WINSOR PROPERTIES HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

南 聯 地 產 控 股 有 限 公 司

開 曼 群 島 註 冊 成 立 之 有 限 公 司

Stock Code 股份代號: 1036

Annual Report **2008**

Contents

Corporate Information

BOARD OF DIRECTORS

CHENG Wai Chee, Christopher, GBS, JP ☆Δ *Chairman*
CHOW Wai Wai, John *Managing Director*
Lord SANDBERG, CBE ★
Christopher Patrick LANGLEY, OBE ★
LO Ka Shui, GBS, JP ★
Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP ★
CHENG Wai Sun, Edward, SBS, JP ☆Δ
CHEN CHOU Mei Mei, Vivien
CHUNG Hon Sing, John
AU Hing Lun, Dennis

★ *Independent Non-Executive Director*
☆ *Non-Executive Director*
Δ *Alternate: FUNG Ching Man, Janet*

AUDIT COMMITTEE

Christopher Patrick LANGLEY, OBE *Chairman*
Haider Hatam Tyebjee BARMA,
GBS, CBE, ISO, JP
CHENG Wai Chee, Christopher, GBS, JP ▲

▲ *Alternate: FUNG Ching Man, Janet*

REMUNERATION COMMITTEE

Haider Hatam Tyebjee BARMA, *Chairman*
GBS, CBE, ISO, JP
Christopher Patrick LANGLEY, OBE
CHOW Wai Wai, John

NOMINATION COMMITTEE

LO Ka Shui, GBS, JP *Chairman*
Haider Hatam Tyebjee BARMA,
GBS, CBE, ISO, JP ^
CHENG Wai Chee, Christopher, GBS, JP

^ *Alternate: Christopher Patrick LANGLEY, OBE*

COMPANY SECRETARY

AU Shiu Kee

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Knight & Ho

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

P. O. Box 309, Ugland House, South Church Street,
George Town, Grand Cayman, Cayman Islands.

PRINCIPAL PLACE OF BUSINESS

8th Floor, One Landmark East,
100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.
Telephone: (852) 3658 1888
Fax: (852) 2810 1199
Website: http://www.winsorprop.com

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited,
Rooms 1806-07, 18th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
Telephone: (852) 2862 8628
Fax: (852) 2529 6087
Website: http://www.computershare.com

Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHOW Wai Wai, John, aged 59, was appointed Director of the Company in October 1996 and appointed Managing Director of the Company in August 2001. Mr. Chow is also a member of the Remuneration Committee of the Board of Directors and a director of certain subsidiaries of the Company. Mr. Chow is an executive director of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Mr. Chow is a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited, (manager of the Singapore-listed Suntec Real Estate Investment Trust) and the Deputy Managing Director of Winsor Industrial Corporation, Limited (a company delisted in Hong Kong). Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. Mr. Chow has over 30 years of experience in the property, textile and clothing businesses, and has served as Chairman of the Hong Kong Garment Manufacturers Association and a member of the Textile Advisory Board of the Hong Kong Government.

Mrs. CHEN CHOU Mei Mei, Vivien, aged 59, was appointed Director of the Company in October 1996 and is also a director of certain subsidiaries of the Company. Mrs. Chen graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is also a director of a number of companies in Hong Kong and abroad.

Mr. CHUNG Hon Sing, John, aged 68, was appointed Director of the Company in October 1996 and is also a director of certain subsidiaries of the Company. Mr. Chung graduated from the University of Hong Kong with a Bachelor of Arts degree and later from the Michigan State University in the US with a Master degree in Business Administration. Mr. Chung has been involved in property development in both Hong Kong and Mainland China since the 1970's.

Mr. AU Hing Lun, Dennis, aged 49, was appointed alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in December 1998 and December 1999 respectively. Mr. Au ceased to act as alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward upon his appointment as Executive Director of the Company in October 2007. Mr. Au is an executive director of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and the Managing Director of USI Group's Property Division. Mr. Au is also responsible for USI Group's corporate finance function. Mr. Au holds a Master of Business Administration degree and a Bachelor of Science degree. He is also a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. CHENG Wai Chee, Christopher, GBS, JP, aged 60, was appointed Non-Executive Director of the Company in May 1997 and appointed Chairman in August 2001. Mr. Cheng is also a member of the Audit Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Cheng is the Chairman of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and an independent non-executive director of several listed and unlisted companies including NWS Holdings Limited, New World China Land Limited, PICC Property and Casualty Company Limited, DBS Group Holdings Limited, Kingboard Chemical Holdings Limited and Temasek Foundation CLG Limited. Mr. Cheng currently serves as a non-executive director on the Board of the Hong Kong Securities and Futures Commission and a member of the Exchange Fund Advisory Committee. Mr. Cheng is a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng is the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. Mr. Cheng is also a Steward of the Hong Kong Jockey Club, a Council member of the University of Hong Kong and a board member of Overseers of Columbia Business School. Mr. Cheng holds a BBA degree from the University of Notre Dame, Indiana, USA, and a MBA degree from Columbia University, New York. Mr. Cheng is a brother of Mr. Cheng Wai Sun, Edward.

NON-EXECUTIVE DIRECTORS *(continued)*

Mr. CHENG Wai Sun, Edward, SBS, JP, aged 53, was appointed Non-Executive Director of the Company in December 1999. Mr. Cheng is the Deputy Chairman and Chief Executive of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). He is also an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master degree from Oxford University. Mr. Cheng was qualified as a solicitor in England and Wales as well as in Hong Kong. Mr. Cheng has many years of public service experience in urban renewal, finance, housing, corruption prevention, technology and education. Mr. Cheng is currently a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption and the University Grants Committee. Mr. Cheng is a Justice of the Peace and is awarded the Silver Bauhinia Star by the Hong Kong SAR Government. Mr. Cheng is a brother of Mr. Cheng Wai Chee, Christopher.

Ms. FUNG Ching Man, Janet, aged 46, was appointed the alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in October 2007. Ms. Fung is the Chief Financial Officer and Company Secretary of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Ms. Fung holds a number of professional qualifications and is a fellow member of the Association of Chartered Certified Accountants (UK) and the Hong Kong Institute of Certified Public Accountants, and a member of CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lord SANDBERG, CBE, aged 81, was appointed Independent Non-Executive Director of the Company in October 1996. Lord Sandberg is a former Chairman of The Hongkong and Shanghai Banking Corporation Limited and has served as a member of the Executive Council of the Hong Kong Government and on various public bodies in Hong Kong. He is an independent non-executive director of Winsor Industrial Corporation, Limited (a company delisted in Hong Kong) and a former non-executive director of New World Development Company Limited. Lord Sandberg also holds directorships in a number of listed and public companies in Hong Kong.

Mr. Christopher Patrick LANGLEY, OBE, aged 64, was appointed Independent Non-Executive Director of the Company in October 1996. Mr. Langley is also the Chairman of the Audit Committee and a member of the Remuneration Committee and an alternate member of the Nomination Committee of the Board of Directors of the Company. Mr. Langley is an independent non-executive director of Techtronic Industries Co. Ltd. and Dickson Concepts International Ltd and a non-executive director of Lei Shing Hong Limited (a company delisted in Hong Kong). Mr. Langley is a former executive director of The Hongkong and Shanghai Banking Corporation Limited.

Dr. LO Ka Shui, GBS, JP, aged 62, was appointed Independent Non-Executive Director of the Company in January 2003. Dr. Lo is also the Chairman of the Nomination Committee of the Board of Directors of the Company. Dr. Lo is the Chairman and Managing Director of Great Eagle Holdings Limited and the non-executive Chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust). He is also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited and an independent non-executive director of Shanghai Industrial Holdings Limited, Phoenix Satellite Television Holdings Limited, China Mobile Limited and some other publicly listed companies in Hong Kong. Dr. Lo is a Vice President of The Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a board member of the Hong Kong Airport Authority. He graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has more than 29 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP, aged 65, was appointed Independent Non-Executive Director of the Company in May 2005. Mr. Barma is also the Chairman of the Remuneration Committee, a member of the Nomination Committee and Audit Committee of the Board of Directors of the Company. Mr. Barma graduated with a Bachelor of Arts degree from the University of Hong Kong and worked in the Government of Hong Kong for 30 years. After retiring from the civil service in 1996, Mr. Barma has served as Chairman of the Public Service Commission from August 1996 to April 2005 and now he is the Chief Executive Officer of The Hong Kong Research Institute of Textiles and Apparel.

Chairman's Statement

BUSINESS REVIEW

The Group's revenue for the year ended 31 December 2008 was HK$233 million, compared to HK$119 million for the nine months ended 31 December 2007. The increase in revenue was mainly due to the Group's enlarged portfolio of rental properties and the full-year effect on current results.

The Group's audited profit attributable to shareholders for the year ended 31 December 2008 was HK$156 million, compared to HK$739 million for the nine months ended 31 December 2007. Excluding the fair value gain on investment properties net of deferred tax of HK$54 million (9 months ended 31/12/2007: HK$502 million), fair value loss of interest rate swap contracts of HK$59 million (9 months ended 31/12/2007: HK$10 million) and the deferred tax credit of HK$51 million (9 months ended 31/12/2007: Nil) arising from the change in Hong Kong profits tax rate, the Group's audited profit after tax for the year was HK$110 million (9 months ended 31/12/2007: HK$247 million). The decrease was mainly due to drop in profit contribution from the Group's investment in Draycott 8 project. Profit from the Group's enlarged portfolio of rental properties has been offset by the increase in finance costs during the year.

Rental and property management

The acquisition of the entire Unimix Industrial Centre in San Po Kong, the entire Shui Hing Centre in Kowloon Bay and the remaining 70% interest in W Square in Wanchai (the "Newly Acquired Properties") was completed on 31 December 2007. The Group's premium office development in Kwun Tong known as Landmark East was completed with the issue of occupation permit in September 2008. The Newly Acquired Properties and Landmark East, in aggregate, contributed revenue of HK$82 million (9 months ended 31/12/2007: Nil) in the year. The other rental properties, namely the Regent Centre in Kwai Chung, the Winner Godown Building in Tsuen Wan and the Lucky Industrial Building in Kwai Chung, recorded an increase in revenue to HK$123 million in the year (9 months ended 31/12/2007: HK$87 million). Occupancy and rental rates for these properties were in the uptrend before the outbreak of the current financial crisis in the fourth quarter of the year. Together with other property management income, total revenue from rental and property management was HK$211 million (9 months ended 31/12/2007: HK$92 million). Excluding the fair value gain of investment properties, segment profit for the rental and property management operation was HK$146 million (9 months ended 31/12/2007: HK$71 million). The increase was mainly due to profit contribution of HK$54 million (9 months ended 31/12/2007: Nil) from the Newly Acquired Properties and Landmark East during the year.

Located at 100 How Ming Street which is just minutes of walking distance from the Kwun Tong MTR Station, the twin office towers in Landmark East offer about 1.3 million square feet of Grade A office spaces and are ideal for corporations seeking quality office spaces at competitive rentals than those now prevailing in the traditional Central Business Districts in the Hong Kong Island. Leasing of Landmark East is in progress and has already attracted quality multinational and local corporations as tenants. The property is to be held as a long term investment for rental purpose.

Renovation of W Square was completed in January 2008. In consistent with the Group's intention to hold the property for long term investment and rental purpose, the property was transferred from "Properties under Development" to "Investment Properties" upon completion of renovation. Located at 314-324 Hennessy Road, W Square offers about 49,000 square feet of retail spaces at basement and lower floors and about 79,000 square feet of Grade A office spaces at upper floors. The property has been fully leased out in January 2009.

As at 31 December 2008, the Group held a rental property portfolio in Hong Kong with an aggregate gross floor area of about 3.5 million square feet, of which about 1.5 million square feet related to Grade A office and retail spaces and about 2.0 million square feet related to industrial spaces. Excluding Landmark East which was only completed in late 2008, the overall occupancy of the Group's rental properties as at 31 December 2008 was about 91%.

Warehousing

The combined results of the Group's warehousing operation in Hong Kong and the cold storage operation in Mainland China reported revenue of HK$20 million (9 months ended 31/12/2007: HK$27 million) and a segment profit of HK$2.4 million (9 months ended 31/12/2007: HK$6.2 million) for the year. The drop in revenue and profit was mainly due to the disposal of a 65% interest in the Group's cold storage operation to the China Merchants Group ("China Merchants") on 30 April 2008. The cold storage business is now a 30/70 joint venture between the Group and China Merchants.

Sale of properties

There was no significant sale of properties during the year (9 months ended 31/12/2007: Nil).

Investments

The Group's investment activities reported a segment profit of HK$36 million for the year (9 months ended 31/12/2007: HK$133 million). Profit from this segment mainly comprised dividend income and realised and unrealised gains less losses on the Group's investments in financial assets.

The Group has a 15% interest in a prime residential project at Draycott 8, Singapore. Nearly all units in the development have been sold by May 2007. A profit before tax of HK$105 million was recognised by the Group in the prior period upon cash distribution by way of shareholders' loan repayment. During the year, the Group recognised a further profit of HK$28.7 million on its dividend entitlement in the project. After this dividend, it is expected that further contribution from this development will be minimal.

Apart from the 15% interest in Draycott 8, the Group's available-for-sale financial assets are mainly represented by a strategic investment in a company holding property assets in Singapore and investment in a real estate investment trust listed in Singapore. According the Group's accounting policy, these assets were fair valued at year end with a resultant decrease in value of HK$179 million being taken up in "Investment Revaluation Reserve" in equity (9 months ended 31/12/2007: decrease in value of HK$31 million).

Valuation of investment properties

The portfolio of the Group's investment properties valued at HK$8,835 million as at 31 December 2008 (31/12/2007: HK$6,661 million). The increase was mainly due to the land premium and development costs incurred for Landmark East and the transfer of W Square to "Investment Properties" during the year.

Finance income and finance costs

The Group acquired the Newly Acquired Properties for a cash consideration of HK$1,106 million on 31/12/2007. As a result, the Group turned from a net cash surplus position to a net borrowing position during the year. Borrowing costs relating to Landmark East ceased to be capitalised upon completion of the development in September 2008. All these led to an increase in net finance costs to HK$46 million in the year (9 months ended 31/12/2007: net finance income of HK$22 million).

The Group held interest rate swap contracts in the notional amount of HK$1,000 million (the "IRS Contracts") to hedge its interest rate exposure. The IRS Contracts were carried as "Derivative Financial Instruments" at fair value in the Group's financial statements. Due to the low interest rate environment now prevailing, the Group recorded a mark-to-market loss of HK$104 million on the IRS Contracts for the year. Based on the assessment of the effectiveness of the hedge instruments, HK$59 million of the fair value loss was charged to the income statement and the balance of HK$45 million was charged to "Hedging Reserve" in the Group's equity.

Share of profits less losses of associated companies

There was no significant sale of properties in the associated companies during the year (9 months ended 31/12/2007: share of net profit of HK$48 million).

Taxation

Taxation for the year comprised mainly of provision for Hong Kong profits tax of HK$12 million, overseas taxation of HK$1 million, deferred tax charge of HK$11 million arising on fair value change of investment properties and write-back of deferred tax provision of HK$51 million as a result of the change in Hong Kong profits tax rate from 17.5% to 16.5% during the year. As a result, there was an overall tax credit of HK$27 million, versus a tax charge of HK$131 million in the prior period.

Change in Group structure

Winsor Health Godown Limited ("Winsor Health") was a 95% subsidiary of the Group. Its major subsidiary, South-China Cold Storage & Ice Co., Ltd., was engaged in the cold storage business in Mainland China. The Group disposed of a 65% interest in Winsor Health on 30 April 2008, which then became a 30% associated company of the Group. Apart from the foregoing, there was no change in corporate structure of the Group during the year.

PROJECT PROGRESS

The Forfar, Hong Kong

The Group has a 20% interest in this luxury residential development at 2 Forfar Road, Hong Kong which will provide about 100,000 square feet of saleable floor area upon its scheduled completion in late 2009. Superstructure construction works are in progress and it is expected that pre-sale approval for the project will soon be obtained in the second quarter of 2009. USI Holdings Limited ("USI"), its holding company, has the remaining 80% interest in the project.

