		(442)	
Dividends paid		(106,038)		(106,084)	
Dividends paid to minority shareholders		(16,860)		(18,420)	

for the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Net cash generated from/ (used in) financing activities			349,824		(124,946)
Net increase/(decrease) in cash and cash equivalents			588,673		(800,592)
Cash and cash equivalents at 1 January			409,787		1,210,379
Cash and cash equivalents at 31 December	21		998,460		409,787

The notes on pages 52 to 123 form part of these consolidated financial statements.

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a jointly controlled entity.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale or as trading securities (see note 1(f)); and

— derivative financial instruments (see note 1(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1 Significant accounting policies *(continued)*

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group or Company. Control exists when the Group or Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising form intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies *(continued)*

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(e) and (k)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 1(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies *(continued)*

(d) Associates and jointly controlled entities *(continued)*

The significant accounting policies adopted by the associates and a jointly controlled entity are consistent with those of the Group.

Upon the adoption of HK(IFRIC12), *Service concession arrangements*, the franchises of the associates, Western Harbour Tunnel Company Limited and Tate's Cairn Tunnel Company Limited, with the government constituted the service concession arrangements and the infrastructure costs, previously classified as Tunnel, Plant and Equipment were reclassified as Intangible Assets and the Depreciation of the respective infrastructure costs was reclassified as Amortisation of intangible assets in the financial statements of the associates.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(k)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 1(k)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 Significant accounting policies *(continued)*

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entity, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading and equity-linked notes are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(t)(iii), (iv) and (v).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(k)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(t)(iii) and (iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(t)(v). When these investments are derecognised or impaired (see note 1(k)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 Significant accounting policies *(continued)*

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(h)).

(h) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss.

1 Significant accounting policies *(continued)*

(i) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(k)):

— buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 1(j)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Buildings situated on leasehold land are depreciated over the shorter of their estimated useful lives, being 10 years after the date of completion, and the unexpired terms of the leases.

— Furniture, fixtures and equipment	3 - 10 years
— Motor vehicles	3 - 5 years
— Yacht	3 - 10 years
— Leasehold improvements	Remaining term of the lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 Significant accounting policies *(continued)*

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

1 Significant accounting policies *(continued)*

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries, see note 1(k)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable date that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates and jointly controlled entities recognised using the equity method (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(k)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

1 Significant accounting policies *(continued)*

(k) Impairment of assets *(continued)*

(i) Impairment of investments in debt and equity securities and other receivables (continued)

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 Significant accounting policies *(continued)*

(k) Impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— investments in subsidiaries (except for those classified as held for sale (or included in a disposal group that is classified as held for sale); and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

1 Significant accounting policies *(continued)*

(k) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

1 Significant accounting policies *(continued)*

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of the completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(k)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 Significant accounting policies *(continued)*

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement scheme. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $20,000. Contributions to the plan vest immediately.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 Significant accounting policies *(continued)*

(r) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

1 Significant accounting policies *(continued)*

(r) Income tax *(continued)*

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 Significant accounting policies *(continued)*

(t) Recognition of income

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) The principal source of income from motoring school operations is driving course fee income which is recognised in the income statement upon the completion of the relevant training lessons.

(ii) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income is recognised as it accrues using the effective interest method.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1 Significant accounting policies *(continued)*

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

1 Significant accounting policies *(continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— HKFRS 8, *Operating segments*

— HKAS 1 (revised 2007), *Presentation of financial statements*

— Amendments to HKFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*

— Improvements to HKFRSs (2008)

— Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*

— HKAS 23 (revised 2007), *Borrowing costs*

The amendments to HKAS 23 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

2 Changes in accounting policies *(continued)*

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. Corresponding amounts have been provided on a basis consistent with the revised segment information.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 27(f) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:

— As a result of amendments to HKAS 28, *Investments in associates*, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

2 Changes in accounting policies *(continued)*

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in additional to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3 Turnover and operating profit/(loss)

The principal activity of the Company is investment holding and those of its subsidiaries are set out in note 14. Given below is an analysis of the turnover and operating profit/(loss) of the Group:

	Turnover		Operating profit/(loss)	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Principal activities				
Motoring school operations	174,532	197,007	36,745	43,118
Investment and other activities	42,986	47,394	32,672	(50,464)
	217,518	244,401	69,417	(7,346)

4 Other revenue and other net gains/(losses)

	2009 $'000	2008 $'000
Other revenue		
Interest income from loan to an associate	3,917	4,369
Interest income from other loan	—	1,514
	3,917	5,883
Other net gains/(losses)		
Net gain on sale of available-for-sale securities	14,024	71,139
Impairment on available-for-sale securities	—	(4,297)
Net realised and unrealised gains/(losses) on trading securities	18,590	(132,712)
Net realised and unrealised gains on derivative financial instruments	—	7,583
Net realised and unrealised gains/(losses) on equity-linked notes	1,964	(11,102)
Net gains on sale of fixed assets	111	869
	34,689	(68,520)

5 Profit before taxation

	2009 $'000	2008 $'000
Profit before taxation is arrived at after charging:		
(a) Finance costs		
Other borrowing costs	758	442
Interest on bank loans wholly repayable within five years	4,671	—
	5,429	442
(b) Other items		
Amortisation of land lease premium	729	729
Depreciation	17,875	24,160
Auditors' remuneration		
– statutory audit services	1,641	1,185
– other services	285	210
Operating lease charges - land and buildings	11,999	11,260
Contributions to defined contribution retirement scheme	4,842	4,558
Salaries, wages and other benefits (excluding directors' emoluments)	96,206	107,361
Cost of inventories consumed	6,869	8,847
Net foreign exchange loss	—	4,514
and after crediting:		
Dividend income from listed investments	23,547	8,188
Interest income	6,838	28,571
Net foreign exchange gain	1,061	—

6 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2009 $'000	2008 $'000
Current tax - Hong Kong Profits Tax		
Provision for the year	9,272	11,117
Over-provision in respect of prior years	(140)	(43)
	9,132	11,074
Deferred tax		
Origination and reversal of temporary differences	(1,290)	(1,941)
Effect of deferred tax balances at 1 January resulting from a change in tax rate	—	(69)
	(1,290)	(2,010)
	7,842	9,064

