陸氏集團(越南控股)有限公司
LUKS GROUP (VIETNAM HOLDINGS) CO. LTD.
Stock Code : 0366

Annual Report 2009

Contents

	Pages
Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	7
Corporate Governance Practices	9
Report of the Directors	13
Independent Auditors' Report	21
Consolidated:	
Income Statement	23
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes In Equity	27
Statement of Cash Flows	29
Company:	
Statement of Financial Position	31
Notes to Financial Statements	32
Particulars of Investment Properties	118
Particulars of Property for Development	119
Five Year Financial Summary	120

Corporate Information

EXECUTIVE DIRECTORS

Luk King Tin
(Chairman and Chief Executive Officer)
Cheng Cheung
Luk Yan
Luk Fung
Fan Chiu Tat, Martin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Li Yuan
Liang Fang
Tam Kan Wing

COMPANY SECRETARY

Fan Chiu Tat, Martin, B.Soc.Sc., FCCA, HKICPA

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
ICBC (Asia) Limited
Bank of China (Hong Kong) Limited

AUDITORS

Ernst & Young

PRINCIPAL SHARE REGISTRAR

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

5th Floor, Cheong Wah Factory Building
39-41 Sheung Heung Road
Tokwawan, Kowloon
Hong Kong

Chairman's Statement

BUSINESS REVIEW AND PROSPECTS

During the first half of 2009, Vietnam's economy deteriorated dramatically and severely as a result of the global financial crisis. However, when the government decisively adopted measures to stimulate the economy, together with the bounced back of the global economy, Vietnam's economic situation was seen improving significantly in the second half of 2009. According to the State Statistics Bureau, Vietnam achieved a growth rate of 5.3% in 2009, which is only a bit lower than the 6.18% growth rate in 2008. The growth pace was notably stronger in the second half of 2009.

Benefited from the expansion policy of the government's investments in infrastructure projects, the Group's cement plant recorded a significant growth of sales volume in the second half of 2009, following the economic recovery.

During the year, Vietnam's government suddenly depreciated the Vietnamese currency ("VND") in November 2009 by 5.4%, from VND17,034 to USD1 to VND17,961 to USD1. This resulted in a significant exchange loss for the Group's operations in Vietnam for the year ended 2009.

Apart from that, due to a reduction in valuation of the Saigon Trade Centre as at year-end of 2009, the Group's profits contributed from gains on property revaluation on investment properties substantially declined for the year.

Foreseeing 2010, Vietnam's Ministry of Planning and Investments estimated that Vietnam could achieve a growth rate of 6.5% for 2010, according to Vietnam Economic Times. The economy will gradually be back to normal growing level. Yet, concerns on depreciation of VND, inflationary pressure and trade deficit all attributed to uncertainties to the Vietnam's economy.

For the year ended 31 December 2009, the Group recorded a turnover of HK$721,833,000, representing an increase of 21.4% as compared to HK$594,746,000 of 2008. Turnover from the cement business was HK$566,828,000 representing a year-on-year increase of 25.4%, whereas turnover from the property investment was HK$145,845,000, representing an increase of 8.8% as compared to 2008.

The consolidated net profit attributable to shareholders was HK$107,055,000 for the year, representing a decrease of approximately 65.7% when compared to HK$312,384,000 of 2008. Earnings per share in 2009 was HK 20.9 cents, representing a decrease of 63.0% when compared to HK 56.5 cents of 2008.

CEMENT BUSINESS

In 2009, the Group achieved a total sales of 1,693,000 tonnes of cement and clinkers, representing a growth of 32.9% as compared to 2008, whereas the sales amount was recorded at HK$566,828,000, representing a year-on-year growth of 25.4%.

Chairman's Statement

The Group strived to encounter negative impacts to, firstly, the cement manufacturing cost as a result of the increase in fuel costs, and secondly, to the cement sales quantity as a result of the delay in most of the foreign invested projects being affected by the international financial crisis. On one hand, the Group's cement plant focused on internal control in production aiming at reducing costs and increasing efficiency. On the other hand, the cement plant explored opportunities in expanding sales channel and market network. The new 3000 tonnes-per-day clinkers' production line has been in commercial operation since mid-2009 and so far running smooth, whereas the newly built grinding plant in Ninh Thuan, Central Vietnam has also joined in the production since October 2009. The sales target of 1.7 million tonnes for the year of 2009 was thus closely achieved.

During 2009, Vietnam's government suddenly depreciated the Vietnamese currency by 5.4%, largely out of the market's expectation. On the other hand, coal price was increased twice in September and December 2009 for an extent of 20% (per ton CIF price from USD63 up to USD75) and 15% respectively. In addition, sales of cement were especially slower when matched with the rainy season starting from September 2009. Being affected by all the above factors, namely, the exchange loss, the increase in cement sales price not being matched with the pace of the increase in coal price, and the increase in costs of sales and transportation, and therefore, although the sales target on quantity was achieved, the increase in profits of the cement business were unable to match with the increase in quantity of sales accordingly.

Looking forward to 2010, recovering of the market fundamentals has been obvious. Projects being delayed as a result of the financial crisis were seen kicked start again. In March 2010, Vietnam's government held the online national conference on investments and constructions. The Prime Minister emphasized on the necessary to accelerate the pace of construction on all investment projects, wheareas the local governments were actively supporting roads construction projects in rural areas. Besides, it has been in the season of strong sales for cement in the central Vietnam since March and the Group has since raised its cement price for 4% so far.

According to Vietnam's Ministry of Construction, national demand for cement will reach 55 million tonnes for 2010, representing an increase of 11%. Yet, the supply and demand of cement in geographical distribution is not even in Vietnam, in which the southern part is in shortage whereas the northern part is in over-supply. Since there are a number of foreign participated large scale construction projects in central Vietnam, which are either under construction or about to kick start, such as thermal power plant, steel manufacturing plant, aluminum plant, nuclear power plant and etc., it is expected that the demand of cement in the central part of Vietnam will be growing continuously.

The expansion plans of the Group's cement production lines have been gradually achieved, resulting in the current maximum capacity of the plant reaching 2.8 million tonnes of cement per annum. However, since the removal and relocation problems of the site for the cement grinding plant in Hochiminh City has not yet been resolved, the total sales of cement and clinkers for 2010 are expected to be 2.4 million tonnes only. The Group continues to focus on costs control and the expansion of sales channels. Foreseeing 2010, presuming VND remains stable, due to an increase in production and sales volume, it is optimistically expected that profits will grow as a result.

SAIGON TRADE CENTRE AND PROPERTY INVESTMENT

In 2009, Vietnam recorded the newly increased foreign direct investments of USD21.5 billion, representing a substantial drop of 70% on a year-on-year basis. As a result, the leasing situation of the Saigon Trade Centre suffered a relatively harder hit and the performance was far worse than expected. As at 31 December 2009, the occupancy rate dropped to 76% (2008: 90%). However, since the average rental rate for newly signed and renewal leasing contracts rose as compared to 2008, the annual rental income for 2009 still recorded a growth of 9%.

It is estimated that the newly increased foreign direct investments shall be back to increase in 2010. Yet, there are also some negative factors posed to the economic uncertainty as mentioned before. Foreseeing 2010, the rental income of Saigon Trade Centre shall remain stable, possibly with a slight growth. On the other hand, the tax concession period of Saigon Trade Centre ended in 2009. Starting from 2010, the profits tax rate increases from 15% to 25%, which thus shall have certain impact to the profits after tax attributing to the Group.

The rental income of the Group's other investment properties located in the PRC and Hong Kong have been stable during the year.

PROPERTY DEVELOPMENT

Land transactions and property market in Vietnam were stagnant in the first half of 2009, being affected by the financial crisis. But land price surged in the second half of 2009 as a result of the inflationary expectation and the depreciation of the Vietnamese Dong. Land speculations were heat, but the property development market was growing very slowly. It was mainly attributable to the complicated procedures in obtaining relevant licenses for property development, as well as immature title system for property ownership. The Group's both projects, each in Binh Thanh District and Binh Chanh District of Hochiminh City were progressing slowly during the year. Besides, the Group is actively seeking other property development opportunities or land reserve for future development in Hochiminh City.

Mongolia's economic situation has been improving since the second half of 2009, thanks to the increasing prices of natural mineral resources. The Group will increase its pace of development in its property project in Ulanbaatar in appropriate in according to the market condition.

TRADITIONAL CHINESE MEDICINE ("TCM") BUSINESS

The Group's TCM business recorded a turnover of HK$1,757,000 in 2009. For the year ended 31 December 2009, the operating loss of the TCM business before deducting minority interest was HK$5,494,000 (2008: HK$5,371,000).

Chairman's Statement

DIVIDEND

The board of directors recommended to distribute a final dividend of HK 6 cents per share to the shareholders and together with the interim dividend of HK 4.5 cents per share already distributed, the total dividend for the full year of 2009 will be HK 10.5 cents per share.

APPRECIATION

I would like to take this opportunity to extend my gratitude to my fellow directors, management and staff members for their contributions to the Group and to our shareholders for their support, confidence and recognition to the Group's strategies and direction.

Luk King Tin
Chairman

Hong Kong
16 April 2010

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash, bank balances and time deposits as at 31 December 2009 amounted to HK$295,072,000 (31 December 2008: HK$533,760,000). The Group's total borrowings amounted to HK$475,166,000 (31 December 2008: HK$477,749,000), of which HK$235,095,000 (31 December 2008: HK$182,548,000) was repayable within 1 year and HK$240,071,000 (31 December 2008: HK$295,201,000) was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK$, US$ and Vietnamese Dong ("VND") were 16.4%, 34.3% and 49.3% respectively. Of the total borrowings, about 31.6% were at fixed interest rates.

The gearing ratio, which is net debt divided by the capital plus net debt, was 18% as at 31 December 2009 (31 December 2008: 9%).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had approximately 1,630 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$37,184,000 for the year ended 31 December 2009 (31 December 2008: HK$40,125,000). The Company operates a share options scheme and options are granted to certain employees in order to encourage their contribution to the Group. There was no significant change in the Group's remuneration policy as compared to last financial year.

DETAILS OF CHARGES

As at 31 December 2009, the Group pledged certain fixed assets at a net book value of HK$924,221,000, prepaid land lease payments at a net book value of HK$16,481,000 and certain investment properties at a carrying value of HK$141,000,000. In addition, bank deposits of HK$25,007,000 of the Group have been pledged to bank for the purchase of fixed assets.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has exposed to the risk of exchange rate's fluctuation in VND for its investments in Vietnam. The exchange rate of VND to USD was comparatively volatile throughout the accounting period, with a devaluation of 5.3% as at 31 December 2009 when compared to the rate as at 31 December 2008. As at 31 December 2009, the Company held several interest rates Swap contracts for an aggregate principal value of US$8,000,000, in order to hedge for the interest difference from the low interest rate of USD against the high interest rate of VND. As at 31 December 2009, the Swap contracts were valuated at negative HK$6,379,000. Apart from that, the Company has not employed any hedged instrument to hedge against the exchange risk. In order to minimize exposure to the exchange risk, most of the expenditure of the cement plant and the Saigon Trade Centre are in VND. For the Saigon Trade Centre, over 90% of the leasing contracts are denominated in USD.

DETAILS OF CONTINGENT LIABILITIES

As at 31 December 2009, the Group has no significant contingent liability (31 December 2008: Nil).

Corporate Governance Practices

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality Board, better transparency and effective accountability system.

