



廖創興企業有限公司
LIU CHONG HING INVESTMENT LIMITED

Driving our Developments Forward

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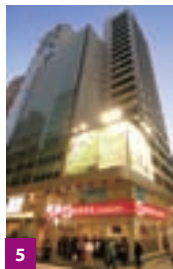
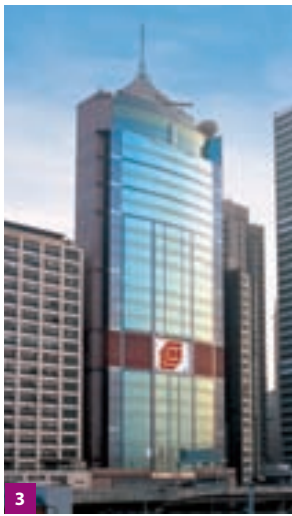
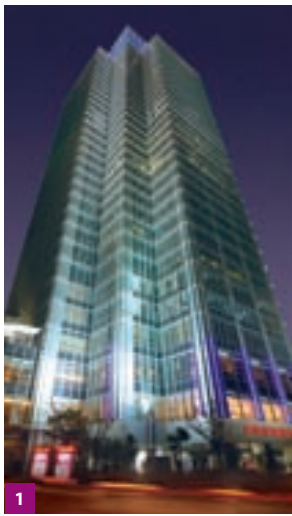


With a clear vision, a solid foundation and an explicit knowledge of the precious values we have created, we are geared up and powered in driving our development forward in full speed.

Cover Photo Theme:

Is it dawn or dusk? Are we expecting the light or the dark? No one is sure if the darkest time is passed or yet to come, but one thing we are sure – we are always well prepared and ready to drive our developments forward in any circumstance.

Group's Major Businesses Profile



Office/Commercial & Industrial

- 1 Chong Hing Finance Centre, Shanghai
- 2 Chong Hing Bank Centre
- 3 Western Harbour Centre
- 4 Chong Hing Square
- 5 Fung Shun Commercial Building
- 6 Bonsun Industrial Building

Retail

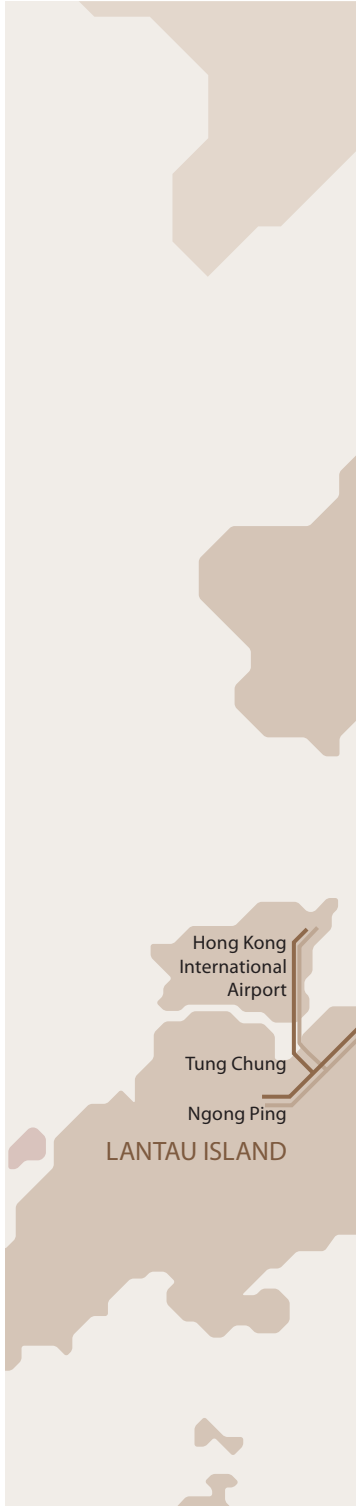
- 7 Chong Yip Shopping Centre
- 8 Chong Hing Plaza, Guangzhou
- 9 The Westwood

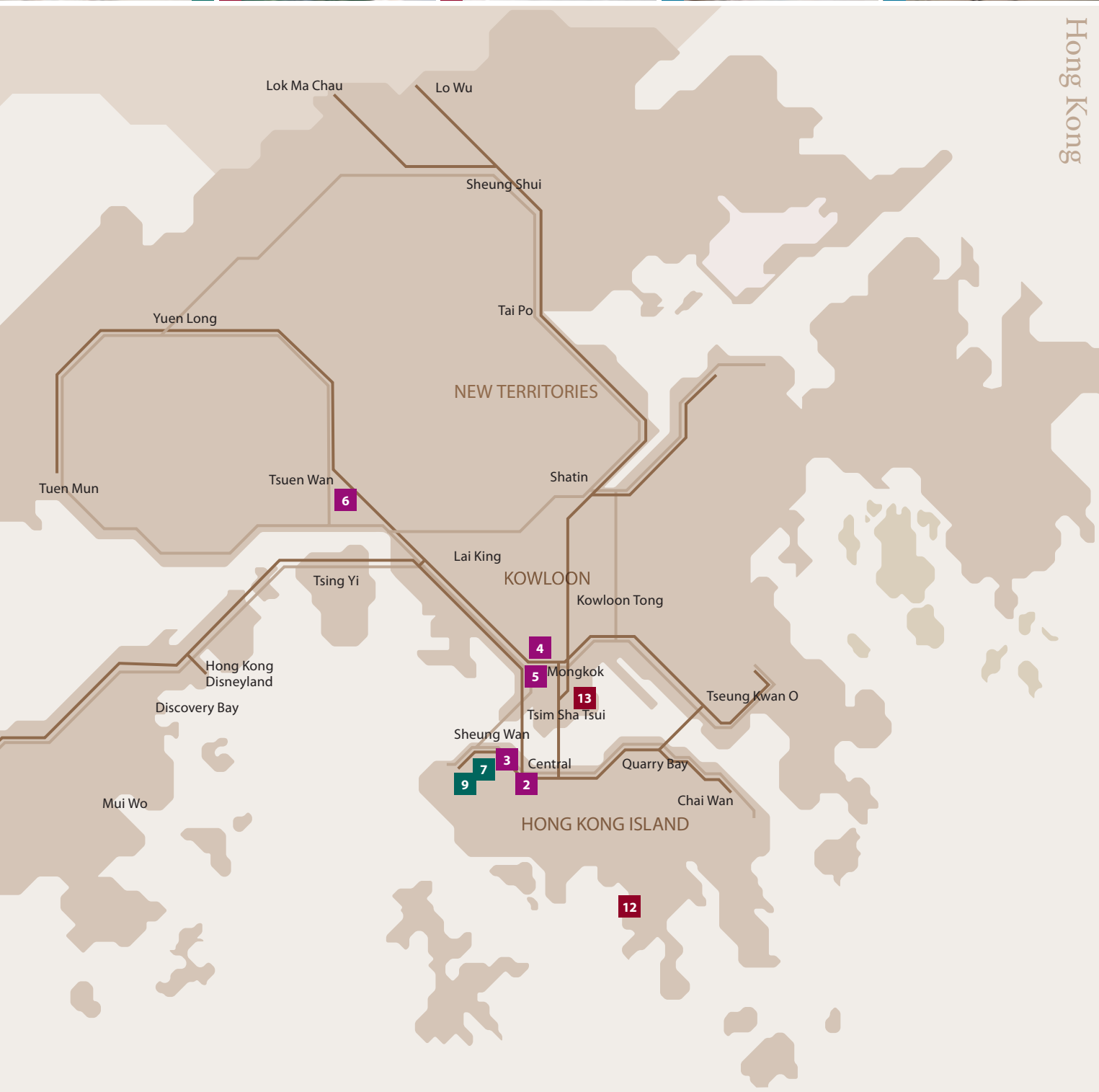
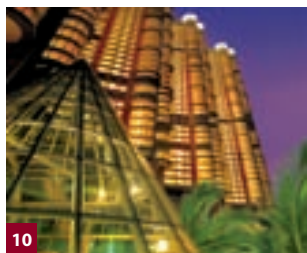
Residential

- 10 Le Palais, Guangzhou
- 11 The Grand Riviera, Foshan
- 12 Fairview Court
- 13 Chatham Garden

Hotels

- 14 Hanting Express-Shanghai Shang Nan
- 15 Hanting Hotel-Shanghai Song Jiang Fang Ta
- 16 Hanting Express-Beijing Da Guan Yuen
- 17 Hanting Express-Guangzhou Hai Zhu Bei Lu





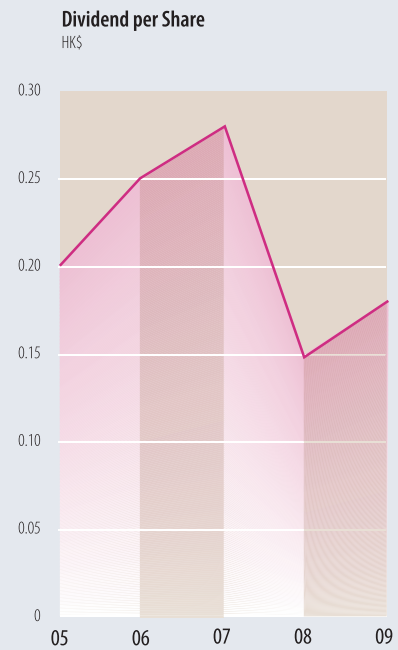
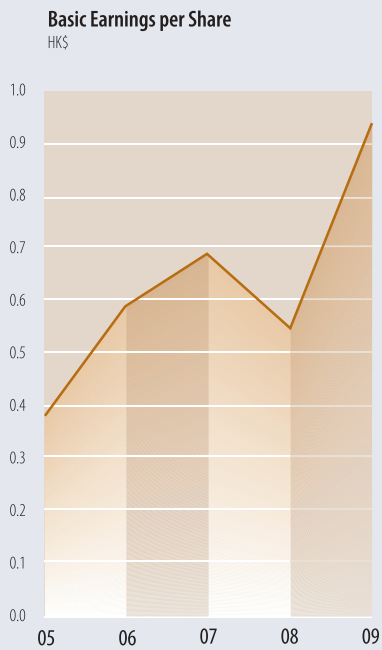
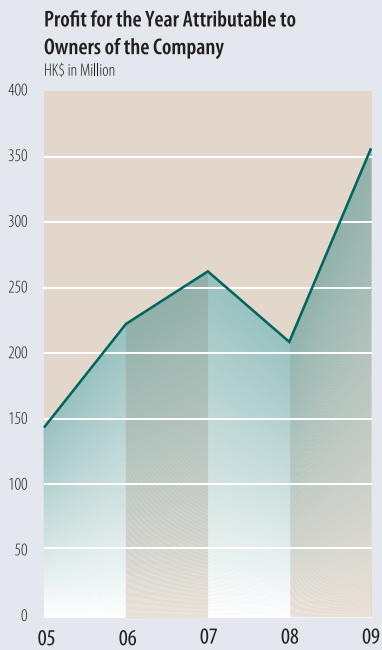
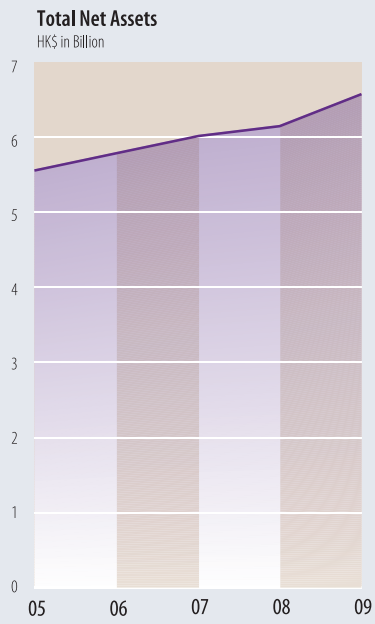
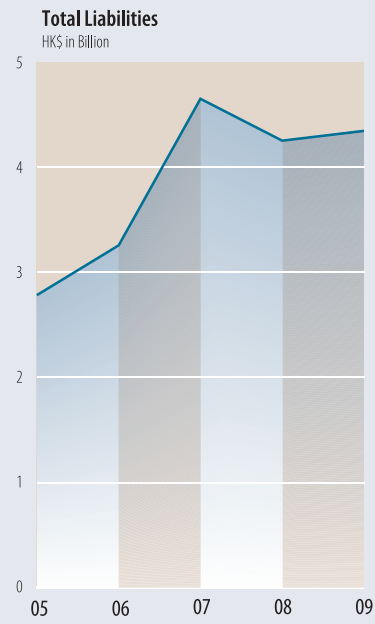
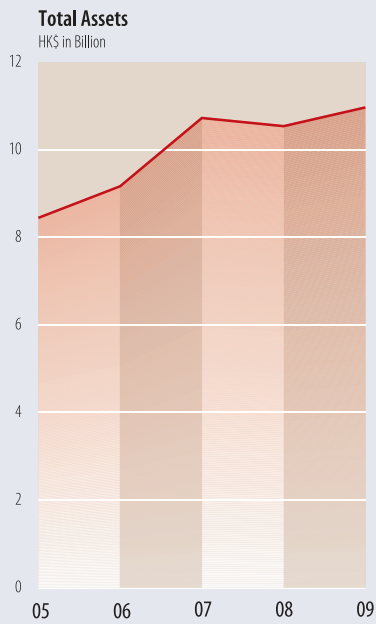
Hong Kong

Five-Year Financial Summary

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Total assets	8,361,893	9,022,139	10,617,091	10,413,952	10,814,596
Total liabilities	2,785,592	3,296,232	4,655,117	4,266,413	4,308,272
Total net assets	5,576,301	5,725,907	5,961,974	6,147,539	6,506,324
Net assets value per share	HK\$14.67	HK\$15.05	HK\$15.67	HK\$16.14	HK\$17.10
Debt-to-equity ratio*	29%	30%	44%	44%	44%
Profit for the year attributable to owners of the Company	143,451	223,141	263,114	209,326	356,091
Basic earnings per share	HK\$0.38	HK\$0.59	HK\$0.69	HK\$0.55	HK\$0.94
Dividend per share	HK\$0.20	HK\$0.25	HK\$0.28	HK\$0.15	HK\$0.18
Dividend payout ratio	53%	42%	40%	27%	19%

* Debt-to-equity ratio represents bank loans and overdrafts and other long term liabilities, less cash and deposits with banks divided by equity which comprises of shareholders' funds and minority interests.

Five-Year Financial Highlights Charts



Dr. Liu Lit Mo, LLD, MBE, J.P.
Chairman and Managing Director



I am pleased to present to the shareholders the Company's operating results for the year 2009.