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2009 $'000	2008 $'000
Profit before tax	314,481	167,061
Notional tax on profit before tax calculated at 16.5% (2008: 16.5%)	51,889	27,565
Tax effect of non-deductible expenses	750	23,999
Tax effect on non-taxable revenue	(48,249)	(54,023)
Tax effect of current year's tax losses not recognised	3,592	11,635
Effect of deferred tax balances at 1 January resulting from a change in tax rate	—	(69)
Over-provision in prior years	(140)	(43)
Actual tax expense	7,842	9,064

7 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

2009

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2009 Total $'000
Executive directors					
Cheung Chung Kiu	—	—	6,500	1	6,501
Yeung Hin Chung, John	—	3,235	2,800	12	6,047
Yuen Wing Shing	—	—	1,000	1	1,001
Wong Chi Keung	—	—	400	1	401
Leung Wai Fai	—	—	1,000	1	1,001
Tung Wai Lan, Iris	—	—	400	1	401
Non-executive directors					
Lee Ka Sze, Carmelo	500	—	—	—	500
Wong Yat Fai	200	—	—	—	200
Independent non-executive directors					
Luk Yu King, James	300	—	—	—	300
Ng Kwok Fu	200	—	—	—	200
Leung Yu Ming, Steven	200	—	—	—	200
	1,400	3,235	12,100	17	16,752

7 Directors' remuneration *(continued)*

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: *(continued)*

2008

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2008 Total $'000
Executive directors					
Cheung Chung Kiu	—	—	6,000	1	6,001
Yeung Hin Chung, John	—	3,030	2,600	12	5,642
Yuen Wing Shing	—	—	1,000	1	1,001
Wong Chi Keung	—	—	—	—	—
Leung Wai Fai	—	—	1,000	1	1,001
Tung Wai Lan, Iris	—	—	400	1	401
Non-executive directors					
Lee Ka Sze, Carmelo	500	—	—	—	500
Wong Yat Fai	200	—	—	—	200
Independent non-executive directors					
Luk Yu King, James	300	—	—	—	300
Ng Kwok Fu	200	—	—	—	200
Leung Yu Ming, Steven	200	—	—	—	200
	1,400	3,030	11,000	16	15,446

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2008: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2008: two) individuals are as follows:

	2009 $'000	2008 $'000
Salaries and other emoluments	2,422	2,379
Discretionary bonuses and/or performance-related bonuses	630	630
Retirement scheme contributions	78	78
	3,130	3,087

The emoluments of the two (2008: two) individuals with the highest emoluments are within the following bands:

	2009 Number	2008 Number
Bands (in HK$)		
$1,000,001 - $1,500,000	1	1
$1,500,001 - $2,000,000	1	1
	2	2

9 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of $253,720,000 (2008: loss of $10,199,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2009 $'000	2008 $'000
Amount of consolidated profit/(loss) attributable to equity shareholders dealt with in the Company's financial statements	253,720	(10,199)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	33,110	35,350
Company's profit for the year (note 26(a))	286,830	25,151

Details of dividends paid and payable to equity shareholders of the Company are set out in note 26(b).

10 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2009			2008		
	Before-tax amount $'000	Tax (expense)/ benefit $'000	Net-of-tax amount $'000	Before-tax amount $'000	Tax (expense)/ benefit $'000	Net-of-tax amount $'000
Available-for-sale securities: net movement in fair value reserve	16,798	—	16,798	(332,366)	—	(332,366)
Share of other comprehensive income of the associate:						
Cash flow hedge: net movement in hedging reserve	9,828	(1,622)	8,206	(25,396)	4,141	(21,255)
Other comprehensive income	26,626	(1,622)	25,004	(357,762)	4,141	(353,621)

10 Other comprehensive income *(continued)*

(b) Reclassification adjustments relating to components of other comprehensive income

	2009 $'000	2008 $'000
Available-for-sale securities:		
Changes in fair value recognised during the year	30,822	(265,524)
Reclassification adjustments for amounts transferred to profit or loss:		
— gains on disposal (note 4)	(14,024)	(71,139)
— impairment losses (note 4)	—	4,297
Net movement in the fair value reserve during the year recognised in other comprehensive income	16,798	(332,366)
Share of other comprehensive income of the associate:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	(11,994)	(30,430)
Reclassification adjustments for amounts transferred to profit or loss:		
— finance costs	21,822	5,034
Net deferred tax (debit)/credited to other comprehensive income	(1,622)	4,141
Net movement in the hedging reserve during the year recognised in other comprehensive income	8,206	(21,255)

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $291,343,000 (2008: $140,266,000) and the weighted average of 353,488,000 ordinary shares (2008: 353,488,000) in issue during the year, calculated as follows:

	2009 '000	2008 '000
Weighted average number of ordinary shares at 31 December	353,488	353,488

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $291,343,000 (2008: $140,266,000) and the weighted average number of ordinary shares of 365,191,000 shares (2008: 365,902,000 shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted):

	2009 $'000	2008 $'000
Profit attributable to ordinary equity shareholders (diluted)	291,343	140,266

(ii) Weighted average number of ordinary shares (diluted):

	2009 '000	2008 '000
Weighted average number of ordinary shares at 31 December	353,488	353,488
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	11,703	12,414
Weighted average number of ordinary shares (diluted) at 31 December	365,191	365,902

12 Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Motoring school operations: this segment invests in a subsidiary which operates three driver training centres.

— Tunnel operations: this segment invests in associates which operate the Western Harbour Tunnel and Tate's Cairn Tunnel franchises and manage the Hunghom Cross-Harbour Tunnel for the Government of the Hong Kong Special Administrative Region ("HKSAR").

— Electronic toll operations: this segment invests in a jointly controlled entity which operates an electronic toll collection system and provision of telematics services.

— Treasury: this segment operates investment activities and receives dividend income and interest income.