Following the issue of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Hong Kong Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code. Throughout the financial year ended 31 December 2009, except for the requirements that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual (code provision A.4.1) and all directors should retire and rotate for at least every three years (code provision A.4.2), the Company has complied with all code provisions of the Code on Corporate Governance Practices.

Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mr. Luk King Tin. Mr. Luk is the founder of the Company, has been the Chairman and the Chief Executive Officer of the Company and in charge of the overall management of the Company. The Company considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to seize business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, checks and balances exist so that the interests of the shareholders are adequately and fairly represented.

According to the Company's Bye-laws, the Chairman of the Board and the Managing Director of the Company were not subject to retirement by rotation, which thus constitutes a deviation from the code provision A.4.2. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that the deviation is acceptable.

THE BOARD OF DIRECTORS

The key responsibilities of the Board include, among other things, formulating the Group's overall strategies, setting management targets, regulating internal controls and financial management, and supervising the management's performance while the day-to-day operations and management are delegated by the Board to the senior management of the Company. The Board operates in accordance with established practices (including those relating to reporting and supervision), and is directly responsible for formulating the Company's corporate governance guidelines.

Corporate Governance Practices

The Board currently comprises 8 directors, namely Mr. LUK King Tin (the Chairman), Mdm. CHENG Cheung, Mr. LUK Yan, Mr. LUK Fung and Mr. FAN Chiu Tat, Martin as executive directors, Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing as independent non-executive directors. Their biographical details are presented on page 16 of this annual report. The Company and its directors (including independent non-executive directors) have not entered into any service contract with a specified length of service. All directors, except the Chairman, are subject to retirement by rotation and re-election at annual general meetings of the Company at least every three years. The Company has received a confirmation of independence from each of the independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing and considers them to be independent. The Company has received acknowledgements from the directors of their responsibility for preparing the financial statements and a statement by the auditors of the Company about their reporting responsibilities.

The Board convened five meetings during the financial year ended 31 December 2009. Mr. LUK King Tin, Mdm. CHENG Cheung, Mr. LUK Yan, Mr. LUK Fung and Mr. FAN Chiu Tat, Martin attended all five board meetings while Mr. LIANG Fang attended two board meetings, Mr. LIU Li Yuan and Mr. TAM Kan Wing attended three board meetings.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board is responsible for the appointment and removal of Directors.

According to the Company's Bye-laws, at each annual general meeting, one-third of the Directors shall retire from office by rotation. If the number of Board members is not a multiple of three, then the number nearest to but not greater than one-third shall retire by rotation. Retired Directors are eligible for re-election at each annual general meeting.

According to the Company's Bye-laws, any director in his first year of appointment is subject to re-election by shareholders at the forthcoming annual general meeting.

All Independent Non-executive Directors are appointed for a specific term of one year and are subject to re-election at each annual general meeting.

The Board currently has two principal board committees, which are the audit committee and the remuneration committee.

AUDIT COMMITTEE

The Company has established the audit committee, which is comprised solely of independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing. All members of our audit committee have many years of finance and business management experience and expertise. The audit committee's primary responsibilities include, among other things, making recommendation to the board of directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit procedure in accordance with applicable standards, developing and implementing policies on the engagement of external auditors to provide non-audit services, monitoring the integrity of the Company's report and financial statements and overseeing the Company's financial reporting system and internal control procedures.

In 2009, the audit committee met twice, and mainly reviewed the integrity of the Company's financial statements, annual report and accounts, interim report and the significant financial reporting judgments contained in such financial statements and reports, discussed and approved the budgets and remuneration of, and services provided by, the external auditors, reviewed the Company's internal audit procedures and reports, reviewed the compliance situation with relevant laws and regulations. All members attended all meetings.

REMUNERATION COMMITTEE

The Company has established the remuneration committee, which is comprised of Mr. LIANG Fang and Mr. LIU Li Yuan being independent non-executive directors of the Company and Mr. LUK King Tin, the Chairman of the Company. The primary responsibilities of the remuneration committee include, among other things, determining the remuneration packages of all executive directors and senior management, making recommendations to the Board on the remuneration of non-executive directors, reviewing and approving performance-based remuneration, ensuring that no director or any of his associates is involved in deciding his own remuneration, making recommendations to the board of directors on the Company's policy and structure for remuneration of employees, including salaries, incentive schemes and other stock plans. In 2009, the remuneration committee met twice. All members attended the meeting.

At present, remunerations of the senior management of the Company mainly consist of fixed monthly salary. Certain senior management is also awarded with a performance-linked annual bonus, which is tied to the attainment of key performance indicators targets. The remuneration of non-executive directors is determined with reference to the prevailing market conditions and workload of being non-executive directors and members of the board committees of the Company.

INTERNAL CONTROL AND MANAGEMENT

The Board recognizes its responsibility for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests.

Internal control, including a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorized use, maintain proper accounting records for the provision of reliable financial information for internal use or for publication. The system is set up to provide reasonable, but not absolute, assurance against material mis-statement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Management maintains and monitors the system of controls on an ongoing basis.

During 2009, based on the evaluations made by management, the Audit Committee was satisfied that nothing has come to its attention to cause the Audit Committee to believe that the system of internal control is inadequate, and there is an ongoing process to identify, evaluate and manage significant risks faced by the Group.

COMMUNICATION WITH SHAREHOLDERS

The Group discloses relevant information to shareholders through the Group's website, annual report and financial statements, the interim report, periodic company announcements as well as the Annual General Meeting ("AGM"). The section under "Management Discussion and Analysis" of the annual reports facilitate the shareholders' understanding of the Company's activities. The AGM allows the Directors to meet and communicate with shareholders.

The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

CODE ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code") to regulate the directors' securities transactions. All directors have confirmed, following enquiry by the Company, that they have complied with the Model Code during the period between 1 January 2009 and 31 December 2009.

AUDITORS' REMUNERATION

The Company has engaged Ernst & Young as statutory auditors of the Company. For the year ended 31 December 2009, amounts of HK$1,628,000 and HK$50,000 were paid to Ernst & Young for their statutory audit service, and tax compliance services respectively.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 23 to 117.

An interim dividend of HK 4.5 cents per ordinary share was paid on 15 October 2009. The directors recommend the payment of a final dividend of HK 6 cents per ordinary share in respect of the year to shareholders on the register of members on 18 May 2010. This recommendation has been incorporated in the financial statements as an allocation of contributed surplus within the equity section of the statement of financial position.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 118.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 35 and 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		HK$	HK$	HK$'000
February 2009	3,760,000	2.30	2.07	8,327

The purchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof.

The purchase of the Company's shares during the year was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK$293,552,000, of which approximately HK$30,684,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of approximately HK$749,626,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 40% of the total sales for the year and sales to the largest customer included therein amounted to approximately 23%. Purchases from the Group's five largest suppliers accounted for approximately 42% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 26%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Luk King Tin *(Chairman and Chief Executive Officer)*
Cheng Cheung
Luk Yan
Luk Fung
Fan Chiu Tat, Martin

Independent non-executive directors:

Liu Li Yuan
Liang Fang
Tam Kan Wing

In accordance with clause 87 of the Company's bye-laws, Madam Cheng Cheung and Mr. Luk Fung will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The independent non-executive directors, Messrs. Liu Li Yuan, Liang Fang and Tam Kan Wing, are appointed for a period of one year and, being eligible, will offer themselves for re-election at the forthcoming general meeting.

The Company has received annual confirmations of independence from Messrs. Liu Li Yuan, Liang Fang and Tam Kan Wing and still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Mr. Luk King Tin, aged 72, is the chairman of the board and the Chief Executive Officer of the Company. Mr. Luk is also the founder of the Group and has been with the Group for over 30 years. He is responsible for formulating the Group's strategies and policies.

Madam Cheng Cheung, aged 69, is an executive director of the Company. Madam Cheng is the spouse of Mr. Luk King Tin and has been with the Group for over 30 years. She is mainly responsible for the finance, human resources and administrative functions of the Group.

Mr. Luk Yan, aged 45, is an executive director of the Company. Mr. Luk is a son of Mr. Luk King Tin and Madam Cheng Cheung. He is now responsible for the Group's property investment and management in Vietnam. He has been with the Group for 20 years.

Mr. Luk Fung, aged 41, is an executive director of the Company. Mr. Luk is a son of Mr. Luk King Tin and Madam Cheng Cheung. He is a holder of an MBA degree from The Chinese University of Hong Kong. He has years of experience in the financial services industry prior to joining the Group. Mr. Luk graduated from Simon Fraser University in Canada. He is responsible for the development of the cement business of the Group. He has been with the Group for 10 years.

Mr. Fan Chiu Tat, Martin, aged 43, is an executive director and the company secretary of the Company. He graduated from The University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is also the financial controller of the Company. He has been with the Group for 20 years.

Mr. Liu Li Yuan, aged 58, is an independent non-executive director of the Company. Mr. Liu is a graduate with a diploma from the Faculty of Law of the University of Beijing. He is currently a managing director of a property investment and management company in Mainland China.

Mr. Liang Fang, aged 58, is an independent non-executive director of the Company. Mr. Liang is a holder of an MBA degree from the Massachusetts Institute of Technology of the United States of America. He has been working in the IT business for a number of years. Mr. Liang is currently the Managing Director of Joint Technology Development Limited.

Mr. Tam Kan Wing, aged 44, is an independent non-executive director of the Company. Mr. Tam is the sole proprietor of a CPA firm in Hong Kong. He is a holder of a bachelor's degree of Arts in Accountancy from the City University of Hong Kong. He is also a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has more than 20 years of experience in the auditing, taxation, finance and accounting fields.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2009, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest				
Name of director	Notes	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Luk King Tin	(a)	189,552,399	—	62,684,958	252,237,357	49.32
Cheng Cheung	(b)	19,276,800	—	36,912,027	56,188,827	10.99
Luk Yan	(c)	3,070,800	174,000	—	3,244,800	0.64
Luk Fung		3,129,600	—	—	3,129,600	0.61
Fan Chiu Tat, Martin		1,500,000	—	—	1,500,000	0.29
		216,529,599	174,000	99,596,985	316,300,584	61.85

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares of an associated corporation:

Name of director	Note	Name of associated corporation	Relationship with the Company	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Luk King Tin and Luk Fung	(d)	Vigconic International (Holdings) Limited ("VI")	Company's subsidiary	2,462,402	Through controlled corporation	25

Notes:

(a) Mr. Luk King Tin had a beneficial interest in KT (Holdings) Limited, which held 62,684,958 shares of the Company at the end of the reporting period.

(b) Madam Cheng Cheung had a beneficial interest in CC (Holdings) Limited, which held 36,912,027 shares of the Company at the end of the reporting period.

(c) Mr. Luk Yan had a family interest in 174,000 shares of the Company at the end of the reporting period.

