South China Land Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 8155

2009

ANNUAL REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Hung Sang (*Chairman*)
Mr. Ng Yuk Yeung, Paul (*Chief Executive Officer*)
Mr. Richard Howard Gorges
Ms. Cheung Choi Ngor
Mr. Ng Yuk Fung, Peter

Non-executive Director

Ms. Ng Yuk Mui, Jessica

Independent Non-executive Directors

Dr. Lo Wing Yan, William, J.P.
Mr. Cheng Yuk Wo
Ms. Pong Oi Lan, Scarlett

COMPLIANCE OFFICER

Ms. Cheung Choi Ngor

COMPANY SECRETARY

Mr. Leung Kwok Wai *ACCA*

AUTHORISED REPRESENTATIVES

Ms. Cheung Choi Ngor
Mr. Leung Kwok Wai

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Committee Chairman*)
Dr. Lo Wing Yan, William, J.P.
Ms. Pong Oi Lan, Scarlett

REMUNERATION COMMITTEE

Dr. Lo Wing Yan, William, J.P. (*Committee Chairman*)
Mr. Cheng Yuk Wo
Ms. Pong Oi Lan, Scarlett

AUDITORS

Grant Thornton

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited
The Bank of East Asia (China) Limited
Agricultural Bank of China Limited

REGISTERED OFFICE

Scotia Centre, 4th Floor
P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Bank of China Tower
1 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P. O. Box 609
Grand Cayman KY1-1107
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

8155

WEBSITE OF THE COMPANY

www.sctrade.com

Chairman's Statement and Management Discussion and Analysis

I am pleased to report the activities of South China Land Limited 南華置地有限公司(the "Company") and its subsidiaries (together "the Group") for the year ended 31 December 2009.

BUSINESS REVIEW

The Group recorded a net loss of HK$53.3 million in 2009, representing a 32% increase over 2008. The increase in net loss is mainly attributable to the marketing and promotion expenses incurred for our major property development project, ***Fortuna Plaza*** in Shenyang and the decrease in advertising income from the publication business.

Property Investment and Development

The major property development projects held by the Group are still under progress and there is no turnover recorded for this segment during 2009. During the year, there was significant increase in selling and distribution costs because of the recruitment of marketing teams and the launch of promotional campaigns of ***Fortuna Plaza***, a shopping complex of gross floor area over 110,000 square metres in Shenyang which is our key investment in the PRC pending for grand opening in 2010. The operating loss of this segment increased from HK$8.6 million in 2008 to HK$27.1 million in 2009.

Shenyang property project

The marketing campaign for ***Fortuna Plaza*** was launched during the first quarter of 2009 and the market response has been highly positive. Up to 31 December 2009, construction of the concrete structure of ***Fortuna Plaza*** was fully completed. The installation of interior equipment and interior decorations commenced in the third quarter and fourth quarter respectively. We have employed an independent valuer to evaluate the gross development value of ***Fortuna Plaza*** in June 2009. Its expected value upon completion of construction was estimated at RMB2.8 billion.

On 31 May 2009, the Group successfully won the bid by way of public tender for a property development project in Dadong District (大東區) of Shenyang with a site area of 44,916 square metres for a consideration of approximately RMB607 million. An initial deposit of RMB121.3 million (equivalent to HK$137.7 million) was paid. The site will have direct connection to the underground railway and is located on the extension of the busiest retail pedestrian street of Shenyang. The underground railway links this newly acquired site to ***Fortuna Plaza*** in Shenhe District by one subway station. The Group intends to build a commercial complex to house a diversified range of entertainment and recreational facilities, a wide variety of fine dining restaurants, lifestyle and fashionable retail stores.

Cangzhou/Hebei property projects

The construction work of phase one of Zhongjie (中捷) relocation and redevelopment project was completed. The installation of periphery infrastructure such as electricity and water supplies is in final stage. Pre-sale was launched in April 2008 and up to the end of December 2009, 89% of the available for sale units were sold and the cash received of around HK$14.6 million was recognized as other payables on the consolidated statement of financial position. The Group is in the process of application for property sales permit.

Publication business

Loss of this segment increased from HK$1 million to HK$4.8 million in 2009. The increase in net loss was mainly due to the decrease in the advertising revenue during the year.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's operation was financed by internal financial resources, advances from affiliate, convertible notes and banking facilities granted to the Group. The Board is of the opinion that, after taking into account these available resources, the Group has sufficient working capital for its present requirements.

On 18 August 2009, South China (China) Limited ("SCC"), the Company's former ultimate holding company fully converted the Company's convertible notes into the Company's shares. After the conversion, 10,666,666,666 Company's shares were allotted and were distributed to SCC's shareholders simultaneously. Consequently, the convertible notes amounted to HK$716 million were capitalized as the Company's issued share capital and share premium. In addition, SCC had agreed, at the request of the Company, to make a contribution in an amount up to around HK$280 million to the Company, including a capitalization of its shareholder's loan at the date of distribution. The amount of the contribution from SCC was credited to the capital reserve account of the Company. Details of the abovementioned conversion and distribution are set out in the circular issued by SCC dated 23 July 2009.

As at 31 December 2009, the Group had net current assets of HK$94.3 million (31 December 2008: HK$818.3 million).

As at 31 December 2009, the Group had a gearing ratio of 29.3% (31 December 2008: 64.4%). The gearing ratio is computed on comparing the Group's total non-current bank borrowings of HK$369 million to the Group's equity of HK$1,257.8 million.

As at 31 December 2009, the Group has an additional capital commitment of around HK$551 million in relation to the property development project in the Dadong District of Shenyang. Other than that, there is no material change in the position of capital commitment comparing with the amount disclosed in the annual report of the Company for the year ended 31 December 2008.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 31 December 2009, the Group had no significant exposure to fluctuations in foreign exchange rates and any related hedges.

CAPITAL STRUCTURE

On 18 August 2009, SCC, the Company's former ultimate holding company through its wholly owned subsidiary (the noteholder) fully converted the Company's convertible notes into the Company's shares. After the conversion, 10,666,666,666 Company's shares were allotted and were distributed to SCC's shareholders simultaneously. Consequently, the convertible notes amounted to HK$716 million were capitalized as the Company's issued shares and share premium. Details of the conversion and distribution are set out in the circular issued by SCC dated 23 July 2009. The amount of convertible notes as at 31 December 2008 was HK$697.6 million.

The maturity profile of bank loans as at 31 December 2009 was as follows:

	HK$ million
In the 2nd year	369

Bank loans are on floating rate basis and are denominated in Hong Kong Dollars and Renminbi.

Equity of the Group increased from HK$280 million as at 31 December 2008 to HK$1,257.8 million, which was largely attributable to the above-mentioned conversion of convertible notes and the contribution from a former shareholder.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year ended 31 December 2009, the Group did not make any material acquisition and disposal.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2009, the Group pledged certain properties under development of a subsidiary to secure banking facilities and did not have any contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On 3 March 2010, the Group has successfully won the bid by way of public tender for another property development project in Huanggu District (皇姑區), Shenyang (瀋陽), the PRC with a site area of approximately 67,000 square metres for a consideration of approximately RMB1.177 billion. We plan to develop a complex comprising of a mega shopping mall, A-grade offices, service apartments and residential towers of total gross floor area of approximately 1,000,000 square metres. The initial deposit of RMB235.4 million has been paid on 3 March 2010, the date of the contract, and the balance of the consideration will be paid by stages as the relocation progresses.

EMPLOYEES

As at 31 December 2009, the total number of employees of the Group was 151 (2008: 120). Employees' cost (including Directors' emoluments) amounted to HK$22.5 million for the year (2008: HK$21.6 million).

In addition to salary, other fringe benefits such as medical subsidies, life insurance and provident fund are offered to all employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus at the end of each year based on performance. An employee share option scheme was adopted by the Company on 24 June 2002 and became effective on 18 July 2002.

PROSPECTS

The construction of **Fortuna Plaza** in Shenyang is on schedule and is expected to be completed in the first half of 2010 that will be followed by the grand opening of the shopping mall anticipated in around mid-2010. The market response to our recent promotion campaign is encouraging. We are confident that, the successful launch of the project will provide a strong support to the Group's cash flow and branding in Shenyang in the near future. This will facilitate the development and marketing of our Dadong District project.

For the new property development project in the Dadong District of Shenyang, the relocation of existing tenants is expected to commence in 2010 which will take approximately 21 months to complete. At present, there are blocks of buildings with residents and retail shops on the site and the Government of Shenyang will be responsible for the relocation of those existing tenants. We plan to develop a complex comprising of a commercial retail podium with a gross floor area of over 503,000 square metres and a few residential towers of approximately 67,000 square metres, making a total of approximately 570,000 square metres. The development will serve as the landmark development of the Group in the region in addition to **Fortuna Plaza**, creating a centre point for people to retreat and relax. It is estimated that the entire development period will take about four years.

In Hebei, our current relocation projects and land redevelopment projects, namely the Zhongjie and Nandagang (南大港) projects will provide a total gross floor area of approximately 3.8 million square metres.

The progress of the sales procedures and the preparation of legal documentation of the first phase's property in Zhongjie is in the final stage and we anticipate that the project will start to bring revenue contribution to the Group in 2010. Nandagang project involves around 620,010 square metres (930 mu) of site area with the first phase of around 50,000 (75 mu) is undergoing design submission with the local government.

Phase two of Zhongijie relocation and redevelopment project has commenced with 63% of relocation agreements reached as of February 2010. Higher relocation requirements and rising construction costs will be affecting the profitability per square metre of the phase two development. However, local sales price of property has been rising in the past two years. We will try to maintain the profit margin for phase two with better pricing and marketing efforts to offset the impact of higher costs.

We are confident that, with the assistance of the local government policy, rapid economic growth will be observed in the region in the near future, which would bring considerable value to our investments. We are also actively seeking investment opportunities in other cities in PRC in order to maximize shareholders' return.

As for the publication business, given that it is no longer the central focus segment of the Group, we will consider the possibility for the disposal of the publications business at a later date.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our customers and shareholders for their continued support and all our staff members for their hard work and dedicated service.

Ng Hung Sang
Chairman

Hong Kong, 16 March 2010

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ng Hung Sang, aged 60, is an Executive Director and the Chairman of the Company. Mr. Ng is actively involved in the overall corporate policies, strategic planning and business development of the Group. Mr. Ng is also an executive director and the Chairman of South China Holdings Limited ("SCH"), South China Financial Holdings Limited ("SCF") and South China (China) Limited ("SCC"). He holds a Master degree in marketing from Lancaster University in the United Kingdom and is a fellow member of the Chartered Institute of Management Accountants. Mr. Ng was appointed as a Director of the Company on 28 January 2002. Mr. Ng is the father of Ms. Ng Yuk Mui, Jessica, a Non-executive Director of the Company, Mr. Ng Yuk Fung, Peter, an Executive Director of the Company and Mr. Ng Yuk Yeung, Paul, an Executive Director and the Chief Executive Officer of the Company.

Mr. Ng Yuk Yeung, Paul, aged 28, is an Executive Director and the Chief Executive Officer of the Company. He is also an executive director of SCF. Mr. Ng graduated in law from Corpus Christi College, University of Cambridge (the "University") in the United Kingdom and is a Scholar of the University. Mr. Ng was appointed as a director of the Company on 9 October 2003. He is the son of Mr. Ng Hung Sang, an Executive Director and the Chairman of the Company, and is the brother of Ms. Ng Yuk Mui, Jessica, a Non-Executive Director of the Company, and Mr. Ng Yuk Fung, Peter, an Executive Director of the Company.