— Other: this segment mainly operates leasing of fixed assets.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current and non-current assets with the exception of other corporate assets. Segment liabilities include trade creditors attributable to the sales activities and the accruals of the individual segments and bank borrowings, dividend payable and taxation payable managed directly by the segments with exception of other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2009 and 2008 is set out below.

12 Segment reporting *(continued)*

(a) Segment results, assets and liabilities *(continued)*

	Motoring school operations		Tunnel operations		Electronic toll operations		Treasury		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	174,532	197,007	2,800	2,800	12,600	12,600	19,565	2,240	1,183	1,183	210,680	215,830
Interest revenue	1,061	3,879	–	–	17	320	5,760	24,372	–	–	6,838	28,571
Inter-segment revenue	–	–	–	–	–	–	–	–	9,627	9,387	9,627	9,387
Reportable segment revenue	175,593	200,886	2,800	2,800	12,617	12,920	25,325	26,612	10,810	10,570	227,145	253,788
Reportable segment profit/(loss) before tax	36,745	43,118	238,155	166,928	22,082	22,982	55,471	(35,121)	342	653	352,795	198,560
Interest income from bank deposits	1,061	3,879	–	–	17	320	1,843	18,489	–	–	2,921	22,688
Interest expenses	–	–	–	–	–	–	(4,671)	–	–	–	(4,671)	–
Depreciation and amortisation	(13,080)	(19,481)	–	–	–	–	–	–	(5,524)	(5,408)	(18,604)	(24,889)
Share of profits less losses of associates	–	–	235,355	164,128	–	–	–	–	–	–	235,355	164,128
Share of profits of a jointly controlled entity	–	–	–	–	9,709	10,279	–	–	–	–	9,709	10,279
Income tax	(5,805)	(7,030)	–	–	(2,037)	(2,020)	–	14	–	(28)	(7,842)	(9,064)
Reportable segment assets	255,557	251,522	1,849,043	1,858,885	54,577	54,712	1,150,074	436,907	32,151	36,861	3,341,402	2,638,887
Interest in a jointly control entity	–	–	–	–	39,197	34,488	–	–	–	–	39,197	34,488
Interest in associates	–	–	1,849,043	1,858,885	–	–	–	–	–	–	1,849,043	1,858,885
Additions to non-current segment assets	1,842	3,135	–	–	–	–	–	–	760	1,629	2,602	4,764
Reportable segment liabilities	94,137	77,411	6,945	6,961	1,216	1,196	500,896	21,278	352	(28)	603,546	106,818

12 Segment reporting *(continued)*

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2009 $'000	2008 $'000
Revenue		
Reportable segment revenue	227,145	253,788
Elimination of inter-segment revenue	(9,627)	(9,387)
Consolidated turnover	217,518	244,401
Profit		
Reportable segment profit derived from Group's external customers	352,795	198,560
Other revenue	3,917	5,883
Unallocated head office and corporate expenses	(42,231)	(37,382)
Consolidated profit before taxation	314,481	167,061
Assets		
Reportable segment assets	3,341,402	2,638,887
Elimination of inter-segment receivables	(5,530)	—
Unallocated head office and corporate assets	939	708
Consolidated total assets	3,336,811	2,639,595
Liabilities		
Reportable segment liabilities	603,546	106,818
Elimination of inter-segment payables	(5,530)	—
Unallocated head office and corporate liabilities	28,520	28,868
Consolidated total liabilities	626,536	135,686

(c) Geographical information

No additional information has been disclosed in respect of the Group's geographical information as the Group operates in only one geographical location which is Hong Kong.

13 Fixed assets

(a) The Group

	Buildings held for own use carried at cost $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Yacht $'000	Leasehold improvements $'000	Sub-total $'000	Interest in leasehold land held for own use under operating leases $'000	Total $'000
Cost:								
At 1 January 2008	109,259	26,337	91,262	41,542	1,186	269,586	38,286	307,872
Additions	—	661	4,099	4	—	4,764	—	4,764
Disposals	(921)	(122)	(2,459)	—	—	(3,502)	—	(3,502)
At 31 December 2008	108,338	26,876	92,902	41,546	1,186	270,848	38,286	309,134
At 1 January 2009	108,338	26,876	92,902	41,546	1,186	270,848	38,286	309,134
Additions	1,033	742	409	418	—	2,602	—	2,602
Disposals	(102)	(433)	(780)	—	—	(1,315)	—	(1,315)
At 31 December 2009	109,269	27,185	92,531	41,964	1,186	272,135	38,286	310,421
Accumulated amortisation and depreciation:								
At 1 January 2008	78,915	22,951	68,203	16,287	1,000	187,356	9,480	196,836
Charge for the year	9,454	1,230	9,112	4,298	66	24,160	729	24,889
Written back on disposals	(221)	(122)	(2,201)	—	—	(2,544)	—	(2,544)
At 31 December 2008	88,148	24,059	75,114	20,585	1,066	208,972	10,209	219,181
At 1 January 2009	88,148	24,059	75,114	20,585	1,066	208,972	10,209	219,181
Charge for the year	4,012	1,275	8,283	4,239	66	17,875	729	18,604
Written back on disposals	(96)	(425)	(722)	—	—	(1,243)	—	(1,243)
At 31 December 2009	92,064	24,909	82,675	24,824	1,132	225,604	10,938	236,542
Net book value:								
At 31 December 2009	17,205	2,276	9,856	17,140	54	46,531	27,348	73,879
At 31 December 2008	20,190	2,817	17,788	20,961	120	61,876	28,077	89,953

(i) The leasehold land of the Group at 31 December 2009 is held in Hong Kong under a medium-term lease.

(ii) The Group leases out a portion of buildings held for own use under operating leases. The leases typically run for an initial period of one to four years. The leases includes contingent rentals.