Belle Vue Residences, Singapore

The Group has a 30% interest in this luxury residential development at 15-23 Oxley Walk, Singapore which will provide about 433,000 square feet of saleable floor area upon its scheduled completion in the first quarter of 2010. Superstructure construction works are in progress. Wing Tai Holdings Limited, a substantial shareholder of USI, and an independent third party have a respective interest of 60% and 10% in the project.

EMPLOYEES

As at 31 December 2008, the Group employed 179 employees. The Group aligns its remuneration and benefit packages with pay levels and practices prevailing in the market and recognises individual responsibility and performances. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

FINANCIAL REVIEW

The Group's financial and treasury operations are centrally managed and controlled.

Gearing

The Group's profit for the year attributable to shareholders of the Company was HK$156 million. The profit contribution has been offset by the fair value losses associated with the Group's available-for-sale financial assets and IRS Contracts charged against reserves and dividend payments during the year. As a result, the Group's shareholders' equity dropped to HK$5,746 million as at 31 December 2008 (31/12/2007: HK$5,931 million). The Group's total equity, including minority interests, was HK$5,767 million as at 31 December 2008 (31/12/2007: HK$5,950 million).

The Group's total bank borrowings as at 31 December 2008 were HK$2,568 million (31/12/2007: HK$1,344 million). The increase was mainly due to increase in bank borrowings to finance the development of Landmark East. After deducting the bank balances and cash of HK$176 million (31/12/2007: HK$147 million), the Group's net borrowings as at 31 December 2008 were HK$2,392 million (31/12/2007: HK$1,197 million).

The gearing ratio of the Group, as measured by the net bank borrowings of HK$2,392 million over the total equity of HK$5,767 million, was 41% as at 31 December 2008 (31/12/2007: 20%).

Liquidity and debt maturity profile

Out of the Group's total bank borrowings as at 31 December 2008, HK$447 million (about 17%) was repayable within one year, HK$631 million (about 25%) was repayable in the second year, HK$1,446 million (about 56%) was repayable in the third to fifth years inclusive and HK$44 million (about 2%) was repayable after the fifth year. Apart from an unsecured loan of HK$10 million outstanding as at 31 December 2008, the Group's bank borrowings were secured against the Group's investment properties and listed marketable securities. The loan-to-security ratio, calculated by reference to the amount of secured bank loans drawn against the value of the underlying securities as at 31 December 2008, was 29%.

The Directors considered that the current market situation might provide an opportunity for the Company to enlarge its property portfolio at reasonable cost. In view of this and as well as a precautionary measure against any further market deterioration, the Group is in the process of obtaining additional secured banking facilities, renewing and extending its banking facilities due for maturity within one year on a committed and longer term basis.

Treasury policies

The Group principally operates in Hong Kong and, as a result, has minimal exposure to exchange rate fluctuation. The Group has certain investments in associated companies and financial assets which are denominated in Singapore Dollars and Renminbi. No forward exchange contracts have been entered to hedge for these foreign currency assets, which exposure will continue to be monitored by the Group and, if considered appropriate, hedged to the extent desirable. The Group's bank borrowings are principally denominated in Hong Kong Dollars and match with the underlying securities.

The Group manages its interest rate exposure closely. In previous years, the Group entered into IRS Contracts to hedge its floating interest rate exposure. The purpose of these IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The Group had outstanding IRS Contracts in the notional amount totalled HK$1,000 million as at 31 December 2008. Against total bank borrowings of HK$2,568 million which were all on a floating rate basis, the IRS Contracts converted about 39% of the Group's total bank borrowings at year end into fixed rate debts.

Capital commitments

The Group's capital commitments in respect of investments in associated companies aggregated HK$497 million as at 31 December 2008. Such amount was calculated as the Group's attributable share of the acquisition and construction costs committed by the relevant associated companies in relation to property development projects less amounts already contributed by the Group.

Contingent liabilities

Financial guarantees and completion undertakings given on a several basis and in proportion to the Group's respective equity interests to secure banking facilities granted to associated companies amounted to HK$537 million as at 31 December 2008. Apart from the financial guarantees and completion undertakings, the Group had no other significant contingent liabilities as at 31 December 2008.

Pledge of assets

At 31 December 2008, certain of the Group's investment properties and financial assets with a carrying value of HK$8,811 million and HK$90 million respectively were pledged to secure banking facilities of the Group.

OUTLOOK

The subprime crisis in the US began to weigh on the global economy in the second half of 2008. Looking ahead to 2009, business environment will remain challenging as economic stimulus measures undertaken by different governments have yet to show its impact on the global economy. While Hong Kong can be of no exception to the financial storm, it is expected that the negative impact may be mitigated with Hong Kong's increasing integration with the Mainland which economy is being supported by a major stimulus package from the Central Government.

The acquisition of W Square in December 2007 and the completion of the development of Landmark East in September 2008 have greatly enhanced the Group's investment property portfolio by an addition of 1.5 million square feet of Grade A office and retail spaces. W Square has been substantially leased at relatively premium rates before the rental market deteriorated toward the end of last year. Having seen increased interest from diverse sectors, the Group remains optimistic on the leasing prospects of Landmark East despite the current slow take-up. The top-quality design and facilities of Landmark East as well as its close proximity to a major transportation hub offers an attractive alternative to corporations in meeting their office accommodation requirements. On the industrial property front, the Group will focus on maintaining occupancy at reasonable rentals.

Overall, the Group will manage its quality property investments to ensure a steady growth in revenue and profit, which shall place the Group in a much better position to withstand any severe downturn in the market. The Group will also look to build up additional financial resources to seize any growth opportunities when the market recovers.

DIVIDEND

The Directors have recommended a final dividend of HK$0.34 per share for the year ended 31 December 2008. Subject to approval of the Annual General Meeting of the Company to be held on 3 June 2009, total dividend for the year will be HK$0.46 per share, which is equivalent to the dividend payout in the prior period on an annualised basis. The final dividend will be payable on 15 June 2009 to all shareholders on register as at 3 June 2009.

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 17 April 2009

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries and associated companies are set out on pages 85 to 88.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 32.

An analysis of the Group's revenue, results, assets and liabilities by business and geographical segments is set out in note 5 to the financial statements.

A summary of the results and of the assets and liabilities of the Group for the last five financial periods is set out on page 90.

An interim dividend of HK$0.12 per share, totalling HK$31,162,000, was paid on 20 October 2008. The Directors have recommended a final dividend of HK$0.34 per share, totalling HK$88,293,000, payable on 15 June 2009.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 33 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, contributed surplus is distributable. Accordingly, total distributable reserves of the Company as at 31 December 2008 amounted to HK$2,824,451,000 (31/12/2007: HK$3,152,457,000).

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$308,000 (31/12/2007: HK$16,000).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements respectively.

PARTICULARS OF PROPERTIES

Particulars of the properties held by the Group are set out on page 89.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the Company were entered into or existed during the year.

DIRECTORS

The Board of Directors as now constituted is listed on page 2. The brief biographical details of the Directors are set out on pages 3 to 4.

Mr. Tang Ming Chien, Manning and Mr. Lam Woon Bun retired by rotation at the Annual General Meeting of the Company held on 5 June 2008 and did not stand for re-election. Mr. Cheng Wai Sun, Edward and Mr. Chung Hon Sing, John were re-elected as Directors at the meeting.

Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Christopher Patrick Langley and Dr. Lo Ka Shui shall retire by rotation under the provisions of Article 116 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

The interests of the Directors as at 31 December 2008 in 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 kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Ordinary shares in the Company

	Nature of interests and capacity in which interests are held					
Name of Director	**Interests held as beneficial owner**	**Interests held by spouse**	**Interests held by controlled corporations**	**Other interests**	**Total number of shares held**	**Percentage of issued share capital**
Mr. Cheng Wai Chee, Christopher	–	27,000	–	205,835,845	205,862,845	79.27%
Mr. Chow Wai Wai, John	2,713,000	–	–	–	2,713,000	1.04%
Mr. Cheng Wai Sun, Edward	–	–	–	205,835,845	205,835,845	79.26%
Mrs. Chen Chou Mei Mei, Vivien	70,000	–	–	–	70,000	0.03%

Note: The total number of ordinary shares of the Company in issue as at 31 December 2008 was 259,685,288.

(b) Ordinary shares in USI

	Nature of interests and capacity in which interests are held					
Name of Director	**Interests held as beneficial owner**	**Interests held by spouse**	**Interests held by controlled corporations**	**Other interests**	**Total number of shares held**	**Percentage of issued share capital**
Mr. Cheng Wai Chee, Christopher	3,925,999	–	148,439,086 *(Note 2)*	346,466,024 *(Note 3)*	498,831,109	50.44%
Mr. Cheng Wai Sun, Edward	3,850,000	–	–	346,466,024 *(Note 3)*	350,316,024	35.42%
Mr. Au Hing Lun, Dennis	956,000	–	–	–	956,000	0.10%
Ms. Fung Ching Man, Janet *(Note 4)*	58,000	–	–	–	58,000	0.01%

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(b) Ordinary shares in USI *(continued)*

Notes:

1. *The total number of ordinary shares of USI in issue as at 31 December 2008 was 988,980,418.*

2. *As at 31 December 2008, Mr. Cheng Wai Chee, Christopher was deemed to be interested in 148,439,086 ordinary shares of USI beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited by virtue of his corporate interests in these companies through Wing Tai (Cheng) Holdings Limited, Renowned Development Limited and Wing Tai Corporation Limited. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 68,747,996, 66,698,122 and 12,992,968 ordinary shares of USI respectively.*

3. *As at 31 December 2008, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward were beneficiaries of a family trust whose assets include indirect interests in 346,466,024 ordinary shares of USI.*

4. *Alternate Director to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward respectively.*

(c) Underlying shares in USI

Pursuant to a share option scheme of USI adopted on 10 June 2003 (the "USI Share Option Scheme"), the board of directors of USI may in its absolute discretion grant options to directors and employees of USI and its subsidiaries (the "USI Group") to subscribe for shares of USI at an exercise price to be determined by the directors of USI in accordance with the rules of the scheme.

Pursuant to a share incentive scheme of USI adopted on 17 June 2005 (the "USI Share Incentive Scheme"), the board of directors of USI or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the USI Group to subscribe in cash at par for shares of USI.

There were no outstanding options granted to the Directors as at 31 December 2008 under the USI Share Option Scheme. Details of the outstanding incentive shares awarded to the Directors under the USI Share Incentive Scheme are as follows:

Name of Director	Exercise period	Number of incentive shares
Mr. Cheng Wai Chee, Christopher	12.1.2009 to 11.1.2016	273,000
	30.1.2009 to 8.7.2018	94,250
	8.2.2009 to 26.7.2017	245,250
	30.1.2010 to 8.7.2018	94,250
	30.1.2011 to 8.7.2018	188,500
		895,250
Mr. Cheng Wai Sun, Edward	12.1.2009 to 11.1.2016	273,000
	30.1.2009 to 8.7.2018	94,250
	8.2.2009 to 26.7.2017	245,250
	30.1.2010 to 8.7.2018	94,250
	30.1.2011 to 8.7.2018	188,500
		895,250

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

(c) Underlying shares in USI *(continued)*

Name of Director	Exercise period	Number of incentive shares
Mr. Au Hing Lun, Dennis	12.1.2009 to 11.1.2016	55,000
	30.1.2009 to 8.7.2018	45,250
	8.2.2009 to 26.7.2017	98,250
	30.1.2010 to 8.7.2018	45,250
	30.1.2011 to 8.7.2018	90,500
		334,250
Ms. Fung Ching Man, Janet	30.1.2009 to 8.7.2018	5,250
	17.7.2009 to 26.7.2017	27,750
	30.1.2010 to 8.7.2018	5,250
	30.1.2011 to 8.7.2018	10,500
		48,750

Save as disclosed herein, as at 31 December 2008, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the USI Share Option Scheme and the USI Share Incentive Scheme, at no time during the year was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the year.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests of the Directors in shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO shows that as at 31 December 2008 the Company has been notified of the following interests in the shares of the Company:

	Nature of interests and capacity in which interests are held				
Name of substantial shareholder	**Interests held as beneficial owner**	**Interests held as trustee**	**Interests held by controlled corporations**	**Total number of shares held**	**Percentage of issued share capital**
Deutsche Bank International Trust Co. (Jersey) Limited *(Note 1)*	–	205,835,845	–	205,835,845	79.26%
Deutsche Bank International Trust Co. (Cayman) Limited *(Note 1)*	–	205,835,845	–	205,835,845	79.26%
Wing Tai Holdings Limited *(Note 2)*	–	–	205,835,845	205,835,845	79.26%
USI Holdings Limited *(Note 3)*	162,844,458	–	42,991,387	205,835,845	79.26%
USI Holdings (B.V.I.) Limited *(Note 3)*	–	–	42,991,387	42,991,387	16.56%
Twin Dragon Investments Limited *(Note 3)*	42,900,887	–	–	42,900,887	16.52%

Notes:

1. *Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust which held all units of a unit trust (the "Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust. The assets of the Unit Trust included indirect interests in more than one-third of the issued shares of USI. Under Part XV of the SFO, Deutsche Bank International Trust Co. (Jersey) Limited and Deutsche Bank International Trust Co. (Cayman) Limited were deemed to be interested in all the shares of the Company beneficially owned by USI.*

2. *Wing Tai Holdings Limited held more than one-third of the issued shares of USI. Under Part XV of the SFO, Wing Tai Holdings Limited was deemed to be interested in all the shares of the Company beneficially owned by USI.*

3. *USI Holdings (B.V.I.) Limited was deemed to be interested in 42,991,387 shares of the Company, of which 42,900,887 shares were beneficially owned by Twin Dragon Investments Limited and the remaining 90,500 shares were beneficially owned by Shui Hing Textiles International Limited, both corporations being its wholly-owned subsidiaries. USI Holdings (B.V.I.) Limited in turn was a wholly-owned subsidiary of USI. Under Part XV of the SFO, USI Holdings (B.V.I.) Limited was deemed to be interested in all the shares of the Company beneficially owned by Twin Dragon Investments Limited and Shui Hing Textiles International Limited, and USI was deemed to be interested in all the shares of the Company in which USI Holdings (B.V.I.) Limited was interested.*

Save as disclosed herein, as at 31 December 2008 the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

On 10 April 2007, USI announced a voluntary conditional security exchange offer to acquire all the issued shares in the capital of the Company (other than those already held by USI or its subsidiaries) (the "Offer"). Since the close of the Offer on 13 July 2007, USI has been holding 79.26% of the issued share capital of the Company. Based on information publicly available to the Company and within the knowledge of the Directors of the Company, the percentage of the Company's shares in public hands as at the date of this report (allowing for shares held by Directors of the Company) was 19.65%, being 5.35% below the prescribed minimum of 25%.

The waiver granted by the Stock Exchange from strict compliance with the minimum public float requirement of 25% expired on 30 April 2008. The Company remains committed to restore the public float of the Company as early as practicable.

DIRECTORS' INTERESTS IN CONTRACTS

On 31 October 2006, Gieves Limited ("Gieves"), an indirect subsidiary of USI, and Wensum Tailoring Limited ("Wensum") entered into a contract under which Gieves might place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ended on 31 December 2008. On 4 December 2008, Gieves and Wensum entered into a contract to extend the aforesaid arrangement for another three years ending on 31 December 2011. Each of Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward has an indirect interest in the share capital of Wensum.

On 23 April 2008, USI, DNP Holdings Berhad ("DNP") and Kualiti Gold Sdn Bhd (the "JV Company") entered into a joint venture and shareholders' agreement relating to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments. Each of Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward has an indirect interest in the share capital of DNP and the JV Company.

