TAI SANG LAND DEVELOPMENT LIMITED

Annual Report 2009

大生地產發展有限公司

二零零九年度年報

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Board of Directors

Mr. William MA Ching Wai, Chairman

Aged 56. Joined the Company and appointed a Director in 1974. Appointed Chairman of the Board of Directors in 1984. He is currently the Chairman of Kam Chan & Company, Limited and Tai Sang Bank Limited. Brother of Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Patrick MA Ching Hang, BSc., Deputy Chairman

Aged 51. Joined the Company and appointed a Director of the Company in 1981. Appointed Deputy Chairman of the Board of Directors in 2005. He is currently a director of Kam Chan & Company, Limited and the Director and General Manager of Tai Sang Bank Limited. Brother of Mr. William Ma Ching Wai, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Alfred MA Ching Kuen, BSc., Managing Director

Aged 57. Joined the Company and appointed a Director of the Company in 1976. Appointed Managing Director of the Company in 1984. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. Brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Amy MA Ching Sau, BSc., Managing Director

Aged 59. Joined the Company and appointed a Director of the Company in 1974. Appointed Managing Director of the Company in 1991. She is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. Sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Katy MA Ching Man, BA, Director and Company Secretary

Aged 60. Joined the Company and appointed a Director and also Company Secretary of the Company in 1972. She is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. Sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Ruth MA Ching Keung, MBA, Director

Aged 59. Joined the Company and appointed a Director of the Company in 1972. She is currently a director of Kam Chan & Company, Limited. Sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Mr. Philip Ma Ching Yeung.

Mr. Philip MA Ching Yeung, BSc.(Hon.), Director

Aged 46. Joined the Company in 1987 and appointed a Director of the Company in 1997. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. Brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Ms. Ruth Ma Ching Keung.

Mr. Edward CHEUNG Wing Yui, BComm., CPA(Aust.), Solicitor of the Supreme Court of England,
Solicitor of the Supreme Court of Hong Kong,
Advocate and Solicitor of the Supreme Court of Singapore,
Non-executive Director

Aged 60. Appointed a Director of the Company in 1983. Re-designated as Non-executive Director since 21st May 2004. He is currently a non-executive director of Tai Sang Bank Limited. He is also a non-executive director of two other listed public companies and an independent non-executive director of four other listed public companies. He is a member of the Board of Review (Inland Revenue Ordinance), Co-Chairman of The Community Chest Corporate Challenge Organising Committee, a Director of The Community Chest, Vice-Chairman of The Open University of Hong Kong and Deputy Chairman of the Hong Kong Institute of Directors. He was also the vice chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong until January 2006 and was a director of Po Leung Kuk. He has been a practicing solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo, Kwan, Lee & Lo.

Mr. Kevin CHAU Kwok Fun, Bsc., Independent Non-Executive Director

Aged 49. Appointed an Independent Non-executive Director of the Company in 1996. He is currently the Executive Vice Chairman of Sincere Watch (Hong Kong) Limited ("Sincere Watch") (Stock Code 444). He is responsible for the overall development of Sincere Watch Group's business, as well as the strategic planning and positioning and management of Sincere Watch Group. Prior to joining Sincere Watch Group, he was a principal officer of an investment company in Hong Kong dealing in real estates and the food and beverage industry in the PRC. He began his career in 1982 with a US bank in New York dealing in fixed income and derivative syndication and had been posted by the bank to their London and Tokyo offices. In 1990, he set up his own real estate investment company in California, USA, investing in real estate projects in Texas and California.

Mr. TAN Soo Kiu, Associate member of CPA(Aust.), Independent Non-Executive Director

Aged 72. Appointed an Independent Non-executive Director of the Company in 2004. He is currently a retired person. He had been the General Manager of the Company for 11 years from 1991 to 2002 and had held various senior positions with banking institutions in Malaysia and Hong Kong for over 20 years before 1991.

Mr. William WONG Hing Kwok, MBA , Independent Non-Executive Director

Aged 61. Appointed an Independent Non-executive Director of the Company in 2004. He is currently an owner of a company engaging in retail and food and beverage business in Shanghai, the PRC. He had various experience and exposures in different industries, including manufacturing of garment, property development, retail and food and beverage.

Senior Management

Mr. Ted MOK Tat Hung, FHKIS, RPS(GP), ARICS., MCI Arb, Chief Executive

Aged 60. Joined the Company in 1981 and now holds the position of Chief Executive of the Company. He has 42 years of experience in real estate development and management.

BANKERS:

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
HSBC Realty Credit Corporation (USA)
Tai Sang Bank Limited

SOLICITORS:

Woo, Kwan, Lee & Lo

AUDITORS:

PricewaterhouseCoopers

REGISTERED OFFICE:

11th Floor, Tai Sang Bank Building,
130-132 Des Voeux Road Central, Hong Kong.

REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 17th Floor,
183 Queen's Road East, Hong Kong.

WEBSITE ADDRESS:

www.tsld.com
www.irasia.com/listco/hk/taisangland/index.htm

RESULT

I am pleased to report that the Group's consolidated profit for 2009 was HK$366.8 million, whereas the Group recorded a consolidated loss of HK$416.2 million for 2008. The consolidated profit for 2009 included fair value gains on investment properties of HK$366.9 million and a provision of HK$73.8 million for deferred income tax on investment properties. There were fair value losses on investment properties of HK$577.4 million and the related deferred income tax written back of HK$132.4 million for 2008.

Excluding these items, the underlying profit for 2009 was approximately HK$73.7 million, increased by HK$44.9 million or 1.6 times as compared to the corresponding figure of HK$28.8 million for 2008. The increase in the underlying profit was mainly attributable to the significant increase in the gains on disposal of properties in 2009. During 2009, the Group has recognized gains on disposal of investment properties at Yue Wah Mansion of HK$43.9 million and the gain on disposal of a property for sale at Floral Villas of HK$26.6 million, whereas the gains on disposal of investment properties for 2008 were only HK$8.9 million.

The revenues of the Group for the year, including the sale of a property for sale of HK$32 million, was HK$193.7 million, representing an increase of HK$2.8 million or 1.47% as compared with HK$190.9 million for 2008.

As at 31st December 2009, the investment properties of the Group were revalued at HK$3,104.4 million (31st December 2008: HK$2,791.1 million). Total equity amounted to HK$2,740.8 million (31st December 2008: HK$2,433.8 million).

DIVIDEND

The directors have resolved to recommend a final dividend of HK7 cents (2008: HK5 cents) and a special dividend of HK10 cents (2008: HK Nil cents) per ordinary share.

BUSINESS REVIEW

In Hong Kong, the gross rental income decreased by 15.3% or HK$20.9 million to HK$115.8 million as compared to the same period last year. Rental demand for small offices, godown storage spaces and luxury residential units was soft under the influence of the financial tsunami, the rental contribution from these sectors together dropped by HK$13.2 million. As major renovation work was carried out at 190 Nathan Road for a period of nine months in 2009, the rental contribution therefrom dropped significantly by HK$6.6 million. The overall occupancy of the Group's property portfolio at Hong Kong dropped to about 90% by the year end. The rental income for the coming year will remain stable.

Following the completion of the renovation work at 190 Nathan Road, the leasing of the properties re-commenced in December 2009. The major renovation of property at Nathan Road is considered necessary and fruitful. Certain luxury residential units have also undergone major renovations during 2009. The rental per square feet for these renovated units has also been raised significantly. As the property mix of the Group mainly consisted of aged properties, some of them are over 30 years, major renovations are needed to upgrade the conditions in order to mark to market demand and the Group will increase the capital expenditures in these areas in the coming years.

In the USA, the rental income from Montgomery Plaza decreased by 14.7% or HK$6.6 million to HK$38.4 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza dropped to 79% at the year end of 2009 and the weighted average office rent per square feet per annum dropped to US$35.9. San Francisco's office market continued to deteriorate during 2009, the rental rates showed some level of stability in the third quarter of 2009, but they remained 30% to 40% below the peak level of 2008. The office vacancy rates increased as tenants continued to dissolve and contract. The leasing activity of Montgomery Plaza during 2009 was limited due to the depressed market conditions. Lower rental rates will be expected for leases renewal in the coming year.

FINANCIAL RESOURCES

During the year, the Group's total bank borrowings decreased by HK$32.7 million to HK$336.9 million. The total equity increased by HK$307.0 million to HK$2,740.8 million (2008: HK$2,433.8 million) and long term bank loans outstanding as at 31st December 2009 amounted to HK$136.9 million (2008: HK$138.6 million). The debt to equity ratio was 12.3% (2008: 15.2%).

There were sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. Exposure to foreign exchange risk is kept to a minimum as the bank borrowings are in either Hong Kong or US dollars.

PROSPECTS

Continuing the gradually improving momentum in the latter part of 2009 in China, the Hong Kong economy is benefited and should start off with a strong, broad-based growth in both domestic and external sectors in the coming year. Yet the uncertainty in the timing of exit strategies, the on-going concern over the fiscal situation of the Western economies, and their repercussions on the global and local asset markets in 2010, and ultimately the rise in interest rates are areas to watch out.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and maintain stable earnings for the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 29th March 2010

(a) Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	2009	2008
	HK$'000	HK$'000
– within one year	1,859	1,859
– in the second year	1,859	1,859
– in the third to fifth years inclusive	133,150	134,837
	136,868	138,555

The Group's bank borrowings of HK$336.9 million (2008: HK$371.0 million) are secured by certain properties with an aggregate carrying amount of HK$1,607.9 million (2008: HK$1,575.2 million) and the rental income thereon.

(b) Significant investment held and their performance and future prospects

The Group holds 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze"). The fair value of the Group's equity interest in Yangtze as at 31st December 2009 increased by HK$7.0 million to HK$24.0 million as compared to the fair value of HK$17.0 million as at 31st December 2008.

The fair value of the Group's listed investments was HK$44.7 million as at 31st December 2009 as compared to HK$51.0 million as at 31st December 2008. The rise in fair value of certain listed securities in the amount of HK$7.3 million has been recognised as a fair value gain in the investment revaluation reserve whereas impairment loss on certain listed securities of HK$13.6 million has been reflected in the Group's consolidated income statement.

(c) Details of number and remuneration of employees

Including the Directors of the Group as at 31st December 2009, the Group employed a total of 154 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

The directors of Tai Sang Land Development Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiary companies (collectively the "Group") for the year ended 31st December 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiary companies are shown in note 32 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5(c) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2009 are set out in the consolidated income statement on page 22 of this annual report.

The directors have declared an interim dividend of HK3 cents (2008: HK8 cents) per ordinary share, totalling HK$8,630,090 (2008: HK$23,013,574) and a special dividend of HK3 cents (2008: HK Nil cents) per ordinary share, totalling HK$8,630,090 (2008: HK$Nil), which were paid on 5th October 2009.

The directors recommend the payment of a final dividend of HK7 cents (2008: HK5 cents) per ordinary share, totalling HK$20,136,877 (2008: HK$14,383,484) and a special dividend of HK10 cents (2008: HK Nil cents) per ordinary share, totalling HK$28,766,968 (2008: HK$Nil).