13 Fixed assets *(continued)*

(b) The Company

	Furniture, fixtures and equipment $'000	Leasehold improvements $'000	Total $'000
Cost:			
At 1 January 2008	698	857	1,555
Additions	7	—	7
At 31 December 2008	705	857	1,562
At 1 January 2009	**705**	**857**	**1,562**
Additions	**7**	**—**	**7**
At 31 December 2009	**712**	**857**	**1,569**
Accumulated depreciation:			
At 1 January 2008	480	857	1,337
Charge for the year	61	—	61
At 31 December 2008	541	857	1,398
At 1 January 2009	**541**	**857**	**1,398**
Charge for the year	**59**	**—**	**59**
At 31 December 2009	**600**	**857**	**1,457**
Net book value:			
At 31 December 2009	**112**	**—**	**112**
At 31 December 2008	164	—	164

14 Interest in subsidiaries

	2009 $'000	2008 $'000
Unlisted shares, at cost	851,050	802,279
Amounts due from subsidiaries	1,000,917	1,055,727
	1,851,967	1,858,006
Amounts due to subsidiaries	(751,511)	(643,894)
	1,100,456	1,214,112

The amounts due from and to subsidiaries are non-current as these are not expected to be repayable within the next twelve months.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the Group financial statements.

Name of company	Country/ place of incorporation and operation	Particulars of issued and fully paid up share capital	Percentage of equity attributable to the Group		Principal activities
			directly	indirectly	
Alpha Hero Limited	British Virgin Islands/ International	50,000 shares of US$1 each	—	70%	Investment
Beckworth International Limited	British Virgin Islands/ International	500 shares of US$1 each	—	100%	Investment
Capital Choice Limited	Hong Kong	1 share of $1	—	100%	Financing
Centre Court Profits Limited	British Virgin Islands/ International	500 shares of US$1 each	—	100%	Investment
Clear Path Limited	British Virgin Islands/ International	500 shares of US$1 each	—	100%	Investment

(Expressed in Hong Kong dollars)

14 Interest in subsidiaries *(continued)*

Name of company	Country/ place of incorporation and operation	Particulars of issued and fully paid up share capital	Percentage of equity attributable to the Group		Principal activities
			directly	indirectly	
Deep Bowl Limited	British Virgin Islands/ International	1 share of US$1	100%	—	Holding of a yacht
Group Lucky Limited	Hong Kong	1 share of $1	100%	—	Financing
Gold Faith Investments Limited	British Virgin Islands/ International	1 share of US$1	—	100%	Investment
Hong Kong Driving School Management Limited	Hong Kong	2 shares of $10 each	—	70%	Provision of services for the management of the HKSM group
High Fortune Group Limited	British Virgin Islands/ International	1 share of US$1	100%	—	Investment holding
HKSM Yuen Long Driving School Limited	Hong Kong	2 shares of $10 each	—	70%	Operation of a driver training centre
Join Harbour Limited	British Virgin Islands/ International	1 share of US$1	—	100%	Property holding
Kempsford International Limited	British Virgin Islands/ International	500 shares of US$1 each	—	100%	Investment
Lucky Dynamic Limited	Hong Kong	1 share of $1	—	70%	Investment holding
Main Victory Limited	Hong Kong	1 share of $1	—	70%	Property holding

(Expressed in Hong Kong dollars)

14 Interest in subsidiaries *(continued)*

Name of company	Country/ place of incorporation and operation	Particulars of issued and fully paid up share capital	Percentage of equity attributable to the Group		Principal activities
			directly	indirectly	
Newcheer Limited	British Virgin Islands/ International	1 share of US$1	—	100%	Investment
Power Right Investments Limited	British Virgin Islands/ International	1 share of US$1	—	100%	Investment holding
The Autopass Company Limited	Hong Kong	70,000 "A" shares of $10 each	100%	—	Investment holding and provision of consultancy services
		30,000 "B" shares of $10 each	—	—	
The Hong Kong School of Motoring (China) Limited	Hong Kong	2 shares of $1 each	—	70%	Provision of PRC driving licence referral services
The Hong Kong School of Motoring Limited	Hong Kong	2,000,000 shares of $1 each	—	70%	Operation of driver training centres

15 Interest in associates

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Unlisted shares, at cost	**—**	—	**148,370**	148,370
Share of net assets	**1,604,567**	1,436,608	**—**	—
Goodwill	**48,400**	48,400	**—**	—
Amount due from an associate	**416**	416	**416**	416
Amounts due to associates	**(370)**	(370)	**(370)**	(370)
Loan to and interest receivable from an associate	**293,358**	439,441	**217,085**	325,187
Loan from an associate	**(97,328)**	(65,610)	**—**	—
	1,849,043	1,858,885	**365,501**	473,603

The amounts due from and to associates are non-current as these are not expected to be repayable within the next twelve months.

(a) On 21 February 2008, the Company and China Merchants Holdings (International) Company Limited ("CMHI") entered into a conditional sale and purchase agreement, pursuant to which the Company agreed to acquire from CMHI the entire issued share capital of High Fortune Group Limited ("High Fortune"), a wholly-owned subsidiary of CMHI, and to purchase and take assignment of the entire shareholder's loan due from High Fortune to CMHI for an aggregate consideration of $460,000,000, payable in cash at completion. High Fortune is an investment holding company incorporated in the British Virgin Islands and holds a 13% interest in each of Western Harbour Tunnel Company Limited ("WHTCL"), Hong Kong Tunnels and Highways Management Company Limited ("HKTHMCL") and Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL"). The transaction was completed on 8 August 2008 after the fulfillment of all the precedent conditions. Upon the completion, the Company effectively holds a 50% shareholding interest in each of WHTCL, HKTHMCL and HKTLMCL.

(b) On 27 November 2008, the Company, Gold Harbour Investment Limited ("Gold Harbour"), an indirect wholly-owned subsidiary of the Company, and China Resources (Holdings) Company Limited ("CRH") entered into a sale and purchase agreement, pursuant to which Gold Harbour agreed to acquire from CRH the entire issued share capital of Power Right Investments Limited ("Power Right"), a wholly-owned subsidiary of CRH, and to purchase and take assignment of the entire shareholder's loan due from Power Right to CRH for an aggregate consideration of $555,000,000, payable in cash at completion. Power Right is an investment holding company incorporated in the British Virgin Islands and holds a 39.5% interest in Tate's Cairn Tunnel Investment Holdings Company Limited, the holding company of Tate's Cairn Tunnel Company Limited. The transaction was completed on 18 December 2008.