Save as disclosed above and in the section "Connected Transactions", no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Set out below is information disclosed pursuant to rule 8.10(2) of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange:–

(a) Two Executive Directors, namely Mr. Chow Wai Wai, John and Mr. Chung Hon Sing, John, being also directors of Winsor Industrial Corporation, Limited ("WICL") and/or its subsidiaries, are considered as interested in WICL under rule 8.10(2) of the Listing Rules.

    Ownership of certain car parking spaces in Kwun Tong for letting by a subsidiary of WICL constitutes competing business to the Group. In view of the Group's experience and expertise in property (inclusive of car parking spaces) letting and management, the WICL subsidiary has appointed a subsidiary of the Company as agent for letting of the said car parking spaces.

    Since the WICL Group's car parking spaces are targeted at different customers compared to the Group's own car parking spaces, the Group considers that its interest in the business of owning and letting of car parking spaces is adequately safeguarded.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(b) The following Directors and Alternate Director are also directors and/or officers of USI as set out in the table below. They are considered as having interests in USI under rule 8.10(2) of the Listing Rules.

Name of Director	Position held in USI
Mr. Chow Wai Wai, John *Managing Director*	*Executive Director*
Mr. Au Hing Lun, Dennis *Executive Director*	*Executive Director*
Mr. Cheng Wai Chee, Christopher *Non-Executive Chairman*	*Chairman*
Mr. Cheng Wai Sun, Edward *Non-Executive Director*	*Deputy Chairman and Chief Executive*
Ms. Fung Ching Man, Janet *Alternate Director to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward respectively*	*Company Secretary and Chief Financial Officer*

USI and its subsidiaries (excluding the Group) are principally engaged in property development and management, hospitality investment and management, garment manufacturing and trading, branded products distribution and other investing activities. USI Group (excluding the Group) may also be involved from time to time in property investment activities.

The Company and its subsidiaries are principally engaged in property investment and management, warehousing and investment holding. The Group may also be involved from time to time in property development activities.

During the year ended 31 December 2008, the Directors did not aware of any competing businesses between the two groups.

Mr. Chow Wai Wai, John is not participating in the routine businesses of USI whereas Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Ms. Fung Ching Man, Janet are not participating in the routine businesses of the Group. Also, USI is a company listed in Hong Kong with an independent management team and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of any possible competing businesses with USI.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(c) Although the disclosure requirements under rule 8.10(2) of the Listing Rules do not apply to Independent Non-Executive Directors, Dr. Lo Ka Shui nevertheless decided to disclose for the sake of transparency that, being the Chairman and Managing Director of Great Eagle Holdings Limited ("GEHL") and a non-executive director and the Chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust ("Champion REIT")), he is to be considered as having interests in GEHL and Champion REIT under rule 8.10(2) of the Listing Rules. Businesses of GEHL and Champion REIT consist of property investment and management and may be regarded as competing businesses to the Group.

    As an Independent Non-Executive Director, Dr. Lo Ka Shui is not participating in the routine businesses of the Group. Also, GEHL and Champion REIT whose shares/units are listed in Hong Kong have independent management teams and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

CONNECTED TRANSACTIONS

The following is a summary of the connected transactions between the Group and Connected Persons during the year which are required to be disclosed pursuant to Chapter 14A of the Listing Rules. Connected Persons, as defined in the Listing Rules, include (i) USI and its subsidiaries (excluding the Group) in which Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr Au Hing Lun, Dennis and Ms Fung Ching Man, Janet have beneficial interest. Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr. Au Hing Lun, Dennis are Executive Directors of USI whereas Ms Fung Ching Man, Janet is the Company Secretary and Chief Financial Officer of USI; and (ii) Wing Tai Holdings Limited ("Wing Tai") and its subsidiaries in which Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included indirect beneficial interests in 38.71% of Wing Tai's issued share capital. Wing Tai is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Connected Transactions

(a) On 18 April 2002, Allied Effort Limited ("AEL"), a wholly-owned subsidiary of the Company, and USI Properties International Limited ("USIPIL"), a wholly-owned subsidiary of USI, formed a 20:80 joint venture company in the name of Universal Plus Limited ("UPL") for the sole purpose of investing in 50% of the issued share capital of Landyork Investment Limited ("Landyork"). The other 50% of the issued share capital of Landyork is held by an independent third party.

    Landyork is the developer of the residential development known as The Grandville at No. 2 Lok Kwai Path, Sha Tin, New Territories, Hong Kong. Using the sale proceeds of The Grandville, Landyork has advanced its surplus cash to its shareholders free of interest on a proportionate basis. In turn, UPL has advanced its surplus cash to its shareholders free of interest on a proportionate basis. During the year, an aggregate sum of about HK$1.4 million was advanced by UPL to AEL accordingly.

CONNECTED TRANSACTIONS *(continued)*

Connected Transactions *(continued)*

(b) On 21 June 2002, Winprop Pte. Ltd. ("Winprop") a wholly-owned subsidiary of the Company, entered into a subscription agreement with Winworth Investment Pte Ltd ("Winworth") pursuant to which Winprop subscribed for 15% of the enlarged share capital of Winworth and advanced a sum of S$30 million to Winworth. The other 85% of the issued share capital of Winworth is held by Wing Tai Land Pte. Ltd. ("WTL"), a wholly-owned subsidiary of Wing Tai. On 26 June 2002, Winprop and WTL entered into a joint venture agreement to regulate, amongst other things, their relationship as shareholders of Winworth. For a nominal consideration Winprop also acquired from WTL a portion of the loan previously advanced by WTL to Winworth such that the loans owing by Winworth to Winprop and WTL respectively are always in the proportion of 15:85.

Winworth is the developer of the residential development known as Draycott 8 at Draycott Drive, Singapore. During the year, an aggregate sum of about HK$31.1 million, being loan repayment and dividend income, was received by Winprop from Winworth.

(c) On 20 November 2003, Winprop, WTL and Kosheen Investments Limited, a wholly-owned subsidiary of USI, formed a 20:60:20 joint venture company in the name of Winwill Investment Pte Ltd ("Winwill"). Winwill is an investment vehicle and its sole business is to invest in 60% of the issued share capital of Winhome Investment Pte Ltd ("Winhome"). The other two shareholders of Winhome each holding 20% of Winhome's issued share capital are independent third parties.

Winhome is the developer of the residential development known as Kovan Melody at Flower Road/Kovan Road, Singapore. Loans advanced by Winprop to Winhome through Winwill in previous years were in proportion to Winprop's effective interest in Winhome. During the year, an aggregate sum of about HK$53.2 million, being loan repayment and dividend income, was received by Winprop from Winhome. Interest receivable by Winprop from Winhome amounted to about HK$0.2 million for the year.

(d) On 3 December 2004, Begin Land Limited ("BLL"), a wholly-owned subsidiary of the Company, appointed USI Properties Limited ("USIPL", formerly known as USI Property Management Limited), a wholly-owned subsidiary of USI, as the project manager of BLL's office development at Landmark East. The term of USIPL's appointment is estimated to be for a period of approximately 70 months commencing on 1 December 2004, and the total fee payable by BLL to USIPL is estimated to be about HK$7.9 million of which HK$1.8 million was paid during the year.

(e) On 14 March 2005, the Company and USI entered into a memorandum of agreement whereby the Company and USI agreed to form a 20:80 joint venture in the name of Pangold Development Limited ("Pangold") for the investment in and development of the property known as The Forfar at 2 Forfar Road, Hong Kong.

The Company nominated AEL to hold the Group's 20% interest in Pangold and a shareholder's agreement of Pangold was entered into on 14 July 2005. During the year, an aggregate sum of about HK$10.2 million was advanced by AEL to Pangold and interest receivable by AEL from Pangold amounted to about HK$2.1 million.

(f) On 20 December 2005, Winprop and WTL entered into a memorandum of agreement whereby Winprop and WTL agreed to form a 30:70 joint venture in the name of Winquest Investment Pte. Ltd. ("Winquest") in respect of the residential development known as Belle Vue Residences at 15-23 Oxley Walk, Singapore.

WTL subsequently sold 10% of Winquest to an independent third party, and a shareholders' agreement of Winquest was entered into on 28 February 2006. During the year, an aggregate sum of about HK$7.7 million was advanced by Winprop to Winquest and interest receivable by Winprop from Winquest amounted to about HK$8.0 million.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions

(a) On 22 November 2007, Winsor Properties (Hong Kong) Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with USIPIL (the "Acquisition") to acquire the entire issued share capital of Unimix Properties Limited ("Unimix Properties") and related shareholder's loans owing by Unimix Properties to USIPIL for an aggregate consideration of about HK$475 million. Unimix Properties is the legal and beneficial owner of the property known as Unimix Industrial Centre, No. 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong. The Acquisition was completed on 31 December 2007.

Prior to 22 November 2007, Unimix Properties entered into agreements to lease/license various units and car parks and to provide management services in Unimix Industrial Centre to various subsidiaries of USI and a subsidiary of Wing Tai Holdings Limited mostly for a term of one year (the "Unimix Tenancy Agreements" or "Lease Transaction 1"). Upon completion of the Acquisition, the Unimix Tenancy Agreements became continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as USI and Wing Tai including their subsidiaries are connected persons of the Company. Total amount received by Unimix Properties under the Unimix Tenancy Agreements during the year was about HK$13.3 million which was within the annual cap of HK$16.4 million as announced on 5 December 2007.

During the year, Unimix Properties renewed certain Unimix Tenancy Agreements with the subsisting tenants mostly for a term of one year.

(b) On 20 June 2008, Winnion Limited ("Winnion"), a wholly-owned subsidiary of the Company, entered into agreements to lease various units in W Square to USIPL (the "W Square Tenancy Agreements" or "Lease Transaction 2") for a term of two years. W Square is a commercial property situated at No. 314-324 Hennessy Road, Wanchai, Hong Kong. The W Square Tenancy Agreements constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as USIPL is a connected person of the Company. Total amount received by Winnion under the W Square Tenancy Agreements during the year was about HK$2.5 million which was within the annual cap of HK$2.6 million as announced on 20 June 2008.

The Independent Non-Executive Directors of the Company have reviewed and confirmed that the above continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms;

3. in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

4. have not exceeded the relevant maximum amount capped in accordance with the annual caps as set out in the relevant public announcements.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions *(continued)*

In accordance with paragraph 14A.38 of the Listing Rules, the Board of Directors engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported their factual findings for the selected samples based on the agreed procedures to the Board of Directors stating that:

1. with respect to the Lease Transactions 1 and 2 above, the selected samples of the transactions had been approved by the Board of Directors;

2. with respect to the Lease Transactions 1 and 2 above, the selected samples of the transactions have been entered into in accordance with the terms of the relevant agreements;

3. with respect to aggregate amounts received and receivable under the Lease Transactions 1 and 2 above, the selected samples of the transactions were as recorded in the accounting records of the Group for the year ended 31 December 2008; and

4. such lease transactions for the year ended 31 December 2008, when applicable, had not exceeded the annual caps as disclosed in the relevant announcements.

FINANCIAL ASSISTANCE AND GUARANTEES PROVIDED TO ENTITIES AND AFFILIATED COMPANIES

Relevant advances to entities

As at 31 December 2008, there were no relevant advances made by the Group to entities which exceeded 8% of the Group's total assets as at 31 December 2008 of approximately HK$9,879,880,000. The disclosure requirements under rule 13.20 of the Listing Rules were therefore not applicable to the Company as at that date.

Combined balance sheet of affiliated companies

Loans advanced to and guarantees provided by the Group for the benefit of the Group's affiliated companies (as such term is defined in Chapter 13 of the Listing Rules and means associated companies in the context of the Group) as at 31 December 2008 in aggregate amounted to HK$852,720,000 and exceeded 8% of the Group's total assets as at 31 December 2008. In accordance with rule 13.22 of the Listing Rules, the combined balance sheet of the Group's affiliated companies as at 31 December 2008 and the Group's attributable interest therein are set out below.

	Combined balance sheet HK$'000	**Group's attributable interest HK$'000**
Investment properties	13,311	4,299
Leasehold land	668,231	133,646
Property, plant and equipment	76,511	20,644
Properties under development	1,929,988	560,957
Associated companies	5,383	1,077
Net current assets/(liabilities)	7,065	(15,788)
Minority interests	(16,560)	(3,312)
Long term bank loans	(1,345,731)	(367,207)
Deferred tax liabilities	(10)	(3)
Amounts and loans due to shareholders	(1,246,742)	(315,370)
Amounts and loans due from shareholders	833,944	166,789
	925,390	185,732

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 17 April 2009

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in the conduct of its business. The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the year ended 31 December 2008.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2008. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

The Board of Directors of the Company (the “Board”) is responsible for determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group’s business operations are properly planned, authorised, undertaken and monitored. The implementation of strategies and policies and day-to-day operations of the Group’s business are delegated to the management led by the Managing Director. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board’s decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

Board Composition: The Board as now constituted comprises four Executive Directors, two Non-Executive Directors and four Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of the Annual Report.

In accordance with rule 3.13 of the Listing Rules, each of the Independent Non-Executive Directors had confirmed his independence with the Stock Exchange and has provided an annual confirmation of his independence to the Company. Based on the assessment performed by the Nomination Committee, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Four Board meetings were held during the year ended 31 December 2008 and the attendance of each Director is set out in the section “Attendance to Meetings” of this report. Another Board meeting was held on 17 April 2009 for the purpose of, amongst other things, approving the Group’s audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2008.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Cheng Wai Chee, Christopher is the Non-Executive Chairman of the Board. Mr. Chow Wai Wai, John, Managing Director, is the Chief Executive Officer of the Group. Their roles are segregated.

The Chairman of the Board is responsible for:

- providing leadership for the Board;
- ensuring that the Board functions effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- ensuring the provision of adequate information, which must be complete and reliable, to Directors in a timely manner;
- ensuring that good corporate governance practices and procedures are established;
- facilitating the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors; and
- ensuring effective communication with shareholders.

The Chief Executive Officer is responsible, under delegated authority from the Board, for the day-to-day management and running of the Group's businesses and implementation of the strategies and policies set by the Board.

NON-EXECUTIVE DIRECTORS

All Non-Executive Directors, including Independent Non-Executive Directors, are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 9(b) to the financial statements for the year ended 31 December 2008.

Principles of Remuneration Policy:

The major principles of the Group's remuneration policy are:

- no individual is involved in determining his own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performing individuals.

Directors' Fees: The Directors' Fees of both Executive and Non-Executive Directors are recommended by the management, reviewed by the Remuneration Committee and approved by the Board on an annual basis.

Remuneration of Executive Directors: The structure of the remuneration of the Executive Directors is made up of base salary, performance incentive in the form of cash bonus, and retirement benefits. The specific remuneration packages and performance incentives of the Executive Directors are determined annually by the Remuneration Committee taking into consideration the competitive market position, market practice, responsibilities and individual performance of the Executive Directors, corporate goals and financial results of the Group.

REMUNERATION OF DIRECTORS *(continued)*

Remuneration of Board Committees: The remuneration of the Non-Executive Directors serving on Board committees are recommended by the management and reviewed by the Remuneration Committee for approval by the Board on an annual basis.

Remuneration Committee: Pursuant to the CG Code, the Board established a Remuneration Committee with written terms of reference on 1 April 2005. The present Remuneration Committee comprises two Independent Non-Executive Directors, namely Mr. Haider Hatam Tyebjee Barma and Mr. Christopher Patrick Langley, and the Managing Director, Mr. Chow Wai Wai, John. Mr. Barma is the Chairman of the Remuneration Committee.

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The terms of references of the Remuneration Committee are posted on the website of the Company.

The Remuneration Committee held two meetings in April and December 2008:

- to determine the specific remuneration packages of all Executive Directors for the nine months ended 31 December 2007 and their annual base pay for the year 2008, it being noted that the Group's senior management comprised the Executive Directors;
- to review and endorse the management's proposal regarding Directors' fees and remuneration of Board Committees for approval by the Board; and
- to provide guidance and review the discretionary payments for the year ended 31 December 2008 and salary adjustments for the year 2009 effected for the Group's general staff other than the Directors of the Company.