BUSINESS RESULTS

For the accounting year ended 31 December 2009, the audited profit attributable to owners of the Company amounted to HK\$356,091,000 (basic earnings per share: HK\$0.94), an increase of 70% over the previous year.

Dear Shareholders,

As the newly appointed Chairman, I am pleased to present to you a review of the Company's performance as well as my observations on the macro-economic environment for the year 2009.

ECONOMIC REVIEW

With unprecedented global policy intervention, 2009 has been a year of rapid recovery for the global economy. The US Federal Reserve Board ("FRB") and other central banks, including the People's Bank of China, rolled out fiscal stimulus and other relief measures in a bid to stimulate the economies, thereby successfully curbing deterioration of the economic crisis and turning around the recessing global economy. The US economy stopped falling and began to pick up in the third quarter of 2009 and this was generally considered by the market as a sign of the end of economic recession. After its last rate fixing in 2009, the FRB announced that it would maintain such a low rate for a relatively extended period to facilitate a steady economic recovery. Paving the way for an exit, the FRB then also announced the gradual withdrawal of emergency credit facilities as a form of relief measures, and the completion of asset-backed securities transaction in

the first quarter of 2010. This is a delicate process and it is important that any withdrawal by central governments must be done gently and gradually.

According to statistics, the fall in Hong Kong's gross domestic product on an annualized basis has been reducing since the second quarter of 2009. Unemployment rate improved to 4.9%. The adoption of lax monetary policies by various nations has contributed towards a tremendous influx of hot money into Hong Kong, boosting performance of the local stock market. The Hang Seng Index surged by 52% in 2009, the biggest annual rise in ten years. The property market was also buoyant, with the number of registered transactions up by over 18% when compared with that of last year. Gross value of transacted properties returned to the HK\$500 billion mark, representing a year-on-year growth of about 25% and the third highest on record.

BUSINESS RESULTS

For the accounting year ended 31 December 2009, the audited profit attributable to owners of the Company amounted to HK\$356 million (basic earnings per share: HK\$0.94), an increase of 70% over the previous year.

Shanghai
Chong Hing Finance Centre



Situated in a prestigious locality in Shanghai, with comprehensive and high quality rental spaces, Chong Hing Finance Centre has generated satisfactory annual rental revenue.

The Board of Directors has proposed to recommend at the forthcoming Annual General Meeting to be held on Wednesday, 28 April 2010. The payment of a final cash dividend of HK\$0.10 per share together with the interim cash dividend of HK\$0.08 per share paid on 30 September 2009, the total cash dividend amounted to HK\$0.18 per share for the year 2009.

BUSINESS REVIEW

BANKING BUSINESS

The Company holds a 47.82% shareholding interest in Chong Hing Bank Limited (the "Bank"). The Bank has announced that its audited consolidated profit attributable to shareholders for the year ended 31 December 2009 amounted to HK\$232 million, an increase of 282% over that for the year before. Total customers' deposits increased 2.3% to HK\$60.8 billion. Total loans to customers (after accounting for impairment allowances) decreased 1.6% to HK\$32.8 billion. Total assets increased 2.4% to HK\$70.0 billion.



Chong Hing Finance Centre, Shanghai



Shareholders' funds (before final dividend), compared with the shareholders' funds for the previous year, increased 3.7% to HK\$6.2 billion. A final cash dividend of HK\$0.20 has been declared and will be paid by the Bank to its shareholders. Details on the Bank's financial results for the year ended 31 December 2009 may be found in its annual report, which is also published on www.chbank.com.

HONG KONG PROPERTY BUSINESS

Chong Hing Square

Chong Hing Square recorded an averaged occupancy rate of 89% in 2009. This 20-storey retail/commercial building is located in the heart of Mongkok, Kowloon, and provides 184,000 square feet of retail space and entertainment facilities.

Chong Yip Shopping Centre

With an averaged occupancy rate of 95% in 2009, Chong Yip Shopping Centre remains one of the favourite shopping centres in the western part of Hong Kong Island with 45,000 square feet of retail space and entertainment facilities.

Western Harbour Centre

In 2009, this property continued to enjoy a 100% occupancy rate and a steady growth in rental income. This 28-storey full sea-view Grade A office building with lettable area of 140,000 square feet is located at Connaught Road West and within close proximity to the Western Harbour Tunnel.

Fairview Court

This low-rise deluxe apartment block located in Repulse Bay is now 80% let and its rental revenue increased in line with occupancy.

Chatham Garden Project

Chatham Garden is a redevelopment project undertaken by the original shareholders of The Belcher's. The project calls for the erection of two blocks of 32-storey residential building on top of a 2-storey commercial complex and carports. Superstructure has been commenced and in progress. The Group owns 10% in the project.



Tai Po Project

The Group acquired this 240,000 sq.ft. plot of land in Tai Po, New Territories, for long-term investment. Ongoing feasibility studies are being carried out and the Group will implement its development when the opportunity arises.

PRC PROPERTY BUSINESS

Chong Hing Plaza, Guangzhou

Guangzhou Chong Hing Plaza was acquired by the Group as a distressed asset in 2006 and has since been revamped. With a prime location in Yue Xiu District of Guangzhou and a total area of 180,000 sq.ft., it recorded an averaged occupancy rate of 99% in 2009, with a 22% year-on-year increase in rental income. The Group has also benefited from the appreciation in property value as well as appreciation in Renminbi.

Chong Hing Finance Centre, Shanghai

This flagship property of the Group was completed in 2007. Located at 288 Nanjing Road West in Huang Pu District of Shanghai, this 36-storey Grade A commercial building commands a strategic location and enviable view over The People's Square just across the street. With a total floor area of over 413,000 square feet of lettable office space, 103,000 square feet of lettable commercial space and 198 carparks, this

property is now 81% let in terms of office space and 100% let in terms of retail space. The Group has invested more than RMB1.4 billion in this asset and intends to hold it as a long term investment. Total rental revenue generated from this property in 2009 was approximately HK\$92.5 million.

The Grand Riviera, Foshan

The Grand Riviera is a large-scale development project currently undertaken by the Group. Situated on a 2,760,000 sq.ft. plot of land at 1 Guilong Road, Luocun in the Nanhai District of Foshan, it is conveniently located within half an hour's drive from the Foshan financial district and within an hour's drive from downtown Guangzhou. The project boasts a landscape ratio of more than 40% and adopts a southern French approach to its design. With its unique characteristics which include a 1 km-long car-free "avenue of trees", scenic lakes and landscape features, The Grand Riviera will offer a luxurious, relaxed and healthy living environment for its residents whilst at the same time becoming the new centre of attraction in Foshan. Phase I of The Grand Riviera, consisting of 1,367 residential units, over 93,000 sq.ft. of retail space and over 1,246 car parking spaces, is well underway and is expected to be launched within the first half of this year.

Chatham Garden



Budget Hotel Project

Riding on the booming tourism industry in China and the her hosting of various international events such as The Shanghai Expo and The Asian Games in Guangzhou in 2010, the Group has invested in a budget hotel project currently consisting of two budget hotels in Shanghai, one in Beijing and one in Guangzhou, all of which are operated under the PRC domestic budget hotel chain known as "Hanting". Total revenue recorded in 2009 from such operations was approximately HK\$22.5 million.

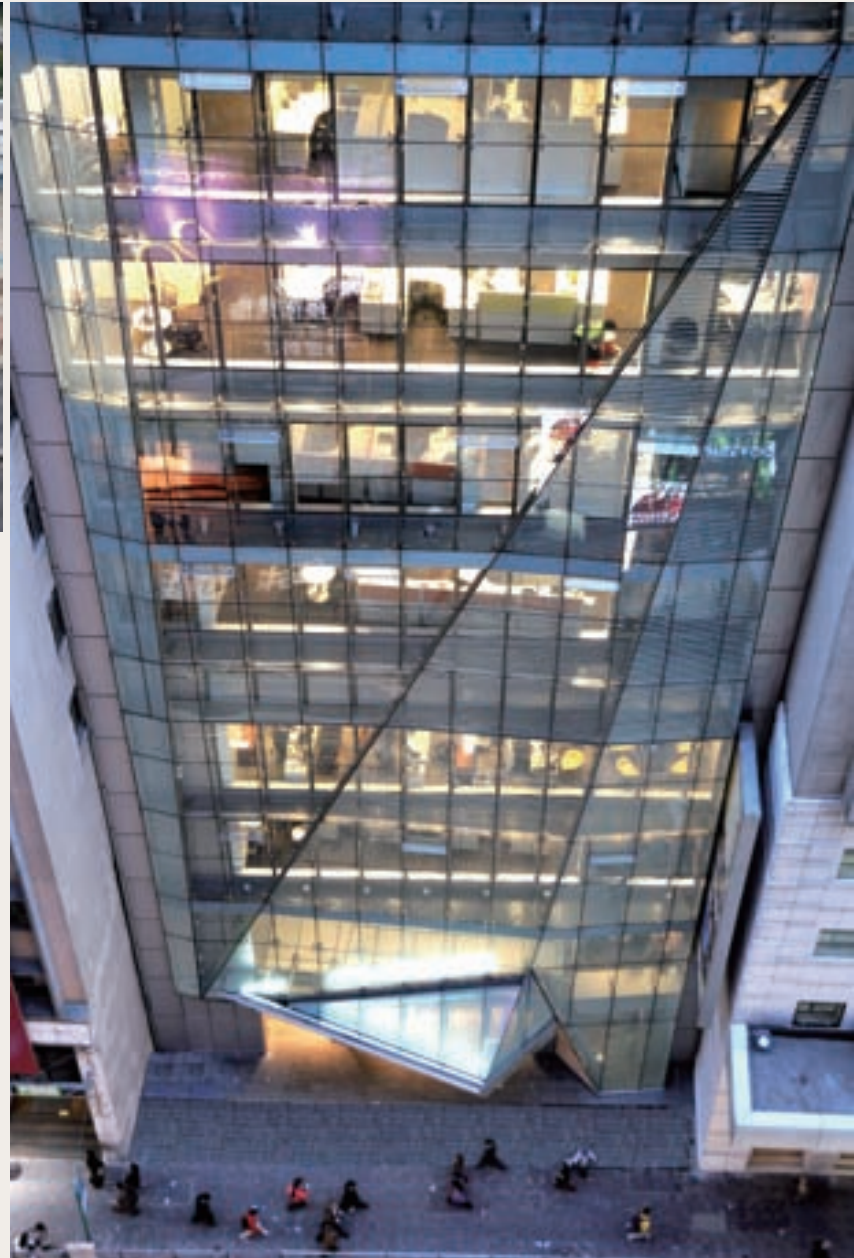
PROPERTY MANAGEMENT

Liu Chong Hing Property Management and Agency Limited, established in 1976, is a wholly-owned subsidiary of the Company and is principally responsible for managing certain properties developed by the Group. In recent years, it also expanded its operations to cover third party properties. Its revenue remained stable in 2009.

ECONOMIC OUTLOOK

With the combined blessings of Mainland China's headstart economic rebound, continued support from the PRC Central Government and a series of relief measures introduced by the Hong Kong Government, we are optimistic that the local economy is back on a rising track. Barring any unforeseen events in the global arena, we also share the common view that the worst of the global financial crisis is over.

Chong Hing Bank Centre



The local property market has continued to boom amid the influx of "hot money" from overseas, particularly from Mainland China. Across the border, the Mainland Chinese property markets are also taking flight with rapid growth. Concerns over a "bubble effect" in some places are understandable and not overly cautious, but we believe the PRC Central Government has these issues in sight and have been rolling out measures to curb over-inflation in domestic property prices. We remain confident in the Mainland Chinese

Fairview Court



Bonsun Industrial Building



Western Harbour Centre



economy, particularly in secondary cities such as Foshan where there is still ample room for growth. China has been and should remain the biggest growth story of the 21st century.

SINCERE ACKNOWLEDGEMENTS

Mr. Liu Lit Man, for reasons of age and health, has retired as Chairman and Executive Director of the Company with effect from 25 November 2009 after 40 years of service to the Company. In recognition of his invaluable contributions to the Company, the Board of Directors has appointed Mr. Liu as Honorary Chairman with effect from that same date. On behalf of the Company, I thank Mr. Liu for his long service and dedication towards the Group and wish him a happy retirement.

As the succeeding Chairman, I would also like to express my heartfelt gratitude to our stakeholders and shareholders for their continued trust and support, to all my fellow directors for their wise stewardship, and to our senior management and staff for their commitment and dedication.

Dr. Liu Lit Mo

Chairman and Managing Director

Hong Kong, 3 March 2010

Hong Kong Chong Hing Bank Centre



As the headquarters of both the Group and Chong Hing Bank, Chong Hing Bank Centre continues to serve as the symbol of the Group and the good quality services provided.

The Board of Directors of Liu Chong Hing Investment Limited (the Directors) has pleasure in presenting to the Shareholders their annual report together with the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding. The principal activities of the principal subsidiaries and associates are shown in notes 45 and 46 to the financial statements respectively.

RESULTS AND STATE OF AFFAIRS

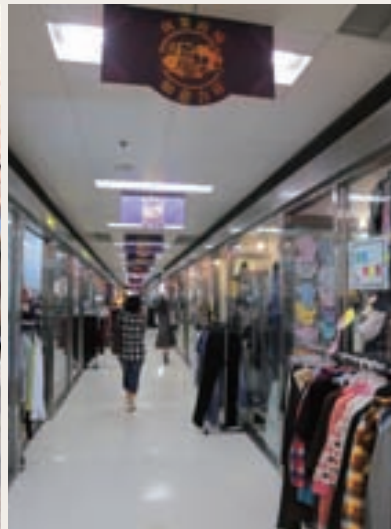
The results of the group for the year ended 31 December 2009 and the state of the Company's and the group's affairs at that date are set out on pages 62 to 120 of this annual report.



Chong Yip Shopping Centre



The Westwood



DIVIDENDS

An interim cash dividend of HK\$0.08 per share was paid to shareholders on 30 September 2009. The Directors recommend a final cash dividend of HK\$0.10 per share making a total cash dividend of HK\$0.18 per share for the year.

RESERVES

Movements in reserves of the group during the year are set out in Consolidated Statement of Changes in Equity and the movements in reserves of the Company during the year are set out in note 37 to the financial statements.

INVESTMENT PROPERTIES/ASSETS HELD FOR SALE

Movements in investment properties and assets held for sales during the year are set out in notes 17 and 31 respectively to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 18 to the financial statements.

