



LEE HING DEVELOPMENT LIMITED

Stock Code: 68

ANNUAL REPORT 2008

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Corporate Information

Board of Directors

Executive Directors

Mr. Tan Boon Seng (*Chairman and Managing Director*)

Mr. Chan Kai Kwok

Independent Non-executive Directors

Mr. Ho Hau Chong, Norman

Mr. Fung Ka Pun

Mr. Yeung Chik Kin

Audit Committee

Mr. Ho Hau Chong, Norman (*Chairman*)

Mr. Fung Ka Pun

Mr. Yeung Chik Kin

Remuneration Committee

Mr. Ho Hau Chong, Norman (*Chairman*)

Mr. Fung Ka Pun

Mr. Yeung Chik Kin

Registered Office

Suites 1506-07, 15th Floor,
Nine Queen's Road Central,
Hong Kong

Share Registrars and Transfer Office

Tricor Standard Limited
26/F., Tesbury Centre,
28 Queen's Road East,
Hong Kong

Secretary

Mr. Chan Kai Kwok

Auditors

H. C. Watt & Company Limited

Principal Bankers

Credit Suisse

Hang Seng Bank Limited

Chong Hing Bank Limited

Public Bank Berhad

Website

www.lhd.com.hk

Corporate Information (Cont'd)

Biographical Details of Directors and Senior Management

Board of Directors

Mr. TAN Boon Seng, MA (Cantab)

Chairman and Managing Director, aged 53

Mr. Tan joined the Board of the Company on 19 January 1987 and was appointed Managing Director on 31 August 1989. He holds a Master of Arts from Cambridge University. He is also an Executive Director of IGB Corporation Berhad, a listed company in Malaysia and is a Director of Wo Kee Hong (Holdings) Limited and Star Cruises Limited, all listed on The Stock Exchange of Hong Kong Limited.

Mr. HO Hau Chong, Norman, B.A., A.C.A., F.C.P.A.

Independent Non-executive Director, aged 53

Mr. Ho joined the Board of the Company on 31 August 1988. Mr. Ho is an Executive Director of Miramar Hotel & Investment Company Limited and New World Mobile Holdings Limited, a Director of CITIC Pacific Limited, Taifook Securities Group Limited, Hong Kong Ferry (Holdings) Company Limited, Starlight International Holdings Limited and Shun Tak Holdings Limited, which are listed on The Stock Exchange of Hong Kong Limited. He is a member of The Institute of Chartered Accountants in England and Wales, and a fellow of The Hong Kong Institute of Certified Public Accountants.

Mr. YEUNG Chik Kin

Independent Non-executive Director, aged 57

Mr. Yeung joined the Board of the Company on 21 September 1998. He has extensive experience in business administration.

Mr. FUNG Ka Pun (alias K. B. FUNG)

Independent Non-executive Director, aged 63

Mr. Fung joined the Board of the Company on 3 July 2003. He is the Vice-chairman and Executive Director of CIAM Group Limited, an Independent Non-executive Director of GZI Transport Limited, Denway Motors Limited and Samling Global Limited, all of which are listed on Main Board of The Stock Exchange of Hong Kong Limited. Mr. Fung is a member of The Association of International Accountants and a member of The Institute of Chartered Secretaries and Administrators.

Mr. CHAN Kai Kwok, F.C.C.A., C.P.A.

Executive Director, aged 44

Mr. Chan joined the Company as Group Financial Controller and Company Secretary in 2001 and has been an Executive Director of the Company since 2003. He is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants.

Letter to Shareholders

“Prayer of the modern American: Dear God I pray for patience. And I want it *right now!*”-
Oren Arnold

At the end of 2008, the net asset value of Lee Hing shares was HK\$5.43 which was down 33.13% from the 2007 close of HK\$8.12. By comparison, the Hang Seng Index was down 48.27%. However, if we do not take into account the gain of approximately HK\$463 million from the sale of our stake in Amanresorts, the percentage loss is 57.39%, which is greater than the fall in the Hang Seng Index.

For 2008, we have adopted the new Accounting Standard. Our holdings with carrying value of HK\$696 million are now classified as long-term investments. The significance of this new Accounting Standard is that the mark-to market price change of our investments only reflects in our Balance Sheet not our Income Statement. This is in line with our focus on long-term net asset per share.

As mentioned in my statement in the Annual Report for 2007, we started to deploy our funds before April 2008. If I had had more patience and waited, Lee Hing would have loss less. We appear to have loss a lot on paper, but our investments are concentrated into a few holdings that I believe will do well over the next three to five years. More importantly, as we do not need to sell in the current weak market, I believe the losses will remain only as paper losses.

Sources of Reported Profits

The following table shows the main sources of our operating profit:

	2008 (HK\$ Million)	2007 (HK\$ Million)
Operating Profit:-		
Gain on disposal of a subsidiary	462.6	-
Profit on sales of listed shares	7.7	6.5
Dividend income	47.1	21.9
Interest income	24.2	23.2
Others	1.2	11.1
	<u>542.8</u>	<u>62.7</u>
Corporate expenses – finance costs	(2.9)	-
– operating expenses	<u>(15.7)</u>	<u>(13.6)</u>
	524.2	49.1
Net gain on remeasurement of assets classified as held for sale	-	86.0
Net loss on derivative financial instruments	(14.3)	-
Donation	(7.9)	-
Net loss on financial assets at fair value through profit or loss	(19.1)	-
Net loss on sale of available-for-sale unlisted investments	(6.1)	-
Net loss in foreign exchange	(12.9)	-
Unrealised (loss) gain on investments held for trading purpose	<u>(223.0)</u>	<u>24.9</u>
Operating profit	<u>240.9</u>	<u>160.0</u>

Letter to Shareholders (Cont'd)

Listed Shares

Below I present our holdings in listed shares with a market value of more than HK\$30 million on 31 December 2008:

	Original Investment Cost (HK\$ Million)	Market Value (HK\$ Million)
Malaysia		
Gold IS Berhad	85.0	68.2
Padiberas Nasional Berhad	517.8	360.6
IGB Corporation Berhad	60.6	48.9
	<u>663.4</u>	<u>477.7</u>
Singapore		
Wing Tai Holdings Limited	363.4	152.0
Ascott Residence Trust	109.5	52.3
	<u>472.9</u>	<u>204.3</u>
Hong Kong		
PetroChina Company Limited	127.0	88.3
Total	<u><u>1,263.3</u></u>	<u><u>770.3</u></u>

Looking Forward

I believe that our portfolio of shares will bounce back in the next recovery and will make a substantial amount of money for Lee Hing.

In our case, let us hope that experience will surpass even this expectation.

It saddens me to report that Mr. Ang Guan Seng passed away in October 2008. He made major contributions to the Group and it was both an honour and educational experience to have sat with him in the Board.

Tan Boon Seng
Chairman

Hong Kong, 24 March 2009

Management Discussion and Analysis

Results for the year

The Group recorded HK\$180 million turnover for the year ended 31 December 2008, a 136% increase as compared with last year. The increase was largely attributable to the increase in sales of held for trading listed investments and dividend income.

Operating profit after finance costs was HK\$241 million, an increase of HK\$81 million as compared with last year. The increase was mainly due to the net gain on disposal of a subsidiary.

Business review

The Group is principally engaged in share investment and dealing.

During the year under review, the Group's turnover was mainly attributable to sales of shares of Datang International Power Generation Company, Limited of HK\$66 million and PetroChina Company Limited of HK\$22 million, dividend income of HK\$47 million and interest income of HK\$24 million. Dividend of HK\$20 million was received from Padiberas Nasional Berhad. In 2008, the Group acquired shares in Wing Tai Holdings Limited and units in Ascott Residence Trust with cost of HK\$363 million and HK\$109 million respectively. The Group believes that these investments will generate considerable income in the future.

Financial resources and liquidity

The Group's total borrowings were HK\$282 million at the year end.

The Group's borrowings represented secured bank loan. With respect to the interest rate structure of the borrowings, the interest rate was at 0.5% per annum above the bank's cost of fund.

The gearing ratio of the Group was 34%. The computation is based on total borrowings of the Group divided by equity attributable to equity holders of the Company as at 31 December 2008.

Charges on Group's assets

The Group's leasehold land and buildings, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of approximately HK\$945 million have been pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

At the balance sheet date, the Group had no contingent liabilities but the Company had contingent liabilities in respect of guarantees for banking facilities granted to subsidiaries amounted to HK\$722 million.

Management Discussion and Analysis (Cont'd)

Significant investments

The Group had interests in Gold IS Berhad and Padiberas Nasional Berhad, companies listed in Malaysia, Wing Tai Holdings Limited and Ascott Residence Trust, a company and a trust listed in Singapore and PetroChina Company Limited, a company listed in Hong Kong. The market values of the investments as at 31 December 2008 were HK\$68 million, HK\$361 million, HK\$152 million, HK\$52 million and HK\$88 million respectively.

Material acquisitions and disposals

During the year, the Group acquired listed shares/units in Padiberas Nasional Berhad, Wing Tai Holdings Limited, Ascott Residence Trust and PetroChina Company Limited with cost of HK\$734 million.

During the year, the Group disposed of its entire interest in a subsidiary, Sinonet Holdings Limited for a consideration of US\$105.45 million (HK\$822.51 million) and resulted in a gain of HK\$463 million.

Foreign currency exposure

The Group had major investments, bank balances and borrowings denominated in Malaysian Ringgitt and Singapore dollars, hence the Group had direct exposure to foreign exchange fluctuations. During the year under review, the Group did not use any foreign currency derivative product to hedge its exposure to currency risk. However, the management managed and monitored the exposure to ensure appropriate measures were implemented on a timely and effective manner.

Employees

As at 31 December 2008, the Group's number of staff was 8. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.