The attendance of each member of the Remuneration Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

NOMINATION OF DIRECTORS

The Board, through the Nomination Committee, reviews its structure, size and composition from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's businesses. All Directors newly appointed by the Board are appointed for an initial term expiring at the first annual general meeting of the Company after their respective appointment. In accordance with the Articles of Association of the Company, they shall then be eligible for re-election, and thereafter are subject to retirement by rotation at least once in every three years.

Nomination Committee: The Company established a Nomination Committee with written terms of reference on 29 March 2007. The present Nomination Committee comprise two Independent Non-Executive Directors, namely Dr. Lo Ka Shui and Mr. Haider Hatam Tyebjee Barma and one Non-Executive Director, Mr. Cheng Wai Chee, Christopher. Dr. Lo is the Chairman of the Nomination Committee. Mr. Christopher Patrick Langley is the alternate member to Mr. Barma.

NOMINATION OF DIRECTORS *(continued)*

The principal duties and functions of the Nomination Committee are:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors; and
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Managing Director.

The terms of references of the Nomination Committee are posted on the website of the Company.

The Nomination Committee held one meeting in April 2008:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board; and
- to assess the independence of Independent Non-Executive Directors.

The attendance of each member of the Nomination Committee to its meeting is set out in the section "Attendance to Meetings" of this report.

ACCOUNTABILITY AND AUDIT

Financial Reporting: The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on page 31 of the Annual Report.

Internal Control: The Board is responsible for maintaining sound and effective internal controls to safeguard the Group's assets. The Group's system of internal control is designed to provide reasonable assurance regarding risk management and the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The Board, through the Audit Committee, has set down the process for reviewing the effectiveness of the Group's system of internal control. The publication "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants in June 2005 was used as the main reference. The process, which is fully documented, requires the heads of each functional division of the Group to perform an annual self-assessment of the risks in the operations of their divisions and the adequacy of the control techniques and activities in place before completing an assessment checklist in respect of the five components of internal control:

- control environment;
- risk assessment;
- control activities;
- information and communication; and
- monitoring.

ACCOUNTABILITY AND AUDIT *(continued)*

These assessments will be completed by a cascade of compliance certificates whereby non-compliances or weaknesses in the Group's internal controls, if any, will be identified and reported to the Board.

The Group's internal audit function independently reviews the effectiveness of the Group's system of internal control on a continuing basis, and aims to cover all major operations of the Group by rotation. The annual internal audit plan is approved by the Audit Committee at the beginning of each financial year, based on the Audit Committee's strategic plan and taking into account input from management. The internal audit function reports its findings and recommendations to the Audit Committee at its meetings and ensures implementation of the recommendations.

Having performed an annual review of the effectiveness of the Group's system of internal control, the Board is satisfied that the Group has maintained sound and effective internal controls during the year ended 31 December 2008.

Audit Committee: The Company established an Audit Committee with written terms of reference on 18 December 1998. The present Audit Committee comprises two Independent Non-Executive Directors, namely Mr. Christopher Patrick Langley and Mr. Haider Hatam Tyebjee Barma and one Non-Executive Director, Mr. Cheng Wai Chee, Christopher. Mr. Langley is the Chairman of the Audit Committee. Ms. Fung Ching Man, Janet is the alternate member to Mr. Cheng.

The principal duties and functions of the Audit Committee are:

- to review the Group's financial statements;
- to review the effectiveness of both the external and internal audits and of internal controls and risk evaluation;
- to consider the appointment and remuneration of the external auditor; and
- to consider external and internal audit plans and findings.

The terms of reference of the Audit Committee are posted on the website of the Company.

The Audit Committee held five meetings in April, May, July, August and December 2008:

- to review the effectiveness of the system of internal controls of the Group;
- to review the financial statements and the accounting policies and practices adopted by the Group with management and the external auditor;
- to consider the independence and remuneration of the external auditor;
- to discuss the external auditor's audit plan and findings;
- to discuss the internal auditor's audit plan and findings; and
- to monitor the progress of the Company's action plans for the purpose of restoring the public float of the Company.

The attendance of each member of the Audit Committee to its meetings is set out in the section "Attendance to Meetings" of this report.

AUDITOR'S REMUNERATION

Remuneration in respect of audit and non-audit services provided during the year ended 31 December 2008 by the Company's external auditor, PricewaterhouseCoopers, is analysed as follows:

Services rendered	**Remuneration** HK$'000
Audit services	1,230
Non-audit services	479

CORPORATE COMMUNICATION

The Company maintains various communication channels with its shareholders and investors through the publication of notices and announcements on the Company's website at www.winsorprop.com, dispatch of circulars, annual reports and interim reports to shareholders, and publication of all the above on the Stock Exchange's website at www.hkexnews.hk.

The Company's website at www.winsorprop.com also provides access for shareholders and investors to the Company's corporate, financial and other information updated from time to time.

VOTING BY POLL

Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue. Details of the procedures for voting by poll and the rights of shareholders to demand a poll have been included in the circular to shareholders dispatched together with the notice of the general meeting during the year ended 31 December 2008.

ATTENDANCE TO MEETINGS

The attendance of individual Directors to Board and Committee meetings during the year ended 31 December 2008 is set out below.

Name of Director	Board Meetings[(1)]	Remuneration Committee Meetings[(2)]	Nomination Committee Meeting[(3)]	Audit Committee Meetings[(4)]
Executive Directors:				
Mr. Chow Wai Wai, John *(Managing Director)*	4/4	2/2	NA	NA
Mrs. Chen Chou Mei Mei, Vivien	4/4	NA	NA	NA
Mr. Chung Hon Sing, John	4/4	NA	NA	NA
Mr. Au Hing Lun, Dennis	3/4	NA	NA	NA
Mr. Lam Woon Bun *(retired on 5 June 2008)*	1/1	NA	NA	NA
Non-Executive Directors:				
Mr. Cheng Wai Chee, Christopher *(Chairman of the Board)*	4/4	NA	1/1	5/5
Mr. Cheng Wai Sun, Edward	4/4	NA	NA	NA
Mr. Tang Ming Chien, Manning *(retired on 5 June 2008)*	1/1	NA	NA	NA
Independent Non-Executive Directors:				
Lord Sandberg	0/4	NA	NA	NA
Mr. Christopher Patrick Langley	3/4	2/2	NA	5/5
Dr. Lo Ka Shui	4/4	NA	1/1	NA
Mr. Haider Hatam Tyebjee Barma	4/4	2/2	1/1	5/5

Notes:

(1) These meetings of the Board were held in April, July, September and December 2008.

(2) These meetings of the Remuneration Committee were held in April and December 2008.

(3) This meeting of the Nomination Committee was held in April 2008.

(4) These meetings of the Audit Committee were held in April, May, July, August and December 2008.

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

To the Shareholders of
Winsor Properties Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Winsor Properties Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 32 to 88, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 April 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Note	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Revenue	5	**232,645**	119,097
Cost of sales	6	**(68,480)**	(36,907)
Gross profit		**164,165**	82,190
Other income	5	**55,617**	32,524
Selling and marketing expenses	6	**(10,243)**	(1,226)
Administrative expenses	6	**(35,723)**	(27,768)
Increase in fair value of investment properties	16	**64,455**	608,240
Other (losses)/gains, net	7	**(60,996)**	111,291
Other operating expenses	6	**(1,340)**	(702)
Operating profit before finance income and costs		**175,935**	804,549
Finance income	8	**2,001**	22,204
Finance costs	8	**(47,672)**	(413)
Operating profit		**130,264**	826,340
Share of profits less losses of associated companies		**1,319**	48,142
Profit before taxation		**131,583**	874,482
Taxation credit/(charge)	10	**26,991**	(130,621)
Profit for the year/period		**158,574**	743,861
Attributable to:			
Shareholders of the Company	11	**155,688**	738,725
Minority interests		**2,886**	5,136
		158,574	743,861
		HK$	HK$
Earnings per share	12	**0.60**	2.84
		HK$'000	HK$'000
Dividends	13	**119,455**	88,293

The accompanying notes on pages 37 to 88 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2008

	Note	31/12/2008 HK$'000	31/12/2007 HK$'000
Non-current assets			
Property, plant and equipment	15	**2,608**	32,194
Investment properties	16	**8,834,930**	6,660,890
Properties under development	17	**–**	921,717
Interests in associated companies	19	**185,732**	206,914
Amounts and loans receivable from associated companies	19	**315,370**	291,107
Available-for-sale financial assets	20	**216,607**	442,382
Held-to-maturity investments	21	**25,445**	–
Deferred tax assets	31	**5,794**	6,042
Goodwill	22	**57,807**	61,092
		9,644,293	8,622,338
Current assets			
Trade and other receivables	23	**57,091**	49,142
Available-for-sale financial assets	20	**2,948**	–
Financial assets at fair value through profit or loss	24	**–**	14,850
Derivative financial instruments	25	**–**	164
Bank balances and cash	26	**175,548**	146,864
		235,587	211,020
Current liabilities			
Trade and other payables and accruals	27	**288,345**	308,733
Derivative financial instruments	25	**40,354**	10,016
Bank loans and overdrafts	28	**447,443**	2,000
Tax payable		**58,110**	65,061
Interim dividend payable	13	**–**	31,162
		834,252	416,972
Net current liabilities		**(598,665)**	(205,952)
Total assets less current liabilities		**9,045,628**	8,416,386
Non-current liabilities			
Long term bank loans	29	**2,120,497**	1,341,700
Other long term loans	30	**32,498**	35,275
Amounts and loans payable to associated companies	19	**166,789**	165,373
Derivative financial instruments	25	**105,846**	31,760
Deferred tax liabilities	31	**852,675**	892,385
		3,278,305	2,466,493
Net assets		**5,767,323**	5,949,893
Share capital	32	**2,596**	2,596
Other reserves	33	**697,334**	1,068,500
Retained earnings	33	**4,958,228**	4,802,540
Proposed final dividend	33	**88,293**	57,131
Equity attributable to shareholders of the Company		**5,746,451**	5,930,767
Minority interests	38(c)	**20,872**	19,126
Total equity		**5,767,323**	5,949,893

The accompanying notes on pages 37 to 88 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Balance Sheet

At 31 December 2008

	Note	31/12/2008 HK$'000	31/12/2007 HK$'000
Non-current assets			
Subsidiaries	18	**2,827,184**	3,189,462
Current assets			
Other receivables	23	**544**	255
Bank balances and cash	26	**22**	105
		566	360
Current liabilities			
Other payables and accruals	27	**703**	3,607
Interim dividend payable	13	**–**	31,162
		703	34,769
Net current liabilities		**(137)**	(34,409)
Total assets less current liabilities		**2,827,047**	3,155,053
Share capital	32	**2,596**	2,596
Other reserves	33	**2,721,111**	2,840,566
Retained earnings	33	**15,047**	254,760
Proposed final dividend	33	**88,293**	57,131
Total equity		**2,827,047**	3,155,053

The accompanying notes on pages 37 to 88 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Equity attributable to the shareholders						
	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008	**2,596**	**1,068,500**	**4,802,540**	**57,131**	**5,930,767**	**19,126**	**5,949,893**
Exchange translation differences	**–**	**7,682**	**–**	**–**	**7,682**	**76**	**7,758**
Realised on disposal of available-for-sale financial assets	**–**	**(7,329)**	**–**	**–**	**(7,329)**	**(89)**	**(7,418)**
Realised on disposal of subsidiaries	**–**	**703**	**–**	**–**	**703**	**(542)**	**161**
Realised on distribution from available-for-sale financial assets	**–**	**(28,670)**	**–**	**–**	**(28,670)**	**–**	**(28,670)**
Fair value losses on available-for-sale financial assets	**–**	**(178,833)**	**–**	**–**	**(178,833)**	**–**	**(178,833)**
Realised upon settlement of interest rate swap contracts	**–**	**18,618**	**–**	**–**	**18,618**	**–**	**18,618**
Fair value losses on cash flow hedges	**–**	**(63,882)**	**–**	**–**	**(63,882)**	**–**	**(63,882)**
Net losses recognised directly in equity	**–**	**(251,711)**	**–**	**–**	**(251,711)**	**(555)**	**(252,266)**
	2,596	**816,789**	**4,802,540**	**57,131**	**5,679,056**	**18,571**	**5,697,627**
Profit for the year	**–**	**–**	**155,688**	**–**	**155,688**	**2,886**	**158,574**
Dividends paid	**–**	**(31,162)**	**–**	**(57,131)**	**(88,293)**	**(585)**	**(88,878)**
Dividend proposed	**–**	**(88,293)**	**–**	**88,293**	**–**	**–**	**–**
At 31 December 2008	**2,596**	**697,334**	**4,958,228**	**88,293**	**5,746,451**	**20,872**	**5,767,323**
At 1 April 2007	2,596	1,126,133	4,152,108	77,905	5,358,742	14,531	5,373,273
Exchange translation differences	–	3,711	–	–	3,711	96	3,807
Realised on disposal of available-for-sale financial assets	–	(3,036)	–	–	(3,036)	(160)	(3,196)
Fair value losses on available-for-sale financial assets	–	(31,199)	–	–	(31,199)	18	(31,181)
Share of reserve of an associated company	–	(113)	–	–	(113)	–	(113)
Fair value losses on cash flow hedges	–	(26,996)	–	–	(26,996)	–	(26,996)
Net losses recognised directly in equity	–	(57,633)	–	–	(57,633)	(46)	(57,679)
	2,596	1,068,500	4,152,108	77,905	5,301,109	14,485	5,315,594
Profit for the period	–	–	738,725	–	738,725	5,136	743,861
Dividend paid	–	–	–	(77,905)	(77,905)	(495)	(78,400)
Dividend declared	–	–	(31,162)	–	(31,162)	–	(31,162)
Dividend proposed	–	–	(57,131)	57,131	–	–	–
At 31 December 2007	2,596	1,068,500	4,802,540	57,131	5,930,767	19,126	5,949,893

The accompanying notes on pages 37 to 88 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Operating activities			
Net cash generated from operations	38(a)	**132,436**	82,765
Interest paid		**(67,866)**	(5,342)
Hong Kong profits tax paid		**(18,015)**	(1,670)
Overseas tax paid		**(671)**	(728)
Net cash from operating activities		**45,884**	75,025
Investing activities			
Purchase of plant and equipment		**(899)**	(1,457)
Development expenditure on investment properties		**(1,214,957)**	(353,616)
Proceeds from disposal of investment properties		**1,080**	–
Proceeds from disposal of plant and equipment		**17**	236
Interest received		**2,179**	23,639
Net cash inflow/(outflow) on acquisition of subsidiaries		**18,067**	(1,115,274)
Net cash inflow on disposal of subsidiaries	38(b)	**13,768**	–
Dividends received		**15,432**	19,524
Capital and loan contributions to associated companies		**(17,903)**	(79,707)
Amounts repaid and advanced by associated companies		**27,653**	104,688
Distribution by an associated company		**27,082**	–
Acquisitions of available-for-sale financial assets		**(13)**	(16,099)
Proceeds from disposal of available-for-sale financial assets		**23,014**	7,659
Amounts repaid and advanced by an investee company		**2,425**	132,945
Acquisition of held-to-maturity investments		**(24,708)**	–
Coupon received from held-to-maturity investments		**250**	–
Net cash used in investing activities		**(1,127,513)**	(1,277,462)
Financing activities	38(c)		
New long term bank loans		**2,047,462**	876,920
New short term bank loans		**30,778**	–
Repayment of long term bank loans		**(844,000)**	(50,000)
Repayment of short term bank loans		**(10,000)**	–
Repayment of other long term loans		**–**	(34)
Dividends paid		**(119,455)**	(77,905)
Dividends paid to minority shareholders		**(585)**	(495)
Net cash from financing activities		**1,104,200**	748,486
Effect of foreign exchange rate changes		**6,113**	(641)
Net increase/(decrease) in cash and cash equivalents		**28,684**	(454,592)
Cash and cash equivalents at beginning of the year/period		**146,864**	601,456
Cash and cash equivalents at end of the year/period		**175,548**	146,864
Analysis of cash and cash equivalents			
Bank balances and cash		**175,548**	146,864

The accompanying notes on pages 37 to 88 are an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Winsor Properties Holdings Limited (the "Company") is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the"Stock Exchange"). The registered office of the Company is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands and the address of its principal office in Hong Kong is 8th Floor, One Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

The Board of Directors of the Company considers that the Company's ultimate holding company is USI Holdings Limited ("USI"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

In order to align the financial year end of the Company with that of USI, the Directors resolved in July 2007 to change the financial year end of the Company from 31 March to 31 December. Accordingly, this set of consolidated financial statements covers the year from 1 January 2008 to 31 December 2008. The comparative amounts for the consolidated income statement, statement of changes in equity, cash flow statement and related notes to the consolidated financial statements covers the nine months period from 1 April 2007 to 31 December 2007 and, as such, may not be entirely comparable.