(Expressed in Hong Kong dollars)

15 Interest in associates *(continued)*

(c) Particulars of associates, which are unlisted corporate entities and principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation and operation	Group's effective interest	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity	Financial year end
Western Harbour Tunnel Company Limited ("WHTCL")	Incorporated	Hong Kong	50%	37%	13%	Operation of the Western Harbour Crossing	31 July
Tate's Cairn Tunnel Company Limited ("TCTCL")	Incorporated	Hong Kong	39.5%	—	39.5%	Operation of the Tate's Cairn Tunnel	30 June

(d) The Group's interest in WHTCL and TCTCL are accounted for under the equity method based on the financial statements of WHTCL and TCTCL for year ended 31 December 2009 respectively.

(e) WHTCL was granted a thirty year franchise to construct and operate the Western Harbour Crossing in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993.

(f) The loan to an associate bears interest at a rate of 1% per annum as determined by the shareholders of that associate. Interest earned by the Group from WHTCL for the year ended 31 December 2009 amounted to $3.9 million (2008: $4.4 million). The loan is repayable on demand as may from time to time be agreed among WHTCL's shareholders, subject to certain financial parameters of a syndicated loan being fulfilled.

(g) TCTCL was granted a thirty year franchise to construct and operate the Tate's Cairn Tunnel in accordance with the Tate's Cairn Tunnel Ordinance enacted on 1 July 1988.

(h) The loan from an associate is unsecured and interest free. The loan is non-current as this is not expected to be repayable within the next twelve months.

15 Interest in associates *(continued)*

Summary financial information on associates:

	Assets $'000	Liabilities $'000	Equity $'000	Revenue $'000	Profit $'000
2009					
100 per cent	5,764,627	3,171,203	2,593,424	1,332,660	584,748
2008					
100 per cent	6,007,166	3,823,512	2,183,654	1,309,322	545,541

* Assets of associates include intangible assets (relating to service concession arrangements), plant and equipment of $5,369,289,000 (2008: $5,677,253,000) and loans to shareholders of $246,400,000 (2008: $166,100,000). Liabilities of associates include bank loans of $1,979,000,000 (2008: $2,415,000,000) and shareholders' loans of $586,716,000 (2008: $878,882,000).

16 Interest in a jointly controlled entity

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Share of net assets other than goodwill	29,197	24,488	—	—
Loan to a jointly controlled entity	10,000	10,000	—	—
	39,197	34,488	—	—

(a) Details of the Group's interest in the jointly controlled entity are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest held indirectly by the Company	Principal activity	Financial year end
Autotoll Limited	Incorporated	Hong Kong	5,000,000 ordinary shares of $1 each	50%	Operation of an electronic toll collection system	30 September

16 Interest in a jointly controlled entity *(continued)*

(b) The Autopass Company Limited and Electronic Toll Systems Limited formed the above equal equity joint venture to operate an electronic toll collection system in Hong Kong on 1 October 1998.

(c) Loan to a jointly controlled entity is unsecured, interest free and has no fixed repayable terms. The loan is non-current as this is not expected to be recoverable within the next twelve months.

(d) Summary financial information on jointly controlled entity - Group's effective interest:

	2009 $'000	2008 $'000
Non-current assets	17,988	13,140
Current assets	82,447	79,637
Non-current liabilities	(8,917)	(8,237)
Current liabilities	(71,081)	(67,398)
Net assets	20,437	17,142
Income	54,388	44,363
Expenses	(47,593)	(37,168)
Profit for the year	6,795	7,195

17 Available-for-sale securities

	Group	
	2009 $'000	2008 $'000
Listed investments stated at market value:		
— in Hong Kong	60,960	121,831
Unlisted securities	100,106	—
	161,066	121,831
Fair value of individually impaired available-for-sale securities	—	10,600

At 31 December 2009, certain securities held by the subsidiaries were negatively pledged to a bank for the banking facilities granted to the Company.

As at 31 December 2008 certain of the Group's available-for-sale securities were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered. Impairment losses on these investments were recognised in profit or loss in accordance with the policy set out in note 1(k)(i).

18 Trading securities

	Group 2009 $'000	Group 2008 $'000
Trading securities (at market value)		
Listed securities		
– in Hong Kong	4,188	617
– outside Hong Kong	50,305	38,077
	54,493	38,694
Unlisted securities	25,685	—
	80,178	38,694

At 31 December 2009, certain trading securities were pledged to a financial institution as security against treasury facilities granted to the Group.

19 Equity-linked notes

Equity-linked notes are designated as financial assets at fair value through profit or loss. Major terms of the equity-linked notes are as follows:

	Group: Notional amount (original currency) '000	Group: Maturing in	Group: Fair value (original currency) '000	Group: Fair value (Hong Kong dollars equivalent) HK$'000
2009	—	N/A	—	—
2008				
Denominated in:				
United States dollars	500	2009	261	2,023
Australian dollars	1,000	2009	427	2,293
Total				4,316

At 31 December 2008, the equity-linked notes were callable, interest bearing at rates based on the value of the underlying equities. The equity-linked notes were linked with various listed securities at various strike prices.

20 Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade receivables	**2,680**	3,008	**—**	—
Other receivables	**174**	97	**174**	73
Trade and other receivables	**2,854**	3,105	**174**	73
Deposits and prepayments	**12,207**	9,044	**1,274**	459
	15,061	12,149	**1,448**	532

The amount of the Group's and the Company's deposits and prepayments expected to be recovered or recognised as expenses after more than one year is $1,482,000 (2008: $1,011,000) and $208,000 (2008: Nil) respectively. Apart from these, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

Included in trade and other receivables are trade receivables with the following ageing analysis as of the balance sheet date:

	Group	
	2009	2008
	$'000	$'000
Current	**1,635**	2,469
Less than 1 month past due	**382**	294
1 to 3 months past due	**628**	188
More than 3 months but less than 12 months past due	**35**	57
Amounts past due	**1,045**	539
	2,680	3,008

The Group's credit policy is set out in note 27(a).