Directors' Report

The Directors present their annual report together with the audited financial statements for the financial year ended 31 December 2008.

Principal place of business

The Company is a limited company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Suites 1506-07, 15/F., Nine Queen's Road Central, Hong Kong.

Principal activities

The principal activity of the Company is investment holding and the activities of its subsidiaries and associates are shown in notes 17 and 18 to the financial statements respectively.

Commentary on annual results

A commentary on annual results is included in Management Discussion and Analysis on pages 6 to 7.

Financial statements

The profit of the Group for the financial year ended 31 December 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 58.

Particulars of subsidiaries

Particulars regarding the subsidiaries of the Group are set out in note 17 to the financial statements.

Particulars of associates

Particulars regarding the associates of the Group are set out in note 18 to the financial statements.

Share capital

Particulars regarding the share capital are set out in note 28 to the financial statements.

Reserves

The movements in reserves during the financial year are set out in note 29 to the financial statements and consolidated statement of changes in equity on page 24.

Dividends

In October 2008, an interim dividend of 5 HK cents per share (2007: 1 HK cent per share) was paid, amounting to HK\$7,625,000 (2007: HK\$2,133,000). The Directors now recommend the payment of a final dividend of 5 HK cents per share (2007: 5 HK cents per share), amounting to HK\$7,701,000 (2007: HK\$7,932,000).

Donations

During the year, the Group made donations for charitable and community purposes amounting to HK\$7,855,000 (2007: HK\$40,000).

Group borrowings

Details of bank loan are shown in note 25 to the financial statements.

Directors' Report (Cont'd)

Property, plant and equipment and leasehold land

Details of movements in property, plant and equipment and leasehold land during the year are set out in notes 15 to 16 to the financial statements on pages 40 to 41.

Major customers and suppliers

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Summary of financial information

A summary of the turnover, results and the assets and liabilities of the Group for the last five financial years is shown on pages 59 to 60.

Directors

1. The Directors during the financial year were:
Mr. Tan Boon Seng (Managing Director)
Mr. Ho Hau Chong, Norman
Mr. Yeung Chik Kin
Mr. Fung Ka Pun
Mr. Chan Kai Kwok
Mr. Ang Guan Seng (passed away on 19.10.2008)
2. In accordance with the Company's Articles of Association, the following Directors are due to retire and, being eligible, they offer themselves for re-election.
Mr. Tan Boon Seng
Mr. Ho Hau Chong, Norman

Biographical details of Directors and senior management

Biographical details of Directors and senior management are set out on page 3.

Directors' right to acquire shares or debentures

At no time during the financial year was the Company or any of its subsidiaries a party to any arrangements 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.

Service contracts of Directors

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not terminable by the Group within one year without the payment of compensation other than statutory compensation.

Directors' interests in contracts

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

Directors' Report (Cont'd)

Directors' interests and short positions in shares, underlying shares and debentures

As at 31 December 2008, the Directors' interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Directors	Personal interests	No. of ordinary shares		Total	Percentage holding
		Family interests	Corporate interests		
Mr. Tan Boon Seng	900,000	2,991,000(iii)(iv)	52,340,000(i)(ii)(v)	56,231,000	36.51
Mr. Ho Hau Chong, Norman	-	-	-	-	-
Mr. Yeung Chik Kin	225,800	-	-	225,800	0.15
Mr. Fung Ka Pun	-	-	-	-	-
Mr. Chan Kai Kwok	-	-	-	-	-

Notes:

- (i) Wah Seong Enterprises Sdn. Bhd. held 2,100,000 shares. Mr. Tan Boon Seng has beneficial interest in this company.
- (ii) HK 1 Limited held 14,386,000 shares. Mr. Tan Boon Seng has beneficial interest in this company.
- (iii) TYMS Limited held 2,981,000 shares. This company is beneficially owned by Mr. Tan Boon Seng's children and Mr. Tan Boon Seng acts as trustee for his children.
- (iv) The wife of Mr. Tan Boon Seng held 10,000 shares.
- (v) Zali Capital Limited held 35,854,000 shares. Mr. Tan Boon Seng has beneficial interest in this company.

One nominee share in each of Lee Hing Investment Company, Limited and Wang Tak Company Limited which are both subsidiaries of the Company were held by Mr. Tan Boon Seng in trust for the Company or its subsidiaries.

Save as mentioned above, no Directors held an interest in the share capital of the Company's subsidiaries.

As at 31 December 2008, no right was granted to or exercised by any Director of the Company or his spouse or children under 18 years of age to subscribe for equity or debt securities of the Company or any of its associated corporations.

Directors' Report (Cont'd)

Management contracts

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

Substantial shareholders

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2008 the Company had been notified of the following interest in the Company's shares:

	No. of ordinary shares	Percentage holding
Tan Boon Seng	56,231,000 (i)	36.51
Petaling Garden (S) Pte. Limited	29,006,000 (ii)	18.83

Notes:

- (i) The 56,231,000 shares were held as to 900,000 shares by Mr. Tan Boon Seng, as to 10,000 shares by the wife of Mr. Tan Boon Seng, as to 2,100,000 shares by Wah Seong Enterprises Sdn. Bhd., as to 14,386,000 shares by HK 1 Limited, as to 2,981,000 shares by TYMS Limited and as to 35,854,000 shares by Zali Capital Limited. Wah Seong Enterprises Sdn. Bhd., HK 1 Limited and Zali Capital Limited are beneficially owned by Mr. Tan Boon Seng. TYMS Limited is beneficially owned by the children of Mr. Tan Boon Seng and Mr. Tan Boon Seng acts as trustee for his children.
- (ii) The interest of Petaling Garden (S) Pte. Limited (54% owned by Hoe Seng Company Pte. Limited) was held through its wholly-owned subsidiaries, Chiefyear Development Limited and Manifold Investments Pte. Limited.

Purchase, sale or redemption of listed securities

Details of repurchases by the Company of its own shares during the year are set out in note 28 to the financial statements on page 48. The repurchases were made for the purpose of enhancing the net asset value per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the year.

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2008, except for the following deviations from code provisions A.2.1 and A.4.1.

Code provision A.2.1

Under code provision A.2.1, the roles of the Chairman and Chief Executive Officer (CEO) are required to be separated and not to be performed by the same individual. During the year, Mr. Tan Boon Seng acted as an Executive Director, Chairman and Managing Director (equivalent to CEO in this case). This constitutes a deviation from code provision A.2.1. The reason for such deviation is set out below.

The arrangement under which the roles of an Executive Director, Chairman and Managing Director are performed by the same individual is the extension of the Company's existing corporate governance model. It has been considered beneficial at the present stage as it helps to maintain the continuity of the Company's policies and the stability of the Company's operations, as well as to enhance the management of the Company.

Directors' Report (Cont'd)

Code on Corporate Governance Practices (Cont'd)

Code provision A.4.1

Under code provision A.4.1, Non-executive Directors should be appointed for a specific term and be subject to re-election. None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1. The reason for such deviation is set out below.

According to the Articles of Association of the Company, one-third of the Directors (Executive and Non-executive) will retire from the office by rotation at each annual general meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the code.

Corporate governance

The Company is committed to maintain the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Report on Corporate Governance Practices on pages 14 to 17.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2008.

Audit Committee

An Audit Committee has been established and the members of the Committee are Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Yeung Chik Kin. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

Emolument policy

The employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications and competence.

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

Independent Non-executive Directors

Confirmation of independence has been received from each of the Independent Non-executive Directors of the Company and the Company considers all existing Independent Non-executive Directors to be independent.

Directors' Report (Cont'd)

Sufficiency of public float

According to the information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

Auditors

The retiring auditors, H. C. Watt & Company Limited, have expressed their willingness to continue in office. A resolution to reappoint them as auditors of the Company will be put to the annual general meeting.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board.

Tan Boon Seng
Chairman

Hong Kong, 24 March 2009

Report on Corporate Governance Practices

Corporate governance practices

The Board of Directors of the Company (the “Board”) continues to achieve high standards of corporate governance which it believes is crucial to the development of the Company and to safeguard the interests of the Company’s shareholders. The Company has taken effective measures to ensure that it is in compliance with the principles and provisions of the Code on Corporate Governance Practices (the “Code”). In the opinion of the Board, except for the deviations as disclosed in this report, the Company, has, throughout the year ended 31 December 2008, complied with the Code.

Directors’ securities transactions

The Board has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). None of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not in compliance with the Model Code and upon specific enquiry of all Directors, the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2008.

Board of Directors

To ensure objectivity and impartiality in the management of the Company, the Board is made up of a balance of Executive Directors and Non-executive Directors such that no individual or small group can dominate the Board’s decision making. The Board comprises a total of five members, with a Chairman, also the Managing Director, one Executive Director and three Independent Non-executive Directors. The Board, headed by Mr. Tan Boon Seng, is mainly responsible for overseeing the Company’s strategic development and monitoring the Company’s day-to-day management and operation. During the reporting period, Mr. Tan Boon Seng acted as an Executive Director, Chairman and Managing Director. Although this arrangement constitutes a deviation from the Code, the Board considers that this structure, where the leadership of the Board is distinct from the executive responsibilities for running of the business operations, will not impair the balance of power and authority between the Board and the management of the business, especially given that there is a strong and independent non-executive element on the Board and a clear division of responsibility for running the business of the Company. The Board further believes that vesting the roles of Chairman and Managing Director in the same person provides the Company with strong and consistent leadership in the development and execution of long-term business strategies.