The Company and its subsidiaries (collectively the "Group") are principally engaged in property investment and management, warehousing and investment holding. The Group is also involved from time to time in property development activities.

These financial statements have been approved by the Board of Directors of the Company on 17 April 2009.

2. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial assets and liabilities.

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

(b) Adoption of new and revised HKFRS

(i) Amendment and interpretations effective in 2008

The HKAS 39, 'Financial Instruments: Recognition and Measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial Instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(b) Adoption of new and revised HKFRS *(continued)*

(i) Amendment and interpretations effective in 2008 (continued)

HK(IFRIC) – Int 11, 'HKFRS 2 – Group and Treasury Share Transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's share) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

HK(IFRIC) – Int 14, 'HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements.

HK(IFRIC) – Int 12, 'Service Concession Arrangements', is not relevant to the Group's operations and would have no impact to the Group's accounting policies and financial statements.

(ii) Standards, interpretations, amendments and improvements to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, interpretations, amendments and improvements to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

		Effective from
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 (Amendment) & HKAS 1 (Amendment)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement on Eligible Hedged Items	1 July 2009
HKFRS 1 (Amendment) & HKAS 27 (Amendment)	First Time Adoption of HKFRS & Consolidated and Separate Financial Statements on Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment on Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combination	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
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 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	1 July 2009

2. Basis of preparation and summary of significant accounting policies *(continued)*

(b) Adoption of new and revised HKFRS *(continued)*

(ii) Standards, interpretations, amendments and improvements to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Improvements to existing standards		Effective from
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2009
HKAS 2 (Amendment)	Inventories	1 January 2009
HKAS 7 (Amendment)	Cash Flow Statements	1 January 2009
HKAS 16 (Amendment)	Property, Plant and Equipment	1 January 2009
HKAS 19 (Amendment)	Employee Benefits	1 January 2009
HKAS 20 (Amendment)	Government Grants and Disclosure of Government Assistance	1 January 2009
HKAS 23 (Amendment)	Borrowing Costs	1 January 2009
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements	1 January 2009
HKAS 28 (Amendment)	Investments in Associates	1 January 2009
HKAS 29 (Amendment)	Financial Reporting in Hyperinflationary Economies	1 January 2009
HKAS 31 (Amendment)	Interests in Joint Ventures	1 January 2009
HKAS 36 (Amendment)	Impairment of Assets	1 January 2009
HKAS 38 (Amendment)	Intangible Assets	1 January 2009
HKAS 39 (Amendment)	Financial Instruments : Recognition and Measurement	1 January 2009
HKAS 40 (Amendment)	Investment Property	1 January 2009
HKAS 41 (Amendment)	Agriculture	1 January 2009
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
Other minor amendments to HKFRS 7 – Financial Instruments: Disclosures, HKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, HKAS 10 – Events After the Balance Sheet Date, HKAS 18 – Revenue and HKAS 34 – Interim Financial Reporting.		1 January 2009

The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

(c) Consolidation

The consolidation financial statements include the financial statements of the Company and its subsidiaries made up to 31 December.

(i) Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by the Group is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(c) Consolidation *(continued)*

(i) Subsidiaries (continued)

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

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

(ii) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) Associated companies

Associated companies are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associated companies post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(d) Segment reporting *(continued)*

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, properties under development, available-for-sale financial assets, held-to-maturity investments, goodwill, financial assets at fair value through profit or loss, trade and other receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as derivative financial instruments, current tax payable and deferred tax liabilities and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, properties under development and investment properties, including additions resulting from business combination.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

(e) Foreign currencies translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the investment revaluation reserve in equity.

(iii) Group companies

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

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

(2) income and expenses for each income statement are translated at average exchange rates ; and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, at the following annual rates:

Buildings	4%
Plant, machinery and other equipment	10% to 20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses on disposal of property, plant and equipment are the difference between the net sale proceeds and the carrying amounts of the relevant assets, and are recognised in the income statement. Any revaluation reserve remaining attributable to the relevant assets is transferred to retained earnings and is shown as a movement in reserves.

(g) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases and properties being redeveloped for continued future use as investment property. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair values are recognised in the income statement.

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

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

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as revaluation of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this reversal is recognised in the income statement.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(h) Properties under development

Properties under development are stated at cost less any identified impairment. Cost includes the amortised cost of land, borrowing costs capitalised in accordance with the Group's accounting policy and other direct costs attributable to the property development.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies is included in investments in associated companies and is tested annually for impairment as part of the overall carrying amount. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

(j) Impairment of investments in subsidiaries, associated companies and non-financial assets

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

(k) Assets under leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(i) Leases – where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease periods.

(ii) Leases – where the Group is the lessor

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2(f) above. Revenue arising from assets leased out under operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(u) below.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(l) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and re-evaluates this designation at every balance sheet date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are included under current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Financial assets classified as held-to-maturity investments are those traded in active markets, with fixed or determinable payments and fixed maturities that the Group's management has both the positive intention and the ability to hold to maturity. The entire category would be tainted and reclassified as available-for-sale financial assets/financial assets at fair value through profit or loss if the Group were to sell other than an insignificant amount of held-to-maturity investments. They are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method less allowances for impairment losses.

(iv) Available-for-sale financial assets

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

Regular purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement as 'other (losses)/gains, net' in the financial period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as 'other (losses)/gains, net'.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(l) Financial assets *(continued)*

Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets are recognised in the income statement as 'other income' when the Group's right to receive payments is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their costs is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. Impairment recognised in the income statement on equity instruments is not reversed through the income statement.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expenses'. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against 'other income' in the income statement.

(n) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than twelve months.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other (losses)/gains, net'.

Amounts accumulated in equity are recycled in the income statement in the financial periods when the hedged item affects profit or loss.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(n) Derivative financial instruments and hedging activities *(continued)*

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

Certain derivative financial instruments do not qualify for hedge accounting. These instruments are classified as current or non-current asset or liability according to the settlement dates of the financial instruments. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within 'other (losses)/gains, net'.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) Trade payables

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

(r) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the beneficiary of the guarantee 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.

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

(s) Contingent liabilities and contingent assets

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

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

2. Basis of preparation and summary of significant accounting policies *(continued)*

(s) Contingent liabilities and contingent assets *(continued)*

A contingent asset is a possible asset 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.

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

(t) Current and deferred taxation

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

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

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

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

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

(u) Recognition of revenue and income

Revenue comprises the fair value of the consideration for the sale of goods and rendering of services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Operating lease rental income is recognised on a straight-line basis over the lease period.

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

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

Storage income and other income is recognised when the related services are rendered.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(v) Employee benefits

Employee entitlements to annual leave and statutory long service payments are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in independently administered funds.

(w) Borrowings and borrowing costs

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

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the financial period in which they are incurred.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the financial period in which the dividends become present legal and constructive obligations of the Company.

(y) Comparative figures

Where necessary, comparative figures have been reclassified or extended to conform with current year's presentation.

3. Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks such as foreign exchange risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

The majority of the Group's assets are located and operated in Hong Kong, and the related revenue generated from these assets is denominated in Hong Kong Dollars. At 31 December 2008, the Group's borrowings were mainly denominated in Hong Kong Dollars.

The Group is exposed to changes in foreign exchange rates due to its investment in foreign operations, whose net assets are exposed to foreign currency transaction risk.

Management monitors exchange rate movements closely to ascertain if any material exposure may arise. The Group regards the foreign exchange risk from fluctuation of currencies other than Singapore Dollars are insignificant.

At 31 December 2008, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, profit after taxation for the year would have been HK$1,000 (9 months ended 31/12/2007: HK$551,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of bank balances denominated in Singapore Dollars.

At 31 December 2008, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, investment revaluation reserve would have been HK$9,504,000 (31/12/2007: HK$18,625,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets denominated in Singapore Dollars.

At 31 December 2008, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, the exchange reserve would have been HK$157,000 (31/12/2007: HK$460,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets and bank loans denominated in Singapore Dollars.

(ii) Price risk

The Group is exposed to equity securities price risk because the Group holds financial assets at fair value through profit or loss and available-for-sale financial assets. The Group is not exposed to commodity price risk.

During the year, the Group has disposed of or fully provided for its investment in financial assets at fair value through profit or loss. At 31 December 2007, if market value of the Group's financial assets at fair value through profit or loss had increased or decreased by 10%, with all other variables held constant, profit after taxation for the 9 months ended 31 December 2007 would have been HK$1,240,000 higher or lower.

At 31 December 2008, if market value of the Group's available-for-sale financial assets had increased or decreased by 10%, with all other variables held constant, the investment revaluation reserve would have been HK$11,875,000 (31/12/2007: HK$28,894,000) higher or lower.

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(iii) Credit risk

The Group's credit risks are primarily attributable to time deposits, rent receivable from tenants and counter-party financial obligations in derivative financial instruments.

The Group's time deposits are deposited with banks and financial institutions of high credit ratings and the Group has exposure limit to any single financial institution.

For rent receivable from tenants, credit checks are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate provisions for impairment are made for irrecoverable amounts.

To mitigate counter-party risk, the Group enters into derivative contracts only with sound financial institutions with strong investment-grade credit ratings, limits exposure to each, and monitors each's rating regularly.

The Group has no significant concentration of credit risk, with exposure spread over a number of counter-parties and customers.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims to maintain flexibility in funding by keeping committed credit lines available.

The Group reviews the debt covenants of the bank loans to ensure compliance of those covenants and avoid any interruption to its banking and credit facilities.

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(iv) Liquidity risk (continued)

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
The Group				
At 31 December 2008				
Bank borrowings	**481,853**	**658,967**	**1,505,953**	**44,476**
Trade and other payables and accruals	**288,345**	**–**	**–**	**–**
Derivative financial instruments	**40,354**	**26,034**	**64,758**	**15,054**
Other long term loans	**–**	**–**	**–**	**32,498**
Total	**810,552**	**685,001**	**1,570,711**	**92,028**
At 31 December 2007				
Bank borrowings	56,151	613,416	445,967	448,343
Trade and other payables and accruals	308,733	–	–	–
Derivative financial instruments	10,016	11,680	15,494	4,586
Interim dividend payable	31,162	–	–	–
Other long term loans	–	–	–	35,275
Total	406,062	625,096	461,461	488,204

The amounts disclosed in the table represent the contractual undiscounted cash flows and may not reconcile to the amounts in the consolidated balance sheet.

(v) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank balances and amounts/loans receivables from associated companies), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to changes in interest rates due to its bank borrowings. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure. The Group enters into debt obligations to support general corporate purposes including capital expenditure and working capital needs.

(i) Cash flow interest rate risk

At 31 December 2008, if interest rates on borrowings had been 50 basis points higher or lower with all other variables held constant, profit after taxation for the year would have been HK$7,000,000 (9 months ended 31/12/2007: HK$4,300,000) lower or higher, mainly as a result of higher or lower interest expense on floating rate borrowings.

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(v) Interest rate risk (continued)

(ii) Fair value interest rate risk

At 31 December 2008, if expected interest rates of the interest rate swap had been 50 basis points higher or lower with all other variables held constant:

– profit after taxation for the year would have been HK$13,400,000 (9 months ended 31/12/2007: HK$11,300,000) higher or lower, mainly as a result of gain or loss relating to the portion of changes in the fair value of interest rate swap contracts not qualify for hedge accounting;

– the hedging reserve would have been HK$12,500,000 (31/12/2007: HK$14,500,000) higher or lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(vi) Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total bank borrowings (including current and non-current bank borrowings) less bank balances and cash.

The gearing ratios are at 31 December 2008 and 2007 were follows:

	31/12/2008 HK$'000	31/12/2007 HK$'000
Total bank borrowings	**2,567,940**	1,343,700
Less: Bank balances and cash	**(175,548)**	(146,864)
Net debt	**2,392,392**	1,196,836
Total equity	**5,767,323**	5,949,893
Gearing ratio	**41.5%**	20.1%

The increase in the gearing ratio was mainly due to external and internal funding of the construction costs of Landmark East.

3. Financial risk management *(continued)*

(b) Fair value estimation

The fair value of investment properties is determined by reference to the valuation by independent professional valuers and current prices in an active market.

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for investments held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-trading securities and other financial assets, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair value of interest rate swap contracts is calculated on the present value of the estimated future cash flows.

The nominal values less impairment of trade and other receivables, trade and other payables and borrowings with floating interest rates are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

(i) *Fair value of investment properties*

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions by the valuers are reasonable, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

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

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4. Critical accounting estimates and judgements *(continued)*

Critical judgement in applying the Group's accounting policies

(i) *Income tax*

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the financial period in which such determination is made.

As required by HKFRS, provision for deferred tax is made on the revaluation of leasehold investment properties on the basis and assumption that their values would be recovered through the receipt of rental income over the remaining life of the lease using the income tax rate. Such deferred tax would only reverse towards the end of the lease period which extends for decades of years or if the valuations decline. The Group has no current intention to dispose of its significant leasehold investment properties, but if the values of the leasehold investment properties were to be recovered through disposals no tax would be payable, as there is no capital gains tax in Hong Kong where the properties are located and the related provision for deferred tax would be released.

Recognition of deferred tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(ii) *Classification of investment properties*

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property (land or building) is held to earn rental or for capital appreciation rather than for use in the production or supply of goods and services or sale. The Group considers each property separately in making its judgement.