(d) Mr. Luk King Tin and Luk Fung had a beneficial interest in Vigconic Biotechnology Company Limited, which held 2,462,402 shares of US$1 each of VI at the end of the reporting period.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share option scheme" in note 36 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 36 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
KT (Holdings) Limited	Directly beneficially owned	62,684,958	12.26
CC (Holdings) Limited	Directly beneficially owned	36,912,027	7.22

Save as disclosed above, as at 31 December 2009, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Luk King Tin
Chairman

Hong Kong
16 April 2010

ERNST & YOUNG
安 永

To the shareholders of Luks Group (Vietnam Holdings) Company Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Luks Group (Vietnam Holdings) Company Limited set out on pages 23 to 117, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

AUDITORS' RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

16 April 2010

Consolidated Income Statement

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**721,833**	594,746
Cost of sales		**(362,393)**	(274,677)
Gross profit		**359,440**	320,069
Other income and gains	5	**19,521**	32,846
Fair value gains on investment properties, net		**53,660**	255,780
Selling and distribution costs		**(62,353)**	(41,436)
Administrative expenses		**(100,174)**	(98,668)
Other expenses		**(97,279)**	(30,182)
Finance costs	7	**(24,247)**	(21,868)
Share of profits and losses of a jointly-controlled entity		**1**	(897)
Share of profits and losses of associates		**(3,995)**	(2,422)
PROFIT BEFORE TAX	6	**144,574**	413,222
Income tax expense	10	**(39,823)**	(103,469)
PROFIT FOR THE YEAR		**104,751**	309,753
Attributable to:			
Owners of the parent	11	**107,055**	312,384
Minority interests		**(2,304)**	(2,631)
		104,751	309,753
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		**20.9 cents**	56.5 cents
Diluted		**20.9 cents**	56.4 cents

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
PROFIT FOR THE YEAR		**104,751**	309,753
OTHER COMPREHENSIVE LOSS			
Exchange differences on translation of foreign operations		**(52,387)**	(100,864)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(52,387)**	(100,864)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**52,364**	208,889
Attributable to:			
Owners of the parent	11	**54,668**	211,520
Minority interests		**(2,304)**	(2,631)
		52,364	208,889

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,136,951**	939,474
Investment properties	15	**1,289,191**	1,290,968
Prepaid land lease payments	16	**21,691**	16,331
Goodwill	17	**183**	15,842
Interest in a jointly-controlled entity	19	**2,976**	2,975
Interests in associates	20	**111,379**	129,509
Available-for-sale investments	21	**—**	416
Deposits		**123,495**	77,276
Total non-current assets		**2,685,866**	2,472,791
CURRENT ASSETS			
Property for development	22	**33,870**	—
Inventories	23	**95,641**	63,687
Trade receivables	24	**53,424**	28,826
Prepayments, deposits and other receivables		**36,097**	43,736
Debt investments at fair value through profit or loss	25	**1,094**	1,094
Derivative financial instruments	27	**—**	244
Pledged deposits	26	**25,007**	65,660
Cash and cash equivalents	26	**270,065**	468,100
Total current assets		**515,198**	671,347
CURRENT LIABILITIES			
Trade payables	28	**51,178**	70,172
Other payables and accruals		**183,024**	51,899
Due to directors	29	**71**	30,802
Due to a related company	30	**3,350**	1,852
Interest-bearing bank and other borrowings	31	**235,095**	182,548
Derivative financial instruments	27	**6,379**	—
Tax payable		**23,221**	23,990
Total current liabilities		**502,318**	361,263
NET CURRENT ASSETS		**12,880**	310,084
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,698,746**	2,782,875

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	**240,071**	295,201
Rental deposits		**22,826**	36,436
Provisions	33	**4,819**	5,056
Deferred tax liabilities	34	**230,314**	242,781
Total non-current liabilities		**498,030**	579,474
Net assets		**2,200,716**	2,203,401
EQUITY			
Equity attributable to owners of the parent			
Issued capital	35	**5,114**	5,150
Reserves	37(a)	**2,167,318**	2,172,882
Proposed final dividends	12	**30,684**	30,684
		2,203,116	2,208,716
Minority interests		**(2,400)**	(5,315)
Total equity		**2,200,716**	2,203,401

Luk King Tin
Director

Cheng Cheung
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

		Attributable to owners of the parent										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 37(a))	Share option reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008		5,735	973,732	618,094	4,073	—	(57,254)	686,978	28,427	2,259,785	(4,070)	2,255,715
Total comprehensive income for the year		—	—	—	—	—	(100,864)	312,384	—	211,520	(2,631)	208,889
Capital contribution from minority shareholders		—	—	—	—	—	—	—	—	—	1,386	1,386
Final 2007 dividend declared		—	—	69	—	—	—	—	(28,427)	(28,358)	—	(28,358)
Equity-settled share option arrangements	36	—	—	—	4,498	—	—	—	—	4,498	—	4,498
Issue of shares	35	13	2,166	—	(272)	—	—	—	—	1,907	—	1,907
Repurchase of shares	35	(598)	(218,250)	—	—	598	—	(598)	—	(218,848)	—	(218,848)
Interim 2008 dividend	12	—	—	(21,788)	—	—	—	—	—	(21,788)	—	(21,788)
Proposed final 2008 dividend	12	—	—	(30,684)	—	—	—	—	30,684	—	—	—
At 31 December 2008		5,150	757,648	565,691	8,299	598	(158,118)	998,764	30,684	2,208,716	(5,315)	2,203,401

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

		Attributable to owners of the parent										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 37(a))	Share option reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2009		5,150	757,648	565,691	8,299	598	(158,118)	998,764	30,684	2,208,716	(5,315)	2,203,401
Total comprehensive income for the year		—	—	—	—	—	(52,387)	107,055	—	54,668	(2,304)	52,364
Acquisition of a subsidiary	38	—	—	—	—	—	—	—	—	—	5,219	5,219
Final 2008 dividend declared		—	—	—	—	—	—	—	(30,684)	(30,684)	—	(30,684)
Equity-settled share option arrangements	36	—	—	—	1,514	—	—	—	—	1,514	—	1,514
Issue of shares	35	2	267	—	(27)	—	—	—	—	242	—	242
Repurchase of shares	35	(38)	(8,289)	—	—	38	—	(38)	—	(8,327)	—	(8,327)
Interim 2009 dividend	12	—	—	(23,013)	—	—	—	—	—	(23,013)	—	(23,013)
Proposed final 2009 dividend	12	—	—	(30,684)	—	—	—	—	30,684	—	—	—
At 31 December 2009		5,114	749,626*	511,994*	9,786*	636*	(210,505)*	1,105,781*	30,684	2,203,116	(2,400)	2,200,716

* These reserve accounts comprise the consolidated reserves of HK$2,167,318,000 (2008: HK$2,172,882,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**144,574**	413,222
Adjustments for:			
Finance costs	7	**24,247**	21,868
Share of profits and losses of a jointly-controlled entity		**(1)**	897
Share of profits and losses of associates		**3,995**	2,422
Interest income	5	**(12,475)**	(15,626)
Equity-settled share option expense	6	**1,514**	4,498
Fair value gains on investment properties, net		**(53,660)**	(255,780)
(Gain)/loss on disposal of items of property, plant and equipment	6	**(130)**	235
Depreciation	6	**35,474**	28,439
Recognition of prepaid land lease payments	6	**4,787**	2,009
Gain on disposal of a subsidiary	5	**—**	(10,368)
Fair value losses/(gains) on derivative financial instruments	5, 6	**6,623**	(244)
Impairment of loans to an associate	6	**7,144**	—
Impairment of trade receivables	6	**1,295**	155
Impairment of available-for-sale investments	6	**416**	—
Impairment of goodwill	6	**15,659**	—
		179,462	191,727
Increase in inventories		**(31,954)**	(49,770)
(Increase)/decrease in trade receivables		**(25,893)**	1,179
Decrease/(increase) in prepayments, deposits and other receivables		**8,605**	(597)
(Decrease)/increase in trade payables		**(18,994)**	45,936
Increase/(decrease) in other payables and accruals		**58,543**	(14,653)
(Decrease)/increase in provisions		**(198)**	82
Increase/(decrease) in an amount due to a related company		**1,498**	(3,209)
(Decrease)/increase in rental deposits		**(13,610)**	5,252
Cash generated from operations		**157,459**	175,947
Interest paid		**(33,663)**	(21,868)
Hong Kong profits tax paid		**—**	—
Overseas taxes paid		**(21,524)**	(23,156)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**102,272**	130,923

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES		**102,272**	130,923
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**12,475**	15,626
Purchases of items of property, plant and equipment		**(211,484)**	(342,776)
Addition of prepaid land lease payments	16	**(11,389)**	—
Decrease/(increase) in pledged deposits		**40,653**	(57,551)
(Increase)/decrease in non-current deposits		**(46,219)**	15,994
Loans to associates		**(367)**	(130,809)
Repayment of loans from associates		**8,478**	—
Acquisition of a subsidiary	38	**(29,402)**	—
Proceeds from disposal of items of property, plant and equipment		**727**	1,183
Disposal of a subsidiary	39	**—**	(218)
Additions to investments in associates		**—**	(1,744)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(236,528)**	(500,295)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**242**	1,907
Repurchase of shares		**(8,327)**	(218,848)
New bank loans		**321,576**	388,576
Repayment of bank loans		**(325,972)**	(213,893)
Capital element of finance lease rental payments		**(676)**	(452)
(Decrease)/increase in amounts due to directors		**(30,731)**	30,710
Dividends paid		**(53,697)**	(50,146)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(97,585)**	(62,146)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(231,841)**	(431,518)
Cash and cash equivalents at beginning of year		**468,100**	843,999
Effect of foreign exchange rate changes, net		**33,806**	55,619
CASH AND CASH EQUIVALENTS AT END OF YEAR		**270,065**	468,100
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**220,591**	135,905
Non-pledged time deposits with original maturity of less than three months when acquired	26	**49,474**	332,195
		270,065	468,100

Statement of Financial Position

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**115**	148
Interests in subsidiaries	18	**938,403**	959,418
Total non-current assets		**938,518**	959,566
CURRENT ASSETS			
Prepayments		**461**	1,630
Debt investments at fair value through profit or loss	25	**1,094**	1,094
Pledged deposits	26	**25,007**	65,660
Cash and cash equivalents	26	**175,686**	201,258
Total current assets		**202,248**	269,642
CURRENT LIABILITIES			
Other payables and accruals		**5,260**	6,213
Interest-bearing bank borrowings	31	**32,029**	21,313
Due to directors	29	**71**	87
Total current liabilities		**37,360**	27,613
NET CURRENT ASSETS		**164,888**	242,029
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,103,406**	1,201,595
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	31	**41,161**	43,389
Provisions	33	**3,531**	3,695
Total non-current liabilities		**44,692**	47,084
Net assets		**1,058,714**	1,154,511
EQUITY			
Issued capital	35	**5,114**	5,150
Reserves	37(b)	**1,022,916**	1,118,677
Proposed final dividend	12	**30,684**	30,684
Total equity		**1,058,714**	1,154,511

Luk King Tin
Director

Cheng Cheung
Director

1. CORPORATE INFORMATION

Luks Group (Vietnam Holdings) Company Limited is a limited liability company incorporated in Bermuda. The principal office of the Company is located at 5/F, Cheong Wah Factory Building, 39-41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong.

During the year, the Group was involved in the following principal activities:

- manufacture and sale of cement
- property investment
- property development
- manufacture and sale of traditional Chinese medicine products
- sale of electronic products
- manufacture and sale of plywood and other wood products

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain debt investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs and HKAS 27 Consolidated* and *Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

(b) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures (Continued)

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associates, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in a jointly-controlled entity is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of a jointly-controlled entity is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entity is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of a jointly-controlled entity are included in the Company's income statement to the extent of dividends received and receivable. The Company's interest in a jointly-controlled entity is treated as non-current asset and is stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair values of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the lease terms
Leasehold improvements	18% - 20%
Plant and machinery	4% - 15%
Furniture, fixtures and office equipment	9% - 20%
Computer equipment	18% - 20%
Launch	15%
Motor vehicles	14% - 25%
Vessels	7%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, structures, plant and machinery and other items of property, plant and equipment under construction or installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction or installation during the period of construction or installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties for development

Properties for development are intended to be held for sale after completion.