The total dividends for the year ended 31st December 2009 amounted to HK23 cents (2008: HK13 cents) per ordinary share.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK$159,184 (2008: HK$933,608).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in property, plant and equipment and investment properties are set out in notes 6 and 7 to the consolidated financial statements respectively.

PRINCIPAL PROPERTIES

Details of the Group's significant properties are set out on page 72 of this annual report.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

BORROWINGS

Particulars of the bank loans and overdrafts are shown in notes 16 and 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2009, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$604,727,931 (2008: HK$578,378,711).

FIVE-YEAR FINANCIAL 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 73 of this annual report.

DIRECTORS

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

Executive directors:

William Ma Ching Wai	*(Chairman)*
Patrick Ma Ching Hang	*(Deputy Chairman)*
Alfred Ma Ching Kuen	*(Managing Director)*
Amy Ma Ching Sau	*(Managing Director)*
Katy Ma Ching Man	
Ruth Ma Ching Keung	
Philip Ma Ching Yeung	

Independent non-executive directors:

Kevin Chau Kwok Fun
Tan Soo Kiu
William Wong Hing Kwok

Non-executive director:

Edward Cheung Wing Yui

In accordance with Article 103 of the Company's Articles of Association, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Ruth Ma Ching Keung and Mr. Edward Cheung Wing Yui retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 1 and 2 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of directors' and senior management's emoluments are set out in note 23 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31st December 2009, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	**Corporate interests** (notes (a) and (b))	**Total**	**Percentage**
Directors:				
William Ma Ching Wai	4,608,354	160,134,973	164,743,327	57.2682%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Alfred Ma Ching Kuen	9,987	—	9,987	0.0035%
Amy Ma Ching Sau	23,357	—	23,357	0.0081%
Katy Ma Ching Man	100,554	—	100,554	0.0350%
Ruth Ma Ching Keung	57,117	—	57,117	0.0199%
Philip Ma Ching Yeung	127,741	—	127,741	0.0444%
Edward Cheung Wing Yui	—	—	—	—
Kevin Chau Kwok Fun	—	—	—	—
Tan Soo Kiu	—	—	—	—
William Wong Hing Kwok	—	—	—	—
Chief Executive:				
Ted Mok Tat Hung	—	—	—	—

Notes:

(a) Kam Chan & Company, Limited ("Kam Chan & Co") and its associates and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.

(b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.

(c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.

(d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.

(e) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.

(f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.

(g) At no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 years of age) to acquire the benefits by acquisition of shares, or underlying shares of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS

At 31st December 2009, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	**Corporate interests (note)**	**Total**	**Percentage**
Substantial shareholders:				
Kam Chan & Co	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	—	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd.	15,488,636	—	15,488,636	5.3842%

All interests stated above represent long positions.

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 5,852,920 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are wholly owned subsidiary companies of Kam Chan & Co. The aggregate shareholding of these three companies are deemed to be the corporate interest of Kam Chan & Co in the ordinary shares in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the continuing connected transactions as mentioned in the section headed "Continuing Connecting Transactions" below, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the purchases for the year attributable to the Group's major suppliers are as follows:

– the largest supplier	22.4%
– five largest suppliers	61.1%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the suppliers noted above.

During the year, the Group earned less than 30% of its turnover from its five largest customers.

CONTINUING CONNECTED TRANSACTIONS

On 14th April 2008, five tenancy agreements were entered into between Tai Sang Bank Limited ("TSB") as landlord and the Company as tenant for the leases of the following office premises:

(i) Located at 2nd floor of Tai Sang Bank Building, 130 – 132 Des Voeux Road Central, Hong Kong ("Tai Sang Bank Building")

Term: 15th May 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(ii) Located at Room 901 and 902 on 9th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$31,200 per month together with monthly service charges of HK$5,600

(iii) Located at 10th Floor of Tai Sang Bank Building

Term: 11th August 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(iv) Located at 11th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(v) Located at Room 1401, 1403 and 1407 on 14th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$24,668 per month together with monthly service charges of HK$4,428

On 25th February 2009, two tenancy agreements were entered into between TSB as landlord and the Company as tenant for the leases of the following office premises:

(i) Located at Room 1402, 1405 and 1406 on 14th Floor of Tai Sang Bank Building

Term: 1st March 2009 to 14th April 2011
Rental: HK$11,440 per month together with monthly service charges of HK$2,503

(ii) Located at Room 904 on 9th Floor of Tai Sang Bank Building

Term: 1st March 2009 to 14th April 2011
Rental: HK$2,912 per month together with monthly service charges of HK$637

On 16th July 2009, a tenancy agreement was entered into between TSB as landlord and the Company as tenant for the lease of the following office premises:

Located at Room 1404 on 14th Floor of Tai Sang Bank Building

Term: 3rd August 2009 to 14th April 2011
Rental: HK$3,760 per month together with monthly service charges of HK$823

CONTINUING CONNECTED TRANSACTIONS (Continued)

TSB is an associate of Kam Chan & Co (with Kam Chan & Co indirectly interested in more than 30% of its issued voting share capital), and Kam Chan & Co is an associate of Mr. William Ma Ching Wai (with Mr. William Ma Ching Wai interested in more than 30% of its issued voting share capital) and a substantial shareholder of the Company directly or indirectly interested in approximately 48.32% of the issued share capital of the Company. Therefore TSB is a connected person of the Company under Rule 14A.11(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, the tenancy agreements constitute continuing connected transactions of the Company for the purpose of the Listing Rules. The amount paid to TSB by the Company for the year ended 31st December 2009 was HK$2,626,158 (2008: HK$1,362,982).

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) on normal commercial terms;
(ii) in the ordinary and usual course of business of the Group; and
(iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board of Directors engaged the independent auditor of the Company to perform certain agreed-upon procedures on the above continuing connected transactions in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and the independent auditor reported that these transactions:

(i) have been approved by the Board of Directors of the Company.
(ii) have been entered into in accordance with the relevant agreements.
(iii) have not exceeded the annual cap as set out in the Company's announcement dated 16th July 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at date of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31st December 2009, all directors except for non-executive directors are directors and shareholders of Kam Chan & Co, which is also engaged in property investment, and may be in competition with the business carried on by the Group.

The directors are of the view that the Group is capable of carrying on its businesses independently from property investment business. When making decisions on property investment business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

CORPORATE GOVERNANCE

During the year ended 31st December 2009, the Company complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 29th March 2010

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest in general.

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year ended 31st December 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Codes for Securities Transactions of Listed Issuers (the "Model Codes") in Appendix 10 of the Listing Rules as the Company's codes of conduct regarding directors' securities transactions (as defined in the CG Code).

On specific enquires made, all directors have confirmed that, for the year ended 31st December 2009, they have complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

(a) Composition of the Board

The Board currently comprises seven executive directors, one non-executive director and three independent non-executive directors. Non-executive directors represent one-third of the total Board members. Biographical details of the directors and their relationships, where applicable, are set out on pages 1 to 2 of this annual report.

(b) Board meetings

The Board holds at least four regular meetings every year and will meet more frequently as and when required. It involves the active participation, either in person or through other electronic means of communication, of a majority of directors. The Board discusses and formulates overall strategies for the Group, monitors financial performance and discusses the annual and interim results, as well as other significant matters. All directors are aware of their collective and individual responsibility to all the shareholders.

During the year, the Board held 4 meetings. Attendance records of individual director is as follows:

	Attendance	**Percentage**
Executive directors		
– Mr. William Ma Ching Wai (Chairman)	4/4	100%
– Mr. Patrick Ma Ching Hang	4/4	100%
– Mr. Alfred Ma Ching Kuen	4/4	100%
– Ms. Amy Ma Ching Sau	4/4	100%
– Ms. Katy Ma Ching Man	4/4	100%
– Ms. Ruth Ma Ching Keung	4/4	100%
– Mr. Philip Ma Ching Yeung	4/4	100%
Non-executive director		
– Mr. Edward Cheung Wing Yui	4/4	100%
Independent non-executive directors		
– Mr. Kevin Chau Kwok Fun	4/4	100%
– Mr. Tan Soo Kiu	4/4	100%
– Mr. William Wong Hing Kwok	3/4	75%

BOARD OF DIRECTORS (Continued)

(c) Division of Responsibilities and Board operations

The Board has appointed a Chairman who provides leadership for the Board and ensures that the Board works effectively and that all important issues are discussed in a timely manner. The positions of the Chairman and Chief Executive Officer are held by separate individuals as to maintain an effective segregation of duties.

Chief Executive Officer is responsible for the day-to-day management of the Group's operations and conducts regular meetings with the executive committee, at which operational and business decisions are made and financial performance are evaluated.

The executive committee of the Board, comprising the Chairman, Deputy Chairman, two Managing Directors and three Executive Directors, meets regularly to review and discuss management reports on the performance of the Company, current plans and long term opportunities, and any other issues of immediate concern.

(d) Non-executive directors

All non-executive directors have entered into letters of appointment with the Company for a specific term of three years. All non-executive directors are also subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company's articles of association.

(e) Confirmation of independence

The independence of the independent non-executive directors were assessed in accordance with the applicable Listing Rules. Each of the independent non-executive directors has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

(f) Nomination of directors

The Board is responsible for reviewing its composition, identifying and selecting suitable Board members, considering appointment or re-appointment of the directors and succession planning for the directors. The Board shall exercise its power under Articles 94 and 95 of the Articles of Association of the Company to appoint directors (when necessary) either to fill up casual vacancy or as an additional member to the Board whose appointments shall be subject to the confirmation by shareholders of the Company at the next general meeting.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

(a) Emolument policy

The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive directors and senior management are determined by reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each director and executive. The emolument policy for non-executive directors is to ensure that the non-executive directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in the Board Committees.

Details of the directors' emoluments for the year ended 31st December 2009 are set out in note 23(a) to the financial statements.

(b) Remuneration Committee

The Remuneration Committee of the Company was established in April 2005. The Remuneration Committee comprised two independent non-executive directors, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok and an executive director, Ms. Katy Ma Ching Man and was established with specific written terms of reference in accordance with the requirement of the CG Code. Its terms of reference are made available on the website of the Company.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the board and determining the remuneration of executive directors and members of senior management, as well as reviewing and making recommendations on the Group's share option scheme, bonus structure, retirement benefit scheme and other compensation related issues. The committee is also responsible to make recommendation to the board on the appointment or re-appointment of the directors and succession planning for the directors. The committee shall consult with the Chairman on its proposals and recommendations, and has access to professional advice if deemed necessary.

During the year, the Remuneration Committee held 3 meetings. Attendance records of individual member is as follows:

	Attendance	**Percentage**
Committee member		
– Ms. Katy Ma Ching Man (Chairman)	3/3	100%
– Mr. Tan Soo Kiu	3/3	100%
– Mr. William Wong Hing Kwok	3/3	100%

AUDIT COMMITTEE

The Audit Committee was established in year 1999 with specific written terms of reference which deal clearly with its authority and duties. The terms of reference in accordance with the requirement of the CG Code is made available on the website of the Company.

The major duties of the Audit Committee are summarised below:

(i) to make recommendations on the appointment, reappointment and removal of external auditors and considering the terms of such appointments;

(ii) to develop and implement policies on the engagement of external auditors for non-audit services;

(iii) to monitor the integrity of the financial statements, annual and interim reports and the independent auditor's report to ensure that the information presents a true and balanced assessment of the Group's financial position;

(iv) to review and ensure that management has fulfilled its duty to maintain an effective internal control system; and

(v) to review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget.