5. Revenue, other income and segment information

Revenue and other income recognised during the year/period are as follows:

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Revenue		
Rental and property management	**211,223**	91,988
Warehousing	**20,342**	27,109
Sale of properties	**1,080**	–
	232,645	119,097
Other income		
Dividend income from		
– unlisted investments	**28,670**	8,921
– listed real estate investment trusts	**15,432**	10,603
Interest income on loans to associated companies	**10,591**	11,573
Others	**924**	1,427
	55,617	32,524

5. Revenue, other income and segment information (continued)

Primary reporting format – business segments

	Rental and property management HK$'000	Warehousing HK$'000	Sale of properties HK$'000	Investment HK$'000	Total HK$'000
Year ended 31 December 2008					
Revenue	211,223	20,342	1,080	–	232,645
Segment results before change in fair value of investment properties	146,460	2,384	–	36,090	184,934
Increase in fair value of investment properties	64,455	–	–	–	64,455
Segment results	210,915	2,384	–	36,090	249,389
Gain on disposal of subsidiaries	–	6,588	–	–	6,588
Fair value losses on derivative financial instruments					(59,331)
Unallocated income less expenses					(20,711)
Operating profit before finance income and costs					175,935
Finance income					2,001
Finance costs					(47,672)
Operating profit					130,264
Share of profits less losses of associated companies	119	(137)	1,337	–	1,319
Profit before taxation					131,583
Taxation credit					26,991
Profit for the year					158,574
Capital expenditure	1,189,286	561	–	–	1,189,847
Depreciation	722	1,135	–	–	1,857
At 31 December 2008					
Segment assets	9,111,186	6,437	–	255,361	9,372,984
Interests in associated companies	13,749	2,947	169,036	–	185,732
Amounts and loans receivable from associated companies	11,205	22,330	281,835	–	315,370
Unallocated assets					5,794
Total assets					9,879,880
Segment liabilities	312,864	1,624	–	1,982	316,470
Amounts and loans payable to associated companies	–	–	166,789	–	166,789
Unallocated liabilities					3,629,298
Total liabilities					4,112,557

5. Revenue, other income and segment information *(continued)*

Primary reporting format – business segments *(continued)*

	Rental and property management HK$'000	Warehousing HK$'000	Sale of properties HK$'000	Investment HK$'000	Total HK$'000
Nine months ended 31 December 2007					
Revenue	91,988	27,109	–	–	119,097
Segment results before change in fair value of investment properties	70,712	6,236	–	132,939	209,887
Increase in fair value of investment properties	608,240	–	–	–	608,240
Segment results	678,952	6,236	–	132,939	818,127
Fair value losses on derivative financial instruments					(10,049)
Unallocated income less expenses					(3,529)
Operating profit before finance income and costs					804,549
Finance income					22,204
Finance costs					(413)
Operating profit					826,340
Share of profits less losses of associated companies	(331)	–	48,473	–	48,142
Profit before taxation					874,482
Taxation charge					(130,621)
Profit for the period					743,861
Capital expenditure	498,593	214	–	–	498,807
Depreciation	509	2,166	–	–	2,675
At 31 December 2007					
Segment assets	7,769,344	88,232	–	471,555	8,329,131
Interests in associated companies	12,726	–	194,188	–	206,914
Amounts and loans receivable from associated companies	10,950	–	280,157	–	291,107
Unallocated assets					6,206
Total assets					8,833,358
Segment liabilities	333,364	6,277	–	2,414	342,055
Amounts and loans payable to associated companies	–	–	165,373	–	165,373
Unallocated liabilities					2,376,037
Total liabilities					2,883,465

5. Revenue, other income and segment information *(continued)*

Secondary reporting format – geographical segments

	Revenue		Segment results		Capital expenditure		Total assets	
	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Hong Kong	**226,796**	103,626	**205,739**	682,554	**1,189,847**	498,687	**9,154,816**	7,844,155
Singapore	**1,292**	2,738	**40,469**	126,290	**–**	–	**218,168**	403,093
Mainland China	**4,557**	12,733	**3,181**	9,283	**–**	120	**–**	81,883
	232,645	119,097	**249,389**	818,127	**1,189,847**	498,807	**9,372,984**	8,329,131
Gain on disposal of subsidiaries			**6,588**	–				
Fair value losses on derivative financial instruments			**(59,331)**	(10,049)				
Unallocated income less expenses			**(20,711)**	(3,529)				
Operating profit before finance income and costs			**175,935**	804,549				
Finance income			**2,001**	22,204				
Finance costs			**(47,672)**	(413)				
Operating profit			**130,264**	826,340				
Interests in associated companies							**185,732**	206,914
Amounts and loans receivable from associated companies							**315,370**	291,107
Unallocated assets							**5,794**	6,206
Total assets							**9,879,880**	8,833,358

6. Expenses by nature

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Cost of sale of properties included in cost of sales	**1,080**	–
Depreciation of property, plant and equipment	**1,857**	2,675
Direct operating expenses arising from investment properties generating rental income	**46,912**	15,343
Direct operating expenses for generating warehousing income	**7,638**	11,041
Operating lease rentals in respect of land and buildings	**7,158**	5,249
Staff costs (including Directors' emoluments) (Note 9)	**33,547**	25,120
Auditor's remuneration	**1,434**	838
Selling and marketing expenses	**10,243**	1,226
Other expenses	**5,917**	5,111
Total cost of sales, selling and marketing expenses, administrative expenses and other operating expenses	**115,786**	66,603

7. Other (losses)/gains, net

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Financial assets at fair value through profit or loss		
– realised losses	**(2,196)**	(1,727)
– fair value (losses)/gains	**(3,500)**	4,408
Available-for-sale financial assets		
– realised gains	**428**	111,349
– fair value losses	**(972)**	(471)
Amortised income from held-to-maturity investments	**987**	–
Net foreign exchange gain	**426**	7,287
Gain on disposal of subsidiaries	**6,588**	–
Fair value losses on derivative financial instruments	**(59,331)**	(10,049)
(Losses)/gains on disposal of plant and equipment	**(141)**	196
Impairment losses of goodwill	**(3,285)**	–
Others	**–**	298
	(60,996)	111,291

8. Finance income and costs

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Finance income		
Interest income on bank deposits and bank balances	**1,553**	19,124
Interest income on other financial assets	**448**	3,080
	2,001	22,204
Finance costs		
Interest expenses on bank loans and overdrafts	**(68,224)**	(5,910)
Less: amount capitalised in investment properties	**20,552**	5,497
	(47,672)	(413)
Finance (costs)/income, net	**(45,671)**	21,791

9. Staff costs (including Directors' emoluments)

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Salaries, wages and other benefits	**32,186**	24,304
Retirement benefits	**1,361**	816
	33,547	25,120

(a) Pensions – defined contribution plans

The Group contributes to a defined contribution mandatory provident fund scheme for those employees in Hong Kong under the age of 65. Two subsidiaries operate in a country which has a central government administrated retirement scheme. Contributions are made by the Group as a percentage of employees' relevant salaries. The retirement benefit costs charged to the income statement represent contributions by the Group in respect of the above retirement schemes.

Contributions totalling HK$120,000 (31/12/2007: HK$53,000) were payable to the schemes at the balance sheet date and are included in trade and other payables and accruals.

9. Staff costs (including Directors' emoluments) *(continued)*

(b) Directors' emoluments

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Executive Directors						
Mr. Chow Wai Wai, John	40	2,465	986	248	3,739	2,909
Mrs. Chen Chou Mei Mei, Vivien	40	410	–	22	472	339
Mr. Chung Hon Sing, John	40	697	50	–	787	556
Mr. Au Hing Lun, Dennis	40	–	–	2	42	10
Mr. Lam Woon Bun *(retired on 5 June 2008)*	17	752	258	75	1,102	1,824
	177	**4,324**	**1,294**	**347**	**6,142**	5,638
Non-Executive Directors						
Mr. Cheng Wai Chee, Christopher	1,800	–	–	–	1,800	1,350
Mr. Cheng Wai Sun, Edward	40	–	–	–	40	30
Mr. Tang Ming Chien, Manning *(retired on 5 June 2008)*	17	–	–	–	17	40
	1,857	**–**	**–**	**–**	**1,857**	1,420
Independent Non-Executive Directors						
Lord Sandberg	40	–	–	–	40	30
Mr. Christopher Patrick Langley	255	–	–	–	255	184
Dr. Lo Ka Shui	110	–	–	–	110	75
Mr. Haider Hatam Tyebjee Barma	255	–	–	–	255	143
Mr. Ho Fook Hong, Ferdinand *(retired on 23 August 2007)*	–	–	–	–	–	36
	660	**–**	**–**	**–**	**660**	468
Total	**2,694**	**4,324**	**1,294**	**347**	**8,659**	7,526

9. Staff costs (including Directors' emoluments) *(continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (9 months ended 31/12/2007: three) Directors whose emoluments are reflected in Note 9(b). The emoluments payable to the remaining two (9 months ended 31/12/2007: two) individuals during the year are as follows:

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Salaries and allowances	**1,999**	1,220
Discretionary bonuses	**460**	350
Employer's contribution to pension scheme	**94**	55
	2,553	1,625

The number of non-director, highest paid individuals whose remuneration fell within the following bands is as follows:

	Number of individuals	
	Year ended 31/12/2008	9 months ended 31/12/2007
HK$Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	–
	2	2

10. Taxation credit/(charge)

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Current taxation		
Hong Kong profits tax	**(11,841)**	(6,197)
Overseas taxation	**(830)**	(20,694)
Over provisions in prior years	**200**	583
	(12,471)	(26,308)
Deferred taxation (Note 31)		
Change in fair value of investment properties	**(10,635)**	(106,442)
Other temporary differences	**(551)**	2,129
Effect of tax rate change	**50,648**	–
	39,462	(104,313)
Taxation credit/(charge)	**26,991**	(130,621)

Hong Kong profits tax has been provided for the year ended 31 December 2008 at the rate of 16.5% (9 months ended 31/12/2007: 17.5%) on the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits at rates prevailing in the countries in which the subsidiaries operate.

The Group's share of taxation of associated companies for the year ended 31 December 2008 of HK$174,000 (9 months ended 31/12/2007: HK$10,831,000) has been netted off against the Group's share of profits less losses of associated companies as presented in the consolidated income statement.

10. Taxation credit/(charge) *(continued)*

The taxation on the Group's operating profit differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Operating profit	**130,264**	826,340
Calculated at a taxation rate of 16.5% (9 months ended 31/12/2007: 17.5%)	**(21,493)**	(144,609)
Effect of change of tax rate	**50,648**	–
Effect of different taxation rates in other countries	**(40)**	(274)
Income not subject to taxation	**9,788**	14,076
Expenses not deductible for taxation purposes	**(2,756)**	(359)
Recognition of previously unrecognised tax losses	**698**	–
Other temporary difference not recognised	**(9,790)**	–
Over provisions in prior years	**200**	583
Others	**(264)**	(38)
Taxation credit/(charge)	**26,991**	(130,621)

11. Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of a loss of HK$239,713,000 (9 months ended 31/12/2007: profit of HK$86,332,000) (Note 33).

12. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company for the year ended 31 December 2008 of HK$155,688,000 (9 months ended 31/12/2007: HK$738,725,000) and 259,685,288 shares (31/12/2007: 259,685,288 shares) in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (9 months ended 31/12/2007: Nil).

13. Dividends

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Interim dividend, paid, of HK$0.12 per share (9 months ended 31/12/2007: declared of HK$0.12 per share)	**31,162**	31,162
Final dividend, proposed, of HK$0.34 per share (9 months ended 31/12/2007: proposed of HK$0.22 per share)	**88,293**	57,131
	119,455	88,293

13. Dividends *(continued)*

At a meeting held on 17 April 2009, the Directors recommended a final dividend of HK$0.34 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by shareholders of the Company, and will be reflected as an appropriation of reserves in the year 2009.

14. Significant related party transactions

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

(a) Transactions with related parties

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Interest income from associated companies (Note i)	**10,591**	11,573
Project management fee to a related company (Note ii)	**(1,800)**	(1,350)
Rental and management fee income from related companies (Note iii)	**17,591**	–
Dividend income from the Investee Company (Note iv)	**28,670**	–
Realised gains on available-for-sale financial assets in relation to the Group's interest in the Investee Company (Note v)	**–**	105,393

(i) Except for an aggregate amount due from associated companies of HK$31,898,000 (31/12/2007: HK$9,019,000) which was interest free, interest was charged on amounts and loans receivable from associated companies at prevailing market interest rates or at fixed rates as agreed between the mutual parties.

(ii) The project management fee was charged pursuant to the agreement entered into between the Group and the related company.

(iii) The rental and management fee income was charged at rates pursuant to the agreements entered into between the Group and the related companies.

(iv) Dividend income was recognised in accordance with the Group's interest in the investee company (the "Investee Company"). The Investee Company was classified as a related party as the remaining interest in the company was being held by a wholly-owned subsidiary of a deemed substantial shareholder of the Company.

(v) The amount represented loan repayment from the Investee Company, which loan was acquired by the Group at a nominal consideration in June 2002.

14. Significant related party transactions *(continued)*

(b) Balances with related parties

	31/12/2008 HK$'000	31/12/2007 HK$'000
Amounts and loans receivable from associated companies (Note i)	**315,370**	291,107
Amounts and loans payable to associated companies (Note i)	**(166,789)**	(165,373)
Amounts due from fellow subsidiaries (included in trade and other receivables) (Note ii)	**1,951**	–
Amounts due from holding company (included in trade and other receivables) (Note i)	**–**	18,067
Amounts and loans due to the Investee Company (Note i)	**(2,520)**	(27,535)

(i) Except for amounts and loans receivable from certain associated companies which are interest-bearing, balances with related parties are unsecured, interest free and have no fixed terms of repayment.

(ii) The amounts due from fellow subsidiaries are unsecured, interest free and repayable in accordance to tenancy agreements.

15. Property, plant and equipment

	Group		
	Buildings HK$'000	**Plant, machinery and other equipment HK$'000**	**Total HK$'000**
At cost or valuation			
At 1 January 2008	**37,562**	**43,548**	**81,110**
Translation differences	**2,073**	**1,146**	**3,219**
Additions	**–**	**899**	**899**
Disposals	**–**	**(7,983)**	**(7,983)**
Disposal of subsidiaries	**(39,635)**	**(29,682)**	**(69,317)**
At 31 December 2008	**–**	**7,928**	**7,928**
Accumulated depreciation			
At 1 January 2008	**12,425**	**36,491**	**48,916**
Translation differences	**951**	**967**	**1,918**
Charge for the year	**716**	**1,141**	**1,857**
Disposals	**–**	**(7,825)**	**(7,825)**
Disposal of subsidiaries	**(14,092)**	**(25,454)**	**(39,546)**
At 31 December 2008	**–**	**5,320**	**5,320**
Net book value			
At 31 December 2008	**–**	**2,608**	**2,608**
Analysis of cost or valuation as at 31 December 2008:			
At cost	**–**	**7,928**	**7,928**

15. Property, plant and equipment *(continued)*

	Group		
	Buildings HK$'000	Plant, machinery and other equipment HK$'000	Total HK$'000
At cost or valuation			
At 1 April 2007	34,767	41,673	76,440
Translation differences	2,795	1,611	4,406
Additions	–	1,457	1,457
Disposals	–	(1,193)	(1,193)
At 31 December 2007	37,562	43,548	81,110
Accumulated depreciation			
At 1 April 2007	9,679	35,123	44,802
Translation differences	1,251	1,341	2,592
Charge for the period	1,495	1,180	2,675
Disposals	–	(1,153)	(1,153)
At 31 December 2007	12,425	36,491	48,916
Net book value			
At 31 December 2007	25,137	7,057	32,194
Analysis of cost or valuation as at 31 December 2007:			
At 2005 valuation	37,562	–	37,562
At cost	–	43,548	43,548
	37,562	43,548	81,110

16. Investment properties

	Group	
	31/12/2008	31/12/2007
	HK$'000	HK$'000
Beginning of the year/period	**6,660,890**	4,665,300
Transfer from properties under development (Note 17)	**925,280**	–
Additions	**1,185,385**	497,350
Acquisition of subsidiaries	**–**	890,000
Disposals	**(1,080)**	–
Fair value gain	**64,455**	608,240
End of the year/period	**8,834,930**	6,660,890

The carrying amount of investment properties shown above comprises:

Leasehold land in Hong Kong		
	HK$'000	HK$'000
Long term lease	**930,000**	–
Medium term lease	**7,904,930**	6,660,890
	8,834,930	6,660,890

(a) Investment properties (other than agricultural lots) held in Hong Kong were revalued at 31 December 2008 by Jones Lang LaSalle Limited. The agricultural lots held in Hong Kong were revalued at 31 December 2008 by B. I. Appraisals Limited. All valuers are independent and their valuations were carried out on the open market value basis. The valuations have made reference to current prices in an active market.

(b) As at 31 December 2008, certain investment properties with carrying amount of HK$8,811,220,000 (31/12/2007: HK$5,746,570,000) have been pledged to secure the Group's banking facilities.

(c) Particulars of the investment properties are set out on page 89.

17. Properties under development

	Group	
	31/12/2008	31/12/2007
	HK$'000	HK$'000
Beginning of the year/period	**921,717**	–
Additions	**3,563**	–
Acquisition of subsidiaries	**–**	921,717
Transfer to investment properties (Note 16)	**(925,280)**	–
End of the year/period	**–**	921,717

18. Subsidiaries

	Company	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Unlisted shares – at cost	**1**	1
Loans and amounts receivable	**3,430,091**	3,528,553
Less: Provision	**(602,908)**	(339,092)
	2,827,184	3,189,462

(a) The loans and amounts receivable are unsecured, interest free and have no fixed terms of repayment.