Details of the composition of the Board, relationship among members of the Board, and biographical information of the Directors are set out in the section “Corporate Information” of this annual report. The Company has received annual confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

Report on Corporate Governance Practices (Cont'd)

Board of Directors (Cont'd)

In accordance with the Company's Articles of Association, one-third of the Directors shall be subject to retirement by rotation at each annual general meeting of the Company. In the opinion of the Directors, this meets the principle set out in Code provision A.4.2. According to Code provision A.4.1, Non-executive Directors should be appointed for a specific term and be subject to re-election. During the reporting period, none of the existing Non-executive Directors of the Company was appointed for a specific term. This constitutes a deviation from the Code but in the opinion of the Directors, since one-third of the Directors (Executive and Non-executive) will retire from office by rotation at each annual general meeting, this arrangement meets the same objective and is no less exacting than the Code. With respect to the appointment and removal of Directors, the Board considers such determination to be the Board's collective decision and thus does not intend to adopt the recommended best practice of the Code to set up a Nomination Committee.

The Directors acknowledge their responsibilities for overseeing the preparation of financial statements of the Company. The Board is mindful of its responsibility to present a balanced and clear assessment of the Company's financial position and prospects. The Board is satisfied that it has met this obligation.

Audit Committee

The Audit Committee comprises Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Yeung Chik Kin, being all the three Independent Non-executive Directors. Mr. Ho Hau Chong, Norman is the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference, which are in line with the Code. The Audit Committee met two times during the year to review the completeness, accuracy and fairness of the Company's financial statements, the Company's financial reporting system and internal control procedures, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Company's financial statements for the year ended 31 December 2008 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee comprises three Independent Non-executive Directors, Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Yeung Chik Kin. Mr. Ho Hau Chong, Norman is the Chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference, which are in line with the Code. The Remuneration Committee is responsible for reviewing the remuneration policy and remuneration packages of the Executive Directors and members of the senior management.

Directors' interests and short positions in shares, along with Directors' interests in contracts, are listed in the section "Directors' Report" of this annual report. Directors' remuneration is listed in the "Notes to the Financial Statements" of this annual report.

Report on Corporate Governance Practices (Cont'd)

Attendance at meeting of the Board, the Audit Committee and the Remuneration Committee

<u>Directors</u>	<u>Full Board</u>	<u>Audit Committee</u>	<u>Remuneration Committee</u>
Chairman and Managing Director Mr. Tan Boon Seng	4/4	–	–
Executive Director Mr. Chan Kai Kwok	4/4	–	–
Non-executive Directors Mr. Ang Guan Seng (passed away on 19.10.2008)	2/4	–	–
Independent Non-executive Directors Mr. Ho Hau Chong, Norman	4/4	2/2	1/1
Mr. Fung Ka Pun	3/4	1/2	0/1
Mr. Yeung Chik Kin	4/4	2/2	1/1

Nomination of Directors

The Board will meet to discuss nomination of Directors when circumstances required. Upon receipt of a nomination from members of the Board, a board meeting will then be convened to consider and discuss the nominated candidate(s) for the directorship. Criteria adopted by the Board in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirement under the Listing Rules.

Fees for audit and non-audit services

During the year, the Company engaged H. C. Watt & Company Limited to perform audit and non-audit related services and incurred audit related service fees of approximately HK\$475,000 (2007: HK\$551,000) and non-audit service fees of approximately HK\$332,000 (2007: HK\$287,000).

Internal control

The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, it was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

Report on Corporate Governance Practices (Cont'd)

Corporate communication

The Code requires the Company to have a dialogue with shareholders and it is the responsibility of the Board as a whole to ensure that satisfactory dialogue takes place. The primary communication channel between the Company and its shareholders is through the publication of its interim and annual reports. The Company's Registrars serve the shareholders with respect to all share registration matters. The Company's annual general meeting provides a further opportunity for investors to exchange views with the Board. The Chairman and the Chairman of the Audit Committee are available to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Director. Details of the poll voting procedures are included in the circular to shareholders despatched together with the annual report. The circular also includes details of the procedures and the timetable of proposing appropriate candidates to stand for election as Directors at annual general meetings, and relevant details of proposed resolutions, including biographies of each candidate standing for re-election and whether such candidates are considered to be independent.

Looking forward

The Company will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by The Stock Exchange of Hong Kong Limited.

Independent Auditor's Report

TO THE SHAREHOLDERS OF LEE HING DEVELOPMENT LIMITED (Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Lee Hing Development Limited set out on pages 20 to 58, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Independent Auditor's Report (Cont'd)

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 2008, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

H. C. WATT & COMPANY LIMITED

Certified Public Accountants
Room 1903 New World Tower
18 Queen's Road Central
Hong Kong

HENRY C. H. CHUI
Practising Certificate No. P599

24 March 2009

Consolidated Income Statement for the year ended 31 December 2008

	Note	2008 HK\$'000	2007 HK\$'000
Turnover	4	<u>180,413</u>	<u>76,562</u>
Revenue and income		80,116	62,738
Net gain on disposal of a subsidiary	6	462,641	–
Net gain on remeasurement of assets classified as held for sale		–	86,000
Unrealised (loss) gain on held for trading investments		(222,992)	24,975
Other operating expenses		<u>(75,973)</u>	<u>(13,606)</u>
Operating profit before finance costs	7	243,792	160,107
Finance costs	10	<u>(2,858)</u>	<u>(64)</u>
Operating profit after finance costs		240,934	160,043
Share of results of associates		<u>(42)</u>	<u>1,513</u>
Profit before taxation		240,892	161,556
Taxation	11(a)	<u>(5,731)</u>	<u>84</u>
Profit for the year		<u>235,161</u>	<u>161,640</u>
Attributable to:			
Equity holders of the Company	12	235,161	154,017
Minority interests		<u>–</u>	<u>7,623</u>
		<u>235,161</u>	<u>161,640</u>
Dividends	13		
Interim dividend paid		7,625	2,133
Final dividend proposed		<u>7,701</u>	<u>7,932</u>
		<u>15,326</u>	<u>10,065</u>
Earnings per share (HK cents)	14	<u>150.68</u>	<u>74.07</u>

Consolidated Balance Sheet as at 31 December 2008

	Note	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment	15	2,851	3,114
Leasehold land	16	13,770	13,786
Associates	18	3,752	5,814
Investments	19	692,432	458,796
Other non-current assets	20	<u>2,290</u>	<u>2,290</u>
		<u>715,095</u>	<u>483,800</u>
Current assets			
Held for trading investments	21	151,881	226,348
Other assets	22	295	295
Debtors, deposits and prepayments	23	1,964	291
Time deposits and bank balances		<u>256,432</u>	<u>65,453</u>
		410,572	292,387
Assets classified as held for sale	24(a)	<u>-</u>	<u>517,357</u>
		<u>410,572</u>	<u>809,744</u>
Current liabilities			
Bank loan	25	282,309	-
Creditors, deposits and accruals	26	6,558	3,736
Other payable	27	<u>348</u>	<u>348</u>
		289,215	4,084
Liabilities associated with assets classified as held for sale	24(b)	<u>-</u>	<u>469</u>
		<u>289,215</u>	<u>4,553</u>
Net current assets		<u>121,357</u>	<u>805,191</u>
Net assets		<u>836,452</u>	<u>1,288,991</u>

Consolidated Balance Sheet as at 31 December 2008 (Cont'd)

	Note	2008 HK\$'000	2007 HK\$'000
Equity			
Share capital	28	154,024	158,647
Reserves	29	674,727	963,257
Proposed final dividend		<u>7,701</u>	<u>7,932</u>
		836,452	1,129,836
Amounts recognised directly in equity relating to assets classified as held for sale	24(c)	<u>-</u>	<u>109,622</u>
Equity attributable to equity holders of the Company		836,452	1,239,458
Minority interests relating to assets classified as held for sale		<u>-</u>	<u>49,533</u>
Total equity		<u><u>836,452</u></u>	<u><u>1,288,991</u></u>

Tan Boon Seng
Director

Chan Kai Kwok
Director

Balance Sheet as at 31 December 2008

	Note	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Subsidiaries	17	–	4,657
Associates	18	–	–
Other non-current assets	20	<u>837,348</u>	<u>606,931</u>
		<u>837,348</u>	<u>611,588</u>
Current assets			
Debtors, deposits and prepayments	23	145	–
Bank balances		<u>606</u>	<u>845</u>
		751	845
Assets classified as held for sale	24(a)	<u>–</u>	<u>786,999</u>
		751	787,844
Current liabilities			
Creditors, deposits and accruals	26	<u>2,333</u>	<u>2,358</u>
Net current (liabilities) assets		<u>(1,582)</u>	<u>785,486</u>
Net assets		<u>835,766</u>	<u>1,397,074</u>
Equity			
Share capital	28	154,024	158,647
Reserves	29	674,041	1,230,495
Proposed final dividend		<u>7,701</u>	<u>7,932</u>
Total equity		<u>835,766</u>	<u>1,397,074</u>