20 Trade and other receivables *(continued)*

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2009 $'000	2008 $'000
Neither past due nor impaired	1,635	2,469
Less than 1 month past due	382	294
1 to 3 months past due	628	188
	1,010	482
	2,645	2,951

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21 Bank deposits and cash

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits with banks and other financial Institutions	**186,148**	261,872	**—**	50,073
Cash at bank and in hand	**929,193**	215,087	**883,785**	208,355
	1,115,341	476,959	**883,785**	258,428
Less: Deposits with maturity greater than 3 months	**(116,881)**	(67,172)	**—**	—
Cash and cash equivalents in the consolidated cash flow statement	**998,460**	409,787	**883,785**	258,428

At 31 December 2009, $16,457,000 (2008: $12,271,000) were pledged to the financial institution as securities against treasury facilities granted to the Group.

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Group		Company	
	2009	2008	**2009**	2008
	'000	'000	**'000**	'000
United States Dollars	**USD 1,467**	USD 7,626	**USD 469**	USD 6,464

22 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables	1,204	1,667	—	—
Other payables and accruals	44,518	43,668	26,138	26,103
	45,722	45,335	26,138	26,103

All of the trade and other payables, are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as of the balance sheet date:

	Group	
	2009	2008
	$'000	$'000
Due within 1 month or on demand	482	1,053
Due after 1 month but within 3 months	306	229
Due after 3 months but within 6 months	416	385
	1,204	1,667

23 Bank loans

At 31 December 2009, the bank loans were repayable as follows:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within 1 year and included in current liabilities	114,583	—	83,333	—
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	208,333	—	83,333	—
After 2 years but within 5 years	156,250	—	62,500	—
	364,583	—	145,833	—
	479,166	—	229,166	—

The bank loans are secured by negative pledge of the Group's shareholding in certain subsidiaries and associates.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to negative pledge of certain listed investments and the Group's shareholding in certain subsidiaries and associates. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 27(b). As at 31 December 2009, none of the covenants relating to drawn down facilities had been breached.

24 Equity settled share-based transactions

The Company has a share option scheme which was adopted on 8 May 2001 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any Company in the Group, to take up options to subscribe for shares of the Company. The options vest from the date of grant and are exercisable within the exercise period from 30 August 2001 to 7 May 2011. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Exercise period	Number
Options granted to employees:		
– on 30 August 2001	30 August 2001 to 7 May 2011	19,200,000

(b) The number and weighted average exercise price of share options are as follows:

	2009		2008	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning and end of the year	$2.492	19,200	$2.492	19,200

25 Income tax in the balance sheet

(a) Current taxation in the balance sheet represents:

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Provision for Hong Kong Profits Tax for the year	**9,272**	11,117	**—**	—
Provisional Profits Tax paid	**(7,022)**	(8,672)	**—**	—
	2,250	2,445	**—**	—
Balance of Profits Tax provision relating to prior years	**10,847**	9,319	**—**	—
	13,097	11,764	**—**	—

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Group
	$'000
Deferred tax arising from depreciation allowances in excess of the related depreciation	
At 1 January 2008	1,210
Credited to profit or loss	(2,010)
At 31 December 2008	(800)
At 1 January 2009	(800)
Credited to profit or loss	(1,290)
At 31 December 2009	**(2,090)**

25 Income tax in the balance sheet *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

	2009 $'000	2008 $'000
Deferred tax assets recognised in the balance sheet	(2,240)	(1,360)
Deferred tax liabilities recognised in the balance sheet	150	560
	(2,090)	(800)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(r), the Group and the Company has not recognised deferred tax assets in respect of cumulative tax losses of $216,313,000 (2008: $194,543,000) and $141,908,000 (2008: $103,367,000) respectively as it is not probable that future taxable profits against which the unused tax losses can be utilised will be available. The tax losses do not expire under current tax legislation.

26 Capital, reserves and dividends

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

(a) The Company

	Share capital $'000	Share premium $'000	Retained profits $'000	Total $'000
Balance at 1 January 2008	353,488	1,228,127	398,738	1,980,353
Dividends approved in respect of the previous financial year (note 26(b))	—	—	(42,419)	(42,419)
Total comprehensive income for the year	—	—	25,151	25,151
Dividends declared in respect of the current financial year (note 26(b))	—	—	(63,628)	(63,628)
Balance at 31 December 2008	353,488	1,228,127	317,842	1,899,457
Balance at 1 January 2009	353,488	1,228,127	317,842	1,899,457
Dividends approved in respect of the previous financial year (note 26(b))	—	—	(42,419)	(42,419)
Total comprehensive income for the year	—	—	286,830	286,830
Dividends declared in respect of the current financial year (note 26(b))	—	—	(63,628)	(63,628)
Balance at 31 December 2009	353,488	1,228,127	498,625	2,080,240

26 Capital, reserves and dividends *(continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2009 $'000	2008 $'000
Interim dividends declared of $0.18 per share (2008: $0.18 per share)	63,628	63,628
Final dividend proposed after the balance sheet date of $0.12 per share (2008: $0.12 per share)	42,419	42,419
	106,047	106,047

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2009 $'000	2008 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.12 per share (2008: $0.12 per share)	42,419	42,419

26 Capital, reserves and dividends *(continued)*

(c) Share capital

(i) Authorised and issued share capital

	2009 No. of shares '000	2009 Amount $'000	2008 No. of shares '000	2008 Amount $'000
Authorised:				
Ordinary shares of $1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January and 31 December	353,488	353,488	353,488	353,488

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	Exercise price	2009 Number	2008 Number
30 August 2001 to 7 May 2011	$ 2.492	19,200,000	19,200,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 24 to the financial statements.

26 Capital, reserves and dividends *(continued)*

(d) Nature and purpose of reserves

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance. The capital reserve and investment revaluation reserve have been set up and will be dealt with in accordance with the accounting policies adopted for goodwill arising on subsidiaries, associates and jointly controlled entities and the revaluation of available-for-sale securities in notes 1(e) and (f).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used by the associate in cash flow hedges pending subsequent recognition of the hedged cash flow.