(b) Particulars of the subsidiaries are set out on pages 85 to 86.

19. Associated companies

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Share of net assets	**185,732**	206,914
Amounts and loans receivable (Note a)	**315,370**	291,107
Amounts and loans payable (Note b)	**(166,789)**	(165,373)
	334,313	332,648
Investments at cost – unlisted shares	**11,308**	11,308

The movements of interests in associated companies are as follows:

	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**332,648**	409,821
Translation differences	**1,576**	2,713
Share of profits less losses of associated companies	**1,319**	48,142
Distribution by an associated company	**(27,082)**	–
Share of reserve of an associated company	**–**	(113)
Interest income on loans to associated companies	**10,591**	11,573
Loans to associated companies	**17,903**	79,707
Repayment and advances from associated companies	**(27,653)**	(104,688)
Transfer from/(to) subsidiaries	**25,011**	(114,507)
End of the year/period	**334,313**	332,648

19. Associated companies *(continued)*

The share of assets, liabilities and results of the associated companies attributable to the Group is summarised as follows:

	31/12/2008 HK$'000	31/12/2007 HK$'000
Non-current assets	887,412	833,603
Current assets	52,508	71,134
Current liabilities	(68,296)	(59,655)
Non-current liabilities	(685,892)	(638,168)
	185,732	206,914

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Revenue	10,805	547,733
Profits less losses after taxation	1,319	48,142

(a) The amounts and loans receivable are unsecured, primarily denominated in Singapore and Hong Kong Dollars and have no fixed terms of repayment. Except for an aggregate amount of HK$31,898,000 (31/12/2007: HK$9,019,000) which is interest free, the amounts and loans receivable carry interests at prevailing market interest rates or at fixed rates as agreed between the mutual parties.

(b) The amounts and loans payable are unsecured, primarily denominated in Hong Kong Dollars, interest free and have no fixed terms of repayment.

(c) Particulars of the associated companies are set out on page 87.

20. Available-for-sale financial assets

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**442,382**	490,448
Additions	**13**	16,099
Advances by an investee company	**(2,425)**	(27,535)
Disposals	**(39,380)**	(5,024)
Provision for impairment	**(972)**	(471)
Decrease in fair value transferred to equity (Note 33)	**(178,833)**	(31,181)
Others	**(1,230)**	46
End of the year/period	**219,555**	442,382
Analysis as:		
Current	**2,948**	–
Non-current	**216,607**	442,382
	219,555	442,382
Available-for-sale financial assets include the following:		
Real estate investment trust listed outside Hong Kong	**120,451**	290,639
Listed equities outside Hong Kong	**–**	2,619
Unlisted equities	**96,156**	108,398
Managed funds	**2,948**	40,726
	219,555	442,382

Available-for-sale financial assets are primarily denominated in Singapore Dollars. Certain investment in a real estate investment trust with carrying amount of HK$89,842,000 (31/12/2007: HK$216,781,000) has been pledged to secure the Group's banking facilities.

21. Held-to-maturity investments

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**–**	–
Addition	**24,708**	–
Amortisation	**987**	–
Coupon received	**(250)**	–
End of the year/period	**25,445**	–

Held-to-maturity investments are denominated in Hong Kong Dollars. Included in held-to-maturity investments is a 1% convertible bonds due 2013 with nominal amounts of HK$50,000,000. The effective interest rate is about 23% per annum.

22. Goodwill

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**61,092**	—
Acquisition of subsidiaries	**–**	61,092
Impairment losses recognised	**(3,285)**	—
End of the year/period	**57,807**	61,092

Goodwill represents the excess of the cost of acquisition of over its net assets of subsidiaries in 2007. The Group performed an annual assessment of the carrying amount of the goodwill and recognised an impairment of HK$3,285,000 for the year (9 months ended 31/12/2007: Nil).

23. Trade and other receivables

	Group		Company	
	31/12/2008 HK$'000	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Trade receivables	**11,916**	11,524	**–**	–
Less: Provision for impairment of receivables	**(145)**	(382)	**–**	–
Trade receivables, net of provisions (Note a)	**11,771**	11,142	**–**	–
Amount due from holding company (Note b)	**–**	18,067	**–**	–
Other receivables	**23,383**	1,003	**–**	–
Deposits	**9,381**	8,370	**–**	–
Prepayments	**12,556**	10,560	**544**	255
	57,091	49,142	**544**	255

(a) Trade receivables represent mainly rent receivables from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. The credit quality of new leases or customer is assessed based on a defined policy set by the Group. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade receivables (net of provisions) is as follows:

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Current to 30 days	**1,885**	5,211
31 to 90 days	**9,230**	4,652
Over 90 days	**656**	1,279
	11,771	11,142

(b) The amount due from holding company in 2007 was in respect of purchase consideration adjustment receivable from acquisition of subsidiaries. The amount was unsecured, interest free and fully settled during the year.

23. Trade and other receivables *(continued)*

(c) The trade receivables, net of provisions, of HK$11,771,000 (31/12/2007: HK$11,142,000) were past due but not impaired. These relate to a number of independent customers having good track records and there is no recent history of default, and the majority of the debts are covered by the rental deposits received as set out in Note 27.

(d) The individually impaired receivables were fully provided for, which are insignificant to the Group and the movements on the provision for impairment of trade receivables are as follows:

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**382**	968
Provision	**164**	101
Receivables written off	**(27)**	–
Written back	**–**	(687)
Disposal of subsidiaries	**(374)**	–
End of the year/period	**145**	382

(e) The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	31/12/2008 HK$'000	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Hong Kong Dollars	**57,053**	43,378	**544**	255
Singapore Dollars	**38**	849	**–**	–
Renminbi	**–**	4,915	**–**	–
	57,091	49,142	**544**	255

24. Financial assets at fair value through profit or loss

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Equity linked notes	**–**	12,405
Equity securities listed in Hong Kong	**–**	160
Real estate investment trust listed in Hong Kong	**–**	2,285
	–	14,850

25. Derivative financial instruments

	Group			
	31/12/2008		31/12/2007	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Interest rate swap contracts				
– cash flow hedges	**–**	**(72,260)**	–	(26,996)
– not qualifying as hedges	**–**	**(73,940)**	164	(14,780)
	–	**(146,200)**	164	(41,776)
Analysed as:				
Current	**–**	**(40,354)**	164	(10,016)
Non-current	**–**	**(105,846)**	–	(31,760)
	–	**(146,200)**	164	(41,776)

The aggregate notional principal amount of the interest rate swap contracts is HK$1,000,000,000 (31/12/2007: HK$1,050,000,000).

The portion of changes in the fair value of interest rate swap contracts not qualifying as hedges is recognised in the income statement and amounted to a loss of HK$59,331,000 (9 months ended 31/12/2007: HK$10,049,000) (Note 7).

26. Bank balances and cash

	Group		Company	
	31/12/2008	31/12/2007	**31/12/2008**	31/12/2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**22,418**	28,582	**22**	105
Short term bank deposits	**153,130**	118,282	**–**	–
	175,548	146,864	**22**	105
Maximum exposure to credit risk	**175,401**	146,722	**22**	105

Short term bank deposits for the year ended 31 December 2008 have an average effective interest rate of 0.5% (9 months ended 31/12/2007: 3.0%) per annum and an average maturity of 9 days (9 months ended 31/12/2007: 29 days).

26. Bank balances and cash *(continued)*

The bank balances and cash are denominated in the following currencies:

	31/12/2008 HK$'000	31/12/2007 HK$'000
Hong Kong Dollars	**173,353**	88,336
Renminbi	**–**	44,787
Singapore Dollars	**1,129**	13,610
United States Dollars	**1,066**	131
	175,548	146,864

27. Trade and other payables and accruals

	Group		Company	
	31/12/2008 HK$'000	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Trade payables	**20,185**	153,983	**–**	–
Other payables	**208,274**	108,825	**528**	45
Deposits received	**52,548**	34,651	**–**	–
Accruals	**7,338**	11,274	**175**	3,562
	288,345	308,733	**703**	3,607

The ageing analysis of trade payables is as follows:

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Current to 30 days	**17,163**	152,965
31 to 90 days	**2,082**	931
Over 90 days	**940**	87
	20,185	153,983

The carrying amounts of trade and other payables and accruals are denominated in the following currencies:

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Hong Kong Dollars	**286,306**	303,781
Singapore Dollars	**2,039**	3,891
Renminbi	**–**	1,061
	288,345	308,733

28. Bank loans and overdrafts

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Bank loans repayable on demand or within one year		
– secured	**275,779**	–
– unsecured	**10,000**	–
	285,779	–
Current portion of long term bank loans (Note 29)	**161,664**	2,000
	447,443	2,000

29. Long term bank loans

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Bank loans, secured	**2,282,161**	1,343,700
Less: Amount repayable within one year included under current liabilities (Note 28)	**(161,664)**	(2,000)
	2,120,497	1,341,700
The bank loans are repayable as follows:		
Within one year	**161,664**	2,000
In the second year	**630,552**	559,345
In the third to fifth years inclusive	**1,446,057**	351,380
After the fifth year	**43,888**	430,975
	2,282,161	1,343,700

The bank loans are denominated in Hong Kong Dollars except for an amount of HK$10,779,000 (31/12/2007: Nil) which is denominated in Singapore Dollars. The Group's bank loans are secured by certain investment properties, properties under development and available-for-sale financial assets with carrying amount of HK$8,811,220,000 (31/12/2007: HK$5,746,570,000), HK$Nil (31/12/2007: HK$921,717,000) and HK$89,842,000 (31/12/2007: HK$216,781,000) respectively.

The bank loans have an average effective interest rate of 1.34% (31/12/2007: 4.03%) per annum. The carrying amounts of bank loans approximate their fair values. The exposure of the Group's bank loans to interest-rate changes and the contractual repricing dates is less than 6 months (31/12/2007: 6 months).

30. Other long term loans

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Amounts due to minority shareholders of subsidiaries	**32,498**	35,275

The loans are denominated in Hong Kong Dollars, unsecured, interest free and expected not to be repaid within one year.

The fair value of the other long term loans is approximately HK$31,908,000 (31/12/2007: HK$34,095,000).

31. Deferred taxation

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Beginning of the year/period	**886,343**	627,878
(Credited)/charged to income statement (Note 10)	**(39,462)**	104,313
Acquisition of subsidiaries	**–**	154,152
End of the year/period	**846,881**	886,343

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (31/12/2007: 17.5%).

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through the future taxable profits are probable. The Group has unrecognised tax losses of HK$59,331,000 (31/12/2007: HK$4,233,000) to carry forward against future taxable income. These tax losses have no expiry.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year/period is as follows:

Deferred tax assets

	Group					
	Tax losses		Provision		Total	
	31/12/2008 HK$'000	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Beginning of the year/period	**15,314**	10,034	**–**	34	**15,314**	10,068
Credited/(charged) to income statement	**15,128**	5,280	**–**	(34)	**15,128**	5,246
End of the year/period	**30,442**	15,314	**–**	–	**30,442**	15,314

31. Deferred taxation *(continued)*

Deferred tax liabilities

	Group					
	Accelerated depreciation		Revaluation of properties		Total	
	31/12/2008 HK$'000	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000	**31/12/2008 HK$'000**	31/12/2007 HK$'000
Beginning of the year/period	**44,090**	32,560	**857,567**	605,386	**901,657**	637,946
Charged/(credited) to income statement	**14,022**	2,964	**(38,356)**	106,595	**(24,334)**	109,559
Acquisition of subsidiaries	**–**	8,566	**–**	145,586	**–**	154,152
End of the year/period	**58,112**	44,090	**819,211**	857,567	**877,323**	901,657

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	31/12/2008 HK$'000	31/12/2007 HK$'000
Deferred tax assets	**(5,794)**	(6,042)
Deferred tax liabilities	**852,675**	892,385
	846,881	886,343

32. Share capital

	Ordinary shares of HK$0.01 each	
	No. of shares	HK$'000
Authorised:		
At 31 December 2008 and 31 December 2007	**750,000,000**	**7,500**
Issued and fully paid:		
At 31 December 2008 and 31 December 2007	**259,685,288**	**2,596**

33. Reserves

	Group						
	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation account HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2008	769,080	327,180	(764)	(26,996)	4,802,540	57,131	5,928,171
Exchange translation differences	–	–	7,682	–	–	–	7,682
Realised on disposal of available-for-sale financial assets	–	(7,329)	–	–	–	–	(7,329)
Realised on disposal of subsidiaries	–	–	703	–	–	–	703
Realised on distribution from available-for-sale financial assets	–	(28,670)	–	–	–	–	(28,670)
Fair value losses on available-for-sale financial assets (Note 20)	–	(178,833)	–	–	–	–	(178,833)
Realised upon settlement of interest rate swap contracts	–	–	–	18,618	–	–	18,618
Fair value losses on cash flow hedges	–	–	–	(63,882)	–	–	(63,882)
Profit for the year	–	–	–	–	155,688	–	155,688
Prior period final dividend paid	–	–	–	–	–	(57,131)	(57,131)
Interim dividend paid (Note 13)	(31,162)	–	–	–	–	–	(31,162)
Final dividend proposed (Note 13)	(88,293)	–	–	–	–	88,293	–
	(119,455)	(214,832)	8,385	(45,264)	155,688	31,162	(184,316)
At 31 December 2008	649,625	112,348	7,621	(72,260)	4,958,228	88,293	5,743,855
Representing:							
Final dividend proposed (Note 13)	–	–	–	–	–	88,293	88,293
Others	649,625	112,348	7,621	(72,260)	4,958,228	–	5,655,562
At 31 December 2008	649,625	112,348	7,621	(72,260)	4,958,228	88,293	5,743,855

33. Reserves *(continued)*

	Group						
	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation account HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 April 2007	769,080	361,415	(4,475)	113	4,152,108	77,905	5,356,146
Exchange translation differences	–	–	3,711	–	–	–	3,711
Realised on disposal of available-for-sale financial assets	–	(3,036)	–	–	–	–	(3,036)
Fair value losses on available-for-sale financial assets	–	(31,199)	–	–	–	–	(31,199)
Share of reserve of an associated company	–	–	–	(113)	–	–	(113)
Fair value losses on cash flow hedges	–	–	–	(26,996)	–	–	(26,996)
Profit for the period	–	–	–	–	738,725	–	738,725
Prior year final dividend paid	–	–	–	–	–	(77,905)	(77,905)
Interim dividend declared (Note 13)	–	–	–	–	(31,162)	–	(31,162)
Final dividend proposed (Note 13)	–	–	–	–	(57,131)	57,131	–
	–	(34,235)	3,711	(27,109)	650,432	(20,774)	572,025
At 31 December 2007	769,080	327,180	(764)	(26,996)	4,802,540	57,131	5,928,171
Representing:							
Final dividend proposed (Note 13)	–	–	–	–	–	57,131	57,131
Others	769,080	327,180	(764)	(26,996)	4,802,540	–	5,871,040
At 31 December 2007	769,080	327,180	(764)	(26,996)	4,802,540	57,131	5,928,171

33. Reserves *(continued)*

	Company			
	Contributed surplus HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2008	**2,840,566**	**254,760**	**57,131**	**3,152,457**
Loss for the year (Note 11)	**–**	**(239,713)**	**–**	**(239,713)**
Prior period final dividend paid	**–**	**–**	**(57,131)**	**(57,131)**
Interim dividend paid (Note 13)	**(31,162)**	**–**	**–**	**(31,162)**
Final dividend proposed (Note 13)	**(88,293)**	**–**	**88,293**	**–**
At 31 December 2008	**2,721,111**	**15,047**	**88,293**	**2,824,451**
Representing:				
Final dividend proposed (Note 13)	**–**	**–**	**88,293**	**88,293**
Others	**2,721,111**	**15,047**	**–**	**2,736,158**
At 31 December 2008	**2,721,111**	**15,047**	**88,293**	**2,824,451**
At 1 April 2007	2,849,582	247,705	77,905	3,175,192
Profit for the period (Note 11)	–	86,332	–	86,332
Transfer	(9,016)	9,016	–	–
Prior year final dividend paid	–	–	(77,905)	(77,905)
Interim dividend declared (Note 13)	–	(31,162)	–	(31,162)
Final dividend proposed (Note 13)	–	(57,131)	57,131	–
At 31 December 2007	2,840,566	254,760	57,131	3,152,457
Representing:				
Final dividend proposed (Note 13)	–	–	57,131	57,131
Others	2,840,566	254,760	–	3,095,326
At 31 December 2007	2,840,566	254,760	57,131	3,152,457

Pursuant to the Companies Law of the Cayman Islands and the Company's Articles of Association, the contributed surplus of the Company is available for distribution to shareholders in addition to retained earnings, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

34. Future lease receipts

Future minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	Group	
	31/12/2008	31/12/2007
	HK$'000	HK$'000
Not later than one year	**201,364**	133,596
Later than one year and not later than five years	**185,402**	53,069
	386,766	186,665

35. Capital commitments

	Group	
	31/12/2008	31/12/2007
	HK$'000	HK$'000
Investment properties		
Contracted but not provided for	**–**	937,098
Investments in associated companies		
Contracted but not provided for	**497,194**	515,776
	497,194	1,452,874

36. Lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

	Group	
	31/12/2008	31/12/2007
	HK$'000	HK$'000
Not later than one year	**4,019**	5,759
Later than one year and not later than five years	**1,969**	81
	5,988	5,840

37. Financial guarantee contracts

The face value of the financial guarantees issued by the Group and the Company is analysed as follows:

	Group		Company	
	31/12/2008	31/12/2007	**31/12/2008**	31/12/2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given in respect of banking facilities granted to subsidiaries (Note ii)	**–**	–	**3,126,238**	2,539,238
Guarantees and completion undertakings given severally in respect of banking facilities granted to associated companies in proportion to the Group's respective equity interests (Note iii)	**537,350**	538,127	**537,350**	538,127
	537,350	538,127	**3,663,588**	3,077,365

(i) The Directors of the Company consider that it is not probable for a claim to be made against the Group and the Company under any of these guarantees as at the balance sheet date. All of the financial guarantee contracts as disclosed above have not been recognised in the financial statements of the Group and the Company as the Directors of the Company consider that the fair values of these contracts are not significant to the Group.