Tan Boon Seng
Director

Chan Kai Kwok
Director

Consolidated Statement of Changes in Equity for the year ended 31 December 2008

	Share capital	Capital redemption reserve	Share premium	Capital reserve	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Retained profit	Proposed dividend	Equity attributable to equity holders of the Company	Minority interests relating to assets classified as held for sale/ Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2008	158,647	189,570	316,006	53,585	129,097	165,938	(19,475)	238,158	7,932	1,239,458	49,533	1,288,991
Realised on disposal of a subsidiary	-	-	-	-	(129,097)	-	19,475	-	-	(109,622)	(49,533)	(159,155)
Realised on disposals of available-for-sale unlisted investments	-	-	-	-	-	5,963	-	-	-	5,963	-	5,963
Fair value changes	-	-	-	-	-	(499,057)	-	-	-	(499,057)	-	(499,057)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	-	(15,271)	-	(15,271)	-	(15,271)
Income and expense recognised directly in equity	-	-	-	-	(129,097)	(493,094)	19,475	(15,271)	-	(617,987)	(49,533)	(677,520)
Profit for the year	-	-	-	-	-	-	-	235,161	-	235,161	-	235,161
Total recognised income and expense for the year	-	-	-	-	(129,097)	(493,094)	19,475	219,890	-	(382,826)	(49,533)	(432,359)
2007 final dividend	-	-	-	-	-	-	-	-	(7,932)	(7,932)	-	(7,932)
2008 interim dividend	-	-	-	-	-	-	-	(7,625)	-	(7,625)	-	(7,625)
2008 final dividend	-	-	-	-	-	-	-	(7,701)	7,701	-	-	-
Repurchase of shares	(4,623)	-	-	-	-	-	-	-	-	(4,623)	-	(4,623)
Transfer to capital redemption reserve upon share repurchases	-	4,623	-	-	-	-	-	(4,623)	-	-	-	-
	(4,623)	4,623	-	-	(129,097)	(493,094)	19,475	199,941	(231)	(403,006)	(49,533)	(452,539)
At 31.12.2008	154,024	194,193	316,006	53,585	-	(327,156)	-	438,099	7,701	836,452	-	836,452
At 1.1.2007	213,336	134,881	316,006	53,585	119,402	87,264	(23,441)	262,784	2,134	1,165,951	40,686	1,206,637
Realised on disposals of available-for-sale listed investments	-	-	-	-	-	(6,233)	-	-	-	(6,233)	-	(6,233)
Fair value changes	-	-	-	-	-	84,907	-	-	-	84,907	-	84,907
Share of associate's reserves	-	-	-	-	9,695	-	3,966	-	-	13,661	1,224	14,885
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	-	(113,889)	-	(113,889)	-	(113,889)
Income and expense recognised directly in equity	-	-	-	-	9,695	78,674	3,966	(113,889)	-	(21,554)	1,224	(20,330)
Profit for the year	-	-	-	-	-	-	-	154,017	-	154,017	7,623	161,640
Total recognised income and expense for the year	-	-	-	-	9,695	78,674	3,966	40,128	-	132,463	8,847	141,310
2006 final dividend	-	-	-	-	-	-	-	-	(2,134)	(2,134)	-	(2,134)
2007 interim dividend	-	-	-	-	-	-	-	(2,133)	-	(2,133)	-	(2,133)
2007 final dividend	-	-	-	-	-	-	-	(7,932)	7,932	-	-	-
Repurchase of shares	(54,689)	-	-	-	-	-	-	-	-	(54,689)	-	(54,689)
Transfer to capital redemption reserve upon share repurchases	-	54,689	-	-	-	-	-	(54,689)	-	-	-	-
	(54,689)	54,689	-	-	9,695	78,674	3,966	(24,626)	5,798	73,507	8,847	82,354
At 31.12.2007	158,647	189,570	316,006	53,585	129,097	165,938	(19,475)	238,158	7,932	1,239,458	49,533	1,288,991

Consolidated Cash Flow Statement for the year ended 31 December 2008

	Note	2008 HK\$'000	2007 HK\$'000
Net cash used in operating activities	30(a)	<u>(840,391)</u>	<u>(134,853)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(40)	(5)
Purchase of available-for-sale investments		(38,044)	–
(Increase) decrease in bank deposits pledged to banks		(240,365)	16,616
Net proceeds on disposals of property, plant and equipment		2	–
Disposal of a subsidiary	30(b),(c)	816,843	–
Net proceeds on disposal of an associate		245	–
Net proceeds on disposals of available-for-sale listed investments		–	15,005
Net proceeds on disposals of available-for-sale unlisted investments		<u>1,253</u>	<u>–</u>
Net cash from investing activities		<u>539,894</u>	<u>31,616</u>
Cash flows from financing activities			
New bank loan		299,943	–
Repurchase of shares		(4,623)	(189)
Premium and brokerage expenses paid on share repurchases		(15,271)	(4,889)
Dividends paid		(15,340)	(4,267)
Repayment of Notes payable		<u>–</u>	<u>(166,576)</u>
Net cash from (used in) financing activities		<u>264,709</u>	<u>(175,921)</u>
Net decrease in cash and cash equivalents		(35,788)	(279,158)
Cash and cash equivalents at beginning of year		57,159	336,309
Effect of foreign exchange rates changes		<u>(456)</u>	<u>8</u>
Cash and cash equivalents at end of year		<u>20,915</u>	<u>57,159</u>
Analysis of the balances of cash and cash equivalents			
Time deposits and bank balances		256,432	65,453
Time deposits and bank balances classified as held for sale		–	3,531
Bank deposits pledged to banks		<u>(235,517)</u>	<u>(11,825)</u>
		<u>20,915</u>	<u>57,159</u>

Notes to the Financial Statements

1. Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are property investment, investment holding, general investment and sales and purchases of securities.

2. Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs, which also include Hong Kong Accounting Standards (HKASs) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale investments and held for trading investments which are stated at fair value.

The Group has adopted the following HKFRSs that are effective for accounting periods beginning on or after 1 January 2008:

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new and revised HKFRSs does not have a significant impact on the Group's and the Company's results of operations and financial position for the financial years 2007 and 2008, except for the following amendments:

Amendments to HKAS 39 and HKFRS 7 – Reclassification of Financial Assets

During the year, the Group initially applied the Amendments to HKAS 39 and HKFRS 7 – Reclassification of Financial Assets. The Group reclassified certain listed securities previously classified as held for trading investments with an aggregate carrying amount and aggregate fair value of HK\$695,816,000 as at 1 July 2008 to available-for-sale investments because of the unusual financial market fluctuations at the global level happened in the last quarter of 2008. The Group expected to recover the carrying amount at the date of reclassification in the future periods. Decrease in fair value during the year of the reclassified investments recognised in the consolidated income statement and investment revaluation reserve amounted to HK\$117,800,000 (2007: increase of HK\$14,061,000) and HK\$280,951,000 (2007: nil) respectively. If these investments had not been reclassified, the decrease in fair value recognised in the consolidated income statement would have been HK\$398,751,000 (2007: increase of HK\$14,061,000).

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(a) Basis of preparation (Cont'd)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKAS 39 (Amendments)	Eligible Hedged Items	1 July 2009
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in Subsidiary, Jointly Controlled Entity and Associate	1 January 2009
HKFRS 1 (Revised)	First-time Adoption of HKFRSs	1 July 2009
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives	@
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate	1 January 2009
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners	1 July 2009
HK(IFRIC) – Int 18	Transfers of Assets from Customers	#
HKFRSs (Amendments)	Improvements to HKFRSs	*

@ Effective for accounting periods ending on or after 30 June 2009.

Effective for transfers on or after 1 July 2009.

* Effective for accounting periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(b) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to 31 December each year. Results of subsidiaries are consolidated from the acquisition date, being the date on which the Group obtains control, until the date such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent interests of outside shareholders in the results and net assets of the Company's subsidiaries.

(c) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Group has the power, directly or indirectly, to govern the financial and operating policy, so as to obtain benefits from their activities.

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

(d) Associates

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

Associates are accounted for using the equity method in the consolidated financial statements except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". They are initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets of associates, less any accumulated impairment losses. The Group's share of post-acquisition results and reserves of associates are recognised in the consolidated income statement and consolidated reserves respectively.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

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

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in the income statement.

Depreciation is provided to write off the cost of the assets, over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following annual rates.

Leasehold buildings	2% or over the remaining lease terms, if shorter
Equipment and motor vehicles	10% – 20%

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

(f) Leasehold land

Leasehold land is stated at cost less accumulated amortisation and amortised over the period of the lease on a straight line basis to the income statement.

(g) Operating leases

Leases where substantially all the rewards and risks of ownerships of assets remain with the lessor are accounted for as operating leases.

(h) Investments

Investments other than investments in subsidiaries, associates and embedded derivative are classified either as available-for-sale investments or financial assets at fair value through profit or loss.

Purchases and sales of investments are recognised and derecognised using trade date accounting. These investments are derecognised when the contractual rights to receive the cash flows from the investments have expired or have been transferred and the Group has transferred substantially the risks and rewards of ownership.

The fair value of a listed investment is determined on the basis of its quoted market price at the balance sheet date. For an unlisted investment, the Group uses the market value determined by independent financial institutions or fund managers to estimate its fair value.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(h) Investments (Cont'd)

Available-for-sale investments are initially recognised at fair value plus transaction costs and subsequently stated at fair value, or in the case of investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are subsequently stated at cost less any accumulated impairment losses. At each balance sheet date, the fair value is remeasured. Unrealised gains and losses from changes in fair value are recognised in investment revaluation reserve, except for impairment losses and in the case of monetary investments, exchange differences which are recognised in the income statement. Upon disposal of an investment, the difference between its carrying amount and the net sale proceeds and any accumulated fair value changes in investment revaluation reserve are included in the calculation of the profit or loss on disposal.

Available-for-sale investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment (such as a significant decline in the fair value of an investment in equity securities below its cost). An impairment loss is removed from investment revaluation reserve where relevant, and recognised in the income statement. Impairment losses in respect of available-for-sale equity securities are not reversed through income statement.

Financial assets at fair value through profit or loss comprise held for trading investments and financial assets designated at fair value through profit or loss on initial recognition. Financial assets at fair value through profit or loss are initially recognised at fair value with transaction costs recognised as expenses and subsequently stated at fair value. At each balance sheet date, the fair value is remeasured. Unrealised gains and losses from changes in fair value, including exchange differences, are recognised in the income statement. Upon disposal of an investment, the difference between its carrying amount and the net sale proceeds is included in the calculation of the profit or loss on disposal.

Derivatives are classified as held for trading investments unless they are designated as hedges. Derivatives are initially recognised at fair value on the date derivative contracts are entered into and are subsequently measured at their fair value. Changes in fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held for trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts and when the combined instruments are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire combined instruments are treated as held for trading.