The Audit Committee comprises four non-executive directors, the majority of whom are independent non-executive directors. The Audit Committee is chaired by Mr. Kevin Chau Kwok Fun and the other members are Mr. Edward Cheung Wing Yui, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok.

During the year, the Audit Committee held 2 meetings. Attendance records of individual member is as follows:

	Attendance	**Percentage**
Committee member		
– Mr. Kevin Chau Kwok Fun (Chairman)	2/2	100%
– Mr. Edward Cheung Wing Yui	2/2	100%
– Mr. Tan Soo Kiu	2/2	100%
– Mr. William Wong Hing Kwok	1/2	50%

The work performed by the Audit Committee during the financial year ended 31st December 2009 are summarised below:

(i) reviewed consolidated financial statements for the year ended 31st December 2009, and interim report for the six months ended 30th June 2009;

(ii) proposed the appointment of PricewaterhouseCoopers ("PwC") as Independent Auditor of the Company;

(iii) reviewed and discussed with the Independent Auditor in respect of the consolidated financial statements for the year ended 31st December 2009 and the interim report for the six months ended 30th June 2009; and

(iv) reviewed and assessed the adequacy and effectiveness of the Group's financial controls and internal controls and risk management systems.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of the consolidated financial statements which should give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for such reporting period. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently except for the adoption of the new and revised HKFRSs.

The reporting responsibilities of directors and external auditor are set out in the Independent Auditor’s Report on page 18 of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the designing, implementing and maintaining internal controls of the Group and for reviewing its effectiveness through the Audit Committee. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

Evaluation of the Group’s internal controls is conducted by the Internal Auditor on an on-going basis. Such evaluation covers material internal controls, including financial reporting, operational and compliance controls and risk management functions. Internal Auditor will report to the Audit Committee twice each year on significant findings on internal controls. Copy of minutes of the Audit Committee meeting will also be sent to the Board for information.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management maintain a continuing dialogue with the Company’s shareholders and investors through various channels including the Company’s annual general meeting. The Chairman, the Deputy Chairman, Managing Directors, other members of the Board and external auditors attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company holds press conferences once a year following annual general meeting at which the Chairman and senior management of the Company are available to answer questions regarding the performance of the Group. Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enables the Company’s shareholders to have a timely and updated information of the Group.

AUDITORS’ REMUNERATION

The fees in respect of audit and audit-related services provided to the Company and its subsidiary companies by PwC and other auditors were HK$1,568,000 and HK$434,975 respectively for the year. Fees for non-audit services, which mainly consist of taxation services, provided by PwC and other auditors were HK$236,100 and HK$156,265 respectively.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 29th March 2010

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAI SANG LAND DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tai Sang Land Development Limited (the "Company") and its subsidiary companies (collectively the "Group") set out on pages 19 to 71, which comprise the consolidated and company balance sheets as at 31st December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity 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 consolidated 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 consolidated financial statements based on our audit and to report our opinion 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 judgment, 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 31st December 2009 and of the profit and cash flows of the Group 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29th March 2010

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2009

	Note	2009	2008
		HK$	HK$
Non-current assets			
Property, plant and equipment	6	86,352,271	95,255,880
Investment properties	7	3,104,423,200	2,791,053,900
Leasehold land	8	87,935,529	90,262,719
Available-for-sale financial assets	10	56,701,895	67,950,541
		3,335,412,895	3,044,523,040
Current assets			
Properties for sale	11	96,428,060	101,789,854
Available-for-sale financial assets	10	11,960,000	—
Debtors and prepayments	12	20,947,839	23,245,705
Current income tax recoverable		124,394	208,673
Cash and cash equivalents	13	56,515,761	29,922,145
		185,976,054	155,166,377
Current liabilities			
Rental and other deposits		26,569,350	31,439,814
Creditors and accruals	14	27,494,913	31,425,775
Derivative financial instruments	15	—	1,778,611
Current income tax liabilities		27,864,103	31,431,769
Short term bank loans—secured	16	200,000,000	231,000,000
Bank overdrafts—secured	16	—	1,492,079
Current portion of long term bank loans—secured	17	1,858,710	1,858,710
		283,787,076	330,426,758
Net current liabilities		(97,811,022)	(175,260,381)
Total assets less current liabilities		3,237,601,873	2,869,262,659
Non-current liabilities			
Long term bank loans—secured	17	(135,009,303)	(136,695,618)
Deferred income tax liabilities	18	(361,750,712)	(298,772,722)
		(496,760,015)	(435,468,340)
Net assets		2,740,841,858	2,433,794,319

	Note	2009	2008
		HK$	HK$
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	19	287,669,676	287,669,676
Reserves	20	2,317,814,818	2,044,928,889
Proposed dividends	20	48,903,845	14,383,484
		2,654,388,339	2,346,982,049
Minority interests		86,453,519	86,812,270
Total equity		2,740,841,858	2,433,794,319

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 26 to 71 are an integral part of these consolidated financial statements.

BALANCE SHEET
AS AT 31ST DECEMBER 2009

	Note	2009	2008
		HK$	HK$
Non-current assets			
Property, plant and equipment	6	4,448,120	4,631,830
Investment properties	7	218,000,000	195,300,000
Subsidiary companies	9	502,583,487	556,044,066
Available-for-sale financial assets	10	179,352	101,792
		725,210,959	756,077,688
Current assets			
Debtors and prepayments	12	1,476,903	1,727,183
Amounts due from subsidiary companies	9	485,592,282	449,418,590
Cash and cash equivalents	13	38,074,477	3,833,568
		525,143,662	454,979,341
Current liabilities			
Rental and other deposits		2,973,025	2,556,525
Creditors and accruals	14	10,033,802	8,009,257
Amounts due to subsidiary companies	9	17,810,088	18,201,173
		30,816,915	28,766,955
Net current assets		494,326,747	426,212,386
Total assets less current liabilities		1,219,537,706	1,182,290,074
Non-current liabilities			
Deferred income tax liabilities	18	(22,025,075)	(23,857,666)
Net assets		1,197,512,631	1,158,432,408
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	19	287,669,676	287,669,676
Reserves	20	860,939,110	856,379,248
Proposed dividends	20	48,903,845	14,383,484
Total equity		1,197,512,631	1,158,432,408

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 26 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	2009	2008
		HK$	HK$
Revenues	5(a)	193,740,654	190,870,320
Cost of sales	21	(58,392,927)	(48,009,795)
Gross profit		135,347,727	142,860,525
Fair value gains/(losses) on investment properties	7	366,928,095	(577,372,730)
Other income and gains, net	22	35,227,929	13,657,383
Administrative expenses	21	(72,999,835)	(70,905,941)
Other operating expenses	21	(15,945,047)	(17,748,921)
Operating profit/(loss)		448,558,869	(509,509,684)
Finance income	24	113,436	788,697
Finance costs	24	(9,913,826)	(14,223,093)
Finance costs, net		(9,800,390)	(13,434,396)
Profit/(loss) before income tax		438,758,479	(522,944,080)
Income tax (expense)/credit	25	(71,976,617)	106,794,386
Profit/(loss) for the year		366,781,862	(416,149,694)
Attributable to:			
Equity holders of the Company	20, 26	323,071,807	(410,189,990)
Minority interests		43,710,055	(5,959,704)
		366,781,862	(416,149,694)
Dividends	27	66,164,025	37,397,058
Dividends per share	27		
Interim - paid		HK 3 cents	HK 8 cents
Special - paid		HK 3 cents	—
Final - proposed		HK 7 cents	HK 5 cents
Special - proposed		HK 10 cents	—
Total		HK 23 cents	HK 13 cents
Earnings/(loss) per share (basic and diluted)	28	HK$1.12	HK$(1.43)

The notes on pages 26 to 71 are an integral part of these consolidated financial statements.

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

	Note	2009	2008
		HK$	HK$
Profit/(loss) for the year		366,781,862	(416,149,694)
Other comprehensive income			
Net fair value gain/(loss) on available-for-sale financial assets		711,354	(60,734,258)
Impairment loss on available-for-sale financial assets transferred to income statement	22	13,632,972	7,543,527
Exchange translation differences	20	4	1,673
Release upon maturity of cash flow hedge/ (cash flow hedge)	20	1,778,611	(1,778,611)
Other comprehensive income/(loss) for the year		16,122,941	(54,967,669)
Total comprehensive income/(loss) for the year		382,904,803	(471,117,363)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	20	339,049,954	(464,297,833)
Minority interests		43,854,849	(6,819,530)
		382,904,803	(471,117,363)

The notes on pages 26 to 71 are an integral part of these consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	2009	2008
		HK$	HK$
Operating activities			
Net cash generated from operations	29(a)	58,361,654	48,185,053
Hong Kong profits tax paid		(12,701,684)	(8,855,589)
Hong Kong profits tax refunded		232,929	13,969
Overseas taxation paid		(13,260)	(12,870)
Net cash from operating activities		45,879,639	39,330,563
Investing activities			
Additions of property, plant and equipment		(3,750,424)	(17,877,764)
Additions of investment properties		(22,327,545)	(9,371,045)
Additions of available-for-sale financial assets		—	(23,391,000)
Interest received		113,436	788,697
Proceeds on disposal of property, plant and equipment		2,931,880	4,803,800
Proceeds on disposal of investment properties		117,790,842	137,918,950
Allowance received for disposal of investment properties		5,525,100	—
Dividends received		1,201,450	5,711,307
Net cash from investing activities		101,484,739	98,582,945
Financing activities			
Interest paid		(10,562,712)	(14,110,358)
Draw down of bank loan		31,000,000	192,900,000
Repayments of bank loans		(63,858,711)	(242,307,113)
Dividends paid to shareholders		(31,643,664)	(83,424,206)
Dividends paid to minority interests of subsidiaries		(44,213,600)	(3,250,600)
Net cash used in financing activities		(119,278,687)	(150,192,277)
Increase/(decrease) in cash and cash equivalents		28,085,691	(12,278,769)
Exchange translation differences		4	1,673
Cash and cash equivalents at 1st January		28,430,066	40,707,162
Cash and cash equivalents at 31st December		56,515,761	28,430,066
Analysis of the balances of cash and cash equivalents			
Bank balances and cash and restricted bank deposits		56,515,761	29,922,145
Bank overdrafts		—	(1,492,079)
		56,515,761	28,430,066

The notes on pages 26 to 71 are an integral part of these consolidated financial statements.