Properties for development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties for development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as fair value through profit or loss, loans and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attribute transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, and quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

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

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or cost that are an integral part of the effective interest rate. The effective interest rate amortisation and loss arising from impairment are recognised in the income statement.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Available-for-sale financial investments (Continued)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, 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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to directors and related companies, derivative financial instruments, and interest-bearing loans and borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of contributed surplus within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, a jointly-controlled entity and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Impairment assessment for trade receivables

The policy for impairment assessment for trade receivables of the Group is based on the evaluation of collectability and an aged analysis of trade receivables and on the judgement of management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group are to deteriorate, resulting in an impairment of their ability to make payments, provisions may be required.

The carrying amount of trade receivables at 31 December 2009 was approximately HK$53,424,000 (2008: HK$28,826,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2009 was approximately HK$183,000 (2008: HK$15,842,000). More details are set out in note 17 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

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

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

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by 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.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

The carrying amount of investment properties at 31 December 2009 was approximately HK$1,289,191,000 (2008: HK$1,290,968,000) (note 15).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the cement products segment includes the Group's manufacture and sale of cement products for use in the construction industry;

(b) the property investment segment includes the Group's investments in industrial, commercial and residential premises for their rental income potential;

(c) the property development segment includes the Group's development and sale of properties;

(d) the traditional Chinese medicine products segment includes the Group's manufacture and sale of traditional Chinese medicine products; and

(e) the corporate and others segment comprises corporate income and expense items and the Group's manufacture and sale of electronic products and plywood products.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) is measured consistently with the Group's profit/(loss) except that interest income and fair value gains/(losses) from the Group's financial instruments are excluded from such measurement.

Segment assets and liabilities exclude derivative financial instruments.

4. OPERATING SEGMENT INFORMATION (Continued)

(a) Business Segments

Year ended 31 December	Cement products		Property investment		Property development		Traditional Chinese medicine products		Corporate and others		Consolidated	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Segment revenue:												
Sales to external customers	566,828	451,994	145,845	134,012	–	–	1,757	2,486	7,403	6,254	721,833	594,746
Other income and gains	6,361	7,322	641	7,907	–	–	–	78	44	1,669	7,046	16,976
											728,879	611,722
Segment results	64,977	102,517	148,680	353,327	(2,534)	(3,080)	(5,494)	(5,371)	(62,913)	(46,722)	142,716	400,671
Reconciliation:												
Interest income											12,475	15,626
Fair value gains/(losses) on derivative financial instruments											(6,623)	244
Share of profits and losses of associates	(3,626)	(1,504)	–	–	(369)	(918)	–	–	–	–	(3,995)	(2,422)
Share of profits and losses of a jointly-controlled entity	–	–	1	(897)	–	–	–	–	–	–	1	(897)
Profit before tax											144,574	413,222
Income tax expense	(13,578)	(24,453)	(26,245)	(78,753)	–	–	–	–	–	(263)	(39,823)	(103,469)
Profit for the year											104,751	309,753
Segment assets	1,324,400	1,264,359	1,472,891	1,408,391	36,927	3,377	4,583	3,047	247,908	332,236	3,086,709	3,011,410
Reconciliation:												
Interests in associates	38,544	56,523	–	–	72,835	72,986	–	–	–	–	111,379	129,509
Interest in a jointly-controlled entity	–	–	2,976	2,975	–	–	–	–	–	–	2,976	2,975
Unallocated assets											–	244
Total assets											3,201,064	3,144,138
Segment liabilities	656,923	580,769	269,115	318,226	356	2,281	4,443	2,764	63,132	36,697	993,969	940,737
Unallocated liabilities											6,379	–
Total liabilities											1,000,348	940,737
Other segment information:												
Depreciation	30,894	24,560	2,985	1,729	79	35	170	227	1,346	1,888	35,474	28,439
Capital expenditure	303,028	340,274	3,844	379	22	373	51	693	53	1,057	306,998	342,776
Impairment of loans to an associate	7,144	–	–	–	–	–	–	–	–	–	7,144	–
Impairment of trade receivables	1,279	–	–	155	–	–	–	–	16	–	1,295	155
Fair value gains on investment properties, net	–	–	53,660	255,780	–	–	–	–	–	–	53,660	255,780
Impairment of goodwill	–	–	15,659	–	–	–	–	–	–	–	15,659	–
Impairment of available-for-sale investments	416	–	–	–	–	–	–	–	–	–	416	–

4. OPERATING SEGMENT INFORMATION (Continued)

(b) Geographical Information

(a) Revenue from external customers

	2009 HK$'000	2008 HK$'000
Vietnam	**701,294**	577,342
Hong Kong	**13,521**	11,547
Mainland China	**7,018**	5,857
	721,833	594,746

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2009 HK$'000	2008 HK$'000
Vietnam	**2,186,839**	2,010,449
Hong Kong	**326,786**	324,782
Mainland China	**172,241**	137,560
	2,685,866	2,472,791

The non-current asset information above is based on the location of assets.

Information about a major customer

Revenue of approximately HK$166,789,000 (2008: HK$128,139,000) was derived from sales by cement products segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and gross rental income received and receivable from investment properties during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2009 HK$'000	2008 HK$'000
Revenue		
Sale of cement	**566,828**	451,994
Gross rental income	**145,845**	134,012
Sale of electronic products	**4,172**	2,261
Sale of traditional Chinese medicine products	**1,757**	2,486
Sale of plywood and other wood products	**3,231**	3,993
	721,833	594,746
Other income and gains		
Interest income	**12,475**	15,626
Fair value gains on derivative financial instruments	**—**	244
Gain on disposal of a subsidiary (note 39)	**—**	10,368
Others	**7,046**	6,608
	19,521	32,846

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2009** **HK$'000**	2008 HK$'000
Cost of inventories sold		**345,659**	263,313
Depreciation	14	**35,474**	28,439
Recognition of prepaid land lease payments	16	**4,787**	2,009
Research and development costs*		**3,434**	3,325
Auditors' remuneration		**1,628**	1,618
Minimum operating lease payments in respect of land and buildings		**1,144**	726
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		**35,083**	35,002
Equity-settled share option expense	36	**1,514**	4,498
Pension scheme contributions		**587**	625
		37,184	40,125
Foreign exchange differences, net*		**61,469**	24,105
Rental income on investment properties less direct operating expenses of HK$8,432,000 (2008: HK$7,049,000)		**(137,413)**	(126,963)
Impairment of loans to an associate*	20	**7,144**	—
Impairment of trade receivables*	24	**1,295**	155
Impairment of available-for-sale investments*	21	**416**	—
Impairment of goodwill*	17	**15,659**	—
Fair value losses on derivative financial instruments*		**6,623**	—
Loss on disposal of items of property, plant and equipment*		**—**	235
Gain on disposal of items of property, plant and equipment		**(130)**	—

* These items are included in "Other expenses" on the face of the consolidated income statement.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Interest on overdrafts and bank loans wholly repayable within five years	**33,546**	43,704
Interest on finance leases	**117**	61
Total interest expense on financial liabilities not at fair value through profit or loss	**33,663**	43,765
Less: Interest capitalised	**(9,416)**	(21,897)
	24,247	21,868

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Fees	**800**	800
Other emoluments:		
Salaries, allowances and benefits in kind	**9,000**	7,137
Discretionary bonuses	**238**	2,500
Pension scheme contributions	**36**	48
	9,274	9,685
	10,074	10,485

8. DIRECTORS' REMUNERATION (Continued)

(a) Independent Non-executive Directors

The fees paid to independent non-executive directors during the year were as follows:

	2009 HK$'000	2008 HK$'000
Liu Li Yuan	100	100
Liang Fang	100	100
Tam Kan Wing	100	100
	300	300

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

(b) Executive Directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2009					
Luk King Tin	100	3,371	—	—	3,471
Cheng Cheung	100	1,747	—	—	1,847
Luk Yan	100	1,544	172	12	1,828
Luk Fung	100	1,246	66	12	1,424
Fan Chiu Tat, Martin	100	1,092	—	12	1,204
	500	9,000	238	36	9,774
2008					
Luk King Tin	100	2,340	2,000	—	4,440
Cheng Cheung	100	1,690	—	—	1,790
Luk Yan	100	1,300	500	12	1,912
Luk Fung	100	715	—	24	839
Fan Chiu Tat, Martin	100	1,092	—	12	1,204
	500	7,137	2,500	48	10,185

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2008: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2008: one) non-director, highest paid employee for the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,445**	1,052
Discretionary bonuses	**492**	—
	1,937	1,052

The number of non-director, highest paid employees whose remuneration fell within the following bands:

	Number of employees	
	2009	2008
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**1**	—
	1	1

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on the profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2009	2008
	HK$'000	HK$'000
Group:		
Current — elsewhere	**20,755**	22,232
Deferred (note 34)	**19,068**	81,237
Total tax charge for the year	**39,823**	103,469

10. INCOME TAX EXPENSE (Continued)

In accordance with the relevant tax rules and regulations in Vietnam, certain of the Group's subsidiaries in Vietnam enjoy income tax exemptions and reductions. At present, the standard income tax rates applicable to these subsidiaries are 7.5% to 25%.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group — 2009

	Hong Kong		Mainland China		Vietnam		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(9,067)		40,453		113,188		144,574	
Tax at the statutory tax rate	(1,496)	16.5	10,113	25.0	28,297	25.0	36,914	25.5
Lower tax rates for specific provinces or enacted by local authority	—	—	(3,790)	(9.4)	(14,048)	(12.4)	(17,838)	(12.3)
Profits and losses attributable to associates	61	(0.7)	—	—	544	0.5	605	0.4
Income not subject to tax	(7,752)	85.5	—	—	(7,954)	(7.0)	(15,706)	(10.9)
Expenses not deductible for tax	9,045	(99.8)	1,102	2.7	23,492	20.7	33,639	23.2
Tax losses utilised	(741)	8.2	—	—	—	—	(741)	(0.5)
Tax losses not recognised	883	(9.7)	—	—	2,067	1.8	2,950	2.1
Tax charge at the Group's effective rate	—	—	7,425	18.3	32,398	28.6	39,823	27.5

10. INCOME TAX EXPENSE (Continued)

Group — 2008

	Hong Kong		Mainland China		Vietnam		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(44,798)		(4,539)		462,559		413,222	
Tax at the statutory tax rate	(7,392)	16.5	(1,135)	25.0	115,640	25.0	107,113	25.9
Lower tax rates for specific provinces or enacted by local authority	—	—	1,052	(23.2)	(20,029)	(4.3)	(18,977)	(4.6)
Profits and losses attributable to jointly-controlled entities	—	—	(224)	4.9	—	—	(224)	(0.1)
Profits and losses attributable to associates	—	—	—	—	(605)	(0.1)	(605)	(0.1)
Income not subject to tax	(4,148)	9.2	(4)	0.1	(270)	(0.1)	(4,422)	(1.1)
Expenses not deductible for tax	4,805	(10.7)	—	—	6,026	1.3	10,831	2.6
Tax losses not recognised	6,735	(15.0)	1,573	(34.6)	1,445	0.3	9,753	2.4
Tax charge at the Group's effective rate	—	—	1,262	(27.8)	102,207	22.1	103,469	25.0

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2009 includes a loss of HK$35,529,000 (2008: loss of HK$36,041,000) which has been dealt with in the financial statements of the Company (note 37(b)).