The Group may conclude, however, that the equity component of the combined instrument may be sufficiently significant to preclude it from obtaining a reliable estimate of the entire instrument because the embedded derivative will be settled by an unquoted equity instrument whose fair value cannot be reliably measured. In that case, the combined instrument is measured at cost less any accumulated impairment losses.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(i) Impairment of assets

At each balance sheet date, assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. When an indication of impairment exists, the Group estimates the asset's recoverable amount, being the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount in the income statement. For the purpose of assessing impairment, assets are grouped as cash-generating units for which there are separately identifiable cash flows.

An impairment loss recognised in prior years for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement.

(j) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(k) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any accumulated impairment losses unless the effect of discounting would be immaterial, in which case they are stated at cost less any accumulated impairment losses. A provision for impairment of receivables is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all amounts due according to the original terms of receivables. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, net of outstanding bank overdrafts and short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

(m) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(n) Borrowings

Borrowings are initially recognised at the fair value of the consideration received net of transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

(o) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(p) Revenue recognition

Major categories of revenues are recognised in the financial statements on the following bases:

Sales of available-for-sale investments and held for trading investments are recognised on trade date.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Interest income is recognised on a time proportion basis on the principal outstanding and at the effective interest rate applicable.

(q) Employee benefits

Cost of accumulating compensated absences is recognised as an expense in the income statement and measured based on the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Obligations for contributions to the Mandatory Provident Fund Scheme are recognised as an expense in the income statement as incurred.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(r) Financial guarantees issued and contingent liabilities

Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within creditors, deposits and accruals. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and the amount of that claim on the Group is expected to exceed the amount currently carried in creditors, deposits, and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

Contingent liabilities

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

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

(s) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollars, which are the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity. On consolidation, the assets and liabilities of those foreign subsidiaries and associates that have a functional currency different from the presentation currency of the Group are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in translation reserve. On disposal of a foreign entity, the cumulative exchange difference which relates to that entity is included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements (Cont'd)

3. Significant accounting policies (Cont'd)

(t) Related parties

A party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party, exercise significant influence over the party or has joint control over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties include individuals (being members of key management personnel and significant shareholders, as well as close family members) and entities which are controlled, jointly-controlled or significantly influenced by such individuals. Related parties also include post-employment benefit plans for the benefit of employees of the Group or its related parties.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is determined on arm's length basis.

Unallocated items mainly comprise corporate assets, corporate liabilities, corporate and financing expenses.

4. Turnover

Analysis of the Group's turnover is as follows:

	2008 HK\$'000	2007 HK\$'000
Sales of available-for-sale listed investments	–	15,005
Sales of available-for-sale unlisted investments	1,253	4,059
Sales of held for trading listed investments	95,670	12,402
Sales of derivative financial instruments	12,189	–
Dividends from listed investments	47,126	21,877
Interest income on financial assets not at fair value through profit or loss – financial instrument with embedded derivative others	– 12,738	13,713 9,506
Interest income from unlisted investments	11,437	–
	<u>180,413</u>	<u>76,562</u>

Notes to the Financial Statements (Cont'd)

5. Segment reporting

(a) Business segments

The business segments of the Group are share investment and dealing.

	2008 HK\$'000	2007 HK\$'000
Segment revenue		
Turnover	<u>180,413</u>	<u>76,562</u>
Revenue and income	<u>78,988</u>	<u>77,712</u>
Segment results	(222,835)	64,106
Net gain on disposal of a subsidiary	462,641	–
Net gain on disposal of an associate	1,128	5,122
Net gain on remeasurement of assets classified as held for sale	–	86,000
Gain on early redemption of Notes payable	–	4,879
Finance costs	<u>–</u>	<u>(64)</u>
Operating profit after finance costs	<u>240,934</u>	<u>160,043</u>

(b) Geographical segments

Over 90% of the Group's revenue, assets and capital expenditure are derived from operations carried out in Hong Kong.

6. Net gain on disposal of a subsidiary

Net gain represents the gain on disposal of entire interest in a subsidiary, Sinonet Holdings Limited.

7. Operating profit before finance costs

	2008 HK\$'000	2007 HK\$'000
Operating profit before finance costs is stated after charging (crediting):		
Auditors' remuneration –		
audit services	475	471
others	332	187
Staff costs	2,030	2,117
Depreciation	303	302
Amortisation of leasehold land	16	16
Exchange loss (gain)	12,881	(905)
Net loss on derivative financial instruments	14,340	–
Net loss on financial assets at fair value through profit of loss	19,079	–
Net gain on disposals of available-for-sale listed investments	–	(6,436)
Net loss (gain) on disposals of available-for-sale unlisted investments	6,092	(130)
Net gain on disposals of held for trading listed investments	(7,682)	(60)
Net gain on disposal of an associate	(1,128)	(5,122)
(Gain) loss on disposals of property, plant and equipment	(2)	2
Gain on early redemption of Notes payable	–	(4,879)

Notes to the Financial Statements (Cont'd)

8. Directors' remuneration

The emoluments of the Directors are as follows:

2008

	Fees	Salaries, allowances and benefits	Contributions to retirement scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>				
Tan Boon Seng	80	4,589	151	4,820
Chan Kai Kwok	60	707	35	802
<i>Non-executive Directors</i>				
Ang Guan Seng (passed away on 19.10.2008)	48	-	-	48
<i>Independent Non-executive Directors</i>				
Ho Hau Chong, Norman	80	-	-	80
Fung Ka Pun	60	-	-	60
Yeung Chik Kin	60	-	-	60
	<u>388</u>	<u>5,296</u>	<u>186</u>	<u>5,870</u>

2007

	Fees	Salaries, allowances and benefits	Contributions to retirement scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>				
Tan Boon Seng	80	4,190	142	4,412
Chan Kai Kwok	60	648	32	740
<i>Non-executive Directors</i>				
Ang Guan Seng	60	-	-	60
Seow Yung Liang, Richard (resigned on 17.7.2007)	32	-	-	32
Ashish Jaiprakash Shastry (resigned on 17.7.2007)	32	-	-	32
<i>Independent Non-executive Directors</i>				
Ho Hau Chong, Norman	80	-	-	80
Fung Ka Pun	60	-	-	60
Yeung Chik Kin	60	-	-	60
	<u>464</u>	<u>4,838</u>	<u>174</u>	<u>5,476</u>

Notes to the Financial Statements (Cont'd)

8. Directors' remuneration (Cont'd)

The emoluments of Directors, including basic salary and performance bonus, are based on each Director's skill, knowledge and involvement in the Company's affairs, the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

There was no arrangement under which a Director had waived or agreed to waive any remuneration. Pursuant to an Annual Bonus Scheme approved by the Board, Mr. Tan Boon Seng was eligible to an annual cash bonus determinable under the terms of the Scheme. No such cash bonus was provided for the year (2007: nil).

9. Five highest-paid employees

During the year, the five highest-paid employees in the Group included two (2007: two) Directors, details of whose emoluments are included in the disclosure of Directors' remuneration. The details of the remaining three (2007: three) highest-paid non-director employees are as follows:

	2008 HK\$'000	2007 HK\$'000
Salaries and other emoluments	1,123	1,115
Contributions to retirement scheme	<u>56</u>	<u>56</u>
	<u>1,179</u>	<u>1,171</u>

The emoluments of each of the non-director employee were below HK\$1,000,000 for 2008 and 2007.

10. Finance costs

	2008 HK\$'000	2007 HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss – interest on bank loan and overdrafts (wholly repayable within 5 years)	2,858	3
interest on Notes payable (wholly repayable within 5 years)	<u>–</u>	<u>61</u>
	<u>2,858</u>	<u>64</u>

Notes to the Financial Statements (Cont'd)

11. Taxation

(a) Income tax expenses (income) are made up as follows:

	2008 HK\$'000	2007 HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	5,731	552
Overprovision in prior years	—	(636)
	<u>5,731</u>	<u>(84)</u>

No Hong Kong profits tax has been provided for the Company and its subsidiaries for the 2008/09 year of assessment (2007/08: no provision) as no assessable profit was earned during the year.

Overseas taxation represents withholding tax on dividend income received by the Group from overseas listed investments.

(b) The reconciliation between tax expenses (income) and accounting profit of the Group in the financial statements is as follows:

	2008 HK\$'000	2007 HK\$'000
Profit before taxation	240,892	161,556
Share of results of associates	42	(1,513)
	<u>240,934</u>	<u>160,043</u>
Tax at the domestic tax rate of 16.5% (2007: 17.5%)	39,754	28,007
Tax effect of net income that is not taxable in determining taxable profit	(41,800)	(29,797)
Tax effect of unrecognised tax losses in the year	2,046	1,790
Overprovision in prior years	—	(636)
Overseas withholding tax	5,731	552
	<u>5,731</u>	<u>(84)</u>
Total tax expenses (income)	<u>5,731</u>	<u>(84)</u>

Notes to the Financial Statements (Cont'd)

11. Taxation (Cont'd)

(c) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the balance sheet and the movement during the year are as follows:

	Accelerated tax depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
<u>Group</u>			
At 1.1.2007	99	(99)	–
(Credit) charge to income statement for the year	<u>(20)</u>	<u>20</u>	<u>–</u>
At 31.12.2007	79	(79)	–
(Credit) charge to income statement for the year	(16)	16	–
Effect of change in tax rate	<u>(5)</u>	<u>5</u>	<u>–</u>
At 31.12.2008	<u>58</u>	<u>(58)</u>	<u>–</u>

- (d) At the balance sheet date, the Group had unused tax losses of HK\$76,722,000 (2007: HK\$64,418,000) available for set off against future taxable profit. A deferred tax asset has been recognised in respect of HK\$351,000 (2007: HK\$450,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$76,371,000 (2007: HK\$63,968,000) due to unpredictability of future taxable profit streams. The tax losses do not expire under current tax legislation.

12. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company includes loss of HK\$525,857,000 (2007: profit of HK\$506,883,000) which has been dealt with in the financial statements of the Company.

13. Dividends

	2008 HK\$'000	2007 HK\$'000
Interim dividend paid – 5 HK cents per share (2007: 1 HK cent per share)	7,625	2,133
Final dividend proposed – 5 HK cents per share (2007: 5 HK cents per share)	<u>7,701</u>	<u>7,932</u>
	<u>15,326</u>	<u>10,065</u>

Notes to the Financial Statements (Cont'd)

14. Earnings per share

The calculation of earnings per share is based on profit attributable to equity holders of the Company of HK\$235,161,000 (2007: HK\$154,017,000) and the weighted average of 156,062,110 shares (2007: 207,947,797 shares) of HK\$1 each in issue during the year.

15. Property, plant and equipment

Group

	Leasehold buildings in Hong Kong – long lease <u>HK\$'000</u>	Equipment and motor vehicles <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
Cost			
At 1.1.2007	2,900	1,678	4,578
Additions	–	5	5
Disposals	–	(18)	(18)
At 31.12.2007	2,900	1,665	4,565
Additions	–	40	40
Disposals	–	(64)	(64)
At 31.12.2008	2,900	1,641	4,541
Accumulated depreciation			
At 1.1.2007	290	875	1,165
Provision	58	244	302
Write back	–	(16)	(16)
At 31.12.2007	348	1,103	1,451
Provision	58	245	303
Write back	–	(64)	(64)
At 31.12.2008	406	1,284	1,690
Net book amount			
At 31.12.2008	2,494	357	2,851
At 31.12.2007	2,552	562	3,114

Notes to the Financial Statements (Cont'd)

16. Leasehold land

	<u>Group</u>	
	2008	2007
	HK\$'000	HK\$'000
Cost		
At 1 January and at 31 December	13,884	13,884
Accumulated amortisation		
At 1 January	98	82
Amortisation for the year	16	16
At 31 December	114	98
Net book amount		
At 31 December	13,770	13,786

Leasehold land was held in Hong Kong under long lease.

17. Subsidiaries

	<u>Company</u>	
	2008	2007
	HK\$'000	HK\$'000
Unlisted shares, at cost	20,700	20,700
Less: Impairment losses	(20,700)	(16,043)
	-	4,657

Details of the subsidiaries are as follows:

Unlisted companies	Principal activities	Issued and paid up ordinary share capital/ registered capital	Places of incorporation/ operation	Percentage of equity interest held	
				by the Company	by the Group
HK 8 Limited	Investment holding	1 share of US\$1	Liberia	-	100
HK 12 Limited	Investment holding	1 share of US\$1	Liberia	-	100
HK 28 Limited	Sales and purchases of securities	1 share of US\$1	Liberia	-	100
HK 333 Limited	General investment	1 share of US\$1	Liberia	-	100
HK 368 Limited	Investment holding	1 share of US\$1	Liberia	-	100
HK 888 Limited	Investment holding and sales and purchases of securities	1 share of US\$1	Liberia	-	100
Lee Hing Investment Company, Limited	Property investment and investment holding	2,000 ordinary shares of HK\$1,000 each	Hong Kong	100	-
Wang Tak Company Limited	Sales and purchases of securities	1,000 ordinary shares of HK\$1,000 each	Hong Kong	100	-

Notes to the Financial Statements (Cont'd)

18. Associates

	<u>Group</u>	
	2008 HK\$'000	2007 HK\$'000
Unlisted investments		
Share of net assets	20,782	22,844
Less: Impairment losses	(17,030)	(17,030)
	<u>3,752</u>	<u>5,814</u>
	<u>Company</u>	
	2008 HK\$'000	2007 HK\$'000
Unlisted investments		
Shares, at cost	156	156
Less: Impairment losses	(156)	(156)
	<u>-</u>	<u>-</u>

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

	2008 HK\$'000	2007 HK\$'000
Total assets	12,278	24,089
Total liabilities	(1,514)	(1,830)
Revenue	419	1,999
(Loss) profit for the year	(135)	2,265

The Group's associate, Infinity Goal Limited, was disposed of during the year.

Details of associates are as follows:

Unlisted companies	Principal activities	Places of incorporation/ operation	Issued and paid up ordinary share capital/ registered capital	Percentage of equity interest held	
				by the Company	by the Group
Cheer Star Development Limited*	Dormant	Hong Kong	10,000 ordinary shares of HK\$1 each	-	28
Double Golden Sdn. Bhd.*	Dormant	Malaysia	RM2	-	50
Key Finance Limited*	Investment holding	British Virgin Islands	81,591,755 'A' shares of HK\$0.01 each and 81,591,755 'B' shares of HK\$0.01 each	-	100
Parkway M & A Capital Corporation*	Investment holding	British Virgin Islands	4,500,000 shares of US\$1 each	-	39
Phil Inc.*	Dormant	U.S.A.	100,000 common shares of US\$1 each	20	20
Start Hold Limited*	Investment holding	Hong Kong	6 ordinary shares of HK\$1 each	-	33

* Companies not audited by H. C. Watt & Company Limited.

Notes to the Financial Statements (Cont'd)

19. Investments

	<u>Group</u>	
	2008	2007
	HK\$'000	HK\$'000
Available-for-sale investments		
Listed unit trust, at market value		
Overseas	52,300	–
Listed equity securities, at market value		
Overseas	629,655	446,936
Unlisted equity securities		
At cost	57,644	57,644
Less: Impairment losses	(47,167)	(47,167)
	10,477	10,477
At fair value	–	1,383
	<u>692,432</u>	<u>458,796</u>

Details of the significant available-for-sale investments are as follows:

Listed companies	Places of incorporation	Class of shares	Equity interest held
Padiberas Nasional Berhad	Malaysia	Ordinary shares of RM1 each	28.67% (2007: 14.34%)
Gold IS Berhad	Malaysia	Ordinary shares of RM1 each	7.89% (2007: 6.60%)
Wing Tai Holdings Limited	Singapore	Ordinary shares	4.28% (2007: nil)

The Group's total interests in Padiberas Nasional Berhad are in excess of 20%. As the Group does not have any representative in board of directors of Padiberas Nasional Berhad, the Group's investment in Padiberas Nasional Berhad is not accounted for as an associate.

The unlisted equity securities do not have quoted market prices in an active market and other methods of reasonably estimating fair value are clearly unworkable as the variability in the range of various reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. They are therefore stated at cost less accumulated impairment losses.

Notes to the Financial Statements (Cont'd)

20. Other non-current assets

	<u>Group</u>		<u>Company</u>	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Amounts due from subsidiaries	–	–	1,809,558	1,024,591
Provision for impairment losses	<u>–</u>	<u>–</u>	<u>(972,210)</u>	<u>(417,660)</u>
	-----	-----	-----	-----
	–	–	837,348	606,931
Amounts due from associates	4,893	4,893	2,044	2,044
Provision for impairment losses	<u>(2,603)</u>	<u>(2,603)</u>	<u>(2,044)</u>	<u>(2,044)</u>
	-----	-----	-----	-----
	2,290	2,290	–	–
	<u>2,290</u>	<u>2,290</u>	<u>837,348</u>	<u>606,931</u>

Amounts due from subsidiaries and amounts due from associates are unsecured, non-interest bearing with no fixed term of repayment and not past due.

Company

Subsidiaries

HK\$'000

Movements in provision for impairment losses are as follows:

At 1.1.2007	860,825
Write back	(24,780)
Reclassified	<u>(418,385)</u>
At 31.12.2007	417,660
Provision	<u>554,550</u>
At 31.12.2008	<u>972,210</u>

Notes to the Financial Statements (Cont'd)

21. Held for trading investments

	<u>Group</u>	
	2008 HK\$'000	2007 HK\$'000
Listed unit fund, at market value		
Overseas	19,521	37,457
Listed equity securities, at market value		
Overseas	1,991	188,891
Hong Kong	130,369	–
	<u>151,881</u>	<u>226,348</u>

Details of the significant held for trading investments are as follows:

Listed company	Place of incorporation	Class of shares	Equity interest held
PetroChina Company Limited	The People's Republic of China	"H" shares of RMB1 each	0.06% (2007: nil)

22. Other assets

	<u>Group</u>	
	2008 HK\$'000	2007 HK\$'000
Club debenture	295	295

23. Debtors, deposits and prepayments

The Group maintains a defined credit policy on its trade debtors.

	<u>Group</u>		<u>Company</u>	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Trade debtors				
Below 30 days	1,580	85	–	–
Other debtors, deposits and prepayments	384	206	145	–
	<u>1,964</u>	<u>291</u>	<u>145</u>	<u>–</u>

Notes to the Financial Statements (Cont'd)

24. Assets classified as held for sale

(a) Assets classified as held for sale comprise:

	<u>Group</u>		<u>Company</u>	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Subsidiary (1 share of US\$1)	-	-	-	-
Associate	-	234,688	-	-
Financial instrument with embedded derivative	-	265,424	-	-
Amount due from subsidiary	-	-	-	786,999
Debtors, deposits and prepayments	-	13,714	-	-
Time deposits and bank balances	-	3,531	-	-
	<u>-</u>	<u>517,357</u>	<u>-</u>	<u>786,999</u>

(b) Liabilities associated with assets classified as held for sale comprise:

	<u>Group</u>	
	2008 HK\$'000	2007 HK\$'000
Creditors, deposits and accruals	-	469

(c) Amounts recognised directly in equity relating to assets classified as held for sale comprise:

	<u>Group</u>	
	2008 HK\$'000	2007 HK\$'000
Property revaluation reserve	-	129,097
Translation reserve	-	(19,475)
	<u>-</u>	<u>109,622</u>

In 2007, the classes of assets, liabilities and equity relating to Sinonet Holdings Limited were reclassified as above. Minority interests relating to assets classified as held for sale were separately disclosed in the consolidated balance sheet.