(ii) The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK$3,126,238,000 (31/12/2007: HK$2,539,238,000), of which HK$2,557,162,000 (31/12/2007: HK$1,343,700,000) have been utilised by the subsidiaries.

(iii) The Company has executed guarantees in favour of banks in respect of facilities granted to associated companies of HK$537,350,000 (31/12/2007: HK$538,127,000). The amount of facilities utilised by the associated companies amounted to HK$427,902,000 (31/12/2007: HK$307,141,000).

38. Notes to the consolidated cash flow statement

(a) Reconciliation of profit before taxation to net cash generated from operations

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Profit before taxation	**131,583**	874,482
Share of profits less losses of associated companies	**(1,319)**	(48,142)
Finance costs	**47,672**	413
Finance income	**(2,001)**	(22,204)
Increase in fair value of investment properties	**(64,455)**	(608,240)
Dividend income	**(44,102)**	(19,524)
Interest income on loans to associated companies	**(10,591)**	(11,573)
Depreciation of property, plant and equipment	**1,857**	2,675
Realised gains on available-for-sale financial assets	**(428)**	(111,349)
Fair value losses on available-for-sale financial assets	**972**	471
Amortised income from held-to-maturity investments	**(987)**	–
Gain on disposal of subsidiaries	**(6,588)**	–
Fair value losses on derivative financial instruments	**59,331**	10,049
Losses/(gains) on disposal of plant and equipment	**141**	(196)
Impairment losses of goodwill	**3,285**	–
Operating profit before working capital changes	**114,370**	66,862
Increase in trade and other receivables	**(23,461)**	(14,864)
Decrease in financial assets at fair value through profit or loss	**14,850**	20,893
Increase in trade and other payables and accruals	**26,677**	9,874
Net cash generated from operations	**132,436**	82,765

38. Notes to the consolidated cash flow statement *(continued)*

(b) Disposal of subsidiaries

	HK$'000
The assets and liabilities disposed of	
Property, plant and equipment	**29,771**
Trade and other receivables	**6,643**
Bank balances and cash	**48,664**
Trade and other payables and accruals	**(870)**
Other long term loans	**(2,777)**
Tax payable	**(737)**
Net assets	**80,694**
Interests retained by the Group	**(25,011)**
Minority interests disposed	**(542)**
Exchange fluctuation reserve realised	**703**
Net assets disposed of	**55,844**
Total consideration	**62,432**
Gain on disposal	**6,588**
Consideration	
Cash received	**62,532**
Expenses paid related to the disposal	**(100)**
	62,432
Net cash inflow on disposal of subsidiaries	
Consideration and expenses settled in cash	**62,432**
Bank balances and cash of the subsidiaries disposed	**48,664**
Net inflow of cash and cash equivalents in respect of the disposal	**13,768**

38. Notes to the consolidated cash flow statement *(continued)*

(c) Analysis of changes in financing

	Minority interests		Bank and other loans	
	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000
Beginning of the year/period	**19,126**	14,531	**1,378,975**	135,689
Translation differences	**76**	96	**–**	–
Realised on disposal of available-for-sale financial assets	**(89)**	(160)	**–**	–
Fair value losses on available-for-sale financial assets	**–**	18	**–**	–
Acquisition of subsidiaries	**–**	–	**–**	416,400
Disposal of subsidiaries	**(542)**	–	**(2,777)**	–
Minority interests in share of profit	**2,886**	5,136	**–**	–
Dividends paid to minority shareholders	**(585)**	(495)	**–**	–
Net cash inflow from financing	**–**	–	**1,224,240**	826,886
End of the year/period	**20,872**	19,126	**2,600,438**	1,378,975

(d) Analysis of bank and other loans

	31/12/2008 HK$'000	31/12/2007 HK$'000
Bank loans repayable on demand or within one year (Note 28)	**285,779**	–
Long term bank loans (Note 29)	**2,282,161**	1,343,700
Other long term loans (Note 30)	**32,498**	35,275
	2,600,438	1,378,975

Subsidiaries and Associated Companies

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2008 Group	Company	Principal activities	Note
Winsor Properties Finance Ltd.	Ordinary	HK$	2	100	100	Group finance company	
Winsor Properties (Hong Kong) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	
Adam Knitters Ltd.	Ordinary	HK$	1,000	100	–	Property investment	4
	Deferred	HK$	200,000	–	–		
Allied Effort Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	
Winnion Limited	Ordinary	HK$	100	100	–	Property investment	
Baudinet Investment Ltd.	Ordinary	HK$	18	100	–	Property investment	4
	Deferred	HK$	2	–	–		
Begin Land Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		
Congenial Investments Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment	3
East Sun Estate Management Company Ltd.	Ordinary	HK$	200	100	–	Property management	
East Sun Textile Company, Ltd.	Ordinary	HK$	20	100	–	Dormant	4
	Deferred	HK$	15,000,000	–	–		
Grandeur Investments Limited, B.V.I.	Ordinary	US$	1	100	–	Property investment	
Hilwin Properties Ltd.	Ordinary	HK$	450,000	100	–	Investment holding	4
	Deferred	HK$	50,000	–	–		
Hanbury Development Company Ltd.	Ordinary	HK$	10,000	100	–	Dormant	
Libro Estates Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		

Subsidiaries and Associated Companies *(continued)*

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2008 Group	Company	Principal activities	Note
Unimix Properties Limited	Ordinary	HK$	200	100	–	Property investment	
Winner Godown Ltd.	Ordinary	HK$	1,500,000	70	–	Godown operation	
Winsor Air Cargo Centre Ltd.	Ordinary	HK$	20	100	–	Dormant	
Winsor Billion Management Ltd.	Ordinary	HK$	1	100	–	Property management	
Winsor Estate Agents Ltd.	Ordinary	HK$	20	100	–	Property agent	
Winsor Estate Management Ltd.	Ordinary	HK$	2	100	–	Property management	
Winsor Parking Ltd.	Ordinary	HK$	18,000,000	100	–	Property investment	4
	Deferred	HK$	2,000,000	–	–		
Winsor Properties Financial Services Ltd.	Ordinary	HK$	840	95.24	–	Investment holding and property investment	
Chericourt Company Ltd.	Ordinary	HK$	1,000,000	95.24	–	Property investment	
Zofka Properties Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		
Winsor Properties (Overseas) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	3
Zak Holdings Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	3
Winwin Investment Pte. Ltd., Singapore	Ordinary	SGD	2	100	–	Property investment	
Curlew International Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	3
Winprop Pte. Ltd., Singapore	Ordinary	SGD	2	100	–	Investment holding	2
Winance Investment Pte. Ltd., Singapore	Ordinary	SGD	2	100	–	Dormant	2
Winsor Properties (China) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	3
Dhandia Ltd.	Ordinary	HK$	1,000	100	–	Investment holding	
Tat Yeung Properties Investment Ltd., B.V.I.	Ordinary	US$	1,000	100	–	Investment holding	3

Subsidiaries and Associated Companies *(continued)*

Name of associated company	Issued share capital			Percentage of shareholding held at 31 December 2008		Principal activities	Note
				Group	Company		
China Merchants Cold Chain Logistics (China) Co., Ltd., B.V.I.	Ordinary	US$	1,000	30	–	Investment holding	2
China Merchants Cold Chain Logistics (Hong Kong) Co. Ltd.	Ordinary	HK$	1	30	–	Investment holding	
China Merchants Cold Chain Logistics (Shenzhen) Co. Ltd.(foreign wholly-owned enterprise), Mainland China	Ordinary	US$	5,000,000	30	–	Cold storage	2
Javary Ltd.	Ordinary	HK$	300	33.3	–	Property investment	2
Pangold Development Limited	Ordinary	HK$	100	20	–	Property development	
Suzhou World Trade Centre, Mainland China	Ordinary	US$	6,500,000	24.8	–	Property investment and development	2
Tat Yeung Trading Company Ltd., B.V.I.	Ordinary	US$	2	50	–	Investment holding	3
Universal Plus Limited, B.V.I.	Ordinary	US$	100	20	–	Investment holding	
Winquest Investment Pte. Ltd., Singapore	Ordinary	SGD	1,000,000	30	–	Property investment and development	
Winwill Investment Pte Ltd., Singapore	Ordinary	SGD	10	20	–	Investment holding	

Subsidiaries and Associated Companies *(continued)*

Notes:

1. Unless stated otherwise, all companies are incorporated in Hong Kong. Those companies incorporated in Mainland China and Singapore operate in their country of incorporation. Other companies operate principally in Hong Kong. None of the subsidiaries have issued any debt securities.

2. The financial statements of these companies are audited by firms other than PricewaterhouseCoopers. The aggregate net assets and profit after taxation of these companies attributable to the Group amounted to HK$18,113,000 (31/12/2007: HK$83,389,000) and HK$6,620,000 (31/12/2007: HK$13,572,000) respectively.

3. The financial statements of these companies are not audited. The aggregate net liabilities and loss after taxation of these companies attributable to the Group amounted to HK$66,000 (31/12/2007: HK$2,881,000) and HK$405,000 (31/12/2007: profit after taxation of HK$2,106,000) respectively.

4. The deferred shares, which are held by Winsor Industrial Corporation, Limited and/or its subsidiaries, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up unless the assets of the respective companies to be returned on winding up exceed the value of HK$100,000,000,000.

Schedule of Properties

Location	Lease Expiry	Site Area (sq. ft.)	Gross Floor Area (sq. ft.)	Stage of Completion	Type	Effective Interest
Landmark East, 100 How Ming Street, Section A and The Remaining Portion of Kwun Tong Inland Lot No. 242, Kwun Tong, Kowloon, HONG KONG.	2047	95,940	1,335,147	Completed	Office	100%
Lucky Industrial Building, 18-24 Kwai Hei Street and 13-19 Kwai Lok Street, Kwai Chung Town Lot No. 342, Kwai Chung, New Territories, HONG KONG.	2047	30,713	292,520	Completed	Industrial/ Godown	100%
Regent Centre, 63-73 Wo Yi Hop Road, Lot No. 299 in D. D. 444, Kwai Chung, New Territories, HONG KONG.	2047	103,500	657,265 (remaining portion)	Completed	Industrial/ Godown	95.24%
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 5890 HONG KONG.	2047	18,256	186,827	Completed	Industrial/ Godown	100%
Unimix Industrial Centre, 2 Ng Fong Street, San Po Kong, Kowloon New Kowloon Inland Lot No. 4899 HONG KONG.	2047	25,380	390,657	Completed	Industrial/ Godown	100%
W Square, 314-324 Hennessy Road, The Remaining Portion and Section D of Marine Lot No. 122, Wan Chai, HONG KONG.	2859	7,652	128,658	Completed	Commercial/ Office	100%
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, R.P. of Tsuen Wan Inland Lot No. 28, Tsuen Wan, New Territories, HONG KONG.	2047	50,804	497,140	Completed	Industrial/ Godown	100%
161 agricultural lots, Lantau and Peng Chau, New Territories, HONG KONG.	2047	540,167	—	Vacant	Agricultural	100%

Five Year Financial Summary

	Year ended 31 December 2008 HK$'000	9 months ended 31 December 2007 HK$'000	Year ended 31 March 2007 HK$'000	Year ended 31 March 2006 HK$'000	Year ended 31 March 2005 HK$'000
Group Results					
Revenue	**232,645**	119,097	304,103	933,163	508,936
Profit attributable to shareholders of the Company	**155,688**	738,725	803,636	816,627	459,809

Summary Consolidated Balance Sheet

	31 December 2008 HK$'000	31 December 2007 HK$'000	31 March 2007 HK$'000	31 March 2006 HK$'000	31 March 2005 HK$'000
Property, plant and equipment	**2,608**	32,194	31,638	32,091	2,231,990
Investment properties	**8,834,930**	6,660,890	4,665,300	4,023,360	1,628,039
Properties under development	**–**	921,717	–	–	–
Interests in associated companies	**185,732**	206,914	181,654	7,029	4,313
Amounts and loans receivable from associated companies	**315,370**	291,107	346,583	311,312	68,847
Available-for-sale financial assets	**216,607**	442,382	490,448	213,926	–
Loans and receivables	**–**	–	16	155,313	–
Held-to-maturity investments	**25,445**	–	–	–	–
Other investments	**–**	–	–	–	438,176
Deferred tax assets	**5,794**	6,042	1,597	3,191	5,675
Goodwill	**57,807**	61,092	–	–	–
Net current (liabilities)/assets	**(598,665)**	(205,952)	539,617	349,606	83,523
Total assets less current liabilities	**9,045,628**	8,416,386	6,256,853	5,095,828	4,460,563
Share capital	**2,596**	2,596	2,596	2,596	2,596
Other reserves	**697,334**	1,068,500	1,126,133	914,233	3,025,071
Retained earnings	**4,958,228**	4,802,540	4,152,108	3,452,346	660,610
Proposed final dividend	**88,293**	57,131	77,905	49,340	46,743
Equity attributable to shareholders of the Company	**5,746,451**	5,930,767	5,358,742	4,418,515	3,735,020
Minority interests	**20,872**	19,126	14,531	2,431	(20)
Total equity	**5,767,323**	5,949,893	5,373,273	4,420,946	3,735,000
Long term bank loans	**2,120,497**	1,341,700	100,381	37,154	172,848
Other long term loans	**32,498**	35,275	35,308	35,378	35,420
Amounts and loans payable to associated companies	**166,789**	165,373	118,416	77,915	33,602
Derivative financial instruments	**105,846**	31,760	–	–	–
Deferred tax liabilities	**852,675**	892,385	629,475	524,435	463,693
Funds employed	**9,045,628**	8,416,386	6,256,853	5,095,828	4,460,563

Notes

1. The Group changed its financial year end from 31 March to 31 December in July 2007.

2. Certain comparative figures have been reclassified or extended to conform with current year's presentation.