Mr. Richard Howard Gorges, aged 66, is an Executive Director of the Company. He is also an executive director and a vice-chairman of SCC and SCF, and is an executive director of SCH. He holds a Master degree in Law from University of Cambridge in the United Kingdom. Mr. Gorges was appointed as a director of the Company on 7 January 2009.

Ms. Cheung Choi Ngor, aged 56, is an Executive Director, the Compliance Officer and an Authorised Representative of the Company. She is also an executive director, a vice-chairman and chief executive officer of SCC, an executive director and a vice-chairman of SCF, and an executive director of SCH. She holds a Master degree in Business Administration from University of Illinois in the United States of America. Ms. Cheung is a member of National Committee of the Chinese People's Political Consultative Conference. Ms. Cheung was appointed as a director of the Company on 7 January 2009.

Mr. Ng Yuk Fung, **Peter,** aged 29, is an Executive Director of the Company. He is also an executive director of SCH and SCC. Mr. Ng holds a bachelor's degree in law from King's College London, University of London in the United Kingdom, and is an associate member of the Chartered Institute of Management Accountants. Mr. Ng was appointed as a director of the Company on 9 October 2003. He is the son of Mr. Ng Hung Sang, an Executive Director and the Chairman of the Company, the younger brother of Ms. Ng Yuk Mui, Jessica, a Non-Executive Director of the Company, and the elder brother of Mr. Ng Yuk Yeung, Paul, an Executive Director and the Chief Executive Officer of the Company.

NON-EXECUTIVE DIRECTOR

Ms. Ng Yuk Mui, **Jessica**, aged 31, is a Non-executive Director of the Company. Ms. Ng is also a non-executive director of SCH and SCC. She has a Bachelor degree in law from King's College London, University of London in the United Kingdom and was admitted to the Hong Kong Bar in 2006. She is an associate member of the Chartered Institute of Management Accountants and a Committee Member of Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Ms. Ng was appointed as a director of the Company on 20 August 2003. Ms. Ng is the daughter of Mr. Ng Hung Sang, an Executive Director and the Chairman of the Company, and is the sister of Mr. Ng Yuk Fung, Peter, an Executive Director of the Company, and Mr. Ng Yuk Yeung, Paul, an Executive Director and Chief Executive Officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lo Wing Yan, William, **J.P.**, aged 49, is an Independent Non-executive Director of the Company. Dr. Lo had held various senior positions with I.T Limited, China Unicom Limited, Citibank, N.A., Hong Kong Telecom Group and McKinsey & Company, Inc. He is currently an independent non-executive director of Nam Tai Electronics, Inc., which is listed on the New York Stock Exchange, an independent non-executive director of Varitronix International Limited, which is listed on the Main Board of the Hong Kong Stock Exchange, and an independent non-executive director of Westminster Travel Limited, which is listed on the Singapore Stock Exchange. He holds a Master degree in Molecular Pharmacology and a Doctorate degree in Genetic Engineering, both from The University of Cambridge in England. He was a Commonwealth Scholar, a Croucher Foundation Fellow (HK), and a Bye-Fellow of Downing College, The University of Cambridge. He is very active in the education sector of which he is an Adjunct Professor of The School of Business, Hong Kong Baptist University as well as that of the Faculty of Management, Hong Kong Polytechnic University. He is also a Governor of the ISF Academy as well as Junior Achievement Hong Kong. In 1996, the renowned global organization World Economic Forum selected Dr. Lo as a "Global Leader for Tomorrow". In 1999, the Hong Kong Special Administrative Region Government appointed him as a Justice of the Peace ("J.P."). In 2003, he was appointed as a Committee Member of Shantou Municipal Committee of the Chinese People's Political Consultative Conference. He was appointed as a director of the Company on 25 February 2002.

Mr. Cheng Yuk Wo, aged 49, is an Independent Non-executive Director of the Company. He worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto. He has held senior management positions in a number of Hong Kong listed companies and is a co-founder of a Hong Kong merchant banking firm. He is the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng is currently an independent non-executive director of CPMC Holdings Limited, CSI Properties Limited, HKC (Holdings) Limited, Chia Tai Enterprises International Limited, Chong Hing Bank Limited, 21 Holdings Limited and Goldbond Group Holdings Limited, all being listed on the Main Board of the Hong Kong Stock Exchange. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honours) degree in Accounting. Mr. Cheng was appointed as a director of the Company on 17 September 2004.

Ms. Pong Oi Lan, Scarlett, aged 50, is an Independent Non-executive Director of the Company. She is the Managing Director of Realchamp Asset Management Limited and the Chairman of Health Quotient HQ International Institute Limited. She completed her executive program at Harvard Business School in the United States of America and also obtained a graduate diploma in business administration at Monash University in Australia and a Bachelor degree in pharmaceutical sciences from the University of Saskatchewan in Canada. Ms. Pong is an elected District Councilor, the Chairman of The League of Health Professionals of Hong Kong Limited, a member of the Grantham Scholarships Fund Committee (2009-2012), a member of The Rehabilitation Advisory Committee (2008-2011) and was a member of the HKSAR Election Committee (1998, 2000 & 2007). She has been the president of The Practising Pharmacists Association of Hong Kong for eight years. She is being appointed in a number of government boards and committees such as Innovation Technology Commission, SERAP Assessment Panel, Part-time Member of the Central Policy Unit (2008-2009), Chairman of ACAN Sub-committee on Preventive Educations and Publicity and member of Committee on Trust Fund for Severe Acute Respiratory Syndrome. Ms. Pong received an award of the Ten Outstanding Young Persons' Selection in 1998 and the Hundred Outstanding Women Entrepreneur in China in 2007. Ms. Pong was appointed as a director of the Company on 27 March 2008.

Directors' Report

The directors of the Company (the "Directors") present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries principally engage in property investment and development business in PRC, excluding Hong Kong and Macau, and magazine publishing business in Hong Kong. Details of the aforesaid are set out in note 16 to the financial statements.

RESULTS AND DIVIDENDS

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

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 77 of this Annual Report. The summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

Details of movements in the property, plant and equipment, and properties under development of the Group during the year are set out in notes 15 and 21 to the financial statements respectively. Further details of the Group's properties under development are set out on page 78 of this Annual Report.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE NOTES

Details of movements in the Company's share capital, share options and convertible notes during the year are set out in notes 29, 30 and 27 to the financial statements respectively.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2009.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's reserves available for distribution amounted to approximately HK$966,347,000.

DIRECTORS

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

Executive Directors:

Mr. Ng Hung Sang (*Chairman*)
Mr. Ng Yuk Yeung, Paul (*Chief Executive Officer*)
Mr. Richard Howard Gorges (Appointed on 7 January 2009)
Ms. Cheung Choi Ngor (Appointed on 7 January 2009)
Mr. Ng Yuk Fung, Peter

Non-executive Directors:

Ms. Ng Yuk Mui, Jessica
Mr. Hui Ping (Resigned on 26 February 2010)

Independent Non-executive Directors:

Dr. Lo Wing Yan, William, J.P.
Mr. Cheng Yuk Wo
Ms. Pong Oi Lan, Scarlett

In accordance with Article 116 of the Articles of Association (the "AA") of the Company, Ms. Ng Yuk Mui, Jessica, Dr. Lo Wing Yan, William, J.P. and Mr. Cheng Yuk Wo will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. Save as disclosed, all other remaining Directors continue in office.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") from each of the Independent Non-executive Directors namely, Dr. Lo Wing Yan, William, J.P., Mr. Cheng Yuk Wo and Ms. Pong Oi Lan, Scarlett for the year ended 31 December 2009 and as at the date of this report, the Company still considers the Independent Non-executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 8 and 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2009, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

The Company

A. ***Long position in shares***

Name of Director	Capacity	Number of ordinary shares	Total number of ordinary shares	Approximate percentage of shareholding
Ng Hung Sang ("Mr. Ng")	Beneficial owner	360,625,739		
	Interests of spouse	967,923,774		
	Interest of controlled corporations	6,098,639,154 *(Note a)*	7,427,188,667	66.46%
Ng Yuk Yeung, Paul	Beneficial owner		936,000	0.01%

B. ***Long position in the underlying shares***

Share options

Name of Director	Capacity	Number of underlying shares	Approximate percentage of shareholding
Ng Yuk Yeung, Paul	Beneficial owner	5,000,000 *(Note b)*	0.04%
Ng Yuk Fung, Peter	Beneficial owner	5,000,000 *(Note b)*	0.04%

Notes:

(a) The 6,098,639,154 shares of the Company held by Mr. Ng through controlled corporations include 1,088,784,847 shares held by Bannock Investment Limited ("Bannock"), 1,150,004,797 shares held by Earntrade Investments Limited ("Earntrade"), 1,817,140,364 shares held by Fung Shing Group Limited ("Fung Shing"), 1,728,362,917 shares held by Parkfield Holdings Limited ("Parkfield"), 76,464,373 shares held by Ronastar Investments Limited ("Ronastar") and 237,881,856 shares held by Worldunity Investments Limited ("Worldunity"). Fung Shing, Parkfield and Ronastar are all wholly-owned by Mr. Ng. Mr. Ng holds Worldunity indirectly via South China Holdings Limited ("SCH"), which is owned as to 73.72% by Mr. Ng, while Bannock is a wholly-owned subsidiary of Earntrade which is owned as to 60% by Mr. Ng, 20% by Mr. Richard Howard Gorges ("Mr. Gorges") and 20% by Ms. Cheung Choi Ngor ("Ms. Cheung"). As such, Mr. Ng was deemed to have interest in the 237,881,856 shares held by Worldunity and the 2,238,789,644 shares held by Bannock and Earntrade.

(b) These share options were granted on 14 March 2007 at an exercise price of HK$0.2166 per share of the Company with exercisable periods as follows: (i) 1/3 of the total share options granted shall be exercised from the beginning of the second year from the date of grant to the end of the third year from the date of grant; (ii) 1/3 of the total share options granted shall be exercised from the beginning of the third year from the date of grant to the end of the fourth year from the date of grant; and (iii) 1/3 of the total share options granted shall be exercised from the beginning of the fourth year from the date of grant to the end of the fifth year from the date of grant.

Save as disclosed above, as at 31 December 2009, none of the Directors or chief executives of the Company had registered any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register which was required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Directors and employees of the Company and its subsidiaries are entitled to participate in the share option scheme of the Company. Particulars of the share option scheme of the Company together with the details of the options of the Company granted are set out in note 30 to the financial statements. Details of the options granted by the Company to the Directors were set out under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" of this Annual Report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year was the Company, or any of its holding companies or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the chief executives or any of their spouses or children under the age of 18, was granted any rights to subscribe for equity or debt securities of the Company or any other body corporate nor had exercised any such right.

PENSION SCHEME

Details of the pension scheme of the Group are set out in note 3.16 to the financial statements.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of transactions during the year between the Group and other companies in which Mr. Ng, a Director and controlling shareholder of the Company, has beneficial interest are set out in note 35 to the financial statements and the section headed "Connected Transactions" of this Annual Report.

Save as disclosed above, no contracts of significance in relation to the business of the Group to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor there was any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries for the year ended 31 December 2009.

MANAGEMENT CONTRACTS

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

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

As at 31 December 2009, the following persons, other than the Directors and chief executives of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of SFO:

Long position

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of shareholding
Earntrade	Beneficial owner and interest of controlled corporation	2,238,789,644 (*Note a*)	20.03%
Fung Shing	Beneficial owner	1,817,140,364	16.26%
Parkfield	Beneficial owner	1,728,362,917	15.47%
Bannock	Beneficial owner	1,088,784,847 (*Note a*)	9.74%
Ng Lai King, Pamela ("Ms. Ng")	Beneficial owner and interest of spouse	7,427,188,667 (*Note b*)	66.46%

Notes:

(a) Bannock is a wholly-owned subsidiary of Earntrade. The 2,238,789,644 shares in the Company held by Earntrade include 1,088,784,847 shares held by Bannock directly.