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

	Attributable to equity holders of the Company								
	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Exchange reserve HK$	Hedging reserve HK$	Retained profits HK$	Total reserves HK$	Minority interests HK$	Total HK$
At 1st January 2009	287,669,676	129,651,602	8,554,296	7,161,918	(1,778,611)	1,915,723,168	2,059,312,373	86,812,270	2,433,794,319
Total comprehensive income for the year	–	–	14,199,532	4	1,778,611	323,071,807	339,049,954	43,854,849	382,904,803
Dividends paid	–	–	–	–	–	(31,643,664)	(31,643,664)	(44,213,600)	(75,857,264)
At 31st December 2009	287,669,676	129,651,602	22,753,828	7,161,922	–	2,207,151,311	2,366,718,663	86,453,519	2,740,841,858
At 1st January 2008	287,669,676	129,651,602	60,885,201	7,160,245	–	2,409,337,364	2,607,034,412	96,882,400	2,991,586,488
Total comprehensive (loss)/income for the year	–	–	(52,330,905)	1,673	(1,778,611)	(410,189,990)	(464,297,833)	(6,819,530)	(471,117,363)
Dividends paid	–	–	–	–	–	(83,424,206)	(83,424,206)	(3,250,600)	(86,674,806)
At 31st December 2008	287,669,676	129,651,602	8,554,296	7,161,918	(1,778,611)	1,915,723,168	2,059,312,373	86,812,270	2,433,794,319

The notes on pages 26 to 71 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tai Sang Land Development Limited (the "Company") and its subsidiary companies (collectively the "Group") are principally engaged in property investment, property rental, property development and estate management and agency.

The Company is a limited liability company incorporated in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollar (HK$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29th March 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and derivative financial instruments at fair value.

The Group had net current liabilities of HK$97,811,022 as at 31st December 2009. The net current liabilities mainly included a short term bank loan of HK$200,000,000, which was renewed in December 2009 and subject to future annual renewal. Based on the Group's history of refinancing, its available banking facilities and its assets backing, the Directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

In 2009, the Group adopted the following new/revised standards and amendments of HKFRSs, which include all Hong Kong Accounting Standards ("HKASs") and applicable Interpretations, which are effective for the accounting periods beginning on 1st January 2009 and relevant to its operation:

HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised and Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 23 (Revised and Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Except for certain changes in presentation and disclosures as described below, the adoption of the above standards and amendments did not have significant impact on the Group's results or net assets, or result in any significant change in the Group's significant accounting policies.

- HKFRS 7 (Amendment), "Improving Disclosures about Financial Instruments". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. Additional disclosures have been made in the consolidated financial statements.

- HKFRS 8, "Operating Segments". HKFRS 8 replaces HKAS 14, "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosures information of the reportable segments.

- HKAS 1 (Revised and Amendment), "Presentation of Financial Statements". The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.

- HKAS 23 (Revised and Amendment), "Borrowing Costs". It requires the capitalisation of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This new standard and amendment do not have significant impact on the Group's results or net assets.

- HKAS 40 (Amendment), "Investment Properties". The amendment requires the classification of property that is being constructed or developed for future use as investment property. Prior to the amendment such property under construction or development was within the scope of HKAS 16 "Property, Plant and Equipment" until the construction or development was complete. This amendment does not have significant impact on the Group's results or net assets.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ended 31st December 2009. Those which are relevant to the Group's operation include:

HKFRS 3 (Revised)	Business Combination
HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosure
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK-Int 4 (Amendment)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

Improvements to existing standards

HKFRS 8 (Amendment)	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement

The Group has not early adopted these standards in the consolidated financial statements. The Group had made an assessment of the impact of the standards and certain standards will give rise to changes in presentation, disclosures and measurements of certain items in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to 31st December.

Subsidiary companies are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of a subsidiary company by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's balance sheet, investments in subsidiary companies are stated at cost less provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

Balances with subsidiary companies are split into its financial assets/liabilities and equity components at initial recognition. The financial asset/liability component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial positions of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

(i) Buildings

Buildings are stated at cost less accumulated depreciation and impairment losses.

Depreciation of buildings is provided to write off the cost less impairment losses and residual value on a straight-line basis over 40 years.

(ii) Plant and equipment

Plant and equipment, comprising plant and machinery, furniture and equipment and motor vehicles, are stated at cost less accumulated depreciation and impairment losses.

Depreciation of plant and equipment is calculated using straight-line method to allocate cost to their residual values over their estimated useful lives of 6 to 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

(iii) Leasehold improvement

Leasehold improvement is stated at cost less accumulated depreciation and impairment losses.

Depreciation of leasehold improvement is calculated using straight-line method to allocate cost to their residual value over shorter of the lease term or estimated useful lives of 5 years.

(iv) Subsequent costs, residual value and useful lives

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group companies, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed semi-annually by external valuers.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties (Continued)

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(g) Leasehold land

The up-front prepayments made for the leasehold land are initially stated at cost and expensed in the income statement on a straight-line basis over the period of the leases or where there is impairment, the impairment is expensed in the income statement.

(h) Impairment of non-financial assets and investment in subsidiary companies

Non-financial assets that have an indefinite useful life and are not subject to depreciation/amortisation are tested annually for impairment. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investment in subsidiary companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Financial assets

The Group classifies its financial assets in the following two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets when the maturities are greater than 12 months after the balance sheet date.

(i) Financial assets (Continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories, and included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investments.

(j) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives hedges of a particular risk associated with a highly probable forecast.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of derivative instruments used for hedging purposes are disclosed in note 15. Movements on the hedging reserve in equity are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the consolidated income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or obligor, probability that the issuer or obligor will enter bankruptcy or other financial reorganisation;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(k) Impairment of financial assets (Continued)

(ii) Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the securities below the cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the consolidated income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(l) Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Cost comprises development expenditure and other associated expenditures, including interest capitalised. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

The up-front prepayments made for the leasehold land are initially stated at cost and expensed in the income statement on a straight-line basis over the period of the leases or where there is impairment, the impairment is expensed in the income statement.

(m) Trade and other debtors

Trade and other debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposit held at call with banks, other short-term highly liquid investment with original maturities within three months and bank overdrafts.

(o) Trade creditors and accruals

Trade creditors and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiary companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(s) Revenue and income recognition

The Group recognises income on the following bases:

(i) Rental income

Rental income is recognised on a straight-line basis over the terms of the lease agreements.

(ii) Agency commission and management fees

Agency commission and management fees are recognised when services are rendered.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Income on sale of investments

Income on sale of investments is recognised when the title to the investments is passed to the purchaser.

(v) Income on sale of properties

Income on sale of properties is recognised on the transfer of risks and rewards of ownership.

(vi) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Retirement benefit obligations

The Group's contributions to the defined contribution retirement schemes are available to all employees in Hong Kong and the United States of America ("US"). The assets of the schemes are held separately from those of the Group in independently administered funds.

The US subsidiary companies, which participate in the US government benefit schemes, are required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

The Group's contributions to the aforesaid defined contribution retirement schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective territories and are charged to the income statement as incurred.

Employee entitlements to long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payments as a result of services rendered by employees up to the balance sheet date. The provision for long service payments is included as liabilities in the financial statements.

(u) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the issue of a financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because a specified debtor failed to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(s)(i) above.

Direct costs incurred specifically to earn revenues from an operating lease are deferred and allocated to income over the lease term in proportion to the recognition of the lease income.

(ii) Operating lease charges

When the Group has the use of assets under operating leases, rental payments applicable to such operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease periods.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the final dividends and interim dividends are approved by the Company's shareholders and Board of Directors respectively.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and price risk.

(i) Foreign exchange risk

The Group operates in the US and Hong Kong and is primarily exposed to foreign exchange risk arising from US dollar. The foreign exchange risk exposure is not significant to the Group under the existing economic environment.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, available-for-sale financial assets and debtors.

The Group regularly performs risk control assessment on the credit quality of the debtors and loan to an investee company. Furthermore, the Group only places cash deposits to licensed banks with no history of defaults. The Group normally does not grant credit periods to its customers and has no significant concentrations of credit risk with any counterparty.

The maximum exposure to credit risk at the reporting date is the carrying value of debtors and prepayments and cash and cash equivalents.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

At 31st December 2009, the Group's net current liabilities amounted to HK$97,811,022 (2008: HK$175,260,381). The Directors of the Company believe that the Group could refinance its existing short term bank loans and will have sufficient financial resources to satisfy its working capital requirements, payments of liabilities as and when they fall due and its future capital commitments. The Directors closely monitor the cash flow forecasts of the Group's liquidity position.

The table below analyses the Group's and the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

2009

	Group			Company
	Within one year HK$	In the second year HK$	In the third to fifth years HK$	Within one year HK$
Rental and other deposits	26,569,350	—	—	2,973,025
Creditors and accruals	27,494,913	—	—	10,033,802
Amounts due to subsidiary companies	—	—	—	17,810,088
Short term bank loans	202,500,000	—	—	—
Long term bank loans	4,244,963	4,212,696	137,015,285	—
Financial guarantee	—	—	—	200,000,000
	260,809,226	4,212,696	137,015,285	230,816,915

2008

	Group			Company
	Within one year HK$	In the second year HK$	In the third to fifth years HK$	Within one year HK$
Rental and other deposits	31,439,814	—	—	2,556,525
Creditors and accruals	31,425,775	—	—	8,009,257
Derivate financial instruments	1,778,611	—	—	—
Amounts due to subsidiary companies	—	—	—	18,201,173
Short term bank loans	235,810,500	—	—	—
Bank overdrafts	1,492,079	—	—	—
Long term bank loans	5,943,447	5,888,949	145,106,470	—
Financial guarantee	—	—	—	232,492,000
	307,890,226	5,888,949	145,106,470	261,258,955

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Interest rate risk

The Group is primarily exposed to interest rate risk arising from bank borrowings. The Group's policy is to maintain all its bank borrowings in floating rate instruments except when management's objectives to limit the impact of interest rate changes on earnings and cash flow and to lower overall borrowings. The Group will attempt to refinance the fixed rate borrowings at a lower rate if and when available.

At 31st December 2009, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been decreased/increased by HK$304,000 (2008: loss after income tax increased/decreased by HK$193,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

(v) Price risk

The Group is exposed to equity securities price risk for the Group's available-for-sale financial assets. The performance of the Group's investments is closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

At 31st December 2009, if the market price of the equity securities had been 10% higher/lower with all other variances held constant, profit after income tax for the year would have been increased/decreased by HK$1,368,000 (2008: loss after income tax decreased/increased by HK$2,547,000) and the investment revaluation reserve would have been increased/decreased by HK$4,303,000 (2008: HK$3,348,000).

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt (total borrowings) to equity (total equity) ratio. The debt to equity ratio is 12.3% (2008: 15.2%) as at 31st December 2009.

(c) Fair value estimation

Financial instruments that are measured in the balance sheet at fair value required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's and the Company's assets that are measured at fair value at 31 December 2009.

	Group			Company
	Level 1	Level 2	Level 3	Level 1
	HK$	HK$	HK$	HK$
Available-for-sale financial assets	44,701,895	11,960,000	12,000,000	179,352

Movement on the available-for-sale financial assets at level 3 is as follows:

	HK$
At 1st January 2009	8,000,000
Gains recognised in other comprehensive income	4,000,000
At 31st December 2009	12,000,000

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(i) Investment properties

The fair values of investment properties are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(i) Investment properties (Continued)

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed semi-annually by an external valuer.

Should the capitalisation rates or market rates differ by 10%, the fair value gain would be reduced or increased by HK$263,811,000 or HK$363,345,000 (2008: fair value loss increased or reduced by HK$253,732,000 or HK$310,117,000) respectively and the deferred income tax charge thereon would be reduced or increased by HK$39,026,000 or HK$54,317,000 (2008: deferred income tax credit increased or reduced by HK$35,964,000 or HK$43,993,000) respectively.