INVESTMENT PROPERTIES UNDER DEVELOPMENT/PROPERTIES UNDER DEVELOPMENT FOR SALE

Movements in investment properties under development and properties under development for sale during the year are set out in note 19 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 36 to the financial statements.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 April 2002, which replace the previous share option scheme, for the primary purpose of providing incentives to directors and eligible employees, and will expire on 24 April 2012. Under the Scheme, the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside eligible third parties at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Chong Hing Square



Chong Hing Square Marketing Event

Options may be exercised at any time from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, or the closing price of the shares on the date of grant.

No options have been granted under the above mentioned scheme since the Scheme was adopted.

SUBSIDIARIES AND ASSOCIATES

Particulars relating to the subsidiaries and associates are set out in notes 45 and 46 to the financial statements respectively.

GROUP BORROWINGS AND INTEREST CAPITALISED

Details of bank loans and other borrowings repayable within five years are set out in note 33 to the financial statements.

The group's interest capitalised during the year amounted to HK\$6,395,000 (2008: HK\$22,832,000).

BOARD OF DIRECTORS

The Directors of the Company during the year and up to the date of this report are shown on page 45 of this annual report.

The term of office of each director, who has been longest in office, shall retire by rotation and offer themselves for re-election in accordance with the Company's Articles of Association.

Dr. The Hon. Lee Tung Hai, Leo, Mr. Liu Lit Chi, Dr. Liu Lit Chung and Mr. Andrew Liu shall retire by rotation in accordance with Articles 92 and 99 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

The biographical details of directors and senior management are set out on pages 47 to 51.

The Company has received from each Independent Non-executive Director an annual confirmation of his independent pursuant to rule 3.13 of the Listing Rules and the Company considered all Independent Non-executive Director are independent.

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance practices and has substantially complied with the Code on Corporate Governance Practices, as required under Appendix 14 of the Listing Rules. Guidelines and the procedures for the corporate governance of the Company are set out on pages 36 to 44.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

All directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules throughout the review period.

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, the long/short positions of each of the directors and chief executives and their associates in the shares and underlying shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, are set out below:

(I) LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) The Company

Liu Chong Hing Investment Limited

Name of Director	Number of ordinary shares held			Total interests	Total interests as approximate % of the relevant issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)		
Dr. Liu Lit Mo, <i>Chairman and Managing Director</i>	4,580,000	—	177,600,000 <i>(Notes 1 and 2)</i>	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	—	216,723,064 <i>(Notes 1 and 3)</i>	216,864,732	57.28%
Dr. Liu Lit Chung	—	—	171,600,000 <i>(Note 1)</i>	171,600,000	45.33%
Mr. Andrew Liu	600,000	—	—	600,000	0.16%
Mr. Ng Ping Kin, Peter	20,000	—	—	20,000	0.01%

Notes:

- 171,600,000 shares in the Company are beneficially held by Liu's Holdings Limited, of which Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung are amongst its shareholders. The above numbers of shares are duplicated under the corporate interests for each of these directors.
- Eternal Wealth Limited, of which Dr. Liu Lit Mo and his associates are shareholders, beneficially holds 6,000,000 shares in the Company, and thus is included in the corporate interests of Dr. Liu Lit Mo.
- Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 45,123,064 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

(b) Associate

Chong Hing Bank Limited (the "Bank")

Name of Director	Number of ordinary shares held			Total interests	Total interests as approximate % of the relevant issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)		
Dr. Liu Lit Mo, <i>Chairman</i>	1,009,650	—	248,018,628 <i>(Note 1)</i>	249,028,278	57.25%
Mr. Liu Lit Chi, <i>Managing Director & Chief Executive Officer</i>	313,248	—	250,281,839 <i>(Notes 1 and 2)</i>	250,595,087	57.61%
Mr. Andrew Liu	177,000	—	—	177,000	0.04%

Notes:

1. The corporate interests in 248,018,628 shares are attributed as follows:
 - (i) 208,018,628 shares held by the Company's wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited ("Liu Chong Hing Estate"), in which each of Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung is deemed under the SFO to be interested through Liu's Holdings Limited, a private company holding approximately 45% of the Company's issued and fully-paid share capital; and
 - (ii) 40,000,000 shares held by The Bank of Tokyo-Mitsubishi UFJ, Limited ("BTMU"). Pursuant to an agreement in 1994, BTMU has granted an option to Liu Chong Hing Estate exercisable at any time during the term of that agreement to purchase all such shares and BTMU is required to offer to sell all such shares to Liu Chong Hing Estate in certain circumstances. By virtue of the interests of Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung in Liu Chong Hing Estate through Liu's Holdings Limited, each of them is deemed under the SFO to be interested in such shares.
2. 2,263,211 shares are held by Alba Holdings Limited, shareholders of which include Mr. Liu Lit Chi and his associates. Accordingly, Mr. Liu Lit Chi is deemed under the SFO to be interested in such shares.

(II) SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Other than as stated above, as at 31 December 2009, no director, chief executive nor their associates of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or the underlying shares of equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2009, the following person (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company was as follows:

Name of Substantial Shareholder	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	171,600,000 (Note 1)	45.33%
Alba Holdings Limited	Beneficial owner	45,123,064 (Note 2)	11.92%

All interests disclosed above represent long positions in the shares of the Company.

Notes:

1. Liu's Holdings Limited, a private company incorporated in Hong Kong, is wholly-owned by Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".
2. Alba Holdings Limited, a private company incorporated in Hong Kong, is owned by Mr. Liu Lit Chi and his associates. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company of 5% or more as at 31 December 2009 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 43 to the Financial Statements, "Related Party Disclosures", no contracts of significance in relation to the group's business, to which the Company or any of the Company's subsidiaries was a party and in which a director of the Company had, whether directly or indirectly, a material interest, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company or any of the Company's subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

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

CONNECTED PARTY TRANSACTIONS

- (I) The connected party transactions between the group and the Bank and its subsidiaries (the "Bank group") during the year are described as follows:
- (a) The Bank group handled routine banking transactions for the group. Services provided by the Bank are cheque clearing, current, savings and deposit accounts, remittances and other banking facilities.
 - (b) The Bank group provided securities and futures brokerage, nominee, data processing services, insurance agency and underwriting services to members of the group under normal commercial terms.
 - (c) The Bank group leased several floors of Western Harbour Centre from the Company.
 - (d) The Company through Liu Chong Hing Property Management and Agency Limited, a wholly-owned subsidiary, has provided property management, property consultant and property maintenance services to the Bank group.

Dr. Liu Lit Mo, Mr. Liu Lit Chi, Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Ng Ping Kin, Peter are interested, directly or indirectly, in the respective share capitals of the Company and/or the Bank.

- (II) In March 2010, the Company entered into a lease agreement with the landlord, a company wholly owned by Dr. Liu Lit Mo, chairman and managing director, and his spouse. The Company leased the property for a monthly rent of HK\$375,000 with retrospective effect from 1 January 2010 for a term of two years. For the year ended 31 December 2009, the aggregate rent paid by the Company to the landlord amounted to HK\$3,960,000.

In the opinion of the directors who do not have any interest, whether directly or indirectly, in the above transactions, the transactions were conducted in the ordinary course of business of the group on normal commercial terms.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the group's purchases attributable to the group's five largest suppliers and the group's turnover attributable to the group's five largest customers were less than 30% respectively. None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in the group's five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2009, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

SHAREHOLDINGS INFORMATION

TOP 10 LARGEST SHAREHOLDERS

According to the register of members of the Company as at 31 December 2009, the top 10 largest shareholders are as follows:

Name of Shareholder	Number of Shares held	%
1. Chong Hing (Nominees) Ltd.	132,624,238	35.03
2. HKSCC Nominees Limited	120,660,293	31.87
3. Bangkok Bank Public Co. Ltd.	41,580,000	10.98
4. Alba Holdings Ltd.	35,000,222	9.25
5. BTMU Nominees (HK) Ltd.	10,000,000	2.64
6. Win Ever (Nominees) Ltd.	8,000,000	2.11
7. Leung Hok Pang	2,778,000	0.73
8. To Man Tuen	2,238,000	0.59
9. Wragg Ltd.	1,538,000	0.41
10. Cheng Kee Hong	1,200,000	0.32
Total	355,618,753	93.93

LOCATION OF SHAREHOLDERS

According to the register of members of the Company as at 31 December 2009, the location of shareholders are as follows:

Location of Shareholders	Number of Shares held	%
Hong Kong	378,503,140	99.9788
China and South East Asia	42,060	0.0111
Europe	12,800	0.0034
US and Canada	16,860	0.0044
Others	8,580	0.0023
Total	378,583,440	100

SUFFICIENCY OF PUBLIC FLOAT

The group has maintained a sufficient public float throughout the year ended 31 December 2009.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Companies Ordinance requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the group as at the end of the financial year and of their respective profit or loss for the year then ended. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable; state the reasons for any significant departure from accounting standards; prepare the financial statements on the going concern basis, unless it is not appropriate to presume that the Company and the group will continue in business for the foreseeable future.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE

The members of the Audit Committee are shown on page 45. The principal duties of the Audit Committee are reviewing the internal controls and the financial reporting requirements of the group. The Audit Committee meeting will normally hold twice of each financial year immediate before the board of directors meeting for approving the interim and final results. The Committee is satisfied with the Company's internal control procedures and the financial reporting disclosures.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has substantially complied throughout the year ended 31 December 2009 with those paragraphs of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with which it is required to report compliance.

AUDITORS

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who have expressed their willingness to continue in office. Accordingly, a resolution will be submitted to the forthcoming annual general meeting to reappoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

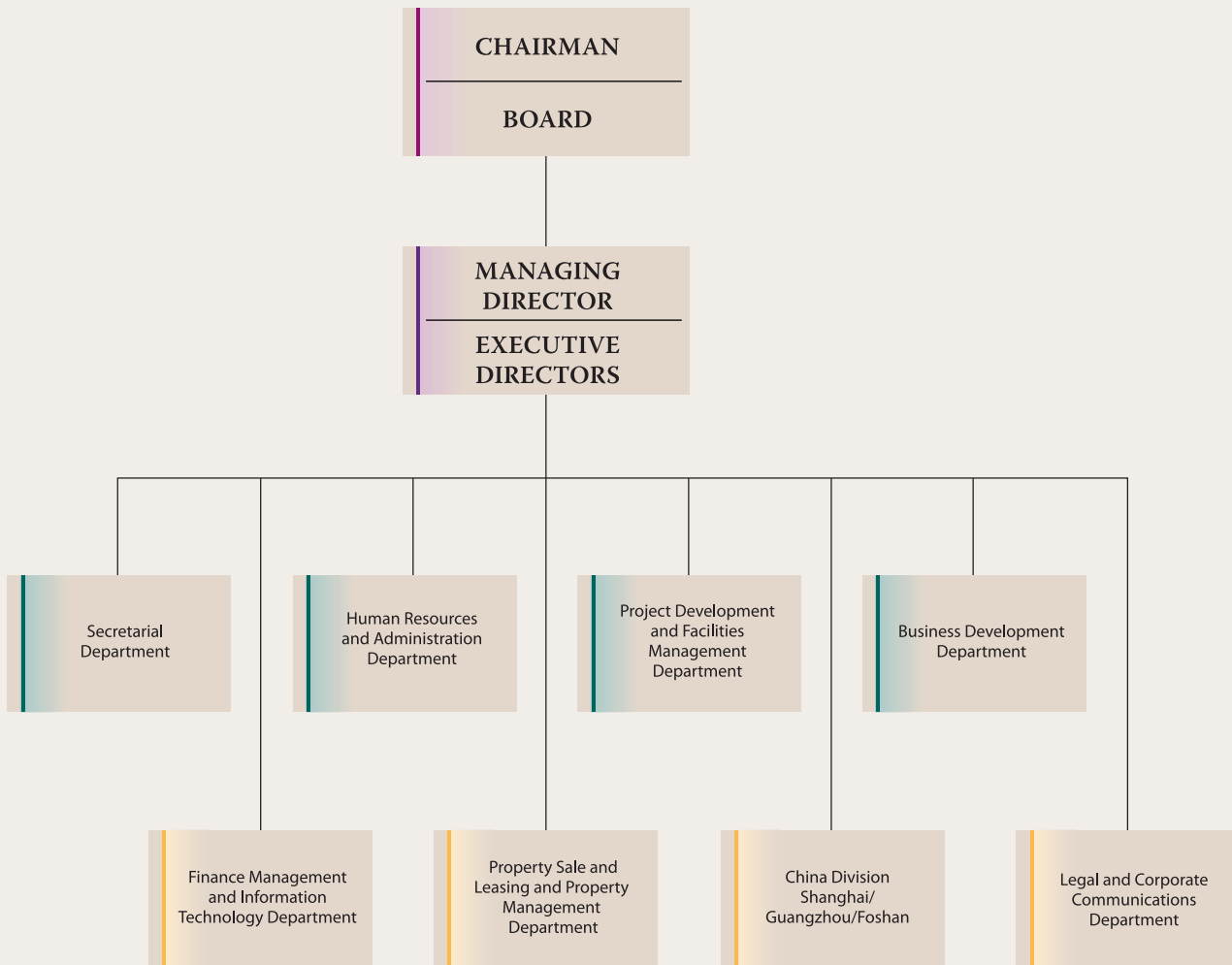
On behalf of the Board

Dr. Liu Lit Mo

Chairman and Managing Director

Hong Kong, 3 March 2010

Liu Chong Hing Investment Limited Simplified Organization Chart



The Remuneration Committee (“RC”) consists of four members, all Independent Non-executive Directors of the Company.

The main duty of the Committee is to formulate the Company’s remuneration policy as well as to make recommendation to the Board with regard to the structure of remuneration packages for all directors and senior management. When necessary and appropriate, the Chairman and Managing Director are consulted on such issues.

In determining the remuneration package, the RC needs to ensure that the remuneration offered is appropriate, reasonable and competitive. The terms of reference of the RC, setting out its role, responsibilities and duties, are duly authorized by the Board.

The RC has reviewed and discussed the following issues at its meetings:

1. Remuneration policy;
2. Remuneration for Chairman, Independent Non-executive Directors, Executive Directors and Non-executive Directors in the year of 2009;
3. Remuneration for directors and senior management in the year of 2009;
4. Annual performance bonus policy;
5. Existing share option policy;
6. Remuneration for Chairman, Independent Non-executive Directors, Executive Directors and Non-executive Directors in the year of 2010; and
7. Remuneration for directors and senior management in the year of 2010.