Notes to the Financial Statements (Cont'd)

25. Bank loan

	<u>Group</u>	
	2008	2007
	HK\$'000	HK\$'000
Secured bank loan	<u>282,309</u>	<u>—</u>

The bank loan is secured by certain assets of the Group as mentioned in note 31 to the financial statements.

26. Creditors, deposits and accruals

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors	—	—	—	—
Other creditors, deposits and accruals	<u>6,558</u>	<u>3,736</u>	<u>2,333</u>	<u>2,358</u>
	<u>6,558</u>	<u>3,736</u>	<u>2,333</u>	<u>2,358</u>

27. Other payable

	<u>Group</u>	
	2008	2007
	HK\$'000	HK\$'000
Amount due to an investee company	<u>348</u>	<u>348</u>

Amount due to an investee company is unsecured, non-interest bearing and with no fixed term of repayment.

Notes to the Financial Statements (Cont'd)

28. Share capital

	2008 HK\$'000	2007 HK\$'000
Authorised		
Ordinary shares of HK\$1 each	<u>410,000</u>	<u>410,000</u>
Issued and fully paid		
Ordinary shares of HK\$1 each		
Balance at beginning of year	158,647	213,336
Repurchase of shares	<u>(4,623)</u>	<u>(54,689)</u>
Balance at end of year	<u>154,024</u>	<u>158,647</u>

Repurchase of shares

During the year, the Company repurchased 4,623,000 of its own shares on The Stock Exchange of Hong Kong Limited. The particulars of repurchases are as follows:

Months of repurchases	Number of shares	Price per share paid	Aggregate price paid
		Highest/Lowest HK\$	HK\$'000
<u>2008</u>			
January	457,000	4.90/4.20	2,095
February	102,000	4.56/4.51	462
March	33,000	4.59/4.53	150
April	1,298,000	4.55/4.53	5,884
May	150,000	4.53/4.50	677
June	350,000	4.50	1,575
July	1,335,000	4.50	6,008
September	372,000	3.95/3.75	1,428
October	377,000	3.70/2.70	1,188
November	100,000	2.60/2.50	255
December	<u>49,000</u>	2.40/2.35	<u>117</u>
	<u>4,623,000</u>		<u>19,839</u>

The above-mentioned shares were cancelled upon repurchases and, accordingly, the issued share capital of the Company was diminished by the nominal value of these shares. The premium and brokerage expenses paid on repurchases were charged against retained profit and an amount equivalent to the nominal value of the shares cancelled was transferred from retained profit to the capital redemption reserve account as shown in note 29 to the financial statements. The repurchases were made for the purpose of enhancing the net asset value per share of the Company.

Notes to the Financial Statements (Cont'd)

29. Reserves

Group

	2008 HK\$'000	2007 HK\$'000
Capital redemption reserve	194,193	189,570
Share premium	316,006	316,006
Capital reserve	53,585	53,585
Property revaluation reserve	–	129,097
Investment revaluation reserve	(327,156)	165,938
Translation reserve	–	(19,475)
Retained profit	<u>438,099</u>	<u>238,158</u>
	674,727	1,072,879
Amounts recognised directly in equity relating to assets classified as held for sale	<u>–</u>	<u>(109,622)</u>
	<u>674,727</u>	<u>963,257</u>

The movements of the Group's reserves for the years ended 31 December 2008 and 31 December 2007 are presented in the consolidated statement of changes in equity on page 24 of the financial statements.

The application of share premium and capital redemption reserve is governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the balance sheet date and is dealt with in accordance with the accounting policy of available-for-sale investments as set out in note 3(h) to the financial statements.

Property revaluation reserve and translation reserve represent share of an associate's reserves.

Notes to the Financial Statements (Cont'd)

29. Reserves (Cont'd)

Company

	Capital redemption reserve	Share premium	Capital reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2007	134,881	316,006	53,585	343,094	847,566
Profit for the year	-	-	-	506,883	506,883
Dividends	-	-	-	(10,065)	(10,065)
Premium and brokerage expenses paid on share repurchases	-	-	-	(113,889)	(113,889)
Transfer to capital redemption reserve upon share repurchases	<u>54,689</u>	<u>-</u>	<u>-</u>	<u>(54,689)</u>	<u>-</u>
At 31.12.2007	189,570	316,006	53,585	671,334	1,230,495
Loss for the year	-	-	-	(525,857)	(525,857)
Dividends	-	-	-	(15,326)	(15,326)
Premium and brokerage expenses paid on share repurchases	-	-	-	(15,271)	(15,271)
Transfer to capital redemption reserve upon share repurchases	<u>4,623</u>	<u>-</u>	<u>-</u>	<u>(4,623)</u>	<u>-</u>
At 31.12.2008	<u>194,193</u>	<u>316,006</u>	<u>53,585</u>	<u>110,257</u>	<u>674,041</u>

At balance sheet date, the reserves of the Company available for distribution to shareholders, as calculated under the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$117,958,000 (2007: HK\$679,266,000), without taking into account of proposed final dividend for the year.

Notes to the Financial Statements (Cont'd)

30. Notes to consolidated cash flow statement

(a) Reconciliation of profit before taxation to net cash used in operating activities is set out below:

	2008 HK\$'000	2007 HK\$'000
Cash flows from operating activities		
Profit before taxation	240,892	161,556
Adjustments for:		
Depreciation	303	302
Amortisation of leasehold land	16	16
Share of results of associates	42	(1,513)
Net gain on disposal of a subsidiary	(462,641)	–
Net gain on disposal of an associate	(1,128)	(5,122)
Net gain on disposals of available-for-sale listed investments	–	(6,436)
Net loss (gain) on disposals of available-for-sale unlisted investments	6,092	(130)
Net gain on remeasurement of assets classified as held for sale	–	(86,000)
Unrealised loss (gain) on held for trading investments	222,992	(24,975)
(Gain) loss on disposals of property, plant and equipment	(2)	2
Gain on early redemption of Notes payable	–	(4,879)
Exchange gain	(551)	(805)
Finance costs	2,858	64
Interest income	(24,175)	(23,219)
Dividend income	(47,126)	(21,877)
	<u> </u>	<u> </u>
Operating loss before working capital changes	(62,428)	(13,016)
Increase in held for trading investments	(844,341)	(162,488)
(Increase) decrease in debtors, deposits and prepayments	(177)	485
Increase (decrease) in creditors, deposits and accruals	2,359	(67)
	<u> </u>	<u> </u>
Cash used in operations	(904,587)	(175,086)
Dividend received from associate	2,903	9,638
Dividends received	45,643	21,877
Interest received	24,162	10,137
Finance costs paid	(2,781)	(867)
Overseas tax paid	(5,731)	(552)
	<u> </u>	<u> </u>
Net cash used in operating activities	<u> </u> <u> </u>	<u> </u> <u> </u>

Notes to the Financial Statements (Cont'd)

30. Notes to consolidated cash flow statement (Cont'd)

(b) Disposal of a subsidiary

	2008 HK\$'000	2007 HK\$'000
Net assets disposed of:		
Associate	234,688	—
Financial instrument with embedded derivative	265,424	—
Debtors, deposits and prepayments	13,714	—
Time deposits and bank balances	3,531	—
Creditors, deposits and accruals	(469)	—
Property revaluation reserve	(129,097)	—
Translation reserve	19,475	—
Minority interests	(49,533)	—
	<u>357,733</u>	<u>—</u>
Net gain on disposal of a subsidiary	<u>462,641</u>	<u>—</u>
	<u>820,374</u>	<u>—</u>
Satisfied by:		
Cash consideration (net of expenses)	<u>820,374</u>	<u>—</u>
(c) Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary		
Cash consideration (net of expenses)	820,374	—
Time deposits and bank balance disposed of	<u>(3,531)</u>	<u>—</u>
	<u>816,843</u>	<u>—</u>

(d) Non-cash transaction

During the year, the Group reclassified held for trading investments of HK\$695,816,000 to available-for-sale investments.

31. Pledge of assets

The Group pledged its leasehold land and buildings, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of HK\$945,000,000 (2007: HK\$637,000,000) as security for banking facilities extended to the Group in the sum of HK\$722,000,000 (2007: HK\$51,200,000).

Notes to the Financial Statements (Cont'd)

32. Financial instruments

(a) Exposure to credit, currency, price, interest rate and liquidity risks arises in the normal course of the Group's business. These risks are limited by the Group's financial policies and practices described below.

(i) Credit risk

The carrying amounts of financial assets and the amount of guarantee as mentioned in note 37 to the financial statements represent the amounts of maximum exposure to credit risk. The Group's credit risk is primarily attributable to bank deposits and amounts due from associates and trade debtors as mentioned in notes 20 and 23 to the financial statements respectively. The Company's credit risk is primarily attributable to bank deposits and amounts due from subsidiaries and the amount of guarantee as mentioned in notes 20 and 37 to the financial statements respectively. Except for those that are impaired, the management is satisfied with credit quality of financial assets. The Group has significant concentrations of credit risk on bank deposits of HK\$235,517,000 (2007: HK\$11,825,000) placed in a bank. The credit risk is limited because the bank is an authorised financial institution with high credit rating. The management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(ii) Currency risk

The Group is exposed to currency risk on the following financial instruments denominated in Malaysian Ringgit and Singapore dollars. The management manages and monitors the exposures to ensure appropriate measures are implemented on a timely and effective manner.