(b) Ms. Ng is the spouse of Mr. Ng, the Chairman and an Executive Director of the Company. By virtue of the SFO, Ms. Ng is deemed to be interested in the 360,625,739 shares and 6,098,639,154 shares held by Mr. Ng beneficially and through controlled corporations respectively as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above.

Save as disclosed above, as at 31 December 2009, no person, other than the Directors or chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" 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.

DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Mr. Ng, the Chairman and management shareholder of the Company, is also the chairman of SCH and South China (China) Limited ("SCC"). Mr. Ng, personally and through controlled corporations, had controlling interest in the Company, SCH and SCC, in which certain corporate interest in SCH and SCC are held by Mr. Ng jointly with Mr. Gorges, an Executive Director of the Company (who is also an executive director of SCH and SCC) and Ms. Cheung, an Executive Director of the Company (who is also an executive director of SCH and SCC). Mr. Ng Yuk Fung, Peter ("Mr. Peter Ng"), an Executive Director of the Company, is also an executive director of SCH and SCC. Ms. Ng Yuk Mui, Jessica ("Ms. Jessica Ng"), a Non-Executive Director of the Company, is also a non-executive director of SCH and SCC. Since certain subsidiaries of SCH and SCC are principally engaged in property development and investment business, each of Mr. Ng, Mr. Gorges, Ms. Cheung, Mr. Peter Ng and Ms. Jessica Ng are regarded as interested in such competing businesses of the Group.

The Directors are of the view that the Company can carry on its business independently of and at arm's length from the business of SCH and SCC as the Group's property investment and development portfolios are managed by different and independent teams from those of SCH and SCC and there is no direct competition amongst the three listed groups.

Mr. Ng is the controlling shareholder of South China Media Limited ("SC Media"), Jessica Publications (BVI) Limited ("Jessica") and Ace Market Investments Limited ("Ace Market") and is a director of SC Media and Ace Market, and each of Ms. Jessica Ng and Mr. Peter Ng is a director of SC Media, Jessica and Ace Market. SC Media, Jessica and Ace Market are principally engaged in the publication businesses which are considered as competing businesses of the Group. Accordingly, each of Mr. Ng, Ms. Jessica Ng and Mr. Peter Ng is regarded as interested in such competing businesses of the Group.

The Directors are of the view that the Company can carry on its business independently of and at arm's length from the business of SC Media, Jessica and Ace Market as the Group's relevant publication business has its own target reader market and contents which are different from those of SC Media, Jessica and Ace Market.

Save as disclosed above, as at 31 December 2009, none of the Directors or any of their respective associates had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the amount of public float as required under the GEM Listing Rules as at the date of this Annual Report.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Details of the compliance by the Company with the Code on Corporate Governance Practices are set out on pages 17 to 20 of this Annual Report.

REQUIRED STANDARD FOR SECURITIES TRANSACTIONS BY DIRECTORS

Details of the compliance by the Company with the required standard of dealings for securities transactions by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules are set out on page 18 of this Annual Report.

CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken by the Group during the year in the ordinary course of business are set out in note 35 to the financial statements.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman of the Audit Committee), Dr. Lo Wing Yan, William, J.P. and Ms. Pong Oi Lan, Scarlett.

The Audit Committee is satisfied with its review of the audit fee, the independence of the Auditors and recommended to the Board the re-appointment of the Auditors in 2010 at the forthcoming annual general meeting.

The Group's annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2009, the sales to the Group's five largest customers accounted for 13% and sales to the largest customer included therein accounted for 3% of the total sales. Purchases from the Group's five largest suppliers accounted for 56% and purchases from the largest supplier included therein accounted for 42% of the total purchases for the year.

None of the Directors or any of their associates or any shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had an interest in the Group's five largest customers or suppliers of the Group noted above.

AUDITORS

Messrs. Grant Thornton will retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Ng Hung Sang
Chairman
Hong Kong, 16 March 2010

Corporate Governance Report

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize accountability and transparency to the shareholders. Periodic review will be made to the corporate governance practices to comply with the regulatory requirements.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2009 with exception to code provision E.1.2 that the Chairman of the Board had not attended the annual general meeting.

According to code provision E.1.2 of the CG Code, the chairman of the board shall attend the annual general meeting to answer questions. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 5 May 2009. An Executive Director of the Company attended the annual general meeting in the absence of the Chairman to answer questions on the Group's businesses at the meeting. The Directors believe that this was an exceptional incident and the Company ensures future compliance with code provision E.1.2.

BOARD COMPOSITION AND BOARD PRACTICES

As at 31 December 2009, the board of directors of the Company (the "Board") composed of 10 directors, including the Chairman and the Chief Executive Officer who are Executive Directors, 3 additional Executive Directors, 2 Non-executive Directors and three Independent Non-executive Directors. Two Executive Directors were appointed during the year. About one-third of the Board is Independent Non-executive Directors. On 26 February 2010, one Non-executive Director resigned resulting the Board composed of 9 directors. Their biographies and relevant relationships amongst them are set out in the Biographical Details of Directors on pages 8 and 9 of this Annual Report.

Review will be made regularly on the Board composition to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. Also, a balanced composition of Executive Directors and Non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the GEM Listing Rules in having one of the Independent Non-executive Directors with appropriate accounting qualifications and expertise to chair the Audit Committee.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

The Board has adopted a formal written procedure and policy for the appointment of new directors. When selecting potential candidates for directors, their skills, experience, expertise, devotion of time and conflicts of interests are the key factors for consideration. No Nomination Committee has been set up, and hence, the nomination and selection process are performed by the Board. The Board meets at least once in a year in discussing whether the composition, size, structure of the Board is adequate. The Board met once in 2009 for the said purpose with all the Directors present.

All Directors of the Company are subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association.

The Board is collectively responsible for the formulation of the Group's strategy, overseeing the management of the business and affairs of the Group.

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies, are delegated to the Executive Committee, comprising all Executive Directors. They report periodically to the Board their work and business decisions.

The roles of the Chairman and the Chief Executive Officer are exercised by separate individuals with a view to reinforce their independence and accountability. Key and important decisions are fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the agenda of regular meetings. The Chairman has delegated the responsibility for drawing up the agenda for each board meeting to the Company Secretary. With the assistance of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and have received adequate and reliable information in a timely manner.

The Board held four meetings in 2009:

	Attendance
Executive Directors	
Ng Hung Sang (*Chairman*)	4/4
Ng Yuk Yeung, Paul (*Chief Executive Officer*)	3/4
Cheung Choi Ngor (Appointed on 7 January 2009)	4/4
Richard Howard Gorges (Appointed on 7 January 2009)	4/4
Ng Yuk Fung, Peter	3/4
Non-executive Directors	
Ng Yuk Mui, Jessica	3/4
Hui Ping*	4/4
Independent Non-executive Directors	
Lo Wing Yan, William, J.P.	3/4
Cheng Yuk Wo	4/4
Pong Oi Lan, Scarlett	4/4

* Resigned on 26 February 2010

Notice of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the intended date of a board or board committee meeting. With respect to other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles of Association of the Company. The Company Secretary ensures that the procedure and all applicable rules and regulations are complied with. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever they deem necessary. Memos are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. In addition, the Board has established similar guidelines for relevant employees who are likely in possession of unpublished price sensitive information in relation to the Group or its securities.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the year ended 31 December 2009.

INTERNAL CONTROL

Recognising that a well-designed and effective system of internal control is crucial to safeguard the assets of the Company and the shareholders' investment and to ensure the reliability of financial reporting as well as compliance with the relevant requirement of the GEM Listing Rules, the Directors acknowledge that they have overall responsibility for the Company's internal control, financial control and risk management and shall monitor its effectiveness from time to time. Therefore, a team, comprising qualified accountants, has been organized to carry out the internal audit function of the Company (the "IA Team").

Based on the assessment of risk exposure, the IA Team formulates audit plans quarterly and ensures the audit programs cover key internal control areas of key operating subsidiaries on a rotational basis for review by the Audit Committee on a regular interval. The scopes and timing of the audit review is usually determined according to risk assessment.

Special reviews may also be performed on areas of concern identified by management or the Audit Committee from time to time. Communication channel has been established between the IA Team and the Audit Committee members.

IA Team consistently monitors the internal control procedures and systems of the Group, reports findings and make recommendations, if any, to the Audit Committee on a regular interval. During the year, the cash receipt cycle of property segment – Shenyang project, the sales commission cycle and projects and events cycle of media segment of the Group were reviewed by the IA Team. Recommended remedial actions, distinguishing specific incidents from control weakness that require procedural changes or enhancement to prevent recurrence were proposed and addressed in the internal control report which was presented by the IA Team to the Audit Committee and the Board for review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 21 of this Annual Report.

AUDITORS' REMUNERATION

For the year ended 31 December 2009, the Auditors of the Company will receive approximately HK$450,000 for audit service. No non-audit service was provided by the Auditors in 2009.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 16 March 2005 and comprises all the Independent Non-executive Directors, namely Dr. Lo Wing Yan, William, J.P. (Chairman of the Remuneration Committee), Mr. Cheng Yuk Wo and Ms. Pong Oi Lan, Scarlett.

The Remuneration Committee met once in November 2009 and was attended by a majority of Committee members. The policies on the remuneration of Executive Directors were reviewed by the Remuneration Committee. Remuneration, including basic salaries, discretionary performance bonus and other emolument of the Executive Directors is based on skill, knowledge, involvement in the Company's affairs and performance of the individual Executive Directors with reference to the Company's performance and profitability, as well as industry practice. Granting share options is considered as one of the means for giving long-term incentive to and for retaining staff.

The directors' fees for all Directors are subject to shareholders' approval at general meeting. Remuneration packages of the Executive Directors are reviewed by the Remuneration Committee. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings.

AUDIT COMMITTEE

The Audit Committee comprises all Independent Non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman of the Audit Committee), Dr. Lo Wing Yan, William, J.P. and Ms. Pong Oi Lan, Scarlett. The principal duties of the Audit Committee in accordance with its terms of reference, are substantially the same as the CG Code, include the review of the Group's financial reporting system and internal control procedures, review of financial information of the Group and review of the relationship with the Auditor of the Group.

The Audit Committee members meet regularly and held four meetings in 2009 in which representatives of the management were present to review the quarterly, interim and final results, the quarterly, interim and annual reports, and other financial and internal control matters. The Group's Auditors were present in one of the meetings.

	Attendance
Cheng Yuk Wo	4/4
Lo Wing Yan, William, J.P.	2/4
Pong Oi Lan, Scarlett	4/4

The Audit Committee is satisfied with their review of the audit fees and the independence of the Auditors and recommended to the Board the re-appointment of the Auditors in 2010 at the forthcoming annual general meeting.

The Group's annual results for the year ended 31 December 2009 were reviewed by the Audit Committee.