The RC is accountable to the Board and minutes of the meeting are circulated to the Board for information.

The RC meets when required but at least once per year and all members have attended the meeting in 2009.

Members of the Remuneration Committee

Dr. The Hon. Lee Tung Hai, Leo (*Chairman*)

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Mr. Tong Tsin Ka

Hong Kong, 2 March 2010

Audit Committee Report

The Audit Committee is made up of four members, all of whom are Independent Non-executive Directors.

The Committee oversees the group's financial reporting system and their internal control procedures. In this process, management is principally responsible for the preparation of group financial statements including the selection of suitable accounting policies. External auditors are responsible for auditing and attesting to group financial statements and will report to the management of the Company from time to time on any weakness in controls which come to their attention. The Audit Committee oversees the respective work of management and external auditors to ensure the management has discharged its duty to have an effective internal control procedures.

During the year of 2009, external auditors were engaged to assess the Company's internal controls of business processes for its property development business in order to support its corporate governance reporting on internal controls. It was reported that no major internal control weakness was found and all the recommendations provided in the report were agreed and implemented by the management in the course of year.

The Audit Committee has reviewed and discussed with management and external auditors the 2009 consolidated financial statements included in the 2009 Annual Report. In this regard, the Committee had discussions with management with regard to new or changes in accounting policies as applied, and significant judgments affecting the group financial statements. The Committee also received reports and met with the external auditors to discuss the general scope of their audit work, their assessment of group internal controls.

Based on these review and discussions, and the report of the external auditors, the Audit Committee recommended to the Board of Directors approval of the consolidated financial statements for the year ended 31 December 2009 with the Auditors' Report thereon.

The Committee recommended to the Board that the shareholders be asked to re-appoint Deloitte Touche Tohmatsu as the Company's external auditors for 2010.

Members of the Audit Committee

Mr. Tong Tsin Ka (*Chairman*)

Dr. The Hon. Lee Tung Hai, Leo

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Hong Kong, 2 March 2010

Summary of Financial Highlights

	2009	2008	Change
	HK\$'000	HK\$'000	%
Revenue	293,602	277,849	5.7
Profit for the year attributable to owners of the Company	356,091	209,326	70.1
Basic earnings per share	HK\$0.94	HK\$0.55	70.9
Dividend per share			
Interim	HK\$0.08	HK\$0.10	(20.0)
Final	HK\$0.10	HK\$0.05	100.0
Total	HK\$0.18	HK\$0.15	20.0
Dividend payout ratio	19%	27%	(8)
Net assets value per share	HK\$17.10	HK\$16.14	5.9

Guangzhou Chong Hing Plaza



After extensive renovation work and re-alignment of the mix of tenants, the occupancy rate of Chong Hing Plaza, Guangzhou, was highly improved, with an obvious increase in rental income.

The directors announce that the consolidated profit attributable to owners of the Company of 2009 is HK\$356,091,000 representing an increase of 70% comparing to the previous year.

BANKING OPERATION

For the year ended 2009, the Group's banking associate, Chong Hing Bank Limited (the "Bank"), reported a profit after taxation of HK\$232 million, representing an increase of 282% over that in 2008.

With the concerted efforts of governments around the world to introduce vast economic stimulus packages to rescue the global economy, the year 2009 was in general a period of recovery. While most western economies have stabilized and rebounded gradually, China and parts of Asia have recovered much more sharply. In the year ahead, we are cautiously optimistic that growth will continue, while at the same time maintaining a high state of awareness that any rapid recovery is also prone to experience volatility and corrections.



Chong Hing Plaza, Guangzhou



PROPERTY INVESTMENT

The year 2009 has been an active year for Hong Kong's property market, in particular many new price records were set in the residential sector of the market. We are cautiously optimistic that the property market will continue a healthy trend in 2010.

HONG KONG

Chong Hing Square

Chong Hing Square, a popular ginza-type retail development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. This 20-storey building has been 89% let, and its rental revenue has remained stable.

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located in Western District with 45,000 square feet of retail and recreational space. This 2-storey shopping mall was 95% let in 2009 and rental revenue has remained stable.

Western Harbour Centre

Western Harbour Centre, a Grade-A office building at 181 Connaught Road West, Hong Kong, is conveniently located close to the Western Harbour Tunnel. This 28-storey 140,000 lettable square feet development was 100% let in 2009 and rental revenue increased by 5% over the previous year.

Fairview Court

Fairview Court is a 6-unit luxury low-rise apartment building in Repulse Bay, Hong Kong, of which the Group owns 5 units. At 31 December, 2009, 4 units are let out and rental revenue increased by 31%.

PRC

Chong Hing Finance Centre, Shanghai

Chong Hing Finance Centre is located at 288, Nanjing Road West, in Huang Pu District, Shanghai. This 36-storey Grade-A building had been completed in early 2008, and offers 413,000 square feet of lettable office space, 103,000 square feet of commercial and retail space, and 198 car park spaces at a prestigious location opposite People's Square. The Group intends to retain this property for long-term rental purpose. Total investment in this project is about RMB1,400 million. The Group owns 95% of this property and the remaining 5% is owned by a subsidiary of the Municipal Government of Huang Pu District, Shanghai. This office building is currently 81% let and is expected to bring RMB100 million in annual rental revenue when fully let.

Chong Hing Plaza, Guangzhou

The Group acquired this well located 5-storey shopping mall in the central of Guangzhou in 2006. The shopping mall has a gross floor area of 180,000 square feet. The Group has recently completed renovations to upgrade this property thus making good improvement both of rental revenue and occupancy.



PROPERTY DEVELOPMENT

HONG KONG

Tai Po, New Territories

In early 2007, the Group acquired a 240,000 square feet plot of land in Tai Po district, New Territories. Initial consultational studies and planning has begun, and the Group intends to seek eventual conversion of this land for future residential use.

PRC

The Grand Riviera, Foshan

In early 2007, the Group acquired a plot of land in Foshan, Guangzhou PRC. This 2,760,000 square feet land has been acquired through government land auction at a consideration of RMB476,000,000 and its use is intended for composite development including both residential and retail. At present, the first phase of this development will be launched in 2010, with over 1,367 residential units of sizes that ranges from 40 square metres to 300 square metres. Regarded as one of the most anticipated new development in Foshan and the overall Guangzhou vicinity, the Group is confident a vast number of buyers will be attracted to this high quality project.

Budget Hotel Project

The Group has decided to capitalize on China's fast growing hospitality industry by venturing into a Budget Hotel Project. With strong demand for affordable hotel accommodation and a relative lack of such hotels for many business travellers, we believe this sector of the hotel industry offers strong growth aspects in the coming years. The Group currently has two hotels in Shanghai, one in Beijing and one in Guangzhou. The Group expects the hotels to benefit from the upcoming Shanghai Expo and the Asian Games in Guangzhou.

CAPITAL STRUCTURE

The Group's shareholders' funds as at 31 December 2009 amounted to HK\$6,474 million, representing an increase of HK\$364 million when compared with 31 December 2008. The increase in shareholders' funds was due to the increase in net profit for the year of HK\$356 million, and increase of various investment and revaluation reserves of HK\$57 million less the dividend of HK\$49 million paid during the year.

The Grand Riviera, Foshan



FINANCE AND TREASURY OPERATIONS

BANK BORROWINGS MOVEMENT

As at 31 December 2009, the Group's consolidated borrowings has been increased by HK\$16 million, from HK\$3,534 million to HK\$3,550 million. The Group's net borrowings after deducting cash and deposits has increased from HK\$2,730 million to HK\$2,864 million.

CHANGE OF CASH FLOW

The Group's cash flow position has improved in 2009. The improvement was mainly due to the net cash inflow from the lease of Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza.

Total rental revenue received from Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza were HK\$93 million and HK\$21 million respectively.

MAJOR CAPITAL EXPENDITURE

The management is well aware that a higher gearing level will not only undermine the Company's long-term stability but also restrict its flexibility for any new business venture. The management had determined to closely monitoring the gearing. At the year ended, the debt-to-equity ratio has remained at 44% as in 2008.



The Grand Riviera, Foshan Marketing Events

BANKING FACILITIES

The total outstanding bank borrowings as at 31 December 2009 was 76% unsecured with almost 100% being on committed basis.



The Grand Riviera, Foshan Marketing Events

In managing the debt portfolio, the Group has endeavoured to maintain diversified sources to obtain the required funding. Currently, the major source of financing is still coming from the banking sector, in which the Group has bilateral banking facilities with over 13 banks, most of which have established long relationship with the Group.

The Group has also raised funding from arranging syndicated loans in the past. The management will consider to widen the funding source from capital market if both of the market conditions and terms are favourable to the Company.

COST OF FUNDING

In 2009, the net borrowing margins were slightly increased given the reason that most banks took a conservative approach, thus asking for higher lending cost to compensate the risk premium lest the unprecedented turnaround of current global economy. Nevertheless, the Company had renewed several banking facilities with certain key relationship banks and entered some new banking lines with them.

The Group's weighted average cost of borrowing was increased slightly during the year.

LIQUIDITY RISK AND CASH BALANCES

It is the Group's financial policy to maintain low leverage and high liquidity. To maintain sufficient liquidity will not only help the Group to fulfill all short term payment obligations but also to improve the Group's working capital.

Liquidity mainly comes from recurring rental income of various investment properties, cash sale proceeds from various completed development projects and committed banking facilities. The Group's undrawn committed facilities stood at HK\$831 million as at 31 December 2009. Together with deposits of HK\$685 million, the Group has available funding of over HK\$1,516 million.

Hotel Management



Caring Company Activities



Liquidity risk of the Group has been further reduced by early refinancing and improvement of cash flow.

LOAN MATURITY ANALYSIS

Liquidity risk could be reduced by extending the loan tenors. The Group's debt maturity portfolio is spread out over a medium term, with more than 41% of debts becoming due within 2 years, and 27% of debts becoming due over 2 but within 5 years respectively. Such a maturity structure allows the Group taking more flexibility on refinancing measures.

RISK MANAGEMENT

As almost all of the Group's borrowings are denominated in Hong Kong dollars for the construction projects both in Hong Kong and Mainland China with interest rates setting on floating rate basis, thus managing on interest rate and currency risks are becoming more important.

In managing interest rate and foreign exchange exposures, the Group may use certain derivative instruments such as interest rate swaps, cross currency swaps, forward rate agreements and foreign exchange contracts. However, there was no such derivative instruments unexpired as at the end of 2009. It is the Group's policy to allow using derivatives as hedging purposes only.



Hotel Management Team

With respect to the counterparty risk of the derivatives, the Group transacts only with financial institutions with strong investment-grade ratings.

INTEREST RATE EXPOSURE

The volatility and uncertainty of the movement of interest rate may result in a negative potential impact to the Group's financial position. Given that the Group's management will actively involve and review the movement of interest rate so as to minimize the financial impact.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy to minimize mismatch in currency and not to speculate in currency movement. During this year, a total amount of HK\$11 million was converted into Renminbi, mainly for paying construction costs in Foshan project.

Property Maintenance Services



Other foreign exchange exposure related to some major investment in Guangzhou, Shanghai and Foshan projects which all together amounted to the equivalent of about HK\$3,836 million or 36% of the Group's assets.

Property Management Services



from Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza could eliminate part of the foreign currency exposure against the payment of construction costs in Foshan project.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2009, the total numbers of employee of the Group was about 300. The Group's remuneration policy, having been advised and determined by the Remuneration Committee, will ensure that the pay levels of its employees are reasonable and competitive in the market and their total rewards including basic salary and bonus system are linked with their performance. The members and the work done of Remuneration Committee are shown on page 25.

CORPORATE SOCIAL RESPONSIBILITIES

The Group continues to encourage corporate social responsibility and sponsors a wide range of charitable activities.

The Hong Kong Council of Social Service conferred the Caring Company logo to the Group for the third year.

ACHIEVEMENT

The Group's annual report in 2008 won the Silver Winner of International ARC Awards and the Bronze Winner of Galaxy Awards. These achievements showed the recognition of the high quality of contents and presentation of the annual reports by different international bodies in the market.



2009 International ARC Awards — Silver Winner
2009 Galaxy Awards — Bronze Winner

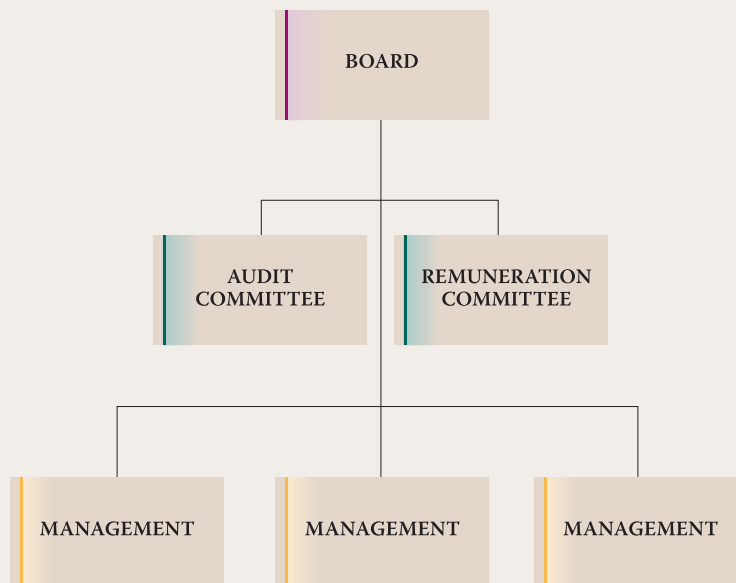
The Management will be closely monitoring the currency movement of Renminbi as mainland property development projects denominated in Renminbi placed a significant portion to the Group's total assets. However, cash revenue received

During the financial year ended 31 December 2009, the Company has substantially complied with the Code on Corporate Governance Practices (the “Code on Corporate Governance Practices”) in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) with the exception of one deviation as set out under the paragraphs on “Chairman and Managing Director: clear division of responsibilities” below.

GUIDELINES AND PROCEDURES FOR CORPORATE GOVERNANCE OF THE COMPANY

(A) CORPORATE GOVERNANCE CHART

The Board is committed to maintain a high standard of corporate governance for the purpose of enhancing long term shareholders value. Set out below is the corporate governance chart adopted by the Company.