(ii) Fair value of available-for-sale financial assets

The fair values of quoted investments are based on current bid prices. The fair value of investments which are not traded in an active market is determined by using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

The carrying amount of available-for-sale financial assets would be an estimated HK$3,000,000 lower or HK$3,000,000 higher (2008: HK$2,000,000 lower or HK$3,000,000 higher) were the discounted rate used in the discounted cash flow analysis to differ by 10% from management's estimates.

(iii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Should the useful lives of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$818,000 or HK$1,241,000 (2008: HK$778,000 or HK$859,000) respectively in the current year.

Should the residual values of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$125,000 or HK$125,000 (2008: HK$117,000 or HK$117,000) respectively in the current year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Critical judgment in applying the Group's accounting policies

(i) Impairment of investments

The guidance of HKAS 39 is followed by the Group in determining when an investment has other-than-temporary impairment. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Income tax

The Group is subject to taxes in Hong Kong and US. Significant judgment is required in determining the provision for the taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

5 REVENUES AND SEGMENT INFORMATION

(a) Revenues (representing turnover) recognised during the year are as follows:

	2009	2008
	HK$	HK$
Revenues		
Property rental		
– investment properties	135,648,219	159,431,335
– properties for sale	18,620,832	22,256,752
Property sales	32,000,000	—
Property related services	7,471,603	9,182,233
	193,740,654	190,870,320

Property rental and property related services revenue above included amounts of HK$1,494,761 (2008: HK$1,259,100) and HK$379,354 (2008: HK$405,414) from related companies respectively.

5 REVENUES AND SEGMENT INFORMATION (Continued)

(b) Operating lease arrangement

The Group leases out investment properties and properties for sale under lease terms generally in the range of one to ten years.

At 31st December 2009, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Not later than one year	115,675,000	113,129,000	11,627,000	3,060,000
Later than one year but not later than five years	93,116,000	69,913,000	20,173,000	632,000
Later than five years	375,000	1,455,000	—	—
	209,166,000	184,497,000	31,800,000	3,692,000

(c) The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Board of Directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The Board of Directors assesses the performance of the operating segments based on their underlying profit/(loss), which is measured by profit/(loss) after income tax excluding fair value gains/(losses) on investment properties and deferred income tax (expense)/credit on fair value gains/(losses) on investment properties, and their segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

There are no sales between the operating segments.

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2009			
Segment revenues			
Property rental	115,839,247	38,429,804	154,269,051
Property sales	32,000,000	–	32,000,000
Property related services	7,471,603	–	7,471,603
Total segment revenues	155,310,850	38,429,804	193,740,654
Segment results – underlying profit/(loss)	77,532,255	(3,882,207)	73,650,048
Fair value gains/(losses) on investment properties	455,920,190	(88,992,095)	366,928,095
Deferred income tax expense on fair value gains on investment properties	(73,796,281)	–	(73,796,281)
Profit/(loss) for the year	459,656,164	(92,874,302)	366,781,862
Included in segment results:			
Impairment loss on available-for-sale financial assets	(13,632,972)	–	(13,632,972)
Finance income	1,210	112,226	113,436
Finance costs	(4,278,988)	(5,634,838)	(9,913,826)
Income tax credit/(expense) (note)	1,832,924	(13,260)	1,819,664
Depreciation and amortisation	(11,341,289)	(1,583,213)	(12,924,502)
Capital expenditure	24,366,278	2,361,396	26,727,674
At 31st December 2009			
Property, plant and equipment	69,499,480	16,852,791	86,352,271
Investment properties	2,800,270,000	304,153,200	3,104,423,200
Leasehold land	87,935,529	–	87,935,529
Non-current assets (excluding available-for-sale financial assets)	2,957,705,009	321,005,991	3,278,711,000
Non-current available-for-sale financial assets	56,701,895	–	56,701,895
Current assets	172,217,455	13,758,599	185,976,054
Segment assets	3,186,624,359	334,764,590	3,521,388,949
Current liabilities	272,960,595	10,826,481	283,787,076
Non-current liabilities	361,750,712	135,009,303	496,760,015
Segment liabilities	634,711,307	145,835,784	780,547,091

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments (Continued)

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2008			
Segment revenues			
Property rental	136,729,090	44,958,997	181,688,087
Property related services	9,182,233	–	9,182,233
Total segment revenues	145,911,323	44,958,997	190,870,320
Segment results – underlying profit/(loss)	29,779,946	(966,256)	28,813,690
Fair value losses on investment properties	(415,799,466)	(161,573,264)	(577,372,730)
Deferred income tax credit on fair value losses on investment properties	106,409,346	26,000,000	132,409,346
Loss for the year	(279,610,174)	(136,539,520)	(416,149,694)
Included in segment results:			
Impairment loss on available-for-sale financial assets	(7,543,527)	–	(7,543,527)
Finance income	571,498	217,199	788,697
Finance costs	(6,543,040)	(7,680,053)	(14,223,093)
Income tax expense (note)	(25,602,090)	(12,870)	(25,614,960)
Depreciation and amortisation	(10,450,352)	(1,509,495)	(11,959,847)
Capital expenditure	17,737,254	3,052,062	20,789,316
At 31st December 2008			
Property, plant and equipment	76,819,877	18,436,003	95,255,880
Investment properties	2,400,270,000	390,783,900	2,791,053,900
Leasehold land	90,262,719	–	90,262,719
Non-current assets (excluding available-for-sale financial assets)	2,567,352,596	409,219,903	2,976,572,499
Non-current available-for-sale financial assets	67,950,541	–	67,950,541
Current assets	133,494,191	21,672,186	155,166,377
Segment assets	2,768,797,328	430,892,089	3,199,689,417
Current liabilities	316,254,774	14,171,984	330,426,758
Non-current liabilities	298,772,722	136,695,618	435,468,340
Segment liabilities	615,027,496	150,867,602	765,895,098

Note: Balance excludes deferred income tax (expense)/credit on fair value gains/(losses) on investment properties.

6 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$	HK$
Cost				
At 1st January 2009	87,867,388	3,696,827	76,452,979	168,017,194
Additions	—	1,336,178	5,080,291	6,416,469
Disposals	—	—	(7,854,379)	(7,854,379)
At 31st December 2009	87,867,388	5,033,005	73,678,891	166,579,284
Accumulated depreciation				
At 1st January 2009	26,596,116	741,448	45,423,750	72,761,314
Depreciation charge	2,489,344	1,873,689	5,913,674	10,276,707
Disposals	—	—	(2,811,008)	(2,811,008)
At 31st December 2009	29,085,460	2,615,137	48,526,416	80,227,013
Net book value				
At 31st December 2009	58,781,928	2,417,868	25,152,475	86,352,271
Cost				
At 1st January 2008	87,867,388	—	75,584,912	163,452,300
Additions	—	3,696,827	15,640,659	19,337,486
Disposals	—	—	(14,772,592)	(14,772,592)
At 31st December 2008	87,867,388	3,696,827	76,452,979	168,017,194
Accumulated depreciation				
At 1st January 2008	24,106,772	—	47,622,801	71,729,573
Depreciation charge	2,489,344	741,448	6,059,181	9,289,973
Disposals	—	—	(8,258,232)	(8,258,232)
At 31st December 2008	26,596,116	741,448	45,423,750	72,761,314
Net book value				
At 31st December 2008	61,271,272	2,955,379	31,029,229	95,255,880

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$
Cost			
At 1st January 2009	3,696,827	3,719,517	7,416,344
Additions	1,336,178	834,964	2,171,142
Disposals	—	(275,134)	(275,134)
At 31st December 2009	5,033,005	4,279,347	9,312,352
Accumulated depreciation			
At 1st January 2009	741,448	2,043,066	2,784,514
Depreciation charge	1,873,689	392,576	2,266,265
Disposals	—	(186,547)	(186,547)
At 31st December 2009	2,615,137	2,249,095	4,864,232
Net book value			
At 31st December 2009	2,417,868	2,030,252	4,448,120
Cost			
At 1st January 2008	—	6,909,510	6,909,510
Additions	3,696,827	1,231,774	4,928,601
Disposals	—	(4,421,767)	(4,421,767)
At 31st December 2008	3,696,827	3,719,517	7,416,344
Accumulated depreciation			
At 1st January 2008	—	5,654,388	5,654,388
Depreciation charge	741,448	432,355	1,173,803
Disposals	—	(4,043,677)	(4,043,677)
At 31st December 2008	741,448	2,043,066	2,784,514
Net book value			
At 31st December 2008	2,955,379	1,676,451	4,631,830

Certain of the Group's building with net book value of HK$13,776,750 (2008: HK$14,449,500) together with certain investment properties have been pledged to a financial institution to secure a credit facility of the Group of HK$136,868,000 (2008: HK$138,554,000) which was fully utilised as at 31st December 2009.

7 INVESTMENT PROPERTIES

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
At 1st January	2,791,053,900	3,496,974,800	195,300,000	217,000,000
Additions	20,311,205	1,451,830	11,879,150	—
Disposals	(73,870,000)	(130,000,000)	—	—
Fair value gains/(losses)	366,928,095	(577,372,730)	10,820,850	(21,700,000)
At 31st December	3,104,423,200	2,791,053,900	218,000,000	195,300,000

Notes:

(a) Certain of the Group's investment properties with an aggregate net book value of HK$1,594,153,000 (2008: HK$1,560,784,000) have been pledged to financial institutions to secure credit facilities for the Group totalling approximately HK$459,457,000 (2008: HK$461,316,000) of which HK$336,868,000 (2008: HK$371,046,000) were utilised as at 31st December 2009.

(b) The interests in investment properties at their net book values are analysed as follows:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
In Hong Kong, held on:				
Leases of over 50 years	780,870,000	649,770,000	18,000,000	15,300,000
Leases of between 10 and 50 years	2,019,400,000	1,750,500,000	200,000,000	180,000,000
Outside Hong Kong, held on:				
Freehold	304,153,200	390,783,900	—	—
	3,104,423,200	2,791,053,900	218,000,000	195,300,000

(c) The investment properties in Hong Kong of the Group and the Company were valued on an open market basis at 31st December 2009 by AA Property Services Limited, an independent professional property valuer.

(d) The Group's overseas investment properties were valued on an open market basis at 31st December 2009 by Mr. David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company, an independent professional property valuer.

8 LEASEHOLD LAND

	Group 2009 HK$	Group 2008 HK$
At 1st January	90,262,719	92,589,909
Amortisation	(2,327,190)	(2,327,190)
At 31st December	87,935,529	90,262,719

The Group's interests in leasehold land represent prepaid operating lease payments and their net book values are analysed as follows:

	Group 2009 HK$	Group 2008 HK$
In Hong Kong, held on leases of between 10 and 50 years	87,935,529	90,262,719

9 SUBSIDIARY COMPANIES

(a) Interests in subsidiary companies

	Company 2009 HK$	Company 2008 HK$
Unlisted shares, at cost	124,360,571	124,360,571
Less: provision	(69,285,055)	(70,064,554)
	55,075,516	54,296,017
Advances to subsidiary companies	536,742,117	537,441,104
Less: provision	(89,234,146)	(35,693,055)
	447,507,971	501,748,049
	502,583,487	556,044,066

Details of principal subsidiary companies as at 31st December 2009, which, in the directors' opinion, materially affect the results and/or assets of the Group, are set out in note 32.