Independent Auditors' Report

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of South China Land Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of South China Land Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 76, which comprise the consolidated and company statement 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 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 and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

16 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	5	**21,772**	31,994
Direct operating expenses		**(12,088)**	(15,017)
Other operating income	6	**171**	649
Selling and distribution costs		**(22,588)**	(13,417)
Administrative and other operating expenses		**(22,179)**	(16,480)
Operating loss	8	**(34,912)**	(12,271)
Finance costs	9	**(18,392)**	(28,089)
Loss before income tax		**(53,304)**	(40,360)
Income tax expense	10	**–**	–
Loss for the year		**(53,304)**	(40,360)
Loss for the year attributable to:			
Equity holders of the Company	11	**(48,526)**	(38,862)
Minority interests		**(4,778)**	(1,498)
		(53,304)	(40,360)
Loss per share for loss attributable to the equity holders of the Company during the year	12		
– Basic		**HK (1.08) cents**	HK (7.67) cents
– Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Loss for the year	**(53,304)**	(40,360)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**(179)**	43,389
Total comprehensive income for the year	**(53,483)**	3,029
Total comprehensive income attributable to:		
Equity holders of the Company	**(48,710)**	(3,373)
Minority interests	**(4,773)**	6,402
	(53,483)	3,029

Consolidated Statement of Financial Position

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non–current assets			
Property, plant and equipment	15	**1,827**	1,529
Goodwill	17	**355,326**	355,326
Recoverable from an intermediate holding company and a fellow subsidiary	18	**–**	88,777
Deposit paid and prepayments	20	**143,621**	4,883
Properties under development	21	**1,142,673**	–
		1,643,447	450,515
Current assets			
Trade receivables	19	**4,518**	4,288
Properties under development	21	**13,564**	946,243
Amount due from a minority shareholder of a subsidiary	22	**44,461**	25,845
Prepayments and other receivables	20	**8,341**	6,298
Cash and bank balances	23	**68,486**	34,757
		139,370	1,017,431
Current liabilities			
Trade payables	24	**6,253**	8,176
Other payables, accrued expenses and receipts in advance	25	**34,973**	14,846
Amount due to an intermediate holding company	22	**–**	144,301
Amount due to a related company	22	**3,842**	–
Bank borrowings	26	**–**	31,802
		45,068	199,125
Net current assets		**94,302**	818,306
Total assets less current liabilities		**1,737,749**	1,268,821
Non–current liabilities			
Bank borrowings	26	**369,005**	180,209
Convertible notes	27	**–**	697,648
Deferred tax liabilities	28	**110,971**	110,971
		479,976	988,828
Net assets		**1,257,773**	279,993
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	29	**111,752**	5,065
Reserves		**994,043**	156,035
		1,105,795	161,100
Minority interests		**151,978**	118,893
Total equity		**1,257,773**	279,993

Ng Yuk Yeung, Paul
Director

Ng Yuk Fung, Peter
Director

Statement of Financial Position

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	16	**1,108**	1,108
Current assets			
Amounts due from subsidiaries	16	**1,076,379**	800,180
Prepayments	20	**4**	4
Cash and bank balances		**724**	167
		1,077,107	800,351
Current liabilities			
Other payables		**116**	155
Net current assets		**1,076,991**	800,196
Total assets less current liabilities		**1,078,099**	801,304
Non-current liabilities			
Convertible notes	27	**–**	697,648
Net assets		**1,078,099**	103,656
EQUITY			
Share capital	29	**111,752**	5,065
Reserves	31(b)	**966,347**	98,591
Total equity		**1,078,099**	103,656

Ng Yuk Yeung, Paul
Director

Ng Yuk Fung, Peter
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Loss before income tax		**(53,304)**	(40,360)
Adjustments for :			
Interest income	6	**(125)**	(243)
Write back of impairment of trade receivables	6	**–**	(404)
Impairment loss of trade receivables	8	**652**	–
Bad debts written off	8	**–**	180
Depreciation	8	**543**	520
Equity settled share–based payment expenses	13	**432**	1,314
Interest expense	9	**18,392**	28,089
Operating loss before working capital changes		**(33,410)**	(10,904)
(Increase)/decrease in trade receivables		**(882)**	716
Payments of properties under development		**(192,745)**	(182,164)
Increase in amount due from a minority shareholder of a subsidiary		**(18,616)**	(13,284)
(Increase)/decrease in prepayments and other receivables		**(8,044)**	2,265
(Decrease)/increase in trade payables		**(1,923)**	3,586
Increase in other payables, accrued expenses and receipts in advance		**20,127**	9,980
Increase in amount due to a related company		**3,842**	–
Net cash used in operating activities		**(231,651)**	(189,805)
Cash flows from investing activities			
Interest received		**125**	243
Payments of construction in progress		**–**	(1,947)
Purchases of other property, plant and equipment		**(878)**	(1,342)
Deposit paid for acquisition of leasehold interest in land		**(143,621)**	–
Net cash used in investing activities		**(144,374)**	(3,046)
Cash flows from financing activities			
Advance from an intermediate holding company		**243,045**	83,633
Payments for transaction costs in obtaining bank loans		**–**	(481)
New bank loans		**369,005**	132,011
Repayments of bank loan		**(212,011)**	–
Interest paid		**(6,328)**	(5,348)
Capital contribution from minority shareholders of subsidiaries		**15,664**	–
Proceeds from exercise of share options		**558**	–
Net cash generated from financing activities		**409,933**	209,815
Net increase in cash and cash equivalents		**33,908**	16,964
Cash and cash equivalents at 1 January		**34,757**	19,702
Effect of foreign exchange rate changes		**(179)**	(1,909)
Cash and cash equivalents at 31 December		**68,486**	34,757
Analysis of the cash and cash equivalents			
– Cash at bank and in hand		**68,486**	34,757

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Equity attributable to the equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital contribution reserve HK$'000	Employee compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008	5,065	11,483	6,044	–	1,951	148,232	32,861	(42,477)	163,159	112,491	275,650
Recognition of equity settled share-based compensation	–	–	–	–	1,314	–	–	–	1,314	–	1,314
Transactions with owners	–	–	–	–	1,314	–	–	–	1,314	–	1,314
Loss for the year	–	–	–	–	–	–	–	(38,862)	(38,862)	(1,498)	(40,360)
Other comprehensive income											
Exchange realignment	–	–	–	–	–	–	35,489	–	35,489	7,900	43,389
Total comprehensive income for the year	–	–	–	–	–	–	35,489	(38,862)	(3,373)	6,402	3,029
At 31 December 2008 and 1 January 2009	5,065	11,483	6,044	–	3,265	148,232	68,350	(81,339)	161,100	118,893	279,993
Recognition of equity settled share-based compensation	–	–	–	–	432	–	–	–	432	–	432
Exercise of share options	20	1,176	–	–	(638)	–	–	–	558	–	558
Conversion of convertible notes	106,667	757,605	–	–	–	(148,232)	–	–	716,040	–	716,040
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	15,664	15,664
Other contribution from a shareholder	–	–	–	276,375	–	–	–	–	276,375	22,194	298,569
Transactions with owners	106,687	758,781	–	276,375	(206)	(148,232)	–	–	993,405	37,858	1,031,263
Loss for the year	–	–	–	–	–	–	–	(48,526)	(48,526)	(4,778)	(53,304)
Other comprehensive income											
Exchange realignment	–	–	–	–	–	–	(184)	–	(184)	5	(179)
Total comprehensive income for the year	–	–	–	–	–	–	(184)	(48,526)	(48,710)	(4,773)	(53,483)
At 31 December 2009	**111,752**	**770,264**	**6,044**	**276,375**	**3,059**	**–**	**68,166**	**(129,865)**	**1,105,795**	**151,978**	**1,257,773**

Notes to the Financial Statements

For the year ended 31 December 2009

1. GENERAL INFORMATION

South China Land Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands and its principal place of business is 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The Company's shares are listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are publication of magazines in Hong Kong and property development in the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

In the opinion of directors, as at 31 December 2008, the ultimate holding company of the Company was South China Holdings Limited, which is incorporated in the Cayman Islands, and its shares are listed on the Main Board of the Stock Exchange. Upon the completion of the reorganisation of South China Holdings Limited during the year ended 31 December 2009, South China Holdings Limited ceased to be the ultimate holding company of the Company.

The financial statements on pages 22 to 76 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency of the Company.

The financial statements for the year ended 31 December 2009 were approved for issue by the board of directors on 16 March 2010.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for Construction of Real Estate
Various	Annual Improvements to HKFRSs 2008

In prior years, the Group early adopted HKAS 23 (Revised) "Borrowing Costs", of which early adoption is permitted.

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

There is no impact on the effect of the application of the amendments in respect of the Company's interest in subsidiaries and retained earnings at 31 December 2009 in the separate statement of financial position.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first Annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 40 Investment property has resulted in changes to the Group's accounting policies but did not have any impact of the current period results and financial position.

Investment properties under construction

The adoption of the amendments to HKAS 40 brings property that is being constructed or developed for future use as an investment property within the scope of the standard. Accordingly, the Group's accounting policies to measure investment properties at fair value become applicable to these properties. Investment property under construction will be measured at fair value from the earlier of the date when fair value first becomes reliably measurable and completion of the property. Fair value gain or loss is recognised in profit or loss. Previously HKAS 16 Property, plant and equipment applied to such property until completion. Such property was measured at cost less impairment until completion at which time it was transferred to investment property at fair value with the difference between the fair value and the previous carrying amount recognised in profit or loss. This new accounting policy has been applied prospectively from 1 January 2009. The amendment did not have any impact on the preparation of the financial statements, as no investment properties under construction or development for future use are held by the Group.

At the date of authorisation of these financial statements, the following new HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[5]
HKFRS 1 (Revised)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[1]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[5]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments to a minimum funding requirement[3]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendment that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 January 2013
7 Effective for annual periods beginning on or after 1 July 2010

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendment will be effective from 1 January 2010, with earlier application permitted. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendment to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that, the initial applications of these HKFRSs is unlikely to have material impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 2.

The financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Subsidiaries *(Continued)*

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

Minority interest represent the portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

3.4 Revenue recognition

Revenue comprises the fair value from the sale of goods and services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

– Sale of magazines is recognised when the magazines are delivered net of returns or title has been passed, with advance subscription fee received from subscribers recorded as receipts in advance.

– Advertising income is recognised on the date of the relevant publication issue or on time basis by reference to the period in which the advertisement is published.

– Promotion and marketing income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into the HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into HK$ at the closing rates. Goodwill arising on the acquisitions of foreign operations before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

Other exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

3.6 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.7 Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment (see note 3.9).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Goodwill *(Continued)*

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

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

In case of the changes in ownership in a subsidiary after control is obtained that do not result in a loss of control, an excess of the cost of the further acquisition over the carrying amounts of the net assets acquired is recognised as goodwill in the consolidated statement of financial position. A surplus of the carrying amounts of the net assets acquired over the cost of the further acquisition is recognised in the consolidated income statement.

3.8 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at acquisition cost less accumulated depreciation and impairment losses.

The gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Depreciation on property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method at 20% per annum (or over the lease term, if shorter).

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Construction in progress, which represents buildings under construction, and plant and machinery pending installation, is stated at cost less any impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on construction in progress.

3.9 Impairment of non-financial assets

Goodwill, property, plant and equipment, land use rights and interest in subsidiaries are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Impairment of non-financial assets *(Continued)*

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. Goodwill in particular is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Leases

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

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

3.11 Financial assets

The Group's financial assets include trade and other receivables, amount due from a minority shareholder of a subsidiary, recoverable from an intermediate holding company and a fellow subsidiary and cash and bank balances.

The Group's financial assets are classified as loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. 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 attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Financial assets *(Continued)*

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

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

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

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables 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) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Financial assets *(Continued)*

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Accounting for income taxes *(Continued)*

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

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

3.13 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the acquisition cost of land, aggregate cost of development, materials and suppliers, wages and other direct expenses, an appropriate proportion of overheads and borrowing cost capitalised (note 3.6).

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated selling expenses.

No depreciation is provided on properties under development.