(B) DIRECTORS

(i) *The Board: responsibility for leadership and control of the Company*

- The Board is accountable to the shareholders for leadership and supervision of the senior management for the purpose of creating long term shareholders value by sustaining a growing and successful business.
- The principal task of the Board is to set objective, formulate strategy and to monitor the operating and financial performance.
- Duties of the Board include to approve interim reports and annual reports, announcements and press release of interim and final results, to consider the dividend policy, and approve the issue, allotment or disposal or grant of options in respect of unissued new shares of the Company.

(ii) Chairman and Managing Director: clear division of responsibilities

- The role of Chairman and the Managing Director of the Company have not been segregated as required by the code provision A.2.1 of the Code. The Board considers this arrangement is in the best interest of the Company that by nature of the group's business which requires considerable market expertise and Dr. Liu Lit Mo, with his profound expertise in the property and banking business, shall continue in his dual capacity as the Chairman and Managing Director.
- Managing Director assumes overall responsibility for group's operation and performance by delegating duties to different executive directors and senior management to achieve targeted objectives. The Board gives clear directions to management as to their powers of management, circumstance in which the management should make report.

(iii) Board Composition: balance and independence

- The Board currently comprises five Executive Directors, three Non-executive Directors and four Independent Non-executive Directors (representing about one-third of the full Board). During the year ended 31 December 2009, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with appropriate professional qualifications, or accounting or related financial management expertise.
- The appointment of Independent Non-executive Director strictly adheres to the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received written confirmation of their independence from each of the Independent Non-executive Director.
- The Board considers that the four Independent Non-executive Directors are free from any business or other relationship which might interfere with the exercise of their independent judgment and each of Independent Non-executive Director brings their own relevant expertise to the Board.
- The presence of all Independent Non-executive Directors could ensure that the Board functions effectively and independently.
- All of the Independent Non-executive Directors are also the Committee Members of the two corporate governance committees, namely the Audit Committee and Remuneration Committee. In short, both committees have a majority of Independent Non-executive Directors.
- The biographies of the Directors appear on pages 47 to 49. These demonstrate diversity of experience and calibre of the Board in making management decisions.

(iv) Appointments, Re-election and Removal

- The Board as a whole is responsible for the selection and approval of candidates for appointment to the Board, and does not therefore establish a Nomination Committee.
- Under the Company's articles of association, all Directors are subject to retirement by rotation.
- The four Directors who have been longest in office as at each annual general meeting will retire from office and be subjected to re-election.
- For newly appointed directors, they are required to submit themselves to shareholders for re-election to the Board at the first annual general meeting following their appointment.
- Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Although the non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term, all directors of the Company are subject to retirement by rotation at least once every three years in accordance with Article 99 of the Company's Articles of Association.

(v) Responsibilities of Directors: general duties, share dealings

- The Directors fully appreciate their role and duties as directors with supportive commitment of creating a healthy corporate governance culture.
- On appointment, new Directors will be given an introduction to the group's major business activities, induction into their responsibilities and duties, and other regulatory requirements.
- The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other relevant regulatory requirements.
- Throughout the year, Directors complied with the required standard set out in the Model Code in Appendix 10 of the Listing Rules regarding Securities Transactions by Directors of Listed Issuers.

(C) BOARD PROCESS

(i) Meetings: matters reserved for full Board decision and general proceedings

- In order to achieve a high standard of corporate governance and in compliance with the requirement as mentioned under Appendix 14 — Code on Corporate Governance Practices, the Board has performed to hold full Board meeting at least quarterly during the year 2009.
- Matters reserved for full Board decision include material bank facilities arrangement, material acquisitions and disposals of assets, material transactions with connected parties, significant investments including large capital projects, delegation of authority, treasury and risk management policy, any matters involving a conflict of interest for a substantial shareholder or director.
- All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advises the Board on corporate governance and compliance matters.
- The Company Secretary is responsible for taking minutes of Board and Board Committee meetings, which are normally circulated to Directors for comment within a reasonable time after each meeting and the final signed version is sent to all Directors for their records and open for Directors' inspection.
- All Directors are allowed to take independent professional advice at Company's expense.
- There is in place a directors' and officers' liabilities insurance cover.

- Details of Directors' 2009 meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Executive Directors		
Liu Lit Mo, <i>Chairman and Managing Director</i>	(4/4)	100%
Liu Lit Chi	(4/4)	100%
Liu Kam Fai, Winston, <i>Deputy Managing Director</i>	(4/4)	100%
Liu Kwun Shing, Christopher <i>(alternate director to Dr. Liu Lit Chung)</i>	(4/4)	100%
Lee Wai Hung	(4/4)	100%
Non-executive Directors		
Liu Lit Chung	(0/4)	0%
Andrew Liu	(1/4)	25%
Liu Chun Ning, Wilfred	(0/4)	0%
Independent Non-executive Directors		
Lee Tung Hai, Leo	(1/4)	25%
Ng Ping Kin, Peter	(1/4)	25%
Cheng Mo Chi, Moses	(2/4)	50%
Tong Tsin Ka	(4/4)	100%

(ii) Supply of Information: quality and timeliness

- The Company attaches great importance to continually improve on the quality and timeliness of the dissemination of information to the Directors.
- The Chairman is responsible for ensuring adequate supply of information to the Directors.
- The agenda and accompanying board papers will be sent in full to all Directors in a timely manner (we aim to give notice of Board meeting at least five clear days replacing current practice of at least three clear days in advance of meeting). Where appropriate, communications are sent electronically.
- Executive Directors are currently provided with quarterly management reports which showing the group's financial and operating results with detailed analysis of those major rental properties, property under development and other investments.
- Managing Director is currently holding monthly internal management meeting with various department heads to update Directors on their lines of business and to review performance for delegated assignment.

(D) REMUNERATION OF DIRECTORS

Procedures for Remuneration Committee to set Directors and Senior Management's remuneration policy:

- The Company has set up Remuneration Committee on 3 March 2005. Its terms of reference are to review and determine the remuneration packages for all Directors and Senior Management.
- The Remuneration Committee is chaired by the Independent Non-executive Director, Dr. The Hon. Lee Tung Hai, Leo and has a majority of Independent Non-executive Directors.
- Its other current members are Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka, all of them are Independent Non-executive Directors.
- The Committee meets at least once per annum.
- Details of 2009 Remuneration Committee meeting attendance are set out below:

	Number of meeting attended	Attendance Rate
Members of Remuneration Committee		
Lee Tung Hai, Leo, <i>Chairman</i>	(1/1)	100%
Ng Ping Kin, Peter	(1/1)	100%
Cheng Mo Chi, Moses	(1/1)	100%
Tong Tsin Ka	(1/1)	100%
Cavior Liu, <i>Secretary</i>	(1/1)	100%

- The Committee is authorized by the Board to oversee and make recommendation on the remuneration of Executive Directors and Senior Management.
- No Director is involved in deciding his own remuneration. On matters other than those concerning him, the Chairman or Managing Director may be invited to Committee meetings to give advices.
- Committee members are allowed under certain procedures to take independent professional advice at Company's expense for making and determining the remuneration package proposal.
- The Committee will present a report to the Board after each meeting, which addresses its work and findings.
- The Committee will make recommendation to the Board regarding the remuneration, comprising directors' fees for all non-executive directors, for shareholders approval at the Annual General Meeting.
- Details on the mandate and summary of the work by the Remuneration Committee during the year are set out in the Remuneration Committee Report on page 25.
- The terms of reference of Remuneration Committee are available on the Company's website.

(E) ACCOUNTABILITY AND AUDIT**(i) Financial Reporting: balanced, clear and comprehensive assessment of Company's performance, position of prospects**

- The Board believes that it presents a comprehensive, balanced and understandable assessment of the group position and prospects in all shareholder communications.
- The Board fully appreciates its responsibilities regarding the preparation of financial statements.

(ii) Audit Committee and Auditors: terms of reference and relationship with management and external auditors

- The Audit Committee is chaired by the Independent Non-executive Director, Mr. Tong Tsin Ka and has a majority of Independent Non-executive Directors.
- Its other current members are Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter and Dr. Cheng Mo Chi, Moses, all of them are Independent Non-executive Directors. All members have experience in reviewing and analyzing audited financial statements of public companies or major organization.
- The Committee meets not less than twice per annum. Meetings are also attended by invitation by the Managing Director and Executive Director who is in charge of finance matters.
- Details of 2009 Audit Committee meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Members of Audit Committee		
Tong Tsin Ka, <i>Chairman</i>	(2/2)	100%
Lee Tung Hai, Leo	(1/2)	50%
Ng Ping Kin, Peter	(1/2)	50%
Cheng Mo Chi, Moses	(2/2)	100%
Lee Wai Hung, <i>Secretary</i>	(2/2)	100%

- Under its terms of reference, the Committee is required, amongst other things, to oversee the relationship with external auditors, to review the Company's interim and annual financial statements, and to evaluate group system of internal controls.
- There is an agreed procedure for Audit Committee members to take independent professional advice at Company's expense.

- Relationship with management and external auditors:
 - the Committee oversees the financial reporting system and internal control procedures.
 - management is principally responsible for the preparation of group financial statements including the selection of suitable accounting policies.
 - external auditors are responsible for auditing and attesting to group financial statements and will report to the management of the Company from time to time on any weakness in controls which come to their attention.
 - the Committee oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them.
- The Committee presents a report or make advice to the Board after each meeting, which addresses its work and findings.
- Details on the mandate and work performed by the Audit Committee during the year are set out in the Audit Committee Report on page 26.
- The terms of reference of Audit Committee are available on the Company's website.

(iii) Auditors' Remuneration

For the year ended 31 December 2009, the Auditors of the Company and its subsidiaries would receive approximately HK\$1.88 million for audit and audit related services (2008: HK\$1.8 million) as well as HK\$0.75 million for non-audit services (2008: HK\$3.86 million).

(iv) Internal Control: sound and effective system to safeguard shareholder interests and Company assets

- Risk management is a crucial part of the group's strategic management to monitor the Company's overall financial position and to protect its assets.
- The group is committed to implementing effective risk management policies and internal control procedures to identify and manage the risks that the group may be exposed to.
- These policies and procedures are reviewed regularly by management together with the assistant by external auditors during the course of audit to ensure their effectiveness and compliance with Code on Corporate Governance Practices.
- The Managing Director and Executive Director will discuss with external Auditors in the Audit Committee meeting at least twice a year on key issues in relation to internal controls, audit finding and risk management.
- As concluded in 2009 Audit Committee meeting, no irregularities and major weakness in control were found by the Auditors.

(F) DELEGATION BY BOARD**(i) Relationship with management**

- The Board and management (include different departmental heads) fully appreciate their respective roles with supportive commitments of creating a healthy corporate governance culture.
- The Board is responsible for overseeing the processes that management (include different departmental heads) has in place to identify business opportunities and risks.
- The Board's role is not to manage the business which responsibility remains vested with management and different departmental heads.

(ii) Board Committees: specific terms of reference and report to full Board

- The Board currently has two Board Committees, namely the Audit Committee and Remuneration Committee with specific written terms of reference.
- The Audit and Remuneration Committee, being corporate governance committees, each has a 100% non-executive membership with a majority of Independent Non-executive Directors.
- Board Committees present their respective reports to the Board after each meeting, which addresses their work and findings.

(G) COMMUNICATION WITH SHAREHOLDERS**(i) General communication programme with shareholders**

- The group is committed to maintain a policy of open and timely disclosure of relevant information on its activities to shareholders, subject to applicable legal requirements.
- Communication is made through:
 - the Company's annual and interim reports, which have been enhanced to present a comprehensive, balanced and understandable assessment of the group position and prospects.
 - notices of and explanatory memoranda for annual and other general meetings, which have been enhanced to provide shareholders with additional information in an understandable manner.
 - press releases on major developments of the group.
 - disclosures to the Stock Exchange and relevant regulatory bodies.
 - inquiries from investors, media or the public are responded by the Chief Financial Officer, Company Secretary or the appropriate members of senior management.
 - Company's website at <http://www.lchi.com.hk> from which shareholders can access information on the group. The website provides, inter alia, corporate announcements, press releases, annual reports, and corporate information of the group.

(ii) Shareholder Communications: constructive use of annual general meetings, voting and general proceedings

- The Board welcomes moves towards a more constructive use of Annual General Meetings and regards the Annual General Meetings as the principal opportunity to meet private shareholders.
- In 2009, almost all Executive Directors and a majority of Independent Non-executive Directors attended the Annual General Meeting.
- The Company arranges for the Annual Report and Financial Statements and related papers to be posted for shareholders so as to allow at least 20 clear business days (exclude Saturdays, Sundays and public holidays in Hong Kong) for consideration prior to the Annual General Meeting. And all other general meetings to be sent at least 10 clear business days (exclude Saturdays, Sundays and public holidays in Hong Kong).
- All ordinary shares of the Company have equal voting rights. Annual General Meeting proceedings are continually reviewed in the light of Code on Corporate Governance Practices.
- Separate resolutions are proposed at the meeting on each substantially separate issue, including the election of individual Directors.
- Preparation of a comprehensive Annual General Meeting circular containing:
 - re-election of Directors;
 - general Mandate to Repurchase Shares;
 - general Mandate to Issue Shares;
 - amendments to the Articles of Association, if any;
 - voting at Annual General Meeting; and
 - comprehensive information on each resolution to be proposed.

(iii) Shareholder rights and Investor Relationship

The Company's Articles contain the rights of shareholders to demand and the procedures for a poll voting on resolution at shareholders' meetings. Details of such rights to demand a poll and the poll procedures are included in all circulars in relation to shareholders' meetings and will be explained during the proceedings of shareholders' meetings. In case poll voting is conducted, the poll results will be posted on the websites of the Stock Exchange and the Company on the business day following the shareholders' meeting.

To promote effective communication, the Company maintains a website at <http://www.lchi.com.hk> where the Company's announcements, business development and operations, financial information, corporate governance practices and other information are posted.

Information on top 10 largest shareholders and location of shareholders is set out in Directors' Report on page 22.