At 31 December 2009, the aggregate amount of reserves available for distribution to shareholders of the Company was $498,625,000 (2008: $317,842,000). After the balance sheet date the directors proposed a final dividend of $0.12 per share (2008: $0.12 per share), amounting to $42,419,000 (2008: $42,419,000). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group has negative net debt on account of its large cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

In order to monitor its capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

26 Capital, reserves and dividends *(continued)*

(e) Capital management *(continued)*

The adjusted capital at 31 December 2009 and 2008 was as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Total equity	**2,710,275**	2,503,909	**2,080,240**	1,899,457
Less: Hedging reserve	**17,152**	25,358	**—**	—
Proposed dividends (note 26(b))	**(42,419)**	(42,419)	**(42,419)**	(42,419)
	2,685,008	2,486,848	**2,037,821**	1,857,038

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

27 Financial risk management and fair values *(continued)*

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, available-for-sale securities, trading securities, loans to an associate and a jointly controlled entity, and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limits for any single financial institution. The majority of investments are in liquid securities quoted on the recognised stock exchanges and with counterparties that have good credit ratings. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any of these financial institutions and investment counterparties will fail to meet their obligations.

With respect to loans to an associate and a jointly controlled entity, management reviews the credit standing of the borrowers and also monitors on an ongoing basis to control and mitigate the credit risk.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within one month from the date of billing while further credit may be granted to individual customer when appropriate. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no concentrations of credit risk in view of its variety of investments with different counterparties or large number of customers. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

27 Financial risk management and fair values *(continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	2009						2008					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	123,064	213,188	157,145	—	493,397	479,166	—	—	—	—	—	—
Loan from associate	97,328	—	—	—	97,328	97,328	65,610	—	—	—	65,610	65,610
Interim dividends payable	21,288	—	—	—	21,288	21,288	21,279	—	—	—	21,279	21,279
Course fees received in advance	67,113	—	—	—	67,113	67,113	56,748	—	—	—	56,748	56,748
Trade and other payables	45,722	—	—	—	45,722	45,722	45,335	—	—	—	45,335	45,335
	354,515	213,188	157,145	—	724,848	710,617	188,972	—	—	—	188,972	188,972

27 Financial risk management and fair values *(continued)*

(b) Liquidity risk *(continued)*

The Company

	2009 Contractual undiscounted cash outflow Within 1 year or on demand $'000	2009 More than 1 year but less than 2 years $'000	2009 More than 2 years but less than 5 years $'000	2009 More than 5 years $'000	2009 Total $'000	2009 Balance sheet carrying amount $'000	2008 Contractual undiscounted cash outflow Within 1 year or on demand $'000	2008 More than 1 year but less than 2 years $'000	2008 More than 2 years but less than 5 years $'000	2008 More than 5 years $'000	2008 Total $'000	2008 Balance sheet carrying amount $'000
Bank loans	86,800	85,191	62,838	–	234,829	229,166	–	–	–	–	–	–
Interim dividends payable	21,288	–	–	–	21,288	21,288	21,279	–	–	–	21,279	21,279
Amounts due to subsidiaries	751,511	–	–	–	751,511	751,511	643,894	–	–	–	643,894	643,894
Trade and other payables	26,138	–	–	–	26,138	26,138	26,103	–	–	–	26,103	26,103
	885,737	85,191	62,838	–	1,033,766	1,028,103	691,276	–	–	–	691,276	691,276

27 Financial risk management and fair values *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. Bank loans at variable rates expose the Group to cash flow interest rate risk. The Group is also exposed to interest rate risk through the impact of rates changes on income-earning financial assets. The following table details their interest rate profile at the balance sheet date.

	Fixed/ floating	2009 Effective interest rate	2009 $'000	2008 Effective interest rate	2008 $'000
The Group					
Bank loans	Floating	1.93% - 2.06%	479,166	N/A	—
Cash and cash equivalents	Floating	0.001% - 2.00%	892,932	0.01% - 4.34%	212,125
Cash and cash equivalents	Fixed	0.05% - 0.48%	69,267	0.05% - 3.75%	194,700
Bank deposits	Fixed	0.05% - 0.65%	116,881	1.35% - 3.65%	67,172
The Company					
Bank loans	Floating	1.93%	229,166	N/A	—
Cash and cash equivalents	Floating	0.001% - 2.00%	883,785	0.01% - 4.34%	208,355
Cash and cash equivalents	Fixed	N/A	—	0.05%	50,073

Sensitivity analysis

At 31 December 2009, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately $1,697,000 (2008: $1,185,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2008.

27 Financial risk management and fair values *(continued)*

(d) Foreign currency risk

The Group has foreign currency monetary assets that are denominated in a currency other than the functional currency of the Group. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at dates of transactions giving rise to these monetary items are recognised in profit or loss.

The Group invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Group is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets denominated in currencies other than the United States dollars. Management of the Group continuously monitors the Group's exposure to such foreign currency risks to ensure they are at manageable levels.

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets denominated in a curency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

The Group

	Exposure to foreign currencies (expressed in Hong Kong dollars)	
	2009	2008
	Singapore Dollars	Singapore Dollars
	$'000	$'000
Trading securities	**48,720**	36,891

27 Financial risk management and fair values *(continued)*

(d) Foreign currency risk *(continued)*

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

The Group

	2009			2008		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000
Singapore	5%	2,436	—	5%	1,845	—
Dollars	(5)%	(2,436)	—	(5)%	(1,845)	—

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2008.

27 Financial risk management and fair values *(continued)*

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 18) and available-for-sale securities (see note 17).

The Group's listed investments are listed in Hong Kong and Singapore. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

At 31 December 2009, it is estimated that an increase/(decrease) of 5% (2008: 5%) in the relevant stock market index (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

The Group

	2009			2008		
		Effect on profit after tax and retained profits	Effect on other components of equity		Effect on profit after tax and retained profits	Effect on other components of equity
		$'000	$'000		$'000	$'000
Change in the relevant equity price risk variable:						
– Increase	5%	2,427	2,801	5%	548	2,596
– Decrease	(5)%	(2,427)	(2,801)	(5)%	(548)	(2,596)

27 Financial risk management and fair values *(continued)*

(e) Equity price risk *(continued)*

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2008.