12. DIVIDENDS

	2009	2008
	HK$'000	HK$'000
Interim — HK 4.5 cents (2008: HK 4 cents) per ordinary share	**23,013**	21,788
Proposed final — HK 6 cents (2008: HK 6 cents) per ordinary share	**30,684**	30,684
	53,697	52,472

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 511,778,584 (2008: 552,483,742) in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2009	2008
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**107,055**	312,384

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**511,778,584**	552,483,742
Effect of dilution — weighted average number of ordinary shares:		
Share options	**523,966**	1,142,949
	512,302,550	553,626,691

14. PROPERTY, PLANT AND EQUIPMENT

Group

31 December 2009	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Launch HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Construction in progress HK$'000	Total HK$'000
At 31 December 2008 and at 1 January 2009:										
Cost	85,301	2,525	552,772	13,965	1,202	2,251	13,904	—	524,779	1,196,699
Accumulated depreciation	(46,940)	(1,662)	(181,538)	(12,512)	(797)	(2,251)	(11,525)	—	—	(257,225)
Net carrying amount	38,361	863	371,234	1,453	405	—	2,379	—	524,779	939,474
At 1 January 2009, net of accumulated depreciation	38,361	863	371,234	1,453	405	—	2,379	—	524,779	939,474
Additions	213	20	79,588	531	14	—	4,131	—	211,112	295,609
Transfers	—	—	678,880	343	—	—	441	22,936	(702,600)	—
Transfer from investment properties	2,815	—	—	—	—	—	—	—	—	2,815
Disposals	—	—	—	—	—	—	(597)	—	—	(597)
Depreciation provided during the year	(1,726)	(181)	(28,351)	(1,055)	(154)	—	(2,191)	(1,816)	—	(35,474)
Exchange realignment	(325)	—	(57,849)	(83)	(5)	—	(168)	(976)	(5,470)	(64,876)
At 31 December 2009, net of accumulated depreciation	39,338	702	1,043,502	1,189	260	—	3,995	20,144	27,821	1,136,951
At 31 December 2009:										
Cost	86,943	2,545	1,242,839	14,603	1,206	2,251	16,967	21,875	27,821	1,417,050
Accumulated depreciation	(47,605)	(1,843)	(199,337)	(13,414)	(946)	(2,251)	(12,972)	(1,731)	—	(280,099)
Net carrying amount	39,338	702	1,043,502	1,189	260	—	3,995	20,144	27,821	1,136,951

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

31 December 2008	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Launch HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2008:										
Cost	90,794	2,003	596,390	14,814	967	2,251	13,754	—	216,327	937,300
Accumulated depreciation	(46,787)	(1,584)	(173,313)	(13,217)	(707)	(2,251)	(10,889)	—	—	(248,748)
Net carrying amount	44,007	419	423,077	1,597	260	—	2,865	—	216,327	688,552
At 1 January 2008, net of accumulated depreciation	44,007	419	423,077	1,597	260	—	2,865	—	216,327	688,552
Additions	124	637	10,569	260	257	—	987	—	329,942	342,776
Disposals	—	—	(1,417)	—	(1)	—	—	—	—	(1,418)
Depreciation provided during the year	(3,532)	(193)	(22,941)	(310)	(104)	—	(1,359)	—	—	(28,439)
Exchange realignment	(2,238)	—	(38,054)	(94)	(7)	—	(114)	—	(21,490)	(61,997)
At 31 December 2008, net of accumulated depreciation	38,361	863	371,234	1,453	405	—	2,379	—	524,779	939,474
At 31 December 2008:										
Cost	85,301	2,525	552,772	13,965	1,202	2,251	13,904	—	524,779	1,196,699
Accumulated depreciation	(46,940)	(1,662)	(181,538)	(12,512)	(797)	(2,251)	(11,525)	—	—	(257,225)
Net carrying amount	38,361	863	371,234	1,453	405	—	2,379	—	524,779	939,474

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

31 December 2009	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 December 2008 and at 1 January 2009:				
Cost	138	302	435	875
Accumulated depreciation	(121)	(171)	(435)	(727)
Net carrying amount	17	131	—	148
At 1 January 2009, net of accumulated depreciation	17	131	—	148
Additions	—	14	—	14
Depreciation provided during the year	(15)	(32)	—	(47)
At 31 December 2009, net of accumulated depreciation	2	113	—	115
At 31 December 2009:				
Cost	138	316	435	889
Accumulated depreciation	(136)	(203)	(435)	(774)
Net carrying amount	2	113	—	115

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

31 December 2008	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2008:				
Cost	91	287	435	813
Accumulated depreciation	(86)	(134)	(390)	(610)
Net carrying amount	5	153	45	203
At 1 January 2008, net of accumulated depreciation	5	153	45	203
Additions	47	15	—	62
Depreciation provided during the year	(35)	(37)	(45)	(117)
At 31 December 2008, net of accumulated depreciation	17	131	—	148
At 31 December 2008:				
Cost	138	302	435	875
Accumulated depreciation	(121)	(171)	(435)	(727)
Net carrying amount	17	131	—	148

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's leasehold land and buildings included above are held under the following lease terms:

	Group	
	2009	2008
	HK$'000	HK$'000
At cost:		
Situated in Hong Kong:		
Long-term leases	**50,951**	48,136
Situated elsewhere:		
Short-term leases	**35,992**	37,165
	86,943	85,301

The net book value of the Group's fixed assets held under finance leases included in the total amount of motor vehicles at 31 December 2009 amounted to HK$2,571,823 (2008: HK$926,745).

At 31 December 2009, certain of the Group's leasehold land and buildings situated in Hong Kong and Vietnam with an aggregate net book value of approximately HK$38,190,000 (2008: HK$35,585,000), plant and machinery with an aggregate net book value of approximately HK$858,210,000 (2008: HK$330,682,000) and construction in progress with an aggregate net book value of approximately HK$27,821,000 (2008: HK$524,779,000) were pledged to secure general banking facilities granted to the Group (note 31).

15. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount at 1 January	**1,290,968**	1,116,165
Transfer to owner-occupied property	**(2,815)**	—
Net profit from a fair value adjustment	**53,660**	255,780
Exchange realignment	**(52,622)**	(80,977)
Carrying amount at 31 December	**1,289,191**	1,290,968

15. INVESTMENT PROPERTIES (Continued)

The investment properties are held under the following lease terms:

	Group 2009 HK$'000	2008 HK$'000
Situated in Hong Kong:		
Long-term leases	**25,524**	24,357
Medium-term leases	**154,482**	124,625
	180,006	148,982
Situated elsewhere:		
Long-term leases	**112,328**	87,690
Medium-term leases	**928,952**	1,007,399
Short-term leases	**67,905**	46,897
	1,109,185	1,141,986
	1,289,191	1,290,968

The investment properties were revalued on 31 December 2009 by independent professionally qualified valuers, on an open market, existing use basis. The investment properties situated in Hong Kong and Mainland China were revalued by Vigers Appraisal & Consulting Limited and the investment properties situated in Vietnam were revalued by Jones Lang LaSalle Vietnam Limited. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 41(a) to the financial statements.

At 31 December 2009, certain of the Group's investment properties situated in Hong Kong with a fair value of approximately HK$141,000,000 (2008: HK$112,000,000) were pledged to secure general banking facilities granted to the Group (note 31).

Further particulars of the Group's investment properties are included on page 118.

16. PREPAID LAND LEASE PAYMENTS

	Group 2009 HK$'000	Group 2008 HK$'000
Carrying amount at 1 January	**18,282**	22,153
Addition during the year	**11,389**	—
Recognised during the year (note 6)	**(4,787)**	(2,009)
Exchange realignment	**(285)**	(1,862)
Carrying amount at 31 December	**24,599**	18,282
Current portion included in prepayments, deposits and other receivables	**(2,908)**	(1,951)
Non-current portion	**21,691**	16,331

The leasehold land is held under a short-term lease and is situated in Vietnam.

At 31 December 2009, the Group's prepaid land lease payments with an aggregate net book value of approximately HK$16,481,000 (2008: HK$18,282,000) were pledged to secure general banking facilities granted to the Group (note 31).

17. GOODWILL

	Group 2009 HK$'000	Group 2008 HK$'000
At 1 January:		
Cost	**262,558**	262,558
Accumulated impairment	**(246,716)**	(246,716)
Net carrying amount	**15,842**	15,842
Cost at 1 January, net of accumulated impairment	**15,842**	15,842
Impairment during the year (note 6)	**(15,659)**	—
Net carrying amount at 31 December	**183**	15,842

17. GOODWILL (Continued)

Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Property investment cash-generating unit; and
- Cement products cash-generating unit.

Property Investment Cash-generating Unit

As a result of the downturn in the property market in Vietnam, an impairment loss of HK$15,659,000 was charged to the income statement for the current year.

The impairment loss was provided based on the estimated recoverable amount of the property investment cash-generating unit, which was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The discount rate applied to the cash flow projections is 14% (2008: 15%).

Cement Products Cash-generating Unit

The receoverable amount of the cement products cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The discount rate applied to the cash flow projections is 10% (2008: 6%).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Property investment	**—**	15,659
Cement products	**183**	183
	183	15,842

17. GOODWILL (Continued)

Impairment Testing of Goodwill (Continued)

Key assumptions were used in the value in use calculation of the property investment and cement products cash-generating units for 31 December 2009 and 31 December 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The budgeted gross margins have been determined based on past performance and management's expectations for the market performance.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**785,890**	785,890
Due from subsidiaries	**1,401,257**	828,327
Due to subsidiaries	**(1,242,156)**	(648,211)
	944,991	966,006
Provision for amounts due from subsidiaries	**(6,588)**	(6,588)
	938,403	959,418

The amounts due from/to subsidiaries are unsecured and interest-free, and have no fixed terms of repayment. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

18. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company 2009	2008	Principal activities
Luks Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	US$2	**100**	100	Investment holding
Luks Industrial Company Limited*	Hong Kong	HK$168,048,482	**100**	100	Property investment and investment holding
Luks Industrial (Bao An) Company Limited*#	PRC/Mainland China	HK$39,000,000	**100**	100	Property investment
Luks Vietnam Company Limited*	British Virgin Islands/ Hong Kong	US$3	**100**	100	Investment holding
Luks Timber Investments Limited*	Hong Kong	HK$2	**100**	100	Investment holding
Luks Timber (Vietnam) Limited*	Vietnam	VND15,715,698,000	**100**	100	Manufacture and sale of plywood
Luks Cement Company Limited*	British Virgin Islands/ Hong Kong	US$50,000	**100**	100	Investment holding
Luks Cement (Vietnam) Limited*	Vietnam	VND329,356,867,000	**100**	100	Manufacture and sale of cement
Luks Land Company Limited*	British Virgin Islands/ Hong Kong	US$100	**100**	100	Investment holding
Luks Land (Vietnam) Limited*	Vietnam	VND193,639,051,000	**100**	100	Property investment and management

18. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company 2009	2008	Principal activities
Prime Wise Investments Limited*	Hong Kong/ Mainland China	HK$2	**100**	100	Property investment
Redmond Investments Limited*	Hong Kong/ Mainland China	HK$2	**100**	100	Property investment
Vigconic (International) Limited*	Hong Kong	HK$400,000	**75**	75	Manufacture and sale of traditional Chinese medicine products
Luks Land Development Limited*	British Virgin Islands/ Hong Kong	US$1	**100**	100	Investment holding
Luks Land Investments Limited*	British Virgin Islands/ Hong Kong	US$1	**100**	100	Investment holding
Sangor (Vietnam) Limited*	British Virgin Islands/ Hong Kong	US$1	**100**	100	Investment holding
Sangor (Vietnam) Company Limited*	Vietnam	US$9,935,427	**70**	70	Property Investment
Viet Lien Luks Company Limited*	Vietnam	VND1,334,000,000,000	**75**	—	Property development
Thanh Phat Agricultural Product and Plastic Company Limited*	Vietnam	VND35,000,000,000	**85**	—	Property development

* Held through subsidiaries
# Registered as a wholly-foreign-owned enterprise under the PRC law

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group 2009 HK$'000	2008 HK$'000
Share of net assets	**24,630**	24,629
Due to a jointly-controlled entity	**(21,654)**	(21,654)
	2,976	2,975

The amount due to a jointly-controlled entity is unsecured and interest-free, and has no fixed terms of repayment. The carrying amount of the amount due to the jointly-controlled entity approximates to its fair value.