Properties under development for future sale in the ordinary course of business are included in current assets. On completion, the properties are transferred to properties held for sale.

Properties under development of which the intended use has been changed from future sales in the ordinary course of business to held to earn rentals or for capital appreciation or for both are included in non-current assets. Upon commencement of the operating leases, these properties will be transferred to investment properties in accordance with HKAS 40 "Investment Property".

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

3.15 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 Pension obligations and employee benefits

Defined contribution plan

Pensions to employees are provided through a defined contribution plan.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its 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 profit or loss 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.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The employees of the Group's subsidiaries which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligation under these plans is limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.17 Share-based employee compensation

The Group operates equity settled share-based compensation plan for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss unless it qualifies for recognition as asset, with a corresponding increase in employee compensation reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Share-based employee compensation *(Continued)*

Upon exercise of share options, the amount previously recognised in employee compensation reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to accumulated losses.

3.18 Financial liabilities

The Group's financial liabilities include trade and other payables, amounts due to an intermediate holding company, and a related company, bank borrowings and convertible notes.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

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

Where 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 the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Payables

Payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible note issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the call option for conversion of the note into equity, is included in equity as convertible note equity reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.18 Financial liabilities *(Continued)*

Convertible notes (Continued)

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the note.

When the convertible note is converted, the convertible note equity reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the convertible note is redeemed, the equity component of convertible notes is released directly to accumulated losses.

3.19 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.20 Related parties

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Related parties *(Continued)*

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

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

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

3.21 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major services lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(i) expenses related to share-based payments;

(ii) finance costs;

(iii) income tax; and

(iv) corporate income and expenses which are not directly attributable to the business activities of any operating segment;

are not included in arriving at the operating results of the operating segment.

Segment assets excludes corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's cash and bank balances.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include the Group's other payables and accrued expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment at the reporting date.

(ii) Depreciation

The Group depreciates the plant and equipment on a straight-line basis over the estimated useful lives, starting from the date on which the assets are available for use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment.

(iii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.9. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determing the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors.

(iv) Impairment of properties under development

The Group assesses the carrying amounts of properties under development according to their estimated net realisable value based on assessment of past experiences and prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

5. REVENUE

The Group's principal activities are disclosed in Note 1 to these financial statements. Turnover of the Group is the revenue from these activities.

Revenue from the Group's principal activities recognised during the year is as follows:

	2009 HK$'000	2008 HK$'000
Sales of magazines	**981**	1,693
Advertising income	**9,391**	14,340
Promotion and marketing income	**11,400**	15,961
	21,772	31,994

6. OTHER OPERATING INCOME

	2009 HK$'000	2008 HK$'000
Bank and other interest income	**125**	243
Write back of impairment of trade receivables	**–**	404
Sundry income	**46**	2
	171	649

7. SEGMENT INFORMATION

The executive directors have identified the Group's two services lines as operating segments as follows:

– Magazine publications

– Property development

7. SEGMENT INFORMATION *(Continued)*

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Magazine publications		Property development		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue						
From external customers	**21,772**	31,994	**–**	–	**21,772**	31,994
Reportable segment revenue	**21,772**	31,994	**–**	–	**21,772**	31,994
Reportable segment loss	**(4,791)**	(992)	**(27,055)**	(8,569)	**(31,846)**	(9,561)
Bank interest income	**–**	19	**125**	224	**125**	243
Depreciation	**(341)**	(418)	**(202)**	(102)	**(543)**	(520)
Impairment of trade receivables	**(652)**	–	**–**	–	**(652)**	–
Bad debts written off	**–**	(180)	**–**	–	**–**	(180)
Reportable segment assets	**5,195**	5,435	**1,708,840**	1,427,422	**1,714,035**	1,432,857
Additions to non-current segment assets during the year	**47**	900	**144,452**	2,890	**144,499**	3,790
Reportable segment liabilities	**(10,017)**	(4,951)	**(512,828)**	(482,707)	**(522,845)**	(487,658)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009	2008
	HK$'000	HK$'000
Reportable segment revenue	**21,772**	31,994
Group revenue	**21,772**	31,994
Reportable segment loss	**(31,846)**	(9,561)
Equity settled share-based compensation	**(432)**	(1,314)
Unallocated corporate expenses	**(2,634)**	(1,396)
Finance costs	**(18,392)**	(28,089)
Loss before income tax	**(53,304)**	(40,360)
Reportable segment assets	**1,714,035**	1,432,857
Other corporate assets	**68,782**	35,089
Group assets	**1,782,817**	1,467,946
Reportable segment liabilities	**522,845**	487,658
Other corporate liabilities	**2,199**	700,295
Group liabilities	**525,044**	1,187,953

7. SEGMENT INFORMATION *(Continued)*

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (domicile)	**21,772**	31,994	**663**	957
The PRC	**–**	–	**1,642,784**	449,558
	21,772	31,994	**1,643,447**	450,515

The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

The geographical location of customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the asset.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the years ended 2008 and 2009.

8. OPERATING LOSS

	2009	2008
	HK$'000	HK$'000
Operating loss is arrived at after charging/(crediting):		
Auditors' remuneration	**450**	450
Bad debts written off	**–**	180
Exchange loss, net	**1,725**	696
Depreciation	**580**	531
Less: Depreciation capitalised in properties under development	**(37)**	(11)
Depreciation charged to profit or loss	**543**	520
Minimum lease payments paid under operating leases in respect of rented premises	**2,248**	1,089
Impairment loss of trade receivables	**652**	–

9. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest charged on bank borrowings wholly repayable within five years	**6,328**	5,348
Non-cash imputed interest on convertible notes	**18,392**	28,089
Total interest	**24,720**	33,437
Less: Interest capitalised in properties under development/ construction in progress	**(6,328)**	(5,348)
	18,392	28,089

10. INCOME TAX EXPENSE

For the years ended 31 December 2008 and 2009, no provision for Hong Kong profits tax has been provided in the financial statements as the Group has no estimated assessable profit arising in or derived from Hong Kong.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates, based on existing legislation interpretations and practices in respect thereof.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2009 HK$'000	2008 HK$'000
Loss before income tax	**(53,304)**	(40,360)
Tax at the applicable tax rates	**(10,937)**	(7,477)
Tax effect of non-deductible expenses	**3,525**	5,070
Tax effect of non-taxable revenue	**(132)**	(13)
Tax effect of utilisation of previously unrecognised tax losses	**–**	(152)
Tax effect of tax losses not recognised	**7,498**	2,503
Tax effect on temporary differences not recognised	**46**	69
Income tax expense	**–**	–

11. LOSS FOR THE YEAR

Of the consolidated loss for the year attributable to equity holders of the Company of HK$48,526,000 (2008: HK$38,862,000), a loss of HK$18,962,000 (2008: HK$29,245,000) has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$48,526,000 (2008: HK$38,862,000) and on the weighted average number of 4,481,864,554 shares in issue (2008: 506,498,344 shares).

Diluted loss per share for both years was not presented because the impact of the share options and the convertible notes was anti-dilutive.

13. EMPLOYEE BENEFIT EXPENSE (including directors' emoluments)

	2009	2008
	HK$'000	HK$'000
Wages and salaries	**22,012**	20,169
Less: Wages and salaries capitalised in properties under development/construction in progress	**(1,797)**	(1,179)
Wages and salaries charged to profit or loss	**20,215**	18,990
Equity settled share-based payment expenses	**432**	1,314
Pension costs – defined contribution plans	**1,875**	1,254
	22,522	21,558

Included in staff costs are key management personnel compensation and comprises the following categories:

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,726**	4,849
Equity settled share-based payment expenses	**218**	667
Pension costs – defined contribution plans	**72**	57
	5,016	5,573

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT

(a) Directors' emoluments

Directors' emoluments for the year, disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Group

	2009 **HK$'000**	2008 HK$'000
Fees	**160**	165
Other emoluments:		
Salaries, allowances and benefits in kind	**489**	597
Equity settled share-based payment expenses	**218**	667
Pension costs – defined contribution plans	**12**	12
	719	1,276
	879	1,441

During the year ended 31 December 2007, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30(ii) to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

The emoluments paid or payable to the directors were as follows:

Year ended 31 December 2009

	Fees HK$'000	**Salaries and allowances HK$'000**	**Equity settled share-based payment expenses HK$'000**	**Pension costs – defined contribution plans HK$'000**
Executive directors				
NG Hung Sang	–	–	–	–
NG Yuk Yeung, Paul	–	–	**109**	–
RICHARD Howard Gorges (*note i*)	–	–	–	–
CHEUNG Choi Ngor (*note i*)	–	–	–	–
NG Yuk Fung, Peter	–	–	**109**	–
Non-executive directors				
NG Yuk Mui, Jessica	**10**	–	–	–
HUI Ping (*note ii*)	–	**489**	–	**12**
Independent non-executive directors				
LO Wing Yan, William	**50**	–	–	–
CHENG Yuk Wo	**50**	–	–	–
PONG Oi Lan, Scarlett	**50**	–	–	–
	160	**489**	**218**	**12**

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT *(Continued)*

(a) Directors' emoluments *(Continued)*

Year ended 31 December 2008

	Fees HK$'000	Salaries and allowances HK$'000	Equity settled share-based payment expenses HK$'000	Pension costs – defined contribution plans HK$'000
Executive directors				
NG Hung Sang	–	–	–	–
HUI Ping	–	597	–	12
NG Yuk Fung, Peter	–	–	333	–
NG Yuk Yeung, Paul	–	–	334	–
Non-executive director				
NG Yuk Mui, Jessica	10	–	–	–
Independent non-executive directors				
LAW Cho Wa (*note iii*)	17	–	–	–
LO Wing Yan, William	50	–	–	–
CHENG Yuk Wo	50	–	–	–
PONG Oi Lan, Scarlett (*note iv*)	38	–	–	–
	165	597	667	12

Notes:

(i) Mr. Richard Howard Gorges and Ms. Cheung Choi Ngor were appointed as executive directors with effect from 7 January 2009.

(ii) Mr. Hui Ping re-designated from executive director to non-executive director on 7 January 2009 and resigned as non-executive director on 26 February 2010.

(iii) Mr. Law Cho Wa resigned as independent non-executive director on 6 May 2008.

(iv) Ms. Pong Oi Lan, Scarlett was appointed as an independent non-executive director on 27 March 2008.

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

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included no director (2008: one) whose emoluments are reflected in the analysis presented above. The emoluments payable to the five individuals (2008: remaining four individuals) during the year are as follows:

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,077**	4,086
Pension costs – defined contribution plans	**60**	45
	4,137	4,131

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands		
Nil to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	5	4

During the year, no amount was paid by the Group to the directors or the five (2008: four) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold improvements HK$'000	Furniture and office equipment HK$'000	Motor vehicle HK$'000	Construction in progress* HK$'000	Total HK$'000
At 1 January 2008					
Cost	720	1,890	–	709,334	711,944
Accumulated depreciation	(704)	(1,209)	–	–	(1,913)
Net book amount	16	681	–	709,334	710,031
Year ended 31 December 2008					
Opening net book amount	16	681	–	709,334	710,031
Additions	–	1,142	200	2,393	3,735
Transfer to properties under development	–	–	–	(711,727)	(711,727)
Depreciation	(4)	(499)	(28)	–	(531)
Exchange realignment	1	16	4	–	21
Closing net book amount	13	1,340	176	–	1,529
At 31 December 2008 and 1 January 2009					
Cost	730	3,056	204	–	3,990
Accumulated depreciation	(717)	(1,716)	(28)	–	(2,461)
Net book amount	13	1,340	176	–	1,529
Year ended 31 December 2009					
Opening net book amount	13	1,340	176	–	1,529
Additions	–	535	343	–	878
Depreciation	(2)	(526)	(52)	–	(580)
Closing net book amount	**11**	**1,349**	**467**	**–**	**1,827**
At 31 December 2009					
Cost	730	3,591	547	–	4,868
Accumulated depreciation	(719)	(2,242)	(80)	–	(3,041)
Net book amount	**11**	**1,349**	**467**	**–**	**1,827**

* During the year ended 31 December 2008, the properties are intended to be held for development in the ordinary course of business. Accordingly, all of the carrying value of construction cost incurred was transferred from construction in progress to properties under development during the year ended 31 December 2008.

16. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

COMPANY

	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**1,108**	1,108
Amounts due from subsidiaries	**1,092,782**	816,583
Less: Impairment losses recognised	**(16,403)**	(16,403)
	1,076,379	800,180

The movement in the impairment losses recognised for amounts due from subsidiaries is as follows:

	2009 HK$'000	2008 HK$'000
Balance at 1 January	**16,403**	16,930
Impairment loss reversed	–	(527)
Balance at 31 December	**16,403**	16,403

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except an amount due from a subsidiary of HK$16,537,000 (2008: HK$16,566,000) which is interest bearing at 2% as at 31 December 2008 and 2009.

Particulars of the Company's principal subsidiaries at 31 December 2009 are as follows:

Name of subsidiary	Place of incorporation and kind of legal entity	Issued and fully paid share capital	Percentage of issued capital held by the Company Directly	Indirectly	Principal activities and place of operation
Media Bonus Limited	British Virgin Islands, limited liability company	2 ordinary shares of US$1 each	100%	–	Investment holding, Hong Kong
Capital Publishing Management Limited	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	–	100%	Provision of employee and personnel services for the media group, Hong Kong
Capital Publishing Limited	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	–	100%	Publication of "資本雜誌Capital" magazine, Hong Kong
Capital CEO Limited	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	–	100%	Publication of "資本才俊 Capital CEO" magazine, Hong Kong

16. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation and kind of legal entity	Issued and fully paid share capital	Percentage of issued capital held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Capital Entrepreneur Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Publication of "資本企業家 Capital Entrepreneur" magazine, Hong Kong
Crystal Hub Limited	British Virgin Islands, limited liability company	1 ordinary share of US$1 each	100%	–	Investment holding, Hong Kong
Praise Rich Limited ("Praise Rich")	British Virgin Islands, limited liability company	100 ordinary shares of US$1 each	–	100%	Investment holding, Hong Kong
Ever Talent Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Investment holding, Hong Kong
遼寧大發房地產有限責任公司	The PRC, limited liability company	RMB270,000,000	–	80%	Property development, The PRC
瀋陽南華鴻基房地產開發有限公司	The PRC, limited liability company	US$25,111,000	–	100%	Property development, The PRC
Grandbase Universal Limited ("Grandbase")	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	–	100%	Investment holding, Hong Kong
滄州南華房地產開發有限公司	The PRC, limited liability company	RMB10,387,000	–	100%	Property development, The PRC
Grandland Management Limited ("Grandland")	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	–	100%	Provision of management services for the Group, Hong Kong

The above table lists the principal 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.

17. GOODWILL

GROUP

The net carrying amount of goodwill can be analysed as follow:

	2009 HK$'000	2008 HK$'000
At 1 January		
Gross carrying amount	**355,326**	355,271
Accumulated impairment	–	–
Net carrying amount	**355,326**	355,271
Year ended 31 December		
Acquisition of subsidiaries:		
100% interest in Polygain (*Note 36*)	–	55
Impairment losses	–	–
	–	55
At 31 December		
Gross carrying amount	**355,326**	355,326
Accumulated impairment	–	–
Net carrying amount	**355,326**	355,326

The carrying amount of goodwill, net of any impairment loss, is allocated to the cash generating units of property development.

The recoverable amounts for the cash generating units given above were determined based on the estimated gross profit margin after taking into account the expectations for market forecast and research, the value-in-use calculations, covering a detailed seven-year budget plan which represents the business cycle and strategy plan of the Group's property development segment, followed by an extrapolation of expected cash flows at the growth rates stated below. The growth rates reflect the long-term, average growth rates for the cash generating units.

The key assumptions used for value-in-use calculations are growth rate of 5% (2008: 5%) and discount rate of 9% (2008: 9%) per annum. The key assumptions have been determined based on past performance and its expectations for the market development after taking into consideration published market forecast and research. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax rate and reflects specific risks relating to the relevant segments.

Apart from the considerations described in determining the value-in-use of the cash generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the key estimates are particularly sensitive to the market development.

18. RECOVERABLE FROM AN INTERMEDIATE HOLDING COMPANY AND A FELLOW SUBSIDIARY

GROUP

According to the acquisition agreements entered into during the year ended 31 December 2007, an intermediate holding company and a fellow subsidiary of the Company indemnify the Group against any attributable land appreciation tax that may become payable by the Group under the PRC laws and regulations in respect of the construction in progress with a prescribed limit. Details of the acquisitions are disclosed in the circulars of the Company dated 12 February 2007 and 13 June 2007.

During the year ended 31 December 2009, the abovementioned intermediate holding company and the fellow subsidiary become the related companies of the Group, that former intermediate holding company made a contribution to the Company, represented by the balance of the amount due to that former intermediate holding company net of the amounts recoverable from that former intermediate holding company and that former fellow subsidiary.

19. TRADE RECEIVABLES

GROUP

	2009	2008
	HK$'000	HK$'000
Trade receivables – gross	**5,649**	4,767
Less: Impairment of trade receivables	**(1,131)**	(479)
Trade receivables – net	**4,518**	4,288

The Group allows a credit period from 30 days to 120 days to its trade customers. The following is the ageing analysis, based on invoice date, of net trade receivables at the reporting date:

	2009	2008
	HK$'000	HK$'000
Within 30 days	**1,495**	1,276
31 – 60 days	**1,016**	1,295
61 – 90 days	**1,006**	472
91 to 180 days	**724**	636
Over 180 days	**277**	609
	4,518	4,288

The carrying amount of the trade receivables is considered a reasonable approximation of fair value as this financial asset, which is measured at amortised cost, is expected to be paid within a short timescale, such that the time value of money impact is not significant.

At each reporting date, the Group's trade receivables are individually determined to be impaired. The individually impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised if the amount is determined to be irrecoverable. The impairment provision will be written off against the trade receivables directly. The Group does not hold any collateral over these balances.

19. TRADE RECEIVABLES *(Continued)*

The movement in the provision for impairment of trade receivables is as follows:

	2009 HK$'000	2008 HK$'000
Balance at 1 January	479	883
Impairment loss recognised	652	–
Write back of impairment loss	–	(404)
Balance at 31 December	1,131	479

Trade receivables that were neither past due nor impaired related to a number of customers for whom there was no recent history of default.

The ageing analysis of the Group's trade receivables that were not impaired as at the reporting date, based on due date is as follows:

	2009 HK$'000	2008 HK$'000
Neither past due nor impaired	1,862	1,672
Not more than one month past due	665	1,263
One to three months past due	1,302	715
Over three months past due	689	638
	4,518	4,288

20. DEPOSIT PAID, PREPAYMENTS AND OTHER RECEIVABLES

GROUP

	2009 HK$'000	2008 HK$'000
Deposit paid	143,621	–
Prepayments	2,822	7,427
Other receivables	5,519	3,754
	151,962	11,181
Classified as non-current	(143,621)	(4,883)
Current portion	8,341	6,298

20. DEPOSIT PAID, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

COMPANY

	2009 **HK$'000**	2008 HK$'000
Prepayments	**4**	4

Other receivables of the Group were neither past due nor impaired, and their carrying amount approximates their fair value.

21. PROPERTIES UNDER DEVELOPMENT

GROUP

	2009 **HK$'000**	2008 HK$'000
Leasehold interests in land located in the PRC at cost	**158,062**	157,766
Development costs and other direct attributable expenses capitalised	**998,175**	788,477
	1,156,237	946,243
Classified as non-current	**(1,142,673)**	–
Current portion	**13,564**	946,243

At 31 December 2009, leasehold interests in land located in the PRC with net carrying amount of approximately HK$154,928,000 (2008: HK$154,632,000) have lease terms from years 2007 to 2046 and were pledged to secure bank loans of the Group (note 26) as at 31 December 2009.

At 31 December 2008, leasehold interests in land located in the PRC with net carrying amount of approximately HK$3,134,000 was in process of applying for the land use rights certificate. The relevant title certificate was obtained during the year ended 31 December 2009.

During the year ended 31 December 2009, the directors changed the intended use of the properties of approximately HK$1,142,673,000 to held for rental and/capital appreciation. According to the condition for transfer of properties held for sale in ordinary course of business to investment properties contained in HKAS40 "Investment Property", the Group would reclassify all the carrying value of construction cost and the leasehold interests in land incurred from properties under development to investment properties upon the commencement of operating leases in the future period.

22. BALANCES WITH A MINORITY SHAREHOLDER OF A SUBSIDIARY, AN INTERMEDIATE HOLDING COMPANY AND A RELATED COMPANY

GROUP

Balances with a minority shareholder of a subsidiary, an intermediate holding company and a related company are unsecured, interest free and repayable on demand.

For the year ended 31 December 2008, the Company's intermediate holding company has provided financial support to the Group and has undertaken not to demand repayment of debts due from the Group until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business.

23. CASH AND BANK BALANCES

GROUP

As at 31 December 2009, the Group had cash and bank balances denominated in Renminbi ("RMB") of approximately HK$66,776,000 (2008: HK$33,013,000) deposited with the banks in the PRC. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

As at 31 December 2009, the Group had cash and bank balances with amounts denominated in HK$ and RMB of approximately HK$26,755,000 and HK$8,000 (2008: HK$24,258,000 and HK$25,000) respectively were restricted only for the purpose of construction related payment by a bank as the bank provided mortgage loan to the Group.

24. TRADE PAYABLES

GROUP

The followings are the ageing analysis of trade payables at the reporting date:

	2009	2008
	HK$'000	HK$'000
Within 30 days	**1,150**	491
31 – 60 days	**578**	4,999
61 – 90 days	**726**	512
91 – 180 days	**969**	698
Over 180 days	**2,830**	1,476
	6,253	8,176

25. OTHER PAYABLES, ACCRUED EXPENSES AND RECEIPTS IN ADVANCE

GROUP

	2009 HK$'000	2008 HK$'000
Other payables	**30,360**	10,973
Accrued expenses	**4,462**	3,702
Receipts in advance	**151**	171
	34,973	14,846

26. BANK BORROWINGS

GROUP

	2009 HK$'000	2008 HK$'000
Bank loans – secured		
Bank loans repayable:		
Within one year	–	31,802
In the second to fifth years, inclusive	**369,005**	180,209
	369,005	212,011
Less: Portion classified as current liabilities	–	(31,802)
Non-current portion	**369,005**	180,209

At 31 December 2009, the bank borrowings are denominated in HK$ and RMB, repayable in full no later than November 2011 and bear interest at floating rates with reference to Hong Kong Interbank Offering Rate and the benchmark inter-bank interest rate of the PRC, ranging from 1.7% to 5.9% per annum.

At 31 December 2008, all bank borrowings are denominated in HK$, repayable in full no later than June 2011 and bear interest at floating rates with reference to Hong Kong Interbank Offering Rate, ranging from 1.3% to 4.5% per annum. The bank borrowings are fully repaid during the year ended 31 December 2009.