Advances to subsidiary companies are unsecured, interest free and not repayable in next twelve months.

The directors considered the advances to subsidiary companies are equity in nature and accordingly they are stated at cost less provision for impairment at balance sheet date.

9 SUBSIDIARY COMPANIES (Continued)

(b) Amounts due from/(to) subsidiary companies

	Company 2009	Company 2008
	HK$	HK$
Amounts due from subsidiary companies	496,584,943	460,851,213
Less: provision	(10,992,661)	(11,432,623)
	485,592,282	449,418,590
Amounts due to subsidiary companies	(17,810,088)	(18,201,173)

The amounts due from/(to) subsidiary companies are unsecured, interest free and repayable on demand. Movement on the provision for impairment of amounts due from subsidiary companies is as follows:

	Company 2009	Company 2008
	HK$	HK$
At 1st January	(11,432,623)	(11,345,447)
Provision for impairment of amounts due from subsidiary companies	(77,169)	(87,176)
Write back of provision for impairment of amounts due from subsidiary companies	517,131	—
At 31st December	(10,992,661)	(11,432,623)

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
At 1st January	67,950,541	99,376,310	101,792	205,110
Additions	—	29,308,489	—	—
Net revaluation gains/(losses) credited/(charged) to equity	711,354	(60,734,258)	77,560	(103,318)
At 31st December	68,661,895	67,950,541	179,352	101,792
Classified as:				
Non-current assets	56,701,895	67,950,541	179,352	101,792
Current assets (note d)	11,960,000	—	—	—
	68,661,895	67,950,541	179,352	101,792
Available-for-sale financial assets include the following:				
Listed equity securities in Hong Kong (note a)	31,026,380	23,543,972	179,352	101,792
Listed equity securities in overseas (note b)	13,675,515	27,406,569	—	—
Unlisted equity securities (note c)	12,000,000	8,000,000	—	—
Loan to an investee company (note d)	11,960,000	9,000,000	—	—
Total	68,661,895	67,950,541	179,352	101,792

Notes:

(a) Listed equity securities in Hong Kong mainly represented securities listed in the Main Board of The Stock Exchange of Hong Kong Limited, which include conglomerates that also engaged in property development and utility businesses.

(b) Listed equity securities in overseas represented an equity investment listed in the Alternative Investment Market in London Stock Exchange engaging in venture investments in China, and an equity investment listed in New York Stock Exchange engaging in energy alternative fuel in China.

(c) Unlisted securities represented 12% equity interests each in The Yangtze Ventures Limited and The Yangtze Ventures II Limited ("Yangtze Group"). Yangtze Group is principally holding investment securities listed in Hong Kong and London and also the investments of companies engaged in integrated circuits, biopharmaceutical products, Chinese medical products, environmental friendly product, and radio monitoring and measuring in China.

(d) It represented a loan to The Yangtze Ventures II Limited. The amount is unsecured, interest free and is designated as an available-for-sale financial asset. The amount is repayable in 2010.

11 PROPERTIES FOR SALE

The Group's interests in properties for sale at their net book values are analysed as follows:

	Group	
	2009	2008
	HK$	HK$
Leasehold land	12,182,965	13,364,659
Development expenditures	84,245,095	88,425,195
	96,428,060	101,789,854
In Hong Kong, held on:		
Leases of over 50 years	22,668,456	22,679,081
Leases of between 10 and 50 years	73,759,604	79,110,773
	96,428,060	101,789,854

Note:

During the year, amortisation for leasehold land classified under properties for sale of HK$320,605 (2008: HK$342,684) was charged to the consolidated income statement.

12 DEBTORS AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Trade debtors, fully performing	969,281	631,115	—	—
Prepayments and deposits	19,978,558	22,614,590	1,476,903	1,727,183
	20,947,839	23,245,705	1,476,903	1,727,183

The trade debtors represent rental and management fee receivables. Sales are made on open account terms and the Group normally does not grant credit period to trade debtors.

At 31st December 2009, no impairment provision was made on the trade debtors (2008: HK$Nil).

12 DEBTORS AND PREPAYMENTS (Continued)

At 31st December 2009, the ageing analysis and due date analysis of the Group's trade debtors were as follows:

	Group	
	2009	2008
	HK$	HK$
Current	435,980	407,764
31-60 days	121,587	129,048
61-90 days	1,086	15,750
Over 90 days	410,628	78,553
	969,281	631,115

The prepayments and deposits represent utilities deposits, prepayments for renovation work for the Group's investment properties, and other prepayments and deposits.

The carrying amounts of debtors and prepayments approximated their fair values as at 31st December 2009 and 2008.

Included in the trade debtors and deposits are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
US dollars	9,360,334	9,974,139	—	—

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Bank balances and cash	55,515,761	28,922,145	37,074,477	2,833,568
Restricted bank deposit (note)	1,000,000	1,000,000	1,000,000	1,000,000
	56,515,761	29,922,145	38,074,477	3,833,568

Note:

Restricted bank deposit of the Company is pledged to secure an overdraft credit facility of HK$990,000 (2008: HK$990,000) provided to the Company by a financial institution, which is a related company of the Company.

Included in the bank balances and cash are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
US dollars	4,987,297	12,459,489	—	—

14 CREDITORS AND ACCRUALS

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Trade creditors	4,913,071	5,319,344	2,724,595	1,536,775
Other creditors	11,534,874	11,564,734	3,100,552	2,995,483
Accruals	11,046,968	14,541,697	4,208,655	3,476,999
	27,494,913	31,425,775	10,033,802	8,009,257

At 31st December 2009, the ageing analysis of the Group's trade creditors was as follows:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Current	3,100,168	4,256,662	981,099	551,868
31-60 days	83,754	213,206	82,977	210,871
61-90 days	—	41,004	—	41,004
Over 90 days	1,729,149	808,472	1,660,519	733,032
	4,913,071	5,319,344	2,724,595	1,536,775

The carrying amounts of creditors and accruals approximated their fair values as at 31st December 2009 and 2008.

Included in the trade creditors, other creditors and accruals are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
US dollars	5,382,242	8,381,587	—	—

15 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2009	Group 2008
	HK$	HK$
Derivative financial liabilities		
Interest rate swap – cash flow hedge	–	1,778,611

At 31st December 2008, the notional principal amounts of the outstanding interest rate swap contract were HK$139,316,000.

At 31st December 2008, the fixed interest rate was 4.11% per annum and the floating rate was one month London Interbank Offered Rate plus 150 basis points. Loss recognised in the hedging reserve (note 20) on interest rate swap contract at 31st December 2008 was released to the consolidated income statement upon the maturity of the interest rate swap in 2009.

16 SHORT TERM BANK LOANS AND BANK OVERDRAFTS – SECURED

The effective interest rates per annum at the balance sheet date were as follows:

	Group 2009	Group 2008
	HK$	HK$
Short term bank loans	1.25%	0.9% to 2.25%
Bank overdrafts	–	5.25%

The exposure to the Group's short term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group 2009	Group 2008
	HK$	HK$
1 month or less	–	31,000,000
1 to 3 months	200,000,000	200,000,000
	200,000,000	231,000,000

The carrying amounts of the short term bank loans and bank overdrafts approximated their fair values as at 31st December 2009 and 2008.

The short term bank loans and bank overdrafts of the Group are secured by certain investment properties (note 7) and the rental income thereon. All the short term bank loans and bank overdrafts are denominated in Hong Kong dollar.

17 LONG TERM BANK LOANS – SECURED

	Group 2009 HK$	Group 2008 HK$
Bank loans wholly repayable within five years	136,868,013	138,554,328
Amounts due within one year included under current liabilities	(1,858,710)	(1,858,710)
	135,009,303	136,695,618

The maturity of the Group's long term bank loans is as follows:

	Group 2009 HK$	Group 2008 HK$
– within one year	1,858,710	1,858,710
– in the second year	1,858,710	1,858,710
– in the third to fifth years inclusive	133,150,593	134,836,908
	136,868,013	138,554,328

The effective interest rates per annum at balance sheet date were as follows:

	Group 2009	Group 2008
US dollar bank loan	1.74%	2.93%

The exposure to the Group's long term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group 2009 HK$	Group 2008 HK$
1 year or less	136,868,013	138,554,328

17 LONG TERM BANK LOANS – SECURED (Continued)

The carrying amounts and fair values of the long term bank loans are as follows:

	Carrying amount		Fair value	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Long term bank loans	136,868,013	138,554,328	137,457,044	139,315,753

The fair values of current portion of long term bank loans equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 1.74% (2008: 2.93%) per annum.

The carrying amounts of the long term bank loans are denominated in the following currencies:

	Group	
	2009	2008
	HK$	HK$
US dollar	136,868,013	138,554,328

The Group's long term bank loans are secured by a building (note 6), certain investment properties (note 7) and the rental income thereon.

18 DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
Deferred income tax liabilities – to be settled after more than 12 months	361,750,712	298,772,722	22,025,075	23,857,666

The movements on the net deferred tax liabilities of the Group and the Company are as follows:

	Group		Company	
	2009	2008	2009	2008
	HK$	HK$	HK$	HK$
At 1st January	298,772,722	433,097,745	23,857,666	31,384,853
Deferred income tax charged/(credited) to income statement (note 25)	62,977,990	(134,325,023)	(1,832,591)	(7,527,187)
At 31st December	361,750,712	298,772,722	22,025,075	23,857,666

18 DEFERRED INCOME TAX LIABILITIES (Continued)

At 31st December 2009, the Company and its subsidiary companies in Hong Kong had unrecognised tax losses of HK$13,400,000 (2008: HK$13,100,000) to carry forward against future taxable income. Such tax losses have no expiry date.