HONORARY CHAIRMAN

Mr. Liu Lit Man, *GBS, J.P., F.I.B.A.*

*(appointed and resigned as Executive Director
on 25 November 2009)*

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Liu Lit Mo, *LLD, MBE, J.P.*

(Chairman and Managing Director)

(appointed as Chairman on 25 November 2009)

Mr. Liu Lit Chi

Mr. Liu Kam Fai, Winston *(Deputy Managing Director)*

Mr. Liu Kwun Shing, Christopher

(alternate director to Dr. Liu Lit Chung)

Mr. Lee Wai Hung

NON-EXECUTIVE DIRECTORS

Dr. Liu Lit Chung, *MBBS (Lon), MRCP(UK), F.R.C.P. (Lon)*

Mr. Andrew Liu

Mr. Liu Chun Ning, Wilfred

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. The Hon. Lee Tung Hai, Leo, *GBM, GBS, LLD, J.P.*

Mr. Ng Ping Kin, Peter, *MSc., J.P.*

Dr. Cheng Mo Chi, Moses, *GBS, OBE, LLB (HK), J.P.*

Mr. Tong Tsin Ka, *FCA (AUST.), FCPA, FCIS*

COMPANY SECRETARY

Mr. Lee Wai Hung

AUDIT COMMITTEE

Mr. Tong Tsin Ka *(Chairman)*

Dr. The Hon. Lee Tung Hai, Leo

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Mr. Lee Wai Hung *(Secretary)*

REMUNERATION COMMITTEE

Dr. The Hon. Lee Tung Hai, Leo *(Chairman)*

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Mr. Tong Tsin Ka

Ms. Cavior Liu *(Secretary)*

SENIOR MANAGEMENT

Ms. Eva Liu,	Director of projects and maintenance
Mr. Luk Chi Chung,	Director of finance
Ms. Cavior Liu,	Director of human resources and administration
Mr. Pan Sze Yuen, Cecil,	Director of projects and maintenance
Miss Yan Yuet Lam, Charmaine,	Director of business development
Mr. Lam Shiu Cheung,	Director of china property
Mr. Lau Ping Leung, Stephen	Director of quantity surveying
Mr. Wong Yuk Chi, Allen	Deputy director of property management department
Mr. Tian Shao Geng,	Deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited
Ms. Yeung Shui Wah, Hazel	Deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited

MANAGERS

Mr. Jan Kwok Wai,	Senior Project manager
Ms. Ngan Luen Hing,	Property manager (sale & leasing)
Mr. Tong Tse Hon,	Property manager (sale & leasing)
Mr. Ng Kam Chung,	Project manager

SOLICITORS

Deacons
Gallant Y.T. Ho & Co.
P.C. Woo & Co.

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

BANKERS

Chong Hing Bank
Bank of China
Bank of Communications
China Merchants Bank
Citic Ka Wah Bank
Dah Sing Bank
DBS Bank (Hong Kong) Limited
Fubon Bank
Hang Seng Bank
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank
Shanghai Commercial Bank
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Royal Bank of Scotland
Wing Hang Bank
Wing Lung Bank

REGISTERED OFFICE

25th Floor Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852)3768 9038 Fax: (852)3768 9008

GUANGZHOU OFFICE

Room 301, Le Palais
1 Yong Sheng Shang Sha
Donghu Road
Yue Xiu District
Guangzhou, P.R.C.
Tel: (8620) 8375 8993 Fax: (8620) 8375 8997

SHANGHAI OFFICE

36/F, Chong Hing Finance Centre
288 Nanjing Road West
Shanghai, P.R.C.
Tel: (8621) 6359 1000 Fax: (8621) 6327 6299

FOSHAN OFFICE

First Phase, The Grand Riviera
1 Guilong Road
West of Luocun, Luocun Street
Nanhai District, Foshan
Guangdong Province, PRC
Tel: (86757) 8126 6688 Fax: (86757) 8126 6669

EXECUTIVE DIRECTORS

DR. LIU LIT MO

LLD, MBE, J.P.

aged 72, is the Chairman and Managing Director of Liu Chong Hing Investment Limited. He was appointed as the Managing Director of the Company since 1972. Dr. Liu is also the Chairman of Chong Hing Bank Limited and a Director of China Motor Bus Company Limited. As for community service, Dr. Liu was the Chairman of Tung Wah Group of Hospitals in 1967 and is now serving as an Adviser of the Group. He had also been President of the Hong Kong Chiu Chow Chamber of Commerce, Chairman of Hong Kong Football Association and District Governor of District 3450, Rotary International. Presently, he is a member of the Board of Trustees of United College, The Chinese University of Hong Kong and a Manager of Liu Po Shan Memorial College. He was awarded Silver Jubilee Medal by Her Majesty the Queen in 1977. Dr. Liu was conferred an Honorary Degree of Doctor of Laws by Lingnan University in 2005. Dr. Liu is the brother of Mr. Liu Lit Chi and Dr. Liu Lit Chung, the father of Mr. Liu Kam Fai, Winston and an uncle of Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Liu Kwun Shing, Christopher.

MR. LIU LIT CHI

aged 70, was appointed to the Board as an Executive Director of Liu Chong Hing Investment Limited since 1972. Mr. Liu, who was educated in Hong Kong and the United Kingdom, is the Managing Director and Chief Executive Officer of Chong Hing Bank Limited, and also a director of a number of other companies in Hong Kong and elsewhere. Mr. Liu is the brother of Dr. Liu Lit Mo and Dr. Liu Lit Chung, an uncle of Mr. Liu Kam Fai, Winston, Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Liu Kwun Shing, Christopher.

MR. LIU KAM FAI, WINSTON

BA., MSc.

aged 43, was appointed an Executive Director of the Company since 1997 and he was re-designated as the Deputy Managing Director of the Company in August 2008. He holds a Master degree in Economics from the University of London, specializing in Finance and Macro Economic Policy. Mr. Liu oversees the Company's strategic development, project implementation, as well as all aspects of business operations. Mr. Liu also serves as a director of a number of subsidiaries of the Company. He is the son of Dr. Liu Lit Mo, a nephew of Mr. Liu Lit Chi and Dr. Liu Lit Chung, a cousin of Mr. Andrew Liu, Mr. Liu Chung Ning, Wilfred and Mr. Liu Kwun Shing, Christopher.

MR. LIU KWUN SHING, CHRISTOPHER

aged 34, was re-designated as an Executive Director of the Company in August 2008 having served as a Non-executive Director of the Company and Alternate Director to Dr. Liu Lit Chung (who is a Non-executive Director of the Company) since 2000. He has also been a director of Chong Hing Bank Limited (an associate of the Company) since 2000. A holder of a Master of Arts degree in Jurisprudence from the University of Oxford, Mr. Liu is a qualified solicitor in both Hong Kong and England & Wales. Prior to joining the Company on a full-time basis, he was a partner of Deacons in Hong Kong, with a primary focus in corporate finance, M&A and private equity matters, and currently remains an advisory legal counsel of the international law firm. Mr. Liu serves as a director of a number of subsidiaries of the Company. He is the son of Dr. Liu Lit Chung, a nephew of Dr. Liu Lit Mo and Mr. Liu Lit Chi, a cousin of Mr. Liu Kam Fai, Winston, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred.

MR. LEE WAI HUNG

LLB, FCCA, FCPA (Practising), ATiHK, MBA, PgD in CRE

aged 47, is an Executive Director & Company Secretary of the Company. Mr. Lee holds a Bachelor of Law degree, a Master of Business Administration degree and Postgraduate Diploma in Construction and Real Estate. Mr. Lee is a fellow of Hong Kong Institute of Certified Public Accountants (Practising) and a fellow member of the Association of Chartered Certified Accountants. Before joining the Company, Mr. Lee had worked in an international accounting firm for over six years. Mr. Lee has over twenty years of experience in corporate finance and accounting. Mr. Lee joined the Company in 1992 and was appointed as Director in 1994. Mr. Lee is primarily responsible for the Company's finance and secretarial matters.

NON-EXECUTIVE DIRECTORS

DR. LIU LIT CHUNG

MBBS (Lon), MRCP (UK), F.R.C.P. (Lon)

aged 60, became a Director in 1979 and also the Deputy Managing Director of the Company for over ten years. He holds a Medical degree from King's College Hospital, London University and is a Member of the Royal College of Physicians of the United Kingdom. He was awarded the Fellowship of Royal College of Physician of London for his work in Motor Neuron Disease. In 2005, he was further awarded the Honorary Fellowship by the Hong Kong College of Physicians. Dr. Liu is the brother of Dr. Liu Lit Mo and Mr. Liu Lit Chi, an uncle of Mr. Liu Kam Fai, Winston, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred and the father of Liu Kwun Shing, Christopher.

MR. ANDREW LIU

aged 54, has been a Director since 1979. Mr. Liu is also a Non-executive Director of Chong Hing Bank Limited. He is the Chief Executive Officer of Uritas Capital Pte. Ltd. (formerly known as CCMP Capital Asia Pte. Ltd.). Mr. Liu, holder of a Master of Arts degree from the Oxford University in England, was a solicitor with Slaughter and May in London before joining Morgan Stanley & Co Inc in New York in 1981. Mr. Liu was promoted to Managing Director in 1990 before relocating to Morgan Stanley Asia Limited in Hong Kong, where he assumed the position of President and Managing Director until his resignation in September 1997. Mr. Liu remains associated with Morgan Stanley as an Advisory Director. Mr. Liu is a nephew of Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung, a cousin of Mr. Liu Kam Fai, Winston, Mr. Liu Chun Ning, Wilfred and Mr. Liu Kwun Shing, Christopher.

MR. LIU CHUN NING, WILFRED

BSc.

aged 48, has been appointed as Director of the Company since 1997. He holds a Bachelor's degree in economics from University of Newcastle-upon-Tyne (UK). Mr. Liu is also an Executive Director of Chong Hing Bank Limited and is in charge of the securities business of the Bank. Mr. Liu is a nephew of Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung, a cousin of Mr. Liu Kam Fai, Winston, Mr. Andrew Liu and Mr. Liu Kwun Shing, Christopher.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. THE HON. LEE TUNG HAI, LEO

GBM, GBS, LLD, J.P.

aged 88, was appointed an Independent Non-executive Director of the Company in August 1999 and he has served as the Chairman of the Remuneration Committee and a member of the Audit Committee. Dr. Lee is the Chairman of Tung Tai Group of Companies and an Independent Non-executive Director or Non-executive Director of several publicly listed companies in Hong Kong. He is a member of a number of public services committees and heads many social service organizations, including as Honorary Vice President of the China Overseas Friendship Association, Founding Permanent Honorary President of Friends of Hong Kong Association, Adviser of the Advisory Board of the Tung Wah Group of Hospitals and Chairman of the Association of Chairmen of the Tung Wah Group of Hospitals. Dr. Lee served as a Standing Committee Member of the eighth and ninth National Committee of the Chinese People's Political Consultative Conference; an Adviser on Hong Kong Affairs to the Hong Kong & Macau Affairs Office of the State Council and Xinhua News Agency, Hong Kong Branch; a member of the Preparatory Committee for the Hong Kong Special Administrative Region; and a member of the Selection Committee of the First Government of the HKSAR. Dr. Lee has been honoured with awards by different governments, which include Cavaliere di Gran Croce of Italy, O.B.E. of Great Britain, Chevalier Legion d'Honneur of France, Commandeur de l'Ordre de Leopold II of Belgium and Gold Bauhinia Star of the Government of HKSAR in 1999. Dr. Lee was awarded the highest honour of the Grand Bauhinia Medal in July 2006 by the Government of the HKSAR. In 2007, Dr. Lee has been honoured with the "Icebreaker Award" by The 48 Group Club as a recognition of his contribution to the promotion of Sino-UK trade relations. Dr. Lee has over 50 years of experience in business management.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. NG PING KIN, PETER

MSc., J.P.

aged 80, was appointed an Independent Non-executive Director of the Company since 1972 and he has served as a member of both the Audit Committee and the Remuneration Committee. Mr. Ng is an architect by profession and has held numerous offices within his profession and in relation to his public service activities. He was an appointed Member of the Urban Council for ten years and served as Chairman of the Food and Food Premises Select Committee. He was appointed as District Advisor to the Hong Kong Branch of Xinhua News Agency in 1994. He was a member of the Election Committee for the Chief Executive in 1996.

DR. CHENG MO CHI, MOSES

GBS, OBE, LLB (HK), J.P.

aged 60, was appointed an Independent Non-executive Director of the Company in August 1999 and he has served as a member of both the Audit Committee and the Remuneration Committee. Dr. Cheng is a practising solicitor and the senior partner of Messrs. P.C. Woo & Co.. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the founder chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng currently holds directorships in City Telecom (H.K.) Limited, China COSCO Holdings Company Limited, China Mobile Limited, China Resources Enterprise, Limited, Towngas China Company Limited, Kader Holdings Company Limited, K. Wah International Holdings Limited, Hong Kong Exchanges and Clearing Limited, Guangdong Investment Limited and Tian An China Investments Company Limited, all being public listed companies in Hong Kong. His other directorships in public listed companies in the last 3 years include Beijing Capital International Airport Company Limited, Galaxy Entertainment group Limited (formerly known as K. Wah Construction Materials Limited) and Shui On Construction and Materials Limited, all being public listed companies in Hong Kong. He is also an independent non-executive director of ARA Assets Management Limited, a company whose shares are listed on Singapore Exchange Limited, and an independent director of ARA Assets Management (Singapore) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on Singapore Exchange Limited.

MR. TONG TSIN KA

FCA (AUST.), FCPA, FCIS

aged 71, was appointed an Independent Non-executive Director of the Company in September 2004 and he has served as the Chairman of Audit Committee and a member of the Remuneration Committee. Mr. Tong is a fellow of The Institute of Chartered Accountants in Australia, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Certified Public Accountants respectively. In 1968, Mr. Tong commenced his own public accountancy practice and in 1970 founded his own accountancy firm, T. K. Tong & Co. (Chartered Accountants (AUST.). Certified Public Accountants), and has remained its principal to date.

SENIOR MANAGEMENT

MS. EVA LIU

MA (Cantab), DipArch (Kingston), MA (City), ARB (UK), RIBA

aged 46, Director of Projects & Maintenance. Ms. Liu is a Chartered Architect (UK), holding Master of Arts Degrees, in Architecture from the University of Cambridge, and Property Valuation And Law from The City University in London. She was in architectural practice in England before joining the Company in 1999. She is the daughter of Dr. Liu Lit Mo and the sister of Mr. Liu Kam Fai, Winston.

MR. LUK CHI CHUNG

FCCA, CPA (Practising), MAEB

aged 42, Director of Finance. Mr. Luk is a professional accountant, holding Master of Arts Degree in Electronic Business and has over fifteen years of experience in finance and accounting. Mr. Luk joined the Company in 1995 and is in charge of Finance Management Department and Information Technology Department.

MS. CAVIOR LIU

aged 45, Director of Human Resources & Administration. Ms. Liu holds a Bachelor degree in Psychology from University of British Columbia. She joined the Company in 2000, in charge of Human Resources & Administration Department. Ms. Liu is a school manager of Liu Po Shan Memorial College. She is the daughter of Dr. Liu Lit Mo and the sister of Mr. Liu Kam Fai, Winston.