As at 31 December 2009, the bank borrowings were secured by the pledge of the Group's certain properties under development (note 21).

As at 31 December 2008, the bank borrowings were secured by the pledge of the Group's certain properties under development (note 21), entire issued shares in a subsidiary and corporate guarantee executed by a former intermediate holding company of the Company.

27. CONVERTIBLE NOTES

GROUP AND COMPANY

	2009 **HK$'000**	2008 HK$'000
Convertible notes	–	697,648

The convertible notes with principal amounts of HK$408,000,000 and HK$392,000,000 were issued on 12 March 2007 and 6 July 2007 respectively. The convertible notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement dates. The convertible notes carry a right to subscribe for the ordinary share of the Company at HK$0.075 per ordinary share of the Company.

If the notes have not been converted or early redeemed by the noteholder, they will be redeemed on the fifth anniversary of the dates of issue of the convertible notes at par. The convertible notes do not bear any interest.

On inception of the convertible note, the fair value of the liability component, included in the convertible notes, is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in convertible notes equity reserve.

The carrying amount of the convertible notes is denominated in HK$.

The convertible notes recognised in the statement of financial position are calculated as follows:

	Equity component HK$'000	**Liability component** HK$'000
At 1 January 2008	148,232	669,559
Imputed interest expenses (*note* 9)	–	28,089
At 31 December 2008 and 1 January 2009	148,232	697,648
Imputed interest expenses (*note* 9)	–	18,392
Conversion of convertible notes	(148,232)	(716,040)
At 31 December 2009	–	–

On 18 August 2009, the Company's convertible notes have been fully converted. After the conversion, 10,666,666,666 Company's shares were allotted. Consequently, the balance of convertible notes of approximately HK$716,040,000 was credited to the share capital and the share premium account. Details of the conversion are set out in the circular issued by the former intermediate holding company dated 23 July 2009.

The fair value of the liability component of the convertible notes at 31 December 2008 amounted to HK$697,648,000. The fair value is calculated using future cash flows discounted at a rate based on the estimated discount rate of 7.07%.

27. CONVERTIBLE NOTES *(Continued)*

GROUP AND COMPANY *(Continued)*

Interest expense of HK$18,392,000 (2008: HK$28,089,000) has been recognised in profit or loss in respect of the convertible notes for the year ended 31 December 2009, using the effective interest method by applying effective interest rate of 4.18% (2008: 4.18%) to the liability component.

28. DEFERRED TAX LIABILITIES

GROUP

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% and 25.0% (2008: 16.5% and 25.0%).

The following are the major deferred tax (assets) and liabilities recognised by the Group and movements thereon during the current and previous financial years.

	Revaluation of property, plant and equipment	Accelerated tax depreciation	Tax losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	110,971	45	(45)	110,971
Recognised in profit or loss	–	70	(70)	–
At 31 December 2008 and 1 January 2009	110,971	115	(115)	110,971
Recognised in profit or loss	–	(46)	46	–
At 31 December 2009	**110,971**	**69**	**(69)**	**110,971**

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2009, the Group has estimated unused tax losses of HK$67,230,000 (2008: HK$37,473,000) were available for offset against future profits. A deferred tax asset has been recognised in respect of tax losses of HK$418,000 (2008: HK$697,000) of such losses. No deferred tax asset has been recognised in respect of the remaining estimated tax losses of HK$66,812,000 (2008: HK$36,776,000) due to the unpredictability of future profit streams. The amount of estimated tax losses that have no expiry date is approximately HK$23,508,000 (2008: HK$26,123,000) and the remaining tax losses of approximately HK$43,304,000 (2008: HK$10,693,000) are subject to expiry period of five years.

29. SHARE CAPITAL

GROUP AND COMPANY

	Notes	2009 Number of shares	2009 HK$'000	2008 Number of Shares	2008 HK$'000
Authorised:					
Ordinary shares of HK$0.01 each					
At the beginning and end of the year		**100,000,000,000**	**1,000,000**	100,000,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the year		**506,498,344**	**5,065**	506,498,344	5,065
Issue of ordinary shares on exercise of share options	(a)	**2,000,000**	**20**	–	–
Issue of ordinary shares on conversion of convertible notes	(b)	**10,666,666,666**	**106,667**	–	–
At 31 December		**11,175,165,010**	**111,752**	506,498,344	5,065

Notes:

(a) On 10 July 2009 and 22 July 2009, the issued share capital of the Company was increased by an aggregate amount of HK$20,000 due to the exercise of 2,000,000 share options by the consultants. The total consideration received was approximately HK$558,000 and the balance of approximately HK$538,000 was credited to the share premium account. An amount of approximately HK$638,000 has been transferred from the share option reserve to the share premium account in accordance with the policy set out in note 3.17.

(b) On 18 August 2009, the issued share capital of the Company was increased by HK$106,667,000 due to the fully conversion of the Company's convertible notes. After the conversion, 10,666,666,666 Company's shares were allotted. Consequently, the balance of approximately HK$609,373,000 was credited to the share premium account. An amount of approximately HK$148,232,000 has been transferred from the convertible notes equity reserve to the share premium account in accordance with the policy set out in note 3.18. Details of the conversion are set out in the circular issued by the former intermediate holding company dated 23 July 2009.

30. SHARE-BASED EMPLOYEE COMPENSATION

The Company's existing share option scheme (the "Scheme") was adopted on 24 June 2002 and became effective on 18 July 2002. Particulars of the Scheme as required under the GEM Listing Rules are set out below:

(i) Summary of the Scheme

1. *Purpose of the Scheme*

   The purpose of the Scheme is to recognise and motivate the contribution of the Employees (as defined in sub-section headed "Participants of the Scheme" below) and other person(s) who may make a contribution to the Group and to provide incentives and help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

2. *Participants of the Scheme*

   The board of directors of the Company (the "Board") or a duly authorised committee thereof, may, at its discretion, grant options to any full time or part time employee (including any executive and non-executive director or proposed executive and non-executive director) of the Group (the "Employees"), adviser, consultant, contractor, client or supplier who have contributed to the Group (collectively the "Participants"), to subscribe for shares of HK$0.01 each in the share capital of the Company ("Shares") in accordance with the provisions of the Scheme.

3. *Total number of Shares available for issue under the Scheme*

   The total number of Shares available for issue under the share options, which may be granted under the Scheme shall not exceed 50,649,834 Shares, being 10% of the total number of Shares in issue immediately following completion of the Placing (as defined under the Scheme).

   During the year ended 31 December 2008 and 2009, no share option was granted under the Scheme.

4. *Maximum entitlement of each participant*

   No Participant shall be granted an option if total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 month period up to the date of grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates (as defined in the GEM Listing Rules) abstaining from voting.

5. *Period within which the Shares must be taken up under an option*

   An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised.

30. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

(i) Summary of the Scheme *(Continued)*

6. *Minimum period, if any, for which an option must be held before it can be exercised*

   At the time of granting an option, the Board may, at its discretion, specify the minimum period(s), if any, for which an option must be held before it can be exercised.

7. *Amount payable upon acceptance of the option and the period within which the payment must be made*

   HK$1.00 shall be paid within 5 business days from the date of offer of the option.

8. *Basis of determining the exercise price of the option*

   The exercise price for Shares under the Scheme shall be a price determined by the Board, but in any case will not be less than the highest of:

   (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading day;

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

   (c) the nominal value of a Share.

9. *Remaining life of the Scheme*

   Subject to early termination of the Scheme pursuant to the terms thereof, the Scheme shall be valid and effective for a period of 10 years commencing from the date on which the Scheme becomes effective, i.e. 18 July 2002 and ending on 17 July 2012.

30. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

(ii) Details of outstanding share options

Particulars and movements of the outstanding share options granted under the Scheme during the years ended 31 December 2008 and 2009 were as follows:

2009

	Number of share options								Price of shares		
Name and category of participant	**Outstanding as at 1.1.2009**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Outstanding as at 31.12.2009**	**Date of grant of share options**	**Exercisable periods of share options** *(Note a)*	**Exercise price per share option** HK$	**Immediately preceding the grant date of share option** *(Note b)* HK$	**Immediately preceding the exercise date of share option** *(Note c)* HK$
Directors											
Ng Yuk Yeung, Paul	5,000,000	–	–	–	–	5,000,000	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	N/A
Ng Yuk Fung, Peter	5,000,000	–	–	–	–	5,000,000	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	N/A
Sub-total	10,000,000	–	–	–	–	10,000,000					
Consultants											
In aggregate	1,000,000	–	(666,666)	–	–	333,334	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	0.623
	3,000,000	–	–	–	–	3,000,000	02.04.2007	2.4.2008 to 1.4.2012	0.3150	0.29	N/A
	2,000,000	–	(1,333,334)	–	–	666,666	10.05.2007	10.5.2008 to 9.5.2012	0.3100	0.29	0.623
Sub-total	6,000,000	–	(2,000,000)	–	–	4,000,000					
Total	**16,000,000**	**–**	**(2,000,000)**	**–**	**–**	**14,000,000**					

30. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

(ii) Details of outstanding share options *(Continued)*

2008

Name and category of participant	Number of share options: Outstanding as at 1.1.2008	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31.12.2008	Date of grant of share options	Exercisable periods of share options (*Note a*)	Price of shares: Exercise price per share option HK$	Immediately preceding the grant date of share option (*Note b*) HK$	Immediately preceding the exercise date of share option (*Note c*) HK$
Directors											
Ng Yuk Yeung, Paul	5,000,000	–	–	–	–	5,000,000	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	N/A
Ng Yuk Fung, Peter	5,000,000	–	–	–	–	5,000,000	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	N/A
Sub-total	10,000,000	–	–	–	–	10,000,000					
Consultants											
In aggregate	1,000,000	–	–	–	–	1,000,000	14.3.2007	14.3.2008 to 13.3.2012	0.2166	0.20	N/A
	3,000,000	–	–	–	–	3,000,000	02.04.2007	2.4.2008 to 1.4.2012	0.3150	0.29	N/A
	2,000,000	–	–	–	–	2,000,000	10.05.2007	10.5.2008 to 9.5.2012	0.3100	0.29	N/A
Sub-total	6,000,000	–	–	–	–	6,000,000					
Total	**16,000,000**	**–**	**–**	**–**	**–**	**16,000,000**					

30. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

(ii) Details of outstanding share options *(Continued)*

Notes:

(a) All share options granted are subject to a vesting period and becoming exercisable in whole or in part in the following manner:

From the date of grant of share options	Exercisable percentage
Within 12 months	Nil
13th – 36th months	33 1/3%
25th – 48th months	33 1/3%
37th – 60th months	33 1/3%

(b) The price of the shares disclosed as immediately preceding the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options.

(c) The weight average closing price of the shares immediately before the date on which the options are exercised.

(d) The fair values of share options granted under the Scheme on 14 March 2007, 2 April 2007 and 10 May 2007 and measured at the respective dates of grant were approximately HK$2,199,999, HK$945,000 and HK$619,999 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	14 March 2007	2 April 2007	10 May 2007
Expected volatility	457%	461%	474%
Expected life (in years)	5.0	5.0	5.0
Risk free interest rate	4.2%	4.2%	4.2%
Expected dividend yield	Nil	Nil	Nil

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted based on management's best estimate.

(e) For the year ended 31 December 2009, employee compensation expense of HK$432,000 has been recognised in profit or loss (2008: HK$1,314,000) with a corresponding credit in employee compensation reserve. No liabilities were recognised due to share-based payment transactions.