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Group

Deferred income tax assets	Tax losses		Accelerated accounting depreciation		Total	
	2009	2008	2009	2008	2009	2008
	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January	169,276,549	163,985,782	17,236	23,191	169,293,785	164,008,973
Credited/(charged) to consolidated income statement	4,070,794	5,290,767	(4,630)	(5,955)	4,066,164	5,284,812
At 31st December	173,347,343	169,276,549	12,606	17,236	173,359,949	169,293,785

Deferred income tax liabilities	Revaluation of investment properties		Accelerated tax depreciation		Total	
	2009	2008	2009	2008	2009	2008
	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January	(266,048,710)	(398,458,056)	(202,017,797)	(198,648,662)	(468,066,507)	(597,106,718)
Credited/(charged) to consolidated income statement						
– Reversal upon disposal of investment properties	10,453,342	–	–	–	10,453,342	–
– Origination and reversal of other temporary differences	(70,533,064)	132,409,346	(6,964,432)	(3,369,135)	(77,497,496)	129,040,211
At 31st December	(326,128,432)	(266,048,710)	(208,982,229)	(202,017,797)	(535,110,661)	(468,066,507)

Company

Deferred income tax (liabilities)/assets	Revaluation of investment properties		Accelerated tax depreciation		Tax losses		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January	(30,772,655)	(36,435,165)	(418,728)	(271,588)	7,333,717	5,321,900	(23,857,666)	(31,384,853)
(Charged)/credited to income statement	(1,785,440)	5,662,510	(877,017)	(147,140)	4,495,048	2,011,817	1,832,591	7,527,187
At 31st December	(32,558,095)	(30,772,655)	(1,295,745)	(418,728)	11,828,765	7,333,717	(22,025,075)	(23,857,666)

19 SHARE CAPITAL

	2009	2008
	HK$	HK$
Authorised:		
400,000,000 ordinary shares of HK$1 each	400,000,000	400,000,000
Issued and fully paid:		
287,669,676 ordinary shares of HK$1 each	287,669,676	287,669,676

20 RESERVES

Group

	Share premium	Investment revaluation reserve	Hedging reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January 2009	129,651,602	8,554,296	(1,778,611)	7,161,918	1,915,723,168	2,059,312,373
Net fair value gains on available-for-sale financial assets	–	566,560	–	–	–	566,560
Impairment loss on available-for-sale financial assets transferred to income statement	–	13,632,972	–	–	–	13,632,972
Release upon maturity of cash flow hedge	–	–	1,778,611	–	–	1,778,611
Exchange translation differences	–	–	–	4	–	4
Profit attributable to equity holders of the Company	–	–	–	–	323,071,807	323,071,807
Total comprehensive income	–	14,199,532	1,778,611	4	323,071,807	339,049,954
Dividends paid						
2008 final dividend	–	–	–	–	(14,383,484)	(14,383,484)
2009 interim dividend	–	–	–	–	(8,630,090)	(8,630,090)
2009 special dividend	–	–	–	–	(8,630,090)	(8,630,090)
At 31st December 2009	129,651,602	22,753,828	–	7,161,922	2,207,151,311	2,366,718,663
Representing:						
Reserves	129,651,602	22,753,828	–	7,161,922	2,158,247,466	2,317,814,818
2009 final dividend proposed (note 27)	–	–	–	–	20,136,877	20,136,877
2009 special dividend proposed (note 27)	–	–	–	–	28,766,968	28,766,968
	129,651,602	22,753,828	–	7,161,922	2,207,151,311	2,366,718,663

20 RESERVES (Continued)

Group (Continued)

	Share premium	Investment revaluation reserve	Hedging reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1st January 2008	129,651,602	60,885,201	–	7,160,245	2,409,337,364	2,607,034,412
Net fair value losses on available-for-sale financial assets	–	(59,525,716)	–	–	–	(59,525,716)
Impairment loss on available-for-sale financial assets transferred to income statement	–	7,194,811	–	–	–	7,194,811
Cash flow hedge	–	–	(1,778,611)	–	–	(1,778,611)
Exchange translation differences	–	–	–	1,673	–	1,673
Loss attributable to equity holders of the Company	–	–	–	–	(410,189,990)	(410,189,990)
Total comprehensive (loss)/income	–	(52,330,905)	(1,778,611)	1,673	(410,189,990)	(464,297,833)
Dividends paid						
2007 final dividend	–	–	–	–	(31,643,664)	(31,643,664)
2007 special dividend	–	–	–	–	(28,766,968)	(28,766,968)
2008 interim dividend	–	–	–	–	(23,013,574)	(23,013,574)
At 31st December 2008	129,651,602	8,554,296	(1,778,611)	7,161,918	1,915,723,168	2,059,312,373
Representing:						
Reserves	129,651,602	8,554,296	(1,778,611)	7,161,918	1,901,339,684	2,044,928,889
2008 final dividend proposed (note 27)	–	–	–	–	14,383,484	14,383,484
	129,651,602	8,554,296	(1,778,611)	7,161,918	1,915,723,168	2,059,312,373

20 RESERVES (Continued)

Company

	Share premium	Investment revaluation reserve	Retained profits	Total
	HK$	HK$	HK$	HK$
At 1st January 2009	129,651,602	89,143	741,021,987	870,762,732
Fair value gain on available-for-sale financial assets	—	77,560	—	77,560
Profit for the year	—	—	70,646,327	70,646,327
Total comprehensive income	—	77,560	70,646,327	70,723,887
Dividends paid				
2008 final dividend	—	—	(14,383,484)	(14,383,484)
2009 interim dividend	—	—	(8,630,090)	(8,630,090)
2009 special dividend	—	—	(8,630,090)	(8,630,090)
At 31st December 2009	129,651,602	166,703	780,024,650	909,842,955
Representing:				
Reserves	129,651,602	166,703	731,120,805	860,939,110
2009 final dividend proposed (note 27)	—	—	20,136,877	20,136,877
2009 special dividend proposed (note 27)	—	—	28,766,968	28,766,968
	129,651,602	166,703	780,024,650	909,842,955
At 1st January 2008	129,651,602	192,461	785,061,579	914,905,642
Fair value loss on available-for-sale financial assets	—	(103,318)	—	(103,318)
Profit for the year	—	—	39,384,614	39,384,614
Total comprehensive (loss)/income	—	(103,318)	39,384,614	39,281,296
Dividends paid				
2007 final dividend	—	—	(31,643,664)	(31,643,664)
2007 special dividend	—	—	(28,766,968)	(28,766,968)
2008 interim dividend	—	—	(23,013,574)	(23,013,574)
At 31st December 2008	129,651,602	89,143	741,021,987	870,762,732
Representing:				
Reserves	129,651,602	89,143	726,638,503	856,379,248
2008 final dividend proposed (note 27)	—	—	14,383,484	14,383,484
	129,651,602	89,143	741,021,987	870,762,732

21 COST AND EXPENSES

	2009	2008
	HK$	HK$
Amortisation of leasehold land	2,647,795	2,669,874
Auditors' remuneration	1,982,975	2,004,061
Cost of property sold	5,394,339	—
Depreciation	10,276,707	9,289,973
Outgoings in respect of		
– investment properties	37,887,941	34,027,790
– properties for sale	4,421,446	5,579,249
– property related services	7,313,611	7,690,309
– property, plant and equipment	3,375,590	712,447
Operating lease rental for office premises to		
– related companies	2,626,158	1,409,086
– third parties	—	1,059,767
Staff costs (note 23)	50,089,389	51,694,588
Others	21,321,858	20,527,513
Total cost of sales, administrative and other operating expenses	147,337,809	136,664,657

22 OTHER INCOME AND GAINS, NET

	2009	2008
	HK$	HK$
Dividend income from available-for-sale financial assets		
– listed	1,201,450	1,035,466
– unlisted	—	10,593,330
Gain on disposal of investment properties	43,920,842	8,850,535
Allowance received for disposal of investment properties	5,525,100	—
(Loss)/gain on disposal of property, plant and equipment, net	(1,786,491)	721,579
Impairment loss on available-for-sale financial assets	(13,632,972)	(7,543,527)
	35,227,929	13,657,383

23 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2009	2008
	HK$	HK$
Salaries	32,199,604	31,594,451
Housing and other allowances, benefits in kind	12,384,685	13,753,531
Bonuses	4,650,653	4,777,602
Retirement benefit costs	854,447	1,569,004
	50,089,389	51,694,588

(a) Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

	2009	2008
	HK$	HK$
Fees	619,000	629,500
Salaries	10,130,367	10,231,180
Housing and other allowances, benefits in kind	10,823,485	12,400,331
Bonuses	2,489,850	2,489,841
Retirement benefit costs	123,866	125,614
	24,186,568	25,876,466

The remuneration of every director for the year ended 31st December 2009 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	19,000	3,819,960	9,364,285	1,591,650	12,000	14,806,895
Patrick Ma Ching Hang	15,000	–	–	–	–	15,000
Alfred Ma Ching Kuen	15,000	653,160	–	108,860	12,000	789,020
Amy Ma Ching Sau	15,000	1,511,160	–	251,860	12,000	1,790,020
Katy Ma Ching Man	15,000	1,362,876	–	216,740	12,000	1,606,616
Ruth Ma Ching Keung	15,000	1,482,771	–	104,000	63,866	1,665,637
Philip Ma Ching Yeung	15,000	1,300,440	1,459,200	216,740	12,000	3,003,380
Edward Cheung Wing Yui	127,500	–	–	–	–	127,500
Kevin Chau Kwok Fun	127,500	–	–	–	–	127,500
Tan Soo Kiu	127,500	–	–	–	–	127,500
William Wong Hing Kwok	127,500	–	–	–	–	127,500
	619,000	10,130,367	10,823,485	2,489,850	123,866	24,186,568

23 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31st December 2008 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	19,000	3,773,560	10,941,131	1,591,650	12,000	16,337,341
Patrick Ma Ching Hang	15,000	–	–	–	–	15,000
Alfred Ma Ching Kuen	15,000	645,210	–	108,860	12,000	781,070
Amy Ma Ching Sau	15,000	1,492,810	–	251,860	12,000	1,771,670
Katy Ma Ching Man	25,500	1,284,640	–	216,740	12,000	1,538,880
Ruth Ma Ching Keung	15,000	1,750,320	–	103,991	65,614	1,934,925
Philip Ma Ching Yeung	15,000	1,284,640	1,459,200	216,740	12,000	2,987,580
Edward Cheung Wing Yui	127,500	–	–	–	–	127,500
Kevin Chau Kwok Fun	127,500	–	–	–	–	127,500
Tan Soo Kiu	127,500	–	–	–	–	127,500
William Wong Hing Kwok	127,500	–	–	–	–	127,500
	629,500	10,231,180	12,400,331	2,489,841	125,614	25,876,466

The fees paid by the Group to the independent non-executive directors for the year amounted to HK$510,000 (2008: HK$510,000).

The above analysis includes four (2008: four) individuals whose emoluments were among the five highest paid individuals in the Group.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2008: four) directors whose emoluments are reflected in the analysis above. The emoluments payable to the remaining one (2008: one) individual during the year are as follows:

	2009	2008
	HK$	HK$
Salaries	3,236,280	3,187,830
Housing and other allowances, benefits in kind	960,000	752,000
Bonuses	539,380	539,380
Retirement benefit costs	12,000	12,000
	4,747,660	4,491,210

During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

23 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(c) Key management remuneration

Remuneration for key management, including amounts paid to the Company's directors, the highest paid employee and one senior management member as disclosed in notes (a) and (b) above, is as follows:

	2009	2008
	HK$	HK$
Fees	109,000	119,500
Salaries	14,187,023	14,379,787
Housing and other allowances, benefits in kind	11,783,485	13,152,331
Bonuses	3,165,631	3,029,221
Retirement benefit costs	135,866	137,614
	29,381,005	30,818,453

24 FINANCE INCOME AND COSTS

	2009	2008
	HK$	HK$
Finance income		
Interest income from banks	113,436	788,697
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	(9,913,826)	(14,223,093)
Finance costs, net	(9,800,390)	(13,434,396)

25 INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. No overseas taxation has been provided as there is no estimated taxable profit for the overseas subsidiary companies for the year (2008: HK$Nil).