(f) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

27 Financial risk management and fair values *(continued)*

(f) Fair values *(continued)*

(i) Financial instruments carried at fair value (continued)

2009

	Group				Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets								
Available-for-sale securities:								
– Listed	60,960	–	–	60,960	–	–	–	–
– Unlisted	100,106	–	–	100,106	–	–	–	–
Trading securities								
– Listed	54,493	–	–	54,493	–	–	–	–
– Unlisted	25,685	–	–	25,685	–	–	–	–
	241,244	–	–	241,244	–	–	–	–

During the year there were no significant transfers between instruments in Level 1 and Level 2.

27 Financial risk management and fair values *(continued)*

(f) Fair values *(continued)*

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2009 and 2008 except as follows:

	2009		2008	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
The Group:				
Loan to an associate *	293,358	—	439,441	—
Loan from an associate *	(97,328)	—	(65,610)	—
Loan to a jointly controlled entity *	10,000	—	10,000	—
The Company:				
Loan to an associate *	217,085	—	325,187	—
Amounts due from subsidiaries *	1,000,917	—	1,055,727	—
Amounts due to subsidiaries *	(751,511)	—	(643,894)	—

* The amounts are unsecured and have no fixed repayment terms. Given these items it is not meaningful to disclose fair values. The Group has no intention of disposing of these loans and intercompany balances.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

28 Capital commitments

Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	$'000	$'000
Contracted for	**19,512**	—	—	—

29 Operating lease commitments

At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	$'000	$'000
Within 1 year	**4,952**	6,529	—	—
After 1 year but within 5 years	**471**	2,720	—	—
	5,423	9,249	—	—

Significant leasing arrangements in respect of land held under operating leases are described in note 13.

In addition, the Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of three months to five years, with an option to renew the leases upon expiry when all terms are renegotiated. Contingent rentals are charged as expense in the year in which they are incurred.

30 Material related party transactions

During the year, the Group was involved in the following material related party transactions, none of which is regarded as a "connected transaction" as defined under the Listing Rules.

(a) The Group extended a loan to and received interest from an associate, Western Harbour Tunnel Company Limited ("WHTCL"). The balance of the loan and interest receivable at 31 December 2009 was $293.4 million (2008: $439.4 million).

The Group received interest income and management fee income from WHTCL of $3.9 million (2008: $4.4 million) and $2.5 million (2008: $2.5 million) respectively.

(b) The Group received consultancy fees from a jointly controlled entity of $12.6 million (2008: $12.6 million).

In addition to the transactions and balances disclosed above, the Group entered into the following material related party transactions.

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2009 $'000	2008 $'000
Short-term employee benefits	18,405	17,130
Post-employment benefits	83	82

Total remuneration is included in "Salaries, wages and other benefits" (see note 5(b)).

31 Contingent liabilities

At 31 December 2009, the Group had the following contingent liabilities:

(a) In respect of the Company

The Company has given a letter of undertaking to a bank for general banking facilities totalling $50 million (2008: $50 million) granted to the Company. The banking facilities granted are also secured by a negative pledge of certain listed investments and shareholding in certain subsidiaries held by the Group. At 31 December 2009, these facilities were not utilised by the Company.

(b) In respect of The Hong Kong School of Motoring Limited ("HKSM")

There is an arrangement between HKSM and its banker whereby the bank provides guarantees in favour of third parties. Under this arrangement, HKSM has a charge over a time deposit with that bank amounting to not less than $0.15 million (2008: $0.4 million).

(c) In respect of Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL").

At 31 December 2009, the Group has given a guarantee to the extent of $38.5 million (2008: $38.5 million) to a bank in return for it providing a guarantee in favour of the Government of the HKSAR on behalf of HKTLMCL to secure the performance of an agreement in relation to the operation and management of the Cross-Harbour Tunnel and the operation and maintenance of the tunnel equipment by HKTLMCL.

32 Comparative figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

(Expressed in Hong Kong dollars)

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2009

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and which have not been adopted in these financial statements:

	Effective for accounting periods beginning on or after
HKFRS 3 (revised), *Business combinations*	1 July 2009
Amendments to HKAS 27, *Consolidated and separate financial statements*	1 July 2009
Improvements to HKFRS 2009	1 July 2009 or 1 January 2010

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

Five-year Summary

(Expressed in Hong Kong dollars)

	2005 $'000	2006 $'000	2007 $'000	2008 $'000	**2009 $'000**
Consolidated income statement					
Turnover	249,672	274,339	290,846	244,401	**217,518**
Profit attributable to equity shareholders of the Company for the year	161,992	172,796	261,660	140,266	**291,343**
Dividends payable to equity shareholders of the Company attributable to the year	84,236	106,047	106,047	106,047	**106,047**
Consolidated balance sheet					
Fixed assets	121,881	124,616	111,036	89,953	**73,879**
Interest in associates	1,267,145	1,318,421	826,863	1,858,885	**1,849,043**
Interest in a jointly controlled entity	17,966	22,523	29,214	34,488	**39,197**
Available-for-sale securities	412,376	614,409	623,458	121,831	**161,066**
Deferred tax assets	400	140	290	1,360	**2,240**
Current assets	500,219	613,762	1,419,031	533,078	**1,211,386**
	2,319,987	2,693,871	3,009,892	2,639,595	**3,336,811**
Current liabilities	144,768	148,712	184,392	135,126	**261,803**
Deferred tax liabilities	2,390	1,350	1,500	560	**150**
Bank loans	—	—	—	—	**364,583**
NET ASSETS	2,172,829	2,543,809	2,824,000	2,503,909	**2,710,275**
Capital and reserves					
Share capital	300,841	353,488	353,488	353,488	**353,488**
Reserves	1,816,637	2,129,815	2,401,538	2,082,136	**2,292,436**
Total equity attributable to equity shareholders of the Company	2,117,478	2,483,303	2,755,026	2,435,624	**2,645,924**
Minority interests	55,351	60,506	68,974	68,285	**64,351**
TOTAL EQUITY	2,172,829	2,543,809	2,824,000	2,503,909	**2,710,275**