(f) Share options and weighted average exercise prices are as follows for the reporting period presented:

	2009		2008	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Outstanding at 1 January	**16,000,000**	**0.247**	16,000,000	0.247
Exercised	**(2,000,000)**	**0.279**	–	–
Outstanding at 31 December	**14,000,000**	**0.242**	16,000,000	0.247

The options outstanding at 31 December 2009 had an exercise prices of HK$0.2166 to HK$0.3150 (2008: HK$0.2166 to HK$0.3150) and a weighted average remaining contractual life of 3 years (2008: 4 years).

31. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein for the current and previous years are presented in the consolidated statement of changes in equity on page 27.

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Capital contribution reserve HK$'000	Employee compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008	11,483	652	–	1,951	148,232	(35,796)	126,522
Recognition of equity settled share-based compensation	–	–	–	1,314	–	–	1,314
Loss for the year	–	–	–	–	–	(29,245)	(29,245)
At 31 December 2008 and 1 January 2009	11,483	652	–	3,265	148,232	(65,041)	98,591
Contribution from shareholder	–	–	276,375	–	–	–	276,375
Exercise of share options	1,176	–	–	(638)	–	–	538
Conversion of convertible notes	757,605	–	–	–	(148,232)	–	609,373
Recognition of equity settled share-based compensation	–	–	–	432	–	–	432
Loss for the year	–	–	–	–	–	(18,962)	(18,962)
At 31 December 2009	**770,264**	**652**	**276,375**	**3,059**	**–**	**(84,003)**	**966,347**

The Company's reserves available for distribution represent the share premium, capital reserve, capital contribution reserve, employee compensation reserve, convertible notes equity reserve and accumulated losses. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum or articles of association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2009 amounted to approximately HK$966,347,000 (2008: HK$98,591,000).

32. OPERATING LEASE COMMITMENTS

GROUP

At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**704**	1,272

COMPANY

At 31 December 2009, the Company does not have any significant operating lease commitments (2008: Nil).

33. CAPITAL COMMITMENTS

GROUP

	2009 HK$'000	2008 HK$'000
Contracted but not provided for:		
– Expenditure in respect of properties under development	**142,935**	155,004
– Expenditure in respect of leasehold interest in land	**550,857**	–
– Investment in equity interest	**11,124**	11,124
	704,916	166,128

COMPANY

As at 31 December 2009, the Company does not have any significant capital commitments (2008: Nil).

34. CONTINGENT LIABILITIES

GROUP AND COMPANY

As at 31 December 2009, the Group and the Company do not have any significant contingent liabilities (2008: Nil).

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, during the year, the Group had significant related party transactions.

(a) Details of these transactions are as follows:

	2009 HK$'000	2008 HK$'000
(i) Purchase of services		
– Colour separation and photo processing fees	**164**	193
(ii) Operating lease expenses	**277**	277

(b) Details of the balances with related parties at the reporting date are included in note 22 to the financial statements.

(c) The Group entered into a mutual agreement with the related companies that they had a right to use the logo "資本Capital" on publication of various magazines at a nominal value.

(d) During the year ended 31 December 2009, the Company acquired the equity interest in certain subsidiaries from a fellow subsidiary of the Company. During the year ended 31 December 2008, the Company acquired the equity interest in Polygain and certain subsidiaries from certain fellow subsidiaries of the Company. Details of the above acquisitions had been disclosed in note 36 to the financial statements.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(e) As at 31 December 2008, an intermediate holding company of the Company provided guarantee in respect of a loan facility of HK$80,000,000. The loan facility has been ceased during the year ended 31 December 2009.

(f) During the year ended 31 December 2007, an intermediate holding company of the Company had agreed to provide guarantee to the Company up to HK$500,000,000 for a period of not exceeding three years from 12 March 2007, being the date of completion of the acquisition of Praise Rich. During the year ended 31 December 2008, a loan facility of HK$330,000,000 has been granted by the bank, for a period of 36 months from 15 February 2008, which is supported by such guarantee. The loan facility has been ceased during the year ended 31 December 2009.

The above transactions were conducted in accordance with the terms mutually agreed between the Group and the related companies controlled by the directors.

36. ACQUISITION OF SUBSIDIARIES

On 14 November 2008, the Group acquired equity interest in Polygain from a fellow subsidiary. Polygain is a dormant company. The consideration from the acquisition was HK$1. Particulars of the acquisitions are as follows:

	Fair value	**Carrying amount**
	HK$'000	HK$'000
Amount due to a fellow subsidiary	(55)	(55)
Net liabilities acquired	(55)	(55)
Satisfied by:		
Bank balances and cash	–	
Goodwill	55	

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

	HK$'000
Bank balances and cash acquired	–
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	–

Since the acquisition of the controlling stake in November 2008, Polygain did not contribute any gain or loss to the Group's consolidated loss for the year ended 31 December 2008. Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year would remain unchanged.

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2008, the amounts due to related parties were assigned to an intermediate holding company of the Company.

During the year ended 31 December 2009, an intermediate holding company and the fellow subsidiary become the related companies of the Group. The former intermediate holding company makes a contribution in an amount of approximately HK$276,375,000 to the Company, including capitalisation of the amount due to the former intermediate holding company, net of the amounts recoverable from the former intermediate holding company and the former fellow subsidiary.

38. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the Group's management meets periodically to analyse and formulate strategies to manage the Group's exposure to market risk, credit risk and liquidity risk. The Group's exposure to these risks is kept to a minimum. The Group has not used any derivatives or other instruments for hedging purpose.

The Group's financial assets include cash and bank balances, trade receivables, other receivables, amounts due from a minority shareholder of a subsidiary, recoverable from an intermediate holding company and a fellow subsidiary. The Group's financial liabilities include trade payables, other payables, bank borrowings, convertible notes and amounts due to an intermediate holding company and a related company.

38.1 Foreign currency risk

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB. The management monitors foreign exchange exposure and will hedge significant foreign currency exposures should the need arises.

The Group has investments in property project in the PRC, whose net assets are exposed to translation risk. Management does not expect any material adverse impact on the foreign exchange fluctuation, as an expected mild appreciation in RMB will further benefit the Group's net assets position in the PRC.

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

Group

	Increase/ decrease in foreign exchange rate	**Effect on loss before income tax and accumulated losses**
	%	HK$'000
2009		
RMB	**+/– 1%**	**(865)**
2008		
RMB	+/– 1%	265

38. RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

38.2 Interest rate risk

As the Group has no significant interest-bearing assets other than cash and bank balances, the income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to interest rate risk.

The Group's objective is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements.

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

Group

	Increase/ decrease in basis point	**Effect on loss before income tax and accumulated losses** HK$'000
2009		
HK$	**+/– 50**	**(1,502)**
2008		
HK$	+/– 50	(886)

38.3 Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2009 **HK$'000**	2008 HK$'000
Classes of financial assets – carrying amounts		
Recoverable from an intermediate holding company and a fellow subsidiary	**–**	88,777
Trade receivables	**4,518**	4,288
Other receivables	**5,519**	3,754
Amount due from a minority shareholder of a subsidiary	**44,461**	25,845
Cash and bank balances	**68,486**	34,757
	122,984	157,421

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

38. RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

38.3 Credit risk *(Continued)*

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

38.4 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31 December 2008 and 2009, the Group's financial liabilities have contractual maturities based on contractual undiscounted cash flows and are summarised below:

	On demand	**Within 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total un-discounted cash flow**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2009						
Trade payables	**–**	**2,730**	**1,303**	**2,220**	**–**	**6,253**
Other payables	**14,870**	**5,853**	**320**	**9,317**	**–**	**30,360**
Amount due to a related company	**–**	**–**	**3,842**	**–**	**–**	**3,842**
Bank borrowings	**–**	**–**	**–**	**–**	**369,005**	**369,005**
	14,870	**8,583**	**5,465**	**11,537**	**369,005**	**409,460**
At 31 December 2008						
Trade payables	–	1,936	6,192	48	–	8,176
Other payables	9,942	–	1,031	–	–	10,973
Amount due to an intermediate holding company	–	–	144,301	–	–	144,301
Bank borrowings	–	–	–	31,802	180,209	212,011
Convertible notes	–	–	–	–	697,648	697,648
	9,942	1,936	151,524	31,850	877,857	1,073,109

38. RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

38.5 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 December 2008 and 2009 may be categorised as follows. See notes 3.11 and 3.18 for explanations about how the category of financial instruments affects their subsequent measurement.

(i) *Financial assets*

	2009 **HK$'000**	2008 HK$'000
Cash and bank balances	**68,486**	34,757
Recoverable from an intermediate holding company and a fellow subsidiary	–	88,777
Loans and receivables:		
Trade receivables	**4,518**	4,288
Other receivables	**5,519**	3,754
Amount due from a minority shareholder of a subsidiary	**44,461**	25,845
	122,984	157,421

(ii) *Financial liabilities*

Financial liabilities at amortised cost:

	2009 **HK$'000**	2008 HK$'000
Trade payables	**6,253**	8,176
Other payables	**30,360**	10,973
Amounts due to a related company	**3,842**	–
Amount due to an intermediate holding company	–	144,301
Bank borrowings	**369,005**	212,011
Convertible notes	–	697,648
	409,460	1,073,109

39. EVENTS AFTER THE REPORTING PERIOD

On 3 March 2010, the Group has successfully won the bid by way of public tender for acquisition of land use right in respect of a piece of land of another property development project in Huanggu District, Shenyang, the PRC, with a site area of approximately 67,000 square metres for a consideration of approximately HK$1,336 million. The initial deposit of approximately HK$267 million has been paid on 3 March 2010. Expenditure in respect of acquisition of that land use right contracted but not paid for is approximately HK$1,069 million at the report date.

40. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The capital-to-overall financing ratio at reporting date was as follows:

	2009 **HK$'000**	2008 HK$'000
Capital		
Total equity	**1,257,773**	279,993
Convertible bonds – equity components	**–**	(148,232)
	1,257,773	131,761
Overall financing		
Convertible bonds – liability components	**–**	697,648
Bank borrowings	**369,005**	212,011
	369,005	909,659
Capital-to-overall financing ratio	**340.9%**	14.5%

Financial summary

FINANCIAL RESULTS

	Year ended 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	25,140	23,912	30,741	31,994	**21,772**
Direct operating expenses	(17,255)	(14,708)	(16,228)	(15,017)	**(12,088)**
Other operating income	15	184	1,829	649	**171**
Selling and distribution costs	(7,111)	(7,234)	(9,290)	(13,417)	**(22,588)**
Administrative and other operating expenses	(2,739)	(2,001)	(11,458)	(16,480)	**(22,179)**
Finance costs	–	–	(17,791)	(28,089)	**(18,392)**
(Loss)/profit before income tax	(1,950)	153	(22,197)	(40,360)	**(53,304)**
Income tax expense	–	–	–	–	**–**
(Loss)/profit for the year	(1,950)	153	(22,197)	(40,360)	**(53,304)**

ASSETS AND LIABILITIES

	As at 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	9,132	8,311	1,206,249	1,467,946	**1,782,817**
Total liabilities	(8,289)	(7,315)	(930,599)	(1,187,953)	**(525,044)**
Shareholders' funds	843	996	275,650	279,993	**1,257,773**

Details of Properties

PROPERTIES UNDER DEVELOPMENT

Location	Type	Stage of completion	Anticipated completion date	Group's attributable interest	Approximate gross floor area	Approximate site area
Fortuna Plaza, a development site located at the Western side of Zhaoyang Street, Shenhe District, Shenyang, Liaoning Province, the PRC	Commercial	Main body of building	2010	80%	117,200 sq.m.	21,893.5 sq.m.
Relocation project in Zhongjie	Residential	Main body of building	2010	70%	9,956 sq.m.	6,147 sq.m.