The amount of income tax (charged)/credited to the consolidated income statement represents:

	2009	2008
	HK$	HK$
Current income tax		
– current year provision	(8,989,213)	(27,828,213)
– (under)/over provision in prior years	(9,414)	297,576
	(8,998,627)	(27,530,637)
Deferred income tax (note 18)	(62,977,990)	134,325,023
	(71,976,617)	106,794,386

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2009	2008
	HK$	HK$
Profit/(loss) before income tax	438,758,479	(522,944,080)
Calculated at a taxation rate of 16.5% (2008: 16.5%)	(72,395,149)	86,285,773
Effect of change in tax rate	—	23,262,727
Income not subject to tax	19,922,249	2,225,595
Expenses not deductible for tax purposes	(3,557,052)	(3,881,497)
Deferred tax on tax losses and other temporary differences not recognised	(37,601,732)	(39,610,391)
Recognition of previously unrecognised tax losses and other temporary differences	—	297,137
Effect of different taxation rates in other countries	21,664,481	37,917,466
(Under)/over provision in prior years	(9,414)	297,576
Income tax (expense)/credit	(71,976,617)	106,794,386

26 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$70,646,327 (2008: HK$39,384,614).

27 DIVIDENDS

	2009	2008
	HK$	HK$
Interim, paid, of HK3 cents (2008: HK8 cents) per ordinary share	8,630,090	23,013,574
Special, paid, of HK3 cents (2008: HK Nil cents) per ordinary share	8,630,090	–
Final, proposed, of HK7 cents (2008: HK5 cents) per ordinary share	20,136,877	14,383,484
Special, proposed, of HK10 cents (2008: HK Nil cents) per ordinary share	28,766,968	–
	66,164,025	37,397,058

At a meeting held on 29th March 2010, the directors proposed a final dividend of HK7 cents and a special dividend of HK10 cents per ordinary share respectively. These proposed dividends are not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2010 upon the approval by the shareholders.

28 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on profit attributable to the Company's equity holders of HK$323,071,807 (2008: loss of HK$410,189,990) and on 287,669,676 (2008: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2009 and 2008, the diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share.

29 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before income tax to net cash generated from operations

	2009	2008
	HK$	HK$
Profit/(loss) before income tax	438,758,479	(522,944,080)
Finance income	(113,436)	(788,697)
Finance costs	9,913,826	14,223,093
Depreciation	10,276,707	9,289,973
Amortisation of leasehold land	2,647,795	2,669,874
Fair value (gains)/losses on investment properties	(366,928,095)	577,372,730
Gain on disposal of investment properties	(43,920,842)	(8,850,535)
Allowance received for disposal of investment properties	(5,525,100)	—
Loss/(gain) on disposal of property, plant and equipment, net	1,786,491	(721,579)
Impairment loss on available-for-sale financial assets	13,632,972	7,543,527
Dividend income	(1,201,450)	(11,628,796)
Operating profit before working capital changes	59,327,347	66,165,510
Decrease in properties for sale	5,041,189	—
Decrease/(increase) in debtors and prepayments	2,470,262	(2,465,651)
Decrease in rental and other deposits	(4,870,464)	(13,366,335)
Decrease in creditors and accruals	(3,606,680)	(2,148,471)
Net cash generated from operations	58,361,654	48,185,053

(b) Major non-cash transaction

In 2008, an investee company of the Group distributed one of its investments in listed securities to its shareholders as a dividend in specie. The fair value of the listed securities received by the Group amounted to HK$5,917,489.

30 FINANCIAL GUARANTEES

At 31st December 2009, the Company had provided guarantees to bankers for credit facilities granted to subsidiary companies of HK$200,000,000 (2008: HK$232,492,000).

31 COMMITMENTS

(a) Capital commitments

At 31st December 2009, the Group had capital commitments as follows:

	Group 2009	Group 2008
	HK$	HK$
Contracted but not provided for		
– properties under development	42,000	1,842,000
– investment properties	24,585,000	3,668,000
– plant and equipment	12,020,000	5,037,000
	36,647,000	10,547,000

The Company did not have any capital commitment as at 31st December 2009 and 2008.

(b) Commitments under operating leases

At 31st December 2009, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company 2009	Group and Company 2008
	HK$	HK$
Land and buildings		
Not later than one year	2,292,000	2,074,000
Later than one year but not later than five years	133,000	2,161,000
	2,425,000	4,235,000

32 PRINCIPAL SUBSIDIARY COMPANIES

At 31st December 2009, the Company had the following principal subsidiary companies which, in the opinion of the directors, materially affect the results and/or assets of the Group. Montgomery Lands, Incorporated, Central Financial Management Company Inc, MLI Business Management, Inc and Central Financial Management of Montana LLC are incorporated and operate in the United States of America. All other subsidiary companies are incorporated and operate in Hong Kong.

	Percentage of issued capital held				Ordinary share capital		
Name	By the Company		By subsidiary company		Number	Par value per share	Principal activities
	2009	2008	2009	2008			
Ballington Limited	100	100	–	–	10,000	HK$1	e
Cambella Limited	100	100	–	–	1,000	HK$1	a, b
Central Financial Management Company Inc	–	–	100	100	10,000	US$1	d
Central Financial Management of Motana LLC	–	–	100	100	N/A	N/A	f
Chi Ho Investment Company Limited	100	100	–	–	100	HK$100	a, g
Chi Ning Investment Company Limited	100	100	–	–	421,290	HK$1	e
Etrema Company Limited	100	100	–	–	1,000	HK$1	a
Golden Ocean Corporation Limited	100	100	–	–	531,510	HK$1	a
Kam Cheung Investment Company Limited	75	75	–	–	1,200,000	HK$1	a
Kam Chung Industrial Company Limited	100	100	–	–	1,149,430	HK$1	a, g
Kam Hang Company Limited	95	95	–	–	5,000	HK$100	a
Kam Yiu Company Limited	100	100	–	–	73,000	HK$1	a
La Bizplace Limited	100	100	–	–	2	HK$1	h
MLI Business Management, Inc	–	–	100	100	1,000	US$1	i
Montgomery Enterprises Limited	100	100	–	–	1,190,840	HK$1	a, e, g
Montgomery Lands, Incorporated	–	–	100	100	20,000	US$1	a
On Ah Enterprises Limited	65	65	–	–	100,000	HK$1	a
Pentacontinental Land Investment Company Limited	53.6	53.6	–	–	2,000,000	HK$1	a, e
Satvision Limited	100	100	–	–	1,000	HK$1	a
Tai Fung Investment Company Limited	65	65	–	–	1,400,000	HK$1	a, e
Tai Land Finance Company Limited	100	100	–	–	100,000	HK$1	c
Tai Sang Cold Storage & Godown Company Limited	58	58	–	–	5,600,000	HK$1	e
Tai Sang Estate Agency Limited	100	100	–	–	100,000	HK$1	d, e
TSE (Floral Villas) Limited	–	–	100	100	100	HK$1	d
TSE (Kam Yuen Mansion) Limited	–	–	100	100	1,000	HK$1	d
TSL Construction and Engineering Limited	100	100	–	–	2	HK$1	a
Welldicker Industrial Limited	100	100	–	–	2	HK$1	e
Xin Kuok Investments Limited	100	100	–	–	2	HK$1	f

Principal activities:

a = property rental
b = property development
c = finance
d = estate management and agency
e = investment holding

f = motor vehicle rental
g = property sale
h = property sub-letting
i = management service

SCHEDULE OF THE GROUP'S SIGNIFICANT PROPERTIES AT 31ST DECEMBER 2009

A PROPERTIES FOR INVESTMENT

Description	Lot Number	Type #	Appro. G.F.A. (M^2)	Group's interest	Lease term
Hong Kong					
Tai Sang Container and Godown Centre, 2-10 Cheung Fai Road, Tsing Yi Island	T.Y.T.L. 56	G	118,025	100.0%	Medium term
Express Industrial Building, 43 Heung Yip Road, Aberdeen	A.I.L. 353	I	11,766	100.0%	Long term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	I	6,947	95.0%	Long term
Chin Fat Factory Building (portion), 3 Tsat Po Street, San Po Kong	K.I.L. 4438 & 4439	I	996	65.0%	Medium term
House of Corona (portion), 50 Hung To Road, Kwun Tong	K.T.I.L. 284	I	699	65.0%	Medium term
Kam Yuen Mansion (portion), 3 Old Peak Road	I.L. 646 Sec. A & Sec. B	R	2,944	75.0%	Long term
Sea and Sky Court (portion), 92 Stanley Main Street, Stanley	S.I.L. 8	R	319	100.0%	Long term
Mercantile House, 186 & 190 Nathan Road, Tsim Sha Tsui	K.I.L.9735 & 2/70 shares of 8631	R & C	1,078	100.0%	Medium term
Continental Mansion (portion), 294-304 King's Road, North Point	R.P. of I.L. 7185	R & C	1,078	53.6%	Long term
Shing Wah Building (portion), 31 Shing Fong Street, Kwai Chung	K.C.T.L. 232	C	607	100.0%	Medium term
Kin Wah Mansion (portion), 176-178 Tung Lo Wan Road	I.L. 3578, 3579 & 3581	C	590	100.0%	Long term
Viking Court (portion), 165-166 Connaught Road West, Western District	M.L. 342 & 343	C	585	100.0%	Long term
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	262	95.0%	Medium term
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D. 252 Lot 314	R & C	4,623	100.0%	Medium term
No.1, Barker Road	R.B.L. 810	R	1,352	100.0%	Medium term
Overseas					
Montgomery Plaza, 456 Montgomery Street, San Francisco, United States of America	–	C	15,638^	100.0%	Freehold

B PROPERTIES FOR OWN OPERATIONS

Description	Lot Number	Type #	Appro. G.F.A. (M^2)	Group's interest	Lease term
Hong Kong					
No.20 & No.22 (portion) Severn Road, The Peak	R.B.L. 1137	D	1,282	100.0%	Medium term

C PROPERTIES UNDER DEVELOPMENT

Description	Lot Number	Type #	Appro. G.F.A. (M^2)	Group's interest	Expected completion
Hong Kong					
No.20 & No.22 (portion) Severn Road, The Peak	R.B.L. 1137	R	623	100.0%	Planning

D PROPERTIES FOR RENTAL/SALE

Description	Lot Number	Type #	Appro. G.F.A.	Group's interest	Expected completion
Hong Kong					
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D.252 Lot 314	R	3,838	100.0%	Existing
Sheung Wan Tai Sang Commercial Building (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	C	5,860	100.0%	Existing
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	1,724	100.0%	Existing

Type #

G	:	Godown
I	:	Industrial
R	:	Residential
C	:	Commercial
D	:	Director's residence
^	:	Net rentable area
G.F.A.	:	Gross floor area

FIVE-YEAR FINANCIAL SUMMARY

	2005	2006	2007	2008	2009
RESULTS					
(HK$ thousand)					
Profit/(loss) attributable to:					
– Equity holders	266,522	308,570	757,316	(410,190)	323,072
– Minority interests	9,633	8,462	17,511	(5,960)	43,710
	276,155	317,032	774,827	(416,150)	366,782
Earnings/(loss) per share	HK$0.93	HK$1.07	HK$2.63	HK$(1.43)	HK$1.12
ASSETS AND LIABILITIES					
(HK$ thousand)					
Total assets	2,751,816	2,870,619	3,944,831	3,199,689	3,521,389
Total liabilities	(797,183)	(613,601)	(953,245)	(765,895)	(780,547)
Total equity	1,954,633	2,257,018	2,991,586	2,433,794	2,740,842