Particulars of the jointly-controlled entity are as follows:

		Percentage of			
Name	**Place of registration**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Chengdu Leming House Development Company Limited#	PRC	75	51	75	Property development

\# Held through a 68%-owned subsidiary of the Company.

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	Group 2009 HK$'000	2008 HK$'000
Share of a jointly-controlled entity's assets and liabilities:		
Current assets	**11,385**	11,132
Non-current assets	**31,381**	31,674
Current liabilities	**(16,975)**	(17,016)
Non-current liabilities	**(1,161)**	(1,161)
Net assets	**24,630**	24,629

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY (Continued)

	Group 2009 HK$'000	Group 2008 HK$'000
Share of a jointly-controlled entity's result:		
Revenue	**620**	370
Other income	**792**	343
	1,412	713
Total expenses	**(1,389)**	(1,610)
Tax	**(22)**	—
Profit/(loss) after tax	**1**	(897)

20. INTERESTS IN ASSOCIATES

	Group 2009 HK$'000	Group 2008 HK$'000
Share of net liabilities	**(4,506)**	(1,300)
Loans to associates	**150,644**	158,755
	146,138	157,455
Provision for impairment	**(34,759)**	(27,946)
	111,379	129,509

The loans to the associates are unsecured and interest-free, and have no fixed terms of repayment.

20. INTERESTS IN ASSOCIATES (Continued)

The movements in the provision for impairment of loans to associates are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At 1 January	**27,946**	27,946
Impairment losses recognised (note 6)	**7,144**	—
Exchange realignment	**(331)**	—
At 31 December	**34,759**	27,946

These loans to associates are expected to be in default due to the financial difficulties of the associates.

Particulars of the principal associates are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of equity attributable to the Group 2009	2008	Principal activity
Luks Electronic Company Limited	Ordinary shares of HK$100 each	Hong Kong	**40**	40	Investment holding
Luks Truong Son Company Limited	Ordinary shares of VND 1 each	Vietnam	**49**	49	Exploitation and sale of limestone, sand and clay
Luks An Limited Company	Ordinary shares of VND 1 each	Vietnam	**49**	49	Provision of transportation services
Luks Truong An Company Limited	Ordinary shares of VND 1 each	Vietnam	**49**	49	Exploitation and sale of puzolan and active minerals
Luks New Property Solution Company Limited #	Ordinary shares of USD 1 each	Mongolia	**51**	51	Property development

The Group owns 40% voting power in the board of directors of Luks New Property Solution Company Limited.

20. INTERESTS IN ASSOCIATES (Continued)

The associates are indirectly held through subsidiaries.

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

The Group had discontinued the recognition of its share of losses of Luks Electronic Company Limited because the Group's share of loss of this associate exceeded the Group's interest in the associate. The Group's unrecognised share of loss of this associate for the current year and cumulatively was approximately HK$260 (2008: HK$300) and HK$11,271,560 (2008: HK$11,271,300), respectively.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2009 **HK$'000**	2008 HK$'000
Assets	**134,597**	150,781
Liabilities	**(173,992)**	(181,550)
Loss after tax	**(9,037)**	(4,870)

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009 **HK$'000**	2008 HK$'000
Unlisted equity investments — overseas	**—**	416

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

During the year, impairment of HK$416,000 (2008: Nil) was recognised in the income statement.

22. PROPERTY FOR DEVELOPMENT

The property for development is situated in Vietnam and held under a medium-term lease.

23. INVENTORIES

	Group 2009 HK$'000	2008 HK$'000
Raw materials	**26,215**	18,496
Consumables	**44,922**	27,941
Work in progress	**14,741**	13,243
Finished goods	**9,763**	4,007
	95,641	63,687

24. TRADE RECEIVABLES

	Group 2009 HK$'000	2008 HK$'000
Trade receivables	**54,942**	29,113
Impairment	**(1,518)**	(287)
	53,424	28,826

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 60 days for its trade debtors. The Group seeks to maintain strict control over its outstanding receivables.

Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

24. TRADE RECEIVABLES (Continued)

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of impairment, is as follows:

	Group 2009 HK$'000	2008 HK$'000
0 to 30 days	**37,104**	14,844
31 to 60 days	**6,832**	4,715
61 to 90 days	**4,374**	2,061
91 to 120 days	**2,676**	1,188
Over 120 days	**2,438**	6,018
	53,424	28,826

The movements in the provision for impairment of trade receivables are as follows:

	Group 2009 HK$'000	2008 HK$'000
At 1 January	**287**	132
Impairment losses recognised (note 6)	**1,295**	155
Exchange realignment	**(64)**	—
	1,518	287

The above provision for impairment of trade receivables represent provision for individually impaired trade receivables, which relate to customers that were in default. The Group does not hold any collateral or other credit enhancement over these balances.

24. TRADE RECEIVABLES (Continued)

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**43,889**	18,305
Less than 3 months past due	**8,497**	4,152
Over 3 months past due	**1,038**	6,369
	53,424	28,826

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

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

25. DEBT INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed debt investments — overseas	**1,094**	1,094	**1,094**	1,094

The above debt investments as at 31 December 2009 and 2008 were classified as held for trading.

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**220,591**	135,905	**126,212**	65,268
Time deposits	**74,481**	397,855	**74,481**	201,650
	295,072	533,760	**200,693**	266,918
Less: Pledged time deposits for general bank facilities	**(25,007)**	(65,660)	**(25,007)**	(65,660)
Cash and cash equivalents	**270,065**	468,100	**175,686**	201,258

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") and Vietnamese dong ("VND") amounted to approximately HK$3,668,000 (2008: HK$31,484,000) and HK$25,071,000 (2008: HK$18,504,000), respectively. The RMB and VND are not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Group is permitted to exchange RMB and VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

27. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Assets		Liabilities	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest rate swaps	**—**	244	**6,379**	—

The carrying amounts of interest rate swaps are the same as their fair values.

28. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0 to 30 days	**28,475**	17,802
31 to 60 days	**4,063**	15,668
61 to 90 days	**5,242**	16,368
91 to 120 days	**248**	7,161
Over 120 days	**13,150**	13,173
	51,178	70,172

The trade payables are non-interest-bearing and are normally settled on terms of 7 to 60 days.

Included in the trade payables is an amount of HK$1,952,000 due to associates as at 31 December 2009 (2008: HK$5,360,000), which is non-interest-bearing and is normally settled on term of 60 days.

29. DUE TO DIRECTORS

The amounts due to directors are unsecured and interest-free, and have no fixed terms of repayment. The carrying amounts of the amounts due to directors approximate to their fair values.

30. DUE TO A RELATED COMPANY

The amount due to a related company is unsecured and interest-free, and is repayable on demand. The carrying amount of the amount due to a related company approximates to its fair value.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group					
	Effective interest rate (%)	**Maturity**	**2009 HK$'000**	Effective interest rate (%)	Maturity	2008 HK$'000
Current						
Finance lease payables (note 32)		**2010**	**611**		2009	318
Bank loans — secured	**1.25 — 15.95**	**2010**	**234,484**	1.10 — 12.75	2009	182,230
			235,095			182,548
Non-current						
Finance lease payables (note 32)		**2011-2013**	**1,613**		2010-2011	93
Bank loans — secured	**1.25 — 15.95**	**2011-2014**	**238,458**	1.10 — 12.75	2010-2014	295,108
			240,071			295,201
			475,166			477,749

	Group	
	2009 HK$'000	2008 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	**234,484**	182,230
In the second year	**79,612**	76,927
In the third to fifth years, inclusive	**158,846**	218,181
	472,942	477,338
Other borrowings repayable:		
Within one year	**611**	318
In the second year	**553**	90
In the third to fifth years, inclusive	**1,060**	3
	2,224	411
	475,166	477,749

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	Company					
	Effective interest rate (%)	**Maturity**	**2009 HK$'000**	Effective interest rate (%)	Maturity	2008 HK$'000
Current						
Bank loans — secured	**HIBOR + (0.8 to 1.75)**	**2010**	**32,029**	HIBOR + (0.8 to 1.75)	2009	21,313
Non-current						
Bank loans — secured	**HIBOR + (0.8 to 1.75)**	**2011-2012**	**41,161**	HIBOR + (0.8 to 1.75)	2010-2012	43,389
			73,190			64,702

	Company	
	2009 HK$'000	2008 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	**32,029**	21,313
In the second year	**27,725**	21,313
In the third to fifth years, inclusive	**13,436**	22,076
	73,190	64,702

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) At the end of the reporting period, the following assets pledged to secure the above bank loans and general banking facilities granted to the Group were as follows:

(i) certain of the Group's leasehold land and buildings situated in Hong Kong and Vietnam with an aggregate net book value of approximately HK$38,190,000 (2008: HK$35,585,000);

(ii) certain of the Group's prepaid land lease payments situated in Vietnam with an aggregate net book value of approximately HK$16,481,000 (2008: HK$18,282,000);

(iii) certain of the Group's investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$141,000,000 (2008: HK$112,000,000);

(iv) certain of the Group's plant and machinery with an aggregate net book value of approximately HK$858,210,000 (2008: HK$330,682,000);

(v) the Group's construction in progress with an aggregate net book value of approximately HK$27,821,000 (2008: HK$524,779,000); and

(vi) certain of the Group's time deposits amounting to HK$25,007,000 (2008: HK$65,660,000).

(b) The secured bank loans are denominated in Hong Kong dollars, Vietnamese dong and United States dollars with aggregate amounts of HK$75,690,000 (2008: HK$73,202,000), HK$234,262,000 (2008: HK$215,464,000) and HK$162,990,000 (2008: HK$188,672,000) respectively.

(c) Other interest rate information:

	Group	
	2009	2008
	HK$'000	HK$'000
Fixed rate:		
Finance lease payables	**2,224**	411
Bank loans — secured	**148,068**	112,084
	150,292	112,495
Floating rate:		
Bank loans — secured	**324,874**	365,254
	475,166	477,749

The carrying amounts of the Group's bank borrowings approximate to their fair values.

32. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles. These leases are classified as a finance lease and have remaining lease terms from one to four years.