MR. PAN SZE YUEN, CECIL

MA (Cantab), DipArch (Cantab), RIBA

aged 46, Director of Projects & Maintenance. Mr. Pan is a Chartered Architect (UK), holding Master of Arts Degree in Architecture from the University of Cambridge, and has over twenty years of experience as a practising architect in both UK and Hong Kong. Mr. Pan joined the Company in 2006.

MISS YAN YUET LAM, CHARMAINE

aged 35, Director of Business Development. Miss Yan was educated in Vancouver, Canada. Before joining the Company, Miss Yan had worked with various mainland companies at senior management post for leading and handling numerous successful real estate projects including The Shanghai Forest Manor, one of the top residential villa projects in Shanghai. In addition, Miss Yan has extensive management and business experience in business club operations both in Beijing and Shanghai. Besides looking for business and investment opportunities for the Company, Miss Yan is in charge of marketing, sales, and leasing of the Company's Guangzhou developments as well as its hotel business in China.

MR. LAM SHIU CHEUNG

aged 49, Director of China Property. Mr. Lam joined the Company in 1994. He holds a Bachelor Degree in Civil Engineering and has over fifteen years of experience in development, construction and sales of real estate projects in the PRC.

SENIOR MANAGEMENT (CONTINUED)

MR. LAU PING LEUNG, STEPHEN

FHKIS, MHKIE, MHKICM, PFM

aged 57, Director of Quantity Surveying. Mr. Lau is a professional surveyor and professional engineer and has over thirty years of experience in property development, building construction and quantity surveying. Mr. Lau joined the Company in 2009.

MR. WONG YUK CHI, ALLEN

MSc., MBA, MHIREA, FCIPFM

aged 50, Deputy Director of Property Management Department. Mr. Wong joined the Company in 1997. He holds double Master Degrees in Property & Facility Management and Business Administration, and has over twenty years of experience in Property and Facility Management.

MR. TIAN SHAO GENG

aged 72, the deputy general manager and senior engineer of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited, was graduated from the Dalian University of Technology. In the 1960s–1970s, Mr. Tian was in China harbour construction and senior corporate management in No. 3 Harbour Bureau of the Ministry of Communications, Mr. Tian has been delegated by China Harbour Engineering Company (group) of the Ministry of Communications of the People's Republic of China to station in Hong Kong in 1983 for engaging in large construction works, such as ports, roads, bridges and airports, and development of real estate business. As one of the forerunners in China to be engaged in real estate business overseas, he has been successful in planning and developing various high-end real estate projects in Hong Kong and overseas. Since 1990s, he has been engaging in planning, development and construction of high-end offices, hotels, shopping malls and large-scale luxurious residential districts in Shanghai and Dalian. He began to act as the chief representative of Liu Chong Hing Investment Limited in Shanghai in 1993. With the long history of engaging in construction and real estate development in the PRC and overseas and acting as corporate senior management, Mr. Tian has gained rich experience in domestic and international construction and property sectors as well as wide recognition in the industry. Mr. Tian was elected into the “Chinese Experts and Talents Bank” and “Chinese Figures of the Century”, and was appointed as special research fellow of “Institute of Humanity Science of China Management Science Research Institute” and senior research fellow in Chinese and Asia-Pacific Industries and doctor (honoris causa) of “Chinese Institute for Asia-Pacific Economic Development”. He is a Member of the Hong Kong-Shanghai Economic Development Association, China Civil Engineering Society, Chinese Ocean Engineering Society, The Architectural Society of Shanghai, Chinese Hydraulic Engineering Society and so on.

MS. YEUNG SHUI WAH, HAZEL

MBA (UK), BBA (Marketing), DBM

aged 52, Deputy General Manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited, is in charge of the business for marketing, leasing and property management services. Graduated from Hong Kong Baptist University, Ms. Yeung had attained a Diploma in Business Management and a Bachelor Degree in Marketing. She also holds a MBA Degree from Brunel University, West London of United Kingdom. Since establishment of the open economic policy of the PRC, Ms. Yeung has been participating in land development and property market in China. She has over 20 years of experience involving in many commercial and residential projects all over China's major cities. Before joining the Company, Ms. Yeung has taken up residential leasing and sales in Hong Kong. She has also provided consultancy services for market promotion of real estate development in commercial projects in the U.S..

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Liu Chong Hing Investment Limited (the “Company”) for the year 2010 will be held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Wednesday, 28 April 2010 at 12:00 noon for the following purposes:

1. To receive and adopt the audited Financial Statements together with Reports of the Directors and Auditors of the Company for the year ended 31 December 2009.
2. To approve the payment of HK\$0.10 per share as the final cash dividend for the year ended 31 December 2009.
3. To re-elect Directors, namely, Dr. The Hon. Lee Tung Hai, Leo, Mr. Liu Lit Chi, Dr. Liu Lit Chung and Mr. Andrew Liu and fix the directors’ remuneration for the year ending 31 December 2010 at HK\$120,000 for the chairman, HK\$100,000 for each of the independent non-executive directors, HK\$70,000 for each of the non-executive directors and each of the other directors.
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorize the Board of Directors to fix their remuneration.

As special business to consider and, if thought fit, pass with or without modifications the following ordinary resolutions:

ORDINARY RESOLUTION

5. **“THAT**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission in Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the date on which the authority set out in this resolution is revoked, renewed or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

6. **“THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of any rights of subscription or conversion under any warrants, bonds, debentures, notes and any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; (iii) an issue of shares of the Company upon the exercise of the subscription rights attaching to any options granted under any share option scheme adopted by the Company; (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Company's memorandum and articles of association from time to time; or (v) specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the date on which the authority set out in this resolution is revoked, renewed or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares or any class of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

Notice of Annual General Meeting

7. “**THAT** conditional upon Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such extended amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution.”
8. To transact any other business.

By Order of the Board

Dr. Liu Lit Mo

Chairman and Managing Director

Hong Kong, 24 March 2010

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from Wednesday, 21st April 2010 to Friday, 23rd April 2010, (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final cash dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m., Tuesday, 20th April 2010.
4. As at the date hereof, the Board of Directors of the Company comprises Executive Directors: Dr. Liu Lit Mo (Chairman and Managing Director), Mr. Liu Lit Chi, Mr. Liu Kam Fai, Winston (Deputy Managing Director), Mr. Liu Kwun Shing, Christopher (alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred; and Independent Non-executive Directors: Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

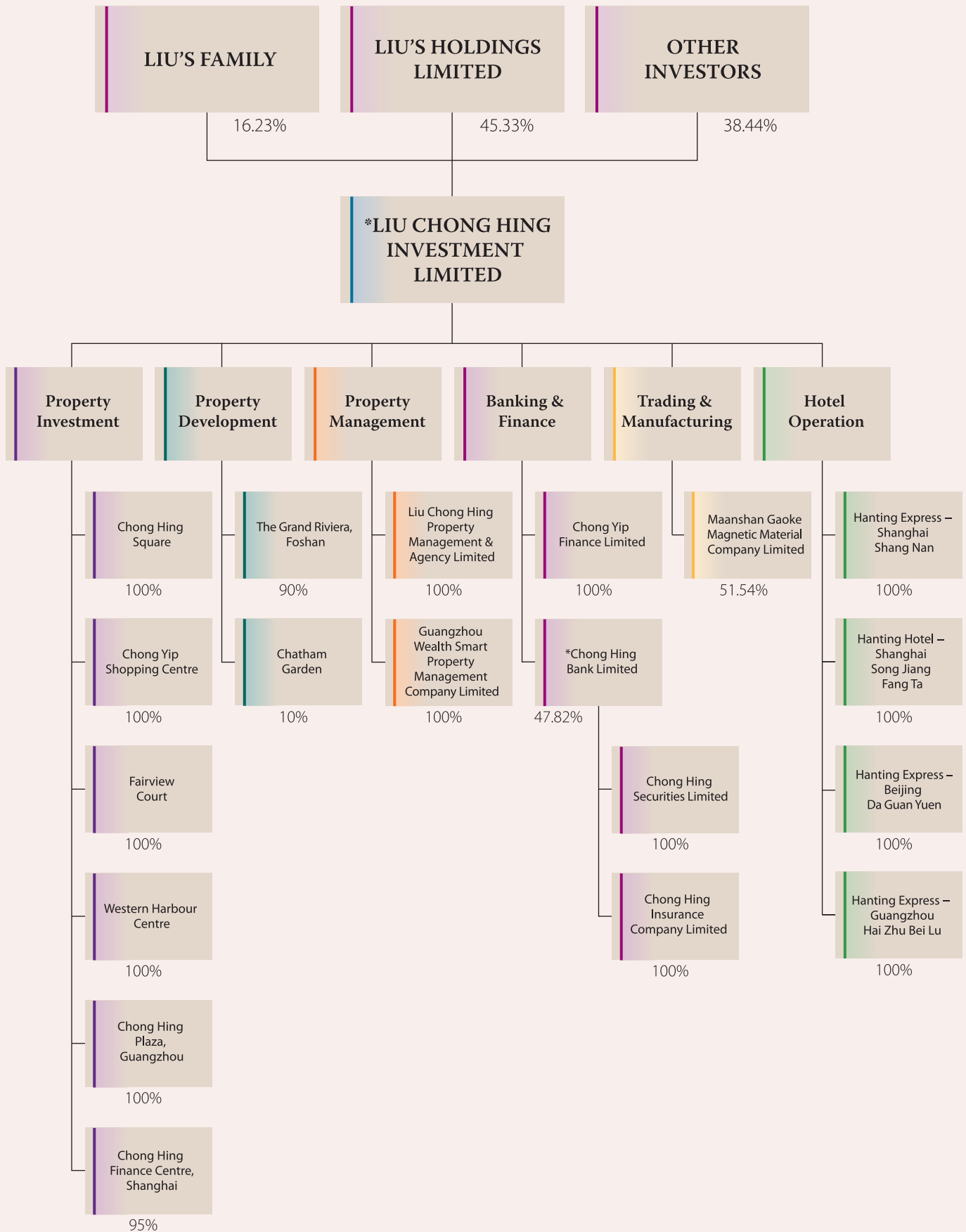
FINANCIAL CALENDAR

As at 3 March 2010

Interim Results for six-month ended 30 June 2009	:	Announced on 13 August 2009
Annual Results for year ended 31 December 2009	:	Announced on 3 March 2010
Annual General Meeting	:	To be held on 28 April 2010
Dividends		
Interim cash dividend	:	HK\$0.08 per share
Paid on	:	30 September 2009
Proposed final cash dividend	:	HK\$0.10 per share
Payable on	:	29 April 2010
Ex-dividend date of final dividend	:	19 April 2010
Latest time to lodge transfer forms	:	4:30 pm on 20 April 2010
Closure of Register of Members	:	From 21 April 2010 to 23 April 2010 (both days inclusive)
Share Registrars and transfer office	:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
Share listing	:	The Company's shares are listed on The Stock Exchange of Hong Kong Limited
Stock Code	:	0194
Board lot	:	2,000 shares
No. of issued ordinary share	:	378,583,440 shares
Company's e-mail address	:	info@lchi.com.hk
Investors and Shareholders contact	:	Attention: Mr. Lee Wai Hung/Ms. Nelly Ng 23rd Floor, Chong Hing Bank Centre 24 Des Voeux Road Central, Hong Kong Tel: (852) 3768 9050 Fax: (852) 3768 9009 Website: http://www.lchi.com.hk

Liu Chong Hing Group Simplified Corporate Structure Chart

As at 31 December 2009



* Listed on The Stock Exchange of Hong Kong Limited.

Major Properties Held by the Group and Associates

As at 31 December 2009

Description	Interest in the property attributable to the Group	Approximate site area (sq. ft.)	Total gross floor area (sq. ft.)	Existing use
<i>Investment Properties</i>				
<i>Hong Kong:</i>				
1. Western Harbour Centre 181–183 Connaught Road West	100%	11,500	200,000	O/P
2. Chong Yip Shopping Centre 402–404 Des Voeux Road West	100%	32,400	73,400	C/P
3. Fairview Court 94 Repulse Bay Road	100%	30,000	26,000	R/P
4. Chong Hing Bank Building 24 Des Voeux Road Central	47.82%	7,100	110,000	O
5. The Belcher's Inland Lot No. 8880 Pokfulam Hong Kong	10%	324,000	2,446,000 215,000 77,600 524,300	R C S P
			3,262,900	
<i>Kowloon and New Territories:</i>				
6. Chong Hing Square 593–601 Nathan Road, Mongkok	100%	12,300	184,000	C
7. Fung Shun Commercial Building 591 Nathan Road, Mongkok	47.82%	2,200	33,000	O
8. Bonsun Industrial Building 364–366 Sha Tsui Road, Tsuen Wan	100%	18,000	46,860	I/P
<i>People's Republic of China:</i>				
9. Le Palais No. 1 Yong Sheng Shang Sha Donghu Road Yue Xin District Guangzhou	60%	139,000	1,222,962 36,600 138,294 135,626	R C S P
			1,533,482	
10. Chong Hing Plaza Nos. 829–831 Renmin Road North Yue Xiu District Guangzhou	100%	46,300	188,261	C
11. Chong Hing Finance Centre No. 288 Nanjing Road (W) Huang Pu District Shanghai	95%	55,000	103,000 413,000 180,000 32,000	C O P T
			728,000	
			6,385,903	

Description	Interest in the property attributable to the Group	Approximate site area (sq. ft.)	Total gross floor area (sq. ft.)	Main usage	Expected completion date	Status
<i>Properties development</i>						
<i>Hong Kong:</i>						
1. Various Lots in D.D. 29 Ting Kok Road Tai Po	100%	240,000		R		Planning
2. Chatham Garden Redevelopment 424 Chatham Road North Hunghom Kowloon	10%		305,000 61,000	R C	2012	Superstructure works in progress
			366,000			
<i>People's Republic of China:</i>						
3. The Grand Riviera West of Luocun Luocun Street Nanhai District Foshan	90%	2,757,000	5,840,000 350,000 1,761,000 32,000 452,000	R C P S T	2011 (First-phase)	Superstructure works in progress
			8,435,000			
C=Commercial I=Industrial P=Car Park R=Residential O=Office S=Clubhouse and recreational facilities T= Others						

Deloitte.