	2008 HK\$'000	2007 HK\$'000
Available-for-sale investments	681,955	446,936
Held for trading investments	1,991	188,891
Time deposits and bank balances	235,617	11,897
Bank loan	(282,309)	—
	<u>637,254</u>	<u>647,724</u>

At 31 December 2008, if the foreign currencies had strengthened/weakened 10% against Hong Kong dollars with all other variables held constant, the potential effects on profit after tax and components of equity are as follows:

	2008 HK\$'000	2007 HK\$'000
Decrease/increase in profit after tax and retained profit	<u>4,470</u>	<u>(20,079)</u>
Increase/decrease in investment revaluation reserve	<u>68,196</u>	<u>44,694</u>

The 10% increase/decrease represents management's assessment of the likely maximum change in exchange rates over the period until the next annual balance sheet date.

Notes to the Financial Statements (Cont'd)

32. Financial instruments (Cont'd)

(ii) Currency risk (Cont'd)

The Group is also exposed to currency risk on the following financial instruments denominated in United States dollars ("USD"). As USD are pegged to Hong Kong dollars ("HKD"), the Directors do not expect any significant movements in USD/ HKD exchange rate.

	2008 HK\$'000	2007 HK\$'000
Held for trading investments	19,521	37,457
Time deposits and bank balances	<u>5,886</u>	<u>13,542</u>
	<u>25,407</u>	<u>50,999</u>

(iii) Price risk

The following available-for-sale investments and held for trading investments are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investment with different risk profiles.

	2008 HK\$'000	2007 HK\$'000
Available-for-sale investments	681,955	448,319
Held for trading investments	<u>151,881</u>	<u>226,348</u>
	<u>833,836</u>	<u>674,667</u>

At 31 December 2008, if the equity security price had increased/decreased 10% with all other variables held constant, the potential effects on profit after tax and components of equity are as follows:

	2008 HK\$'000	2007 HK\$'000
Increase/decrease in profit after tax and retained profit	<u>15,188</u>	<u>22,635</u>
Increase/decrease in investment revaluation reserve	<u>68,196</u>	<u>44,832</u>

The 10% increase/decrease represents management's assessment of the likely maximum change in equity security prices over the period until the next annual balance sheet date.

Notes to the Financial Statements (Cont'd)

32. Financial instruments (Cont'd)

(iv) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group's policy is to obtain the most favourable interest rates available for its deposits and borrowings. The following financial assets are exposed to interest rate risk:

	2008 HK\$'000	2007 HK\$'000
Time deposits and bank balances	<u>255,316</u>	<u>67,690</u>

At 31 December 2008, if the interest rate had increased/decreased by 25 basis points (2007: 100 basis points) with all other variables held constant, the potential effects on profit after tax and components of equity are as follows:

	2008 HK\$'000	2007 HK\$'000
Increase/decrease in profit after tax and retained profit	<u>638</u>	<u>677</u>

The following financial liabilities are exposed to interest rate risk

	2008 HK\$'000	2007 HK\$'000
Bank loan	<u>282,309</u>	<u>–</u>

At 31 December 2008, if the interest rate had increased/decreased by 100 basis points with all other variables held constant, the potential effects on profit after tax and components of equity are as follows:

	2008 HK\$'000	2007 HK\$'000
Decrease/increase in profit after tax and retained profit	<u>2,823</u>	<u>–</u>

The 25 and 100 basis points increase/decrease represent management's assessment of the likely maximum change in interest rates over the period until the next annual balance sheet date.

Notes to the Financial Statements (Cont'd)

32. Financial instruments (Cont'd)

(v) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. The Group does not have any significant exposure to liquidity risk as the Group is in net current asset position. Maturities of the financial liabilities of the Group are as follows:

	2008 HK\$'000	2007 HK\$'000
Total amounts of contractual undiscounted cash flow		
Bank loan	282,309	–
Creditors, deposits and accruals	6,558	4,205
Other payable	<u>348</u>	<u>348</u>
	<u>289,215</u>	<u>4,553</u>
Due for payment within one year	<u>289,215</u>	<u>4,553</u>

Maturities of the financial liabilities of the Company are as follows:

	2008 HK\$'000	2007 HK\$'000
Total amounts of contractual undiscounted cash flow		
Creditors, deposits and accruals	<u>2,333</u>	<u>2,358</u>
Due for payment within one year	<u>2,333</u>	<u>2,358</u>

(b) The Directors have considered that the carrying amounts of all financial assets and liabilities approximate their fair values at each balance sheet date except as follows:

- (i) Certain investments are stated at cost less accumulated impairment losses as mentioned in note 19 to the financial statements.
- (ii) Amounts due from subsidiaries and amounts due from associates are unsecured, non-interest bearing and with no fixed term of repayment. Given these terms, it is not meaningful to disclose fair values.

Notes to the Financial Statements (Cont'd)

33. Capital management

The Group's objectives when managing capital are:

- (a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (b) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group sets the amount of capital in proportion to risk. 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 Group monitors capital on the basis of the debt-to-equity ratio. During the year, the Group's strategy was unchanged. The debt-to-equity ratios for the years 2008 and 2007 are as follow:

	2008 HK\$'000	2007 HK\$'000
Current liabilities	<u>289,215</u>	<u>4,553</u>
Total debt	<u>289,215</u>	<u>4,553</u>
Total equity	<u>836,452</u>	<u>1,288,991</u>
Debt-to-equity ratio	<u>0.346</u>	<u>0.004</u>

The increase was due to increase in debt.

34. Accounting judgement and estimates

Other than notes 18 and 20 to the financial statements, there is no significant risk of key assumptions concerning the future and other key sources of estimation at the balance sheet date which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

35. Related party transactions

Details of material related party transactions are as follows:

- (a) Directors' remuneration is disclosed in note 8 to the financial statements.
- (b) Amounts due from associates are disclosed in note 20 to the financial statements.

Notes to the Financial Statements (Cont'd)

36. Retirement scheme

All the employees of the Group are members of the Mandatory Provident Fund Scheme. Under the Mandatory Provident Fund Scheme, the Group and its employees each made contributions to the scheme calculated at 5% of the employees' relevant income on a monthly basis. The amount of contributions charged to the income statement for the year was HK\$282,000 (2007: HK\$275,000).

37. Contingent liabilities

	<u>Group</u>		<u>Company</u>	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Guarantees for credit facilities granted to subsidiaries	<u>–</u>	<u>–</u>	<u>722,000</u>	<u>51,200</u>

38. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

39. Approval of financial statements

The financial statements were approved by the Board of Directors on 24 March 2009.

Five Year Financial Summary

	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover					
Continuing operations	180,413	76,562	124,716	206,872	255,323
Discontinued operation	<u>—</u>	<u>—</u>	<u>2,071</u>	<u>8,258</u>	<u>—</u>
	<u>180,413</u>	<u>76,562</u>	<u>126,787</u>	<u>215,130</u>	<u>255,323</u>
Profit for the year					
Continuing operations	235,161	161,640	43,536	22,965	132,292
Discontinued operation	<u>—</u>	<u>—</u>	<u>4,210</u>	<u>11,424</u>	<u>—</u>
	<u>235,161</u>	<u>161,640</u>	<u>47,746</u>	<u>34,389</u>	<u>132,292</u>
Attributable to:					
Equity holders of the Company	235,161	154,017	54,029	42,880	132,956
Minority interests	<u>—</u>	<u>7,623</u>	<u>(6,283)</u>	<u>(8,491)</u>	<u>(664)</u>
	<u>235,161</u>	<u>161,640</u>	<u>47,746</u>	<u>34,389</u>	<u>132,292</u>
Dividends	<u>15,326</u>	<u>10,065</u>	<u>4,267</u>	<u>4,267</u>	<u>4,242</u>
Non-current assets	715,095	483,800	979,612	896,542	1,104,044
Current assets	<u>410,572</u>	<u>809,744</u>	<u>404,540</u>	<u>325,544</u>	<u>175,927</u>
Total assets	1,125,667	1,293,544	1,384,152	1,222,086	1,279,971
Current liabilities	<u>289,215</u>	<u>4,553</u>	<u>177,515</u>	<u>208,390</u>	<u>36,874</u>
	836,452	1,288,991	1,206,637	1,013,696	1,243,097
Non-current liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>200,030</u>
Net assets	<u>836,452</u>	<u>1,288,991</u>	<u>1,206,637</u>	<u>1,013,696</u>	<u>1,043,067</u>

Five Year Financial Summary (Cont'd)

	2008	2007	2006	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity					
Share capital	154,024	158,647	213,336	213,336	213,336
Reserves	674,727	963,257	950,481	756,257	778,737
Proposed final dividend	<u>7,701</u>	<u>7,932</u>	<u>2,134</u>	<u>2,133</u>	<u>2,133</u>
	836,452	1,129,836	1,165,951	971,726	994,206
Amounts recognised directly in equity relating to assets classified as held for sale	<u>-</u>	<u>109,622</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity attributable to equity holders of the Company	836,452	1,239,458	1,165,951	971,726	994,206
Minority interests	-	-	40,686	41,970	48,861
Minority interests relating to assets classified as held for sale	<u>-</u>	<u>49,533</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>836,452</u>	<u>1,288,991</u>	<u>1,206,637</u>	<u>1,013,696</u>	<u>1,043,067</u>
Earnings per share (HK cents)					
From continuing and discontinued operations	<u>150.68</u>	<u>74.07</u>	<u>25.32</u>	<u>20.10</u>	<u>61.05</u>
From continuing operations	<u>150.68</u>	<u>74.07</u>	<u>23.35</u>	<u>14.74</u>	<u>61.05</u>
Dividends per share (HK cents)	10.00	6.00	2.00	2.00	2.00