At 31 December 2009, the total future minimum lease payments under the finance lease and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**742**	352	**611**	318
In the second year	**677**	102	**553**	90
In the third to fifth years, inclusive	**1,298**	3	**1,060**	3
Total minimum finance lease payments	**2,717**	457	**2,224**	411
Future finance charges	**(493)**	(46)		
Total net finance lease payables	**2,224**	411		
Portion classified as current liabilities (note 31)	**(611)**	(318)		
Non-current portion (note 31)	**1,613**	93		

33. PROVISIONS

Group

	Long service payments HK$'000	Environmental restoration HK$'000	Total HK$'000
At 1 January 2009	**4,333**	**723**	**5,056**
Additional provision	**20**	**10**	**30**
Amount utilised during the year	**(228)**	**—**	**(228)**
Exchange realignment	**—**	**(39)**	**(39)**
At 31 December 2009	**4,125**	**694**	**4,819**

Company

	Long service payments HK$'000	Total HK$'000
At 1 January 2009	3,695	3,695
Amount utilised during the year	(164)	(164)
At 31 December 2009	3,531	3,531

The Group provides for probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

The provision for environmental restoration costs has been determined by the directors based on the best estimate of the expected costs. However, insofar as the effect of the current limestone excavation activities on the land and the environment becomes apparent in future periods, the estimate of the associated costs may be subject to changes.

34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred Tax Liabilities

Group

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
2009			
At 1 January 2009	**22,945**	**219,836**	**242,781**
Deferred tax charged/(credited) to the income statement during the year (note 10)	**(1,194)**	**20,262**	**19,068**
Exchange realignment	**(1,187)**	**(30,348)**	**(31,535)**
Deferred tax liabilities at 31 December 2009	**20,564**	**209,750**	**230,314**
2008			
At 1 January 2008	14,377	147,214	161,591
Deferred tax charged to the income statement during the year (note 10)	8,568	72,622	81,190
Deferred tax liabilities at 31 December 2008	22,945	219,836	242,781

34. DEFERRED TAX (Continued)

Deferred Tax Assets

	Losses available for offsetting against future taxable profits 2009 HK$'000	2008 HK$'000
At beginning of year	—	47
Deferred tax debited to the income statement during the year (note 10)	—	(47)
Deferred tax assets at end of year	—	—

The Group has tax losses arising in Hong Kong of approximately HK$547,845,000 (2008: HK$501,713,000) that are available indefinitely and in Vietnam of approximately HK$25,899,000 (2008: HK$12,472,000) that are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2009, there was no significant unrecognised deferred tax liability (2008: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity, as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

35. SHARE CAPITAL

	2009 HK$'000	2008 HK$'000
Authorised:		
760,000,000 ordinary shares of HK$0.01 each	7,600	7,600
Issued and fully paid:		
511,393,418 (2008: 514,953,418) ordinary shares of HK$0.01 (2008: HK$0.01) each	5,114	5,150

35. SHARE CAPITAL (Continued)

A summary of the transactions in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital	Share premium account	Total
		HK$'000	HK$'000	HK$'000
At 1 January 2008	573,485,418	5,735	973,732	979,467
Share options exercised	1,250,000	13	2,166	2,179
Repurchase of shares	(59,782,000)	(598)	(218,250)	(218,848)
At 31 December 2008 and 1 January 2009	514,953,418	5,150	757,648	762,798
Share options exercised	200,000	2	267	269
Repurchase of shares	(3,760,000)	(38)	(8,289)	(8,327)
At 31 December 2009	511,393,418	5,114	749,626	754,740

During 2009, the subscription rights attached to 200,000 share options were exercised at the subscription price of HK$1.21 per share, resulting in the issue of 200,000 shares of HK$0.01 each for a total cash consideration of HK$242,000.

Details of the Company's share option scheme and the share options issued under the scheme are included in note 36 to the financial statements.

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 18 May 2006 and, unless otherwise cancelled or amended, will remain in force for five years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences on a specified date and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; or (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

36. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year.

Name or category of participant	At 1 January 2009	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At 31 December 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares*** At grant date of option	Price of the Company's shares*** Immediately before the exercise date	Price of the Company's shares*** At exercise date of options
									HK$	HK$	HK$	HK$
Employees												
In aggregate	950,000	—	(200,000)	—	—	750,000	23-5-2006	30-5-2006 to 18-5-2011	1.21	1.19	2.21	2.26
	470,000	—	—	—	—	470,000	25-10-2006	25-10-2006 to 18-5-2011	3.18	3.18	—	—
	2,350,000	—	—	—	—	2,350,000	1-2-2007	1-2-2008 to 18-5-2011	5.04	5.04	—	—
	1,650,000	—	—	—	—	1,650,000	25-9-2007	25-9-2008 to 18-5-2011	10.06	10.06	—	—
	100,000	—	—	—	—	100,000	5-8-2008	5-8-2009 to 18-5-2011	4.34	4.16	—	—
	5,520,000	—	(200,000)	—	—	5,320,000						

Notes to the share options outstanding during the year:

* The vesting period of the share options is from the date of grant until the commencement of the exercise period and subject to the exercise conditions of completion of services ranging from one to three years.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The weighted average closing price of the Company's shares immediately before the exercise dates of share options was HK$2.21.

No share options were granted during the year. The fair value of the share options granted in 2008 was HK$117,245. During the year, the Group recognised a share option expense of HK$1,514,000 (2008: HK$4,498,000) which included HK$64,000 and HK$1,450,000 recognised from the share options granted in 2008 and 2007, respectively.

36. SHARE OPTION SCHEME (Continued)

The fair value of equity-settled share options granted in 2008 was estimated as at the date of grant, using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2008
Dividend yield (%)	1.92
Expected volatility (%)	62.74
Risk-free interest rate (%)	1.32
Expected life of options (year)	0.32 — 1.91

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 200,000 (2008: 1,250,000) share options exercised during the year resulted in the issue of 200,000 (2008: 1,250,000) ordinary shares of the Company and new share capital of HK$2,000 (2008: HK$12,500) and share premium of HK$266,906 (2008: HK$2,166,000), as further detailed in note 35 to the financial statements.

At 31 December 2009, the Company had 5,320,000 (2008: 5,520,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,320,000 additional ordinary shares of the Company and additional share capital of HK$53,200 and share premium of HK$31,225,900 (before share issue expenses).

37. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 27 to 28 of the financial statements.

The contributed surplus of the Group derives from the difference between the nominal value of the Company's shares issued to acquire the issued share capital of Luks Industrial Company Limited pursuant to the Group reorganisation, and the consolidated net asset value of Luks Industrial Company Limited so acquired. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to shareholders under certain prescribed circumstances.

37. RESERVES (Continued)

(a) Group (Continued)

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's jointly-controlled entity which is established in the PRC has been transferred to reserve funds which may only be utilised by the Group in accordance with the relevant legislation.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2008		973,732	466,404	4,073	—	(25,230)	28,427	1,447,406
Equity-settled share option arrangements	36	—	—	4,498	—	—	—	4,498
Issue of shares		2,166	—	(272)	—	—	—	1,894
Repurchase of shares		(218,250)	—	—	598	(598)	—	(218,250)
Loss for the year		—	—	—	—	(36,041)	—	(36,041)
Final 2007 dividend declared		—	69	—	—	—	(28,427)	(28,358)
Interim 2008 dividend	12	—	(21,788)	—	—	—	—	(21,788)
Proposed final 2008 dividend	12	—	(30,684)	—	—	—	30,684	—
At 31 December 2008		757,648	414,001	8,299	598	(61,869)	30,684	1,149,361
Equity-settled share option arrangements	36	—	—	1,514	—	—	—	1,514
Issue of shares		267	—	(27)	—	—	—	240
Repurchase of shares		(8,289)	—	—	38	(38)	—	(8,289)
Loss for the year		—	—	—	—	(35,529)	—	(35,529)
Final 2008 dividend declared		—	—	—	—	—	(30,684)	(30,684)
Interim 2009 dividend	12	—	(23,013)	—	—	—	—	(23,013)
Proposed final 2009 dividend	12	—	(30,684)	—	—	—	30,684	—
At 31 December 2009		749,626	360,304	9,786	636	(97,436)	30,684	1,053,600

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired by the Company over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, a company may make distributions to its members out of the contributed surplus in certain circumstances.

38. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2009, the Group acquired an 85% interest in Thanh Phat Agricultural Product and Plastic Company Limited ("Thanh Phat") which principally holds property for development. The acquisition has been accounted for by the Group as acquisition of assets as the entity acquired by the Group does not constitute a business.

The fair values of the identifiable assets and liabilities of Thanh Phat as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$'000
Property for development	34,974
Cash and bank balances	113
Other receivables	9
Other payables	(362)
Minority interests	(5,219)
	29,515
Satisfied by cash	29,515

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(29,515)
Cash and bank balances acquired	113
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(29,402)

39. DISPOSAL OF A SUBSIDIARY

	2009	2008
	HK$'000	HK$'000
Net assets disposed of:		
Cash and bank balances	—	218
Other payables and accruals	—	(10,586)
	—	(10,368)
Gain on disposal of a subsidiary (note 5)	—	10,368
	—	—
Satisfied by:		
Cash	—	—

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2009	2008
	HK$'000	HK$'000
Cash consideration	—	—
Cash and bank balances disposed of	—	(218)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	—	(218)

40. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major Non-cash Transactions

(a) During the year ended 31 December 2009, the Group entered into a finance lease arrangement in respect of property, plant and equipment with capital value at the inception of the lease of HK$2,489,000 (2008: HK$100,000).

(b) During the year ended 31 December 2009, the Group purchased items of property, plant and equipment of HK$72,220,000 (2008: Nil), with a payable classified in other payables as at 31 December 2009. The balance is unsecured, interest-free and repayable on demand.

41. OPERATING LEASE ARRANGEMENTS

(a) As Lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**74,540**	123,663
In the second to fifth years, inclusive	**37,418**	68,352
	111,958	192,015

(b) As Lessee

The Group leases certain of its land and office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to fifty years.

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**785**	1,048
In the second to fifth years, inclusive	**3,798**	2,598
After five years	**23,743**	19,294
	28,326	22,940

42. COMMITMENTS

In addition to the operating lease arrangements detailed in note 41(b) above, the Group had the following capital commitments at the end of the reporting period:

	2009 HK$'000	2008 HK$'000
Contracted, but not provided for		
Land	**231,083**	401,207
Property, plant and equipment	**88,611**	99,388
	319,694	500,595

The Group had the following share of commitment on capital contribution to proposed joint ventures at the end of the reporting period:

	2009 HK$'000	2008 HK$'000
Authorised, but not contracted for	**1,900**	—

At the end of the reporting period, the Company did not have any significant commitments.

43. RELATED PARTY TRANSACTIONS

(a) In addition to the balances and transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the reporting period:

	Note	2009 HK$'000	2008 HK$'000
Associates:			
Purchases of raw materials	(i)	**24,831**	22,675
Distribution charges	(i)	**15,851**	1,330
Interest income	(i)	**4,173**	—

43. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Note:

(i) These related party transactions were conducted in accordance with terms and conditions mutually agreed by the parties.

(b) Compensation of key management personnel of the Group:

	2009 HK$'000	2008 HK$'000
Short term employee benefits	**12,716**	10,137
Post-employment benefits	**36**	48
Total compensation paid to key management personnel	**12,752**	10,185

Further details of directors' emoluments are included in note 8 to the financial statements.

44. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**—**	—	**362,418**	362,227

The Company has executed guarantees totalling HK$362,418,000 (2008: HK$362,227,000) with respect to banking facilities made available to its subsidiaries, of which HK$187,188,000 (2008: HK$221,928,000) were utilised as at 31 December 2009.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2009

Financial Assets

	Group		
	Financial assets at fair value through profit or loss — held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Interests in associates (note 20)	—	115,885	115,885
Trade receivables	—	53,424	53,424
Financial assets included in prepayments, deposits and other receivables	—	18,744	18,744
Debt investments at fair value through profit or loss	1,094	—	1,094
Pledged deposits	—	25,007	25,007
Cash and cash equivalents	—	270,065	270,065
	1,094	483,125	484,219

Financial Liabilities

	Group		
	Financial liabilities at fair value through profit or loss — held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Due to a jointly-controlled entity (note 19)	—	21,654	21,654
Trade payables	—	51,178	51,178
Financial liabilities included in other payables and accruals	—	133,646	133,646
Due to directors	—	71	71
Due to a related company	—	3,350	3,350
Interest-bearing bank and other borrowings (note 31)	—	475,166	475,166
Rental deposits	—	22,826	22,826
Derivative financial instruments	6,379	—	6,379
	6,379	707,891	714,270

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2008

Financial Assets

	Group			
	Financial assets at fair value through profit or loss — held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Interests in associates (note 20)	—	130,809	—	130,809
Available-for-sale investments	—	—	416	416
Trade receivables	—	28,826	—	28,826
Financial assets included in prepayments, deposits and other receivables	—	18,176	—	18,176
Debt investments at fair value through profit or loss	1,094	—	—	1,094
Derivative financial instruments	244	—	—	244
Pledged deposits	—	65,660	—	65,660
Cash and cash equivalents	—	468,100	—	468,100
	1,338	711,571	416	713,325

Financial Liabilities

	Group
	Financial liabilities at amortised cost HK$'000
Due to a jointly-controlled entity (note 19)	21,654
Trade payables	70,172
Financial liabilities included in other payables and accruals	34,029
Due to directors	30,802
Due to a related company	1,852
Interest-bearing bank and other borrowings (note 31)	477,749
Rental deposits	36,436
	672,694

45. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial Assets

	Company					
	2009			2008		
	Financial assets at fair value through profit or loss — held for trading HK$'000	**Loans and receivables HK$'000**	**Total HK$'000**	Financial assets at fair value through profit or loss — held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Interests in subsidiaries (note 18)	**—**	**1,394,669**	**1,394,669**	—	821,739	821,739
Debt investments at fair value through profit or loss	**1,094**	**—**	**1,094**	1,094	—	1,094
Pledged deposits	**—**	**25,007**	**25,007**	—	65,660	65,660
Cash and cash equivalents	**—**	**175,686**	**175,686**	—	201,258	201,258
	1,094	**1,595,362**	**1,596,456**	1,094	1,088,657	1,089,751

Financial Liabilities

	Company	
	2009	2008
	Financial liabilities at amortised cost HK$'000	Financial liabilities at amortised cost HK$'000
Due to subsidiaries (note 18)	**1,242,156**	648,211
Financial liabilities included in other payables and accruals	**5,260**	6,213
Interest-bearing bank borrowings (note 31)	**73,190**	64,702
Due to directors	**71**	87
	1,320,677	719,213

46. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 December 2009, the Group held the following financial instruments measured at fair value:

Assets measured at fair value as at 31 December 2009:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Debt investments at fair value through profit or loss	1,094	—	—	1,094

Liabilities measured at fair value as at 31 December 2009:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Derivative financial instruments	—	6,379	—	6,379

46. FAIR VALUE HIERARCHY (Continued)

As at 31 December 2009, the Company held the following financial instruments measured at fair value:

Assets measured at fair value as at 31 December 2009:

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Debt investments at fair value through profit or loss	1,094	—	—	1,094

During the year ended 31 December 2009, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations. The Group does not use derivative financial instruments to hedge its debt obligations. However, management monitors the related cash flow interest rate risk exposure closely and will consider hedging significant interest rate risk should the need arise.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest Rate Risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		HK$'000
2009		
Hong Kong dollar	**100**	**(757)**
Vietnamese dong	**100**	**(862)**
United States dollar	**100**	**(2,250)**
Hong Kong dollar	**(100)**	**757**
Vietnamese dong	**(100)**	**862**
United States dollar	**(100)**	**2,250**
2008		
Hong Kong dollar	100	(732)
Vietnamese dong	100	(842)
United States dollar	100	(2,078)
Hong Kong dollar	(100)	732
Vietnamese dong	(100)	842
United States dollar	(100)	2,078

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Risk

The Group is exposed to the risk of fluctuations in exchange rates for its investments in Vietnam. Since VND is a restricted currency and thus hedging instruments are in lack of. In order to minimise the Group's exposure to the foreign currency risk, the Group makes use of its surplus cash flows derived from cement plant and borrowings of VND from local banks to repay loans denominated in US$, and in particular, the loan due to the parent company. In addition, most of the expenditures of the cement plant are in VND. For the investment properties situated in Vietnam, over 90% of the leasing contracts are denominated in US$, whereas most of its expenditures are in VND. Management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency risk should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Vietnamese dong exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in Vietnamese dong rate	**Increase/ (decrease) in profit before tax**
	%	HK$'000
2009		
If Hong Kong dollar weakens against Vietnamese dong	**1**	**4,670**
If Hong Kong dollar strengthens against Vietnamese dong	**(1)**	**(4,670)**
2008		
If Hong Kong dollar weakens against Vietnamese dong	1	2,732
If Hong Kong dollar strengthens against Vietnamese dong	(1)	(2,732)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and available-for-sale financial assets, debt investments at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities have been put in place for contingency purposes.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group **2009**

	On demand HK$'000	Less than 12 months HK$'000	Less than 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	—	51,178	—	—	—	51,178
Financial liabilities included in other payables and accruals	—	133,646	—	—	—	133,646
Due to directors	71	—	—	—	—	71
Due to a jointly-controlled entity	21,654	—	—	—	—	21,654
Due to a related company	3,350	—	—	—	—	3,350
Interest-bearing bank and other borrowings	—	257,179	81,802	168,493	—	507,474
Derivative financial instruments	—	6,379	—	—	—	6,379
Rental deposits	—	—	8,153	13,666	1,007	22,826
	25,075	448,382	89,955	182,159	1,007	746,578

Group 2008

	On demand HK$'000	Less than 12 months HK$'000	Less than 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	—	70,172	—	—	—	70,172
Financial liabilities included in other payables and accruals	—	34,029	—	—	—	34,029
Due to directors	30,802	—	—	—	—	30,802
Due to a jointly-controlled entity	21,654	—	—	—	—	21,654
Due to a related company	1,852	—	—	—	—	1,852
Interest-bearing bank and other borrowings	—	193,766	87,207	234,590	—	515,563
Rental deposits	—	—	26,117	9,233	1,086	36,436
	54,308	297,967	113,324	243,823	1,086	710,508

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk (Continued)

Company **2009**

	On demand HK$'000	Less than 12 months HK$'000	Less than 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Due to subsidiaries	—	—	—	—	1,242,156	1,242,156
Financial liabilities included in other payables and accruals	—	5,260	—	—	—	5,260
Due to directors	71	—	—	—	—	71
Interest-bearing bank borrowings	—	32,627	28,227	13,653	—	74,507
Guarantees given to banks in connection with facilities granted to subsidiaries	187,188	—	—	—	—	187,188
	187,259	37,887	28,227	13,653	1,242,156	1,509,182

Company 2008

	On demand HK$'000	Less than 12 months HK$'000	Less than 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Due to subsidiaries	—	—	—	—	648,211	648,211
Financial liabilities included in other payables and accruals	—	6,213	—	—	—	6,213
Due to directors	87	—	—	—	—	87
Interest-bearing bank borrowings	—	22,275	21,902	22,344	—	66,521
Guarantees given to banks in connection with facilities granted to subsidiaries	221,928	—	—	—	—	221,928
	222,015	28,488	21,902	22,344	648,211	942,960

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. The Group's policy is to maintain the gearing ratio between 5% and 20%. Net debt includes interest-bearing bank and other borrowings, trade payables, other payables and accruals, due to a jointly-controlled entity, due to directors, due to a related company, rental deposits, less cash and cash equivalents. Capital includes equity attribute to owners of the parent. The gearing ratios as at the ends of the reporting periods were as follows:

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management (Continued)

Group

	2009 HK$'000	2008 HK$'000
Interest-bearing bank and other borrowings	**475,166**	477,749
Trade payables	**51,178**	70,172
Other payables and accruals	**168,363**	43,042
Due to a jointly-controlled entity	**21,654**	21,654
Due to directors	**71**	30,802
Due to a related company	**3,350**	1,852
Rental deposits	**22,826**	36,436
Less: Cash and cash equivalents	**(270,065)**	(468,100)
Net debt	**472,543**	213,607
Equity attributable to owners of the parent	**2,203,116**	2,208,716
Capital and net debt	**2,675,659**	2,422,323
Gearing ratio	**18%**	9%

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 April 2010.

Particulars of Investment Properties

31 December 2009

Location	Use	Tenure	Attributable interest of the Group
Store Rooms 4, 5 and 6 on Upper Basement Floor, Fu Hang Industrial Building, No. 1 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong	Industrial building for rental	Medium-term leases	100%
G/F. to 13/F., Luks Industrial Building, Tuen Mun Town Lot No. 145, No. 6 Tsun Wen Road, Tuen Mun, New Territories, Hong Kong	Industrial building for rental	Medium-term leases	100%
Flat A2, 3/F., Flat B, 4/F., Flat C, 7/F. and Flats A1 & A2, 9/F., Cheong Wah Factory Building, No. 39 — 41 Sheung Heung Road and No. 60 Cheung Ning Street, Tokwawan, Kowloon, Hong Kong	Industrial building for rental	Long-term leases	100%
Workshops E2 & F2, 7/F., Hang Fung Industrial Building, Phase II, No. 2G Hok Yuen Street East, Hung Hom, Kowloon, Hong Kong	Industrial building for rental	Medium-term leases	100%
The whole block of Luks Industrial Building and Dormitory, Xinan 3rd Road, Xinanban Zone No. 28, Bao An Area, Shenzhen, the PRC	Industrial and residential building for rental	Short-term leases	100%
1st and 2nd Floors of the Dormitory, 2nd of 05A, Area 33, Bao An Area, Shenzhen, the PRC	Residential building for rental	Short-term leases	100%
Saigon Trade Centre, No. 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam	Commercial building for rental	Medium-term leases	100%
Flats 101, 104-106, 204-206, 304-306, 403-406, 503-506, 604-606, 704-706 and 803-806, Block 3, Mandarin City, Gubei, Shanghai, the PRC	Residential building for rental	Long-term leases	100%

Particulars of Property for Development

31 December 2009

Location	Use	Site Area (square metre)	Attributable interest of the Group
Thanh Phat Apartment Area 394 Ho Hoi Lam Street An Lac Ward Binh Tan District Ho Chi Minh City Vietnam	Residential	22,221	85%

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
PROFIT FOR THE YEAR	**104,751**	309,753	299,902	198,251	25,636
Attributable to:					
Owners of the parent	**107,055**	312,384	302,640	200,343	22,413
Minority interests	**(2,304)**	(2,631)	(2,738)	(2,092)	3,223
	104,751	309,753	299,902	198,251	25,636

ASSETS, LIABILITIES AND MINORITY INTERESTS

	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
					(Restated)
TOTAL ASSETS	**3,201,064**	3,144,138	2,877,837	1,594,045	1,350,852
TOTAL LIABILITIES	**(1,000,348)**	(940,737)	(622,122)	(375,330)	(304,739)
MINORITY INTERESTS	**2,400**	5,315	4,070	2,092	—
	2,203,116	2,208,716	2,259,785	1,220,807	1,046,113