德勤

TO THE MEMBERS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 120, which comprise the consolidated and Company's statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

3 March 2010

Consolidated Statement of Comprehensive Income For the Year ended 31 December 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Revenue	7	293,602	277,849
Direct costs		(60,936)	(64,007)
Gross profit		232,666	213,842
Investment income	9	5,119	5,895
Other income		2,818	11,209
Administrative expenses		(147,904)	(156,953)
Gain (loss) on changes in fair value of investments held for trading		11,000	(7,820)
Gain on changes in fair value of investment properties	17	240,891	380,074
Loss on disposal of available-for-sale investments		—	(14,166)
Impairment loss on available-for-sale investments		—	(63,701)
Gain (loss) on revaluation of leasehold land and buildings	18	1,825	(16,888)
Finance costs	10	(49,479)	(104,292)
Share of profit of associates	11	110,925	45,255
Profit before tax		407,861	292,455
Income tax expense	12	(57,295)	(86,572)
Profit for the year	13	350,566	205,883
Other comprehensive income			
Exchange difference arising on translation		7,838	111,426
Fair value gain on available-for-sale investments		29,242	18,625
Gain on revaluation of leasehold land and buildings		31	40
Share of other comprehensive income (loss) of associates		25,324	(65,119)
Income tax relating to components of other comprehensive income		(5,000)	9,593
Other comprehensive income for the year (net of tax)		57,435	74,565
Total comprehensive income for the year		408,001	280,448
Profit for the year attributable to:			
Owners of the Company		356,091	209,326
Minority interests		(5,525)	(3,443)
		350,566	205,883
Total comprehensive income attributable to:			
Owners of the Company		413,265	276,796
Minority interests		(5,264)	3,652
		408,001	280,448
Basic earnings per share	16	HK\$0.94	HK\$0.55

	NOTES	THE GROUP		THE COMPANY	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Non-current assets					
Investment properties	17	5,752,981	5,486,449	673,900	650,000
Property, plant and equipment	18	71,550	71,089	2,423	2,544
Prepaid lease payments	20	49,725	51,088	—	—
Investments in subsidiaries	21	—	—	265,261	260,751
Interests/investments in associates	22	2,919,424	2,815,218	3	3
Available-for-sale investments	23	276,798	237,221	114,453	87,132
Amounts due from subsidiaries	24	—	—	3,491,591	3,215,900
Advances to investee companies	25	122,288	118,799	—	—
Loans receivable — due after one year	26	37,440	72,178	37,440	70,200
		9,230,206	8,852,042	4,585,071	4,286,530
Current assets					
Properties under development for sale	19	762,286	626,694	—	—
Inventories	27	10,816	10,375	—	—
Properties held for sale	27	6,518	6,518	2,808	2,808
Trade and other receivables	28	77,412	92,201	12,390	5,849
Investments held for trading	29	4,830	3,515	4,830	3,515
Prepaid lease payments	20	1,425	1,439	—	—
Loans receivable — due within one year	26	25,378	15,600	23,400	15,600
Fixed bank deposits with more than three months to maturity when raised	30	263,312	455,828	71,253	108,592
Bank accounts with Chong Hing Bank Limited and its subsidiaries	30	61,503	39,297	45,833	34,382
Other bank balances and cash	30	370,642	308,828	217,339	213,359
Assets held for sale	31	268	1,615	—	—
		1,584,390	1,561,910	377,853	384,105

Statements of Financial Position As at 31 December 2009

	NOTES	THE GROUP		THE COMPANY	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Current liabilities					
Trade and other payables	32	220,612	236,847	10,200	18,361
Taxation payable		11,660	10,986	—	—
Borrowings — due within one year	33	1,206,341	960,824	1,045,456	852,618
		1,438,613	1,208,657	1,055,656	870,979
Net current assets (liabilities)		145,777	353,253	(677,803)	(486,874)
Total assets less current liabilities		9,375,983	9,205,295	3,907,268	3,799,656
Non-current liabilities					
Borrowings — due after one year	33	2,343,184	2,573,216	1,909,581	2,045,005
Deferred taxation	34	526,475	484,540	64,324	58,484
Non-interest bearing advances from subsidiaries	35	—	—	54,288	55,776
		2,869,659	3,057,756	2,028,193	2,159,265
		6,506,324	6,147,539	1,879,075	1,640,391
Capital and reserves					
Share capital	36	378,583	378,583	378,583	378,583
Reserves	37	6,095,090	5,731,041	1,500,492	1,261,808
Equity attributable to owners of the Company		6,473,673	6,109,624	1,879,075	1,640,391
Minority interests		32,651	37,915	—	—
Total equity		6,506,324	6,147,539	1,879,075	1,640,391

The consolidated financial statements on pages 62 to 120 were approved and authorised for issue by the Board of Directors on 3 March 2010 and are signed on its behalf by:

Dr. Liu Lit Mo

CHAIRMAN & MANAGING DIRECTOR

Mr. Tong Tsin Ka

CHAIRMAN OF AUDIT COMMITTEE

	Attributable to owners of the Company							Total	Minority interests	Total
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Accumulated profits			
	HK\$'000	HK\$'000 (note i)	HK\$'000 (Note 37)	HK\$'000 (Note 37)	HK\$'000	HK\$'000 (Note 37)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	378,583	75,747	1,449,597	41,792	2,952	162,455	3,820,133	5,931,259	30,715	5,961,974
Profit for the year	—	—	—	—	—	—	209,326	209,326	(3,443)	205,883
Other comprehensive income for the year	—	—	40	(40,283)	—	107,713	—	67,470	7,095	74,565
Total comprehensive income for the year	378,583	75,747	1,449,637	1,509	2,952	270,168	4,029,459	6,208,055	34,367	6,242,422
Dividends recognised as distribution (note 15)	—	—	—	—	—	—	(98,431)	(98,431)	—	(98,431)
Capital injection from minority shareholder	—	—	—	—	—	—	—	—	3,548	3,548
At 31 December 2008	378,583	75,747	1,449,637	1,509	2,952	270,168	3,931,028	6,109,624	37,915	6,147,539
Profit for the year	—	—	—	—	—	—	356,091	356,091	(5,525)	350,566
Other comprehensive income for the year	—	—	31	49,315	—	7,828	—	57,174	261	57,435
Total comprehensive income for the year	378,583	75,747	1,449,668	50,824	2,952	277,996	4,287,119	6,522,889	32,651	6,555,540
Dividend recognised as distribution (note 15)	—	—	—	—	—	—	(49,216)	(49,216)	—	(49,216)
At 31 December 2009	378,583	75,747	1,449,668	50,824	2,952	277,996	4,237,903	6,473,673	32,651	6,506,324

Note:

- (i) The special reserve represents the difference between the consideration paid and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired during the year ended 31 December 2004.

Consolidated Statement of Cash Flows

For the Year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	407,861	292,455
Adjustments for:		
Write off of bad and doubtful debts	—	303
(Gain) loss on revaluation of leasehold land and buildings	(1,825)	16,888
Amortisation of prepaid lease payments	1,377	5,306
Depreciation of property, plant and equipment	15,446	18,284
Gain from changes in fair value of investment properties	(240,891)	(380,074)
(Gain) loss from changes in fair value of investments held for trading	(11,000)	7,820
Loss on disposal of available-for-sale investments	—	14,166
Finance costs	49,479	104,292
Impairment loss recognised in respect of available-for-sale investments	—	63,701
Imputed interest income on non-current interest-free loans to investee companies	(5,119)	(5,895)
Interest income	(15,696)	(40,341)
Loss on disposal of property, plant and equipment	372	—
Gain on disposal of assets held for sale	(611)	(394)
Share of profit of associates	(110,925)	(45,255)
Operating cash flows before movements in working capital	88,468	51,256
Increase in properties under development for sale	(129,197)	(185,681)
Decrease (increase) in loans receivable	17,160	(15,811)
(Increase) decrease in inventories	(441)	1,862
Decrease in trade and other receivables	22,589	83,342
Proceeds from disposal of investments held for trading	9,685	—
(Decrease) increase in trade and other payables	(16,235)	94,684
Cash (used in) generated from operations	(7,971)	29,652
Hong Kong Profits Tax paid	(12,220)	(7,343)
The People's Republic of China Enterprise Income Tax paid	(2,466)	(2,816)
Interest received	15,696	40,341
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(6,961)	59,834

	2009 HK\$'000	2008 HK\$'000
INVESTING ACTIVITIES		
Decrease in bank deposits with more than three months to maturity when raised	192,516	81,518
Dividend received from an associate	27,043	120,121
Proceeds from disposal of assets held for sale	1,958	1,701
Additions of investment properties	(22,029)	—
Purchase of property, plant and equipment	(14,387)	(51,700)
Purchase of available-for-sale investments	(8,705)	(7,882)
Additions of prepaid lease payments	—	(116,863)
Additional investments in associates	—	(46,736)
Additional contribution to investee companies	—	(1,687)
Repayments from investee companies	—	125,965
Proceeds from disposal of available-for-sale investments	—	27,977
Proceeds from disposal of property, plant and equipment	—	366
NET CASH FROM INVESTING ACTIVITIES	176,396	132,780
FINANCING ACTIVITIES		
Repayments of borrowings	(1,451,257)	(1,247,505)
Interest paid	(55,874)	(127,124)
Dividend paid	(49,216)	(98,431)
New borrowings raised	1,466,501	687,704
Capital contribution from minority shareholders	—	3,548
NET CASH USED IN FINANCING ACTIVITIES	(89,846)	(781,808)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,589	(589,194)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	348,125	895,489
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	4,431	41,830
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	432,145	348,125
Cash and cash equivalents at end of the year, represented by:		
Bank accounts with Chong Hing Bank Limited and its subsidiaries	61,503	39,297
Other bank balances and cash	370,642	308,828
	432,145	348,125

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is 25/F., Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK dollar"), which is also the functional currency of the Company.

The principal activities of the Company are property investment and investment holding. The principal activities of the principal subsidiaries and associates are shown in Notes 45 and 46 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)–Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)–Int 13	Customer Loyalty Programmes
HK(IFRIC)–Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)–Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)–Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the financial statements of the Group and the Company for the current or prior accounting periods.

NEW AND REVISED HKFRSS AFFECTING PRESENTATION AND DISCLOSURE ONLY

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

NEW AND REVISED HKFRSs AFFECTING PRESENTATION AND DISCLOSURE ONLY (CONTINUED)

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not affected the identification of reportable segments but it has resulted in changes in the basis of measurement of segment profit or loss.

IMPROVING DISCLOSURES ABOUT FINANCIAL INSTRUMENTS (AMENDMENTS TO HKFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK (IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK (IFRIC)–Int 17	Distributions of Non-cash Assets to Owners ¹
HK (IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for annual periods beginning on or after 1 February 2010.

⁵ Effective for annual periods beginning on or after 1 July 2010.

⁶ Effective for annual periods beginning on or after 1 January 2011.

⁷ Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

IMPROVING DISCLOSURES ABOUT FINANCIAL INSTRUMENTS (AMENDMENTS TO HKFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES) (CONTINUED)

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group’s equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 “Business Combinations” are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS (CONTINUED)

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, purchased investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Investment properties are classified as assets held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, except when there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property to leasehold land and building or commencement of development with a view to sale, for a transfer from investment property to properties held for sale.

Prior to 1 January 2009, property that was being constructed or developed for future use as an investment property was included in investment properties under development until construction or development was completed at which time it was reclassified to and subsequently accounted for as an investment properties. Any difference between fair value of the property at that date and its previous carrying amount was recorded in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including land and buildings held for use in production or supply of goods or services, or for administrative purposes (other properties under development) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and amortisation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are included in the Company's statement of financial position at cost, less any identified impairment loss.

INVESTMENTS IN ASSOCIATES

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's statement of financial position, investments in associates are stated at cost, as reduced by an identified impairment loss.

PROPERTIES UNDER DEVELOPMENT FOR SALE

Properties under development for sale in the ordinary course of business are included in current asset at the lower of cost and net realisable value. It comprises the consideration for development expenditure (which includes cost of land use rights, construction costs and capitalised interest) directly attributable to the development of the properties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTIES HELD FOR SALE

Properties held for sale are stated at the lower of the cost and estimated market value.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted average cost method.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's and Company's statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivable, advances to investee companies, bank accounts with Chong Hing Bank Limited and its subsidiaries, fixed bank deposits with more than three months to maturity, other bank balances and amounts due from subsidiaries of the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank and other borrowings, trade and other payables and advances from subsidiaries of the Company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

IMPAIRMENT LOSSES ON TANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of an asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Property development

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers pursuant to the sales agreement and the collectability of related receivable is reasonably assumed.

(ii) Return on investments

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payments have been established, whilst interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Sales of goods

Sales of goods are recognised when goods are delivered and title has passed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

(iv) Management fee

Management fee income is recognised when services are rendered.

(v) Agency fee

Agency fee income is recognised when services are rendered.

(vi) Hotel operation income

Hotel operation income is recognised when services are provided.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight line basis, except for those that are classified and accounted for as investment properties under the fair value model.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES (CONTINUED)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

ESTIMATED IMPAIRMENT OF TRADE RECEIVABLES, LOANS RECEIVABLE AND ADVANCES TO INVESTEE COMPANIES

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables, loans receivable and advances to investee companies at 31 December 2009 is HK\$6,671,000, HK\$62,818,000 and HK\$122,288,000 (2008: HK\$13,199,000, HK\$87,778,000, HK\$118,799,000) respectively.

ESTIMATED IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the duration and extent to which the fair value of the investment is less than its cost. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 33, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and their associated risks. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6A. CATEGORIES OF FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	4,830	3,515	4,830	3,515
Loans and receivables (including cash and cash equivalents)	952,633	1,090,533	3,898,969	3,663,554
Available-for-sale investments	276,798	237,221	114,453	87,132
Financial liabilities				
Amortised cost	3,694,944	3,696,131	3,015,983	2,960,197

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, advances to investee companies, loans receivable, trade and other receivables, trade and other payables, borrowings, bank accounts with Chong Hing Bank Limited and its subsidiaries, fixed bank deposits with more than three months to maturity when raised and other bank balances. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

(i) Currency risk

Several subsidiaries of the Group have foreign currency bank balances, fixed deposits, loan receivables and borrowings, which expose the Group to foreign currency risk.

The carrying amounts of the Group's and the Company's monetary assets and monetary liabilities at the reporting date that are denominated in currencies other than the relevant entities' functional currency are as follows:

	THE GROUP			
	Liabilities		Assets	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
United States dollars ("US\$")	—	—	309,742	324,376
HK dollars ("HK\$")	351,053	405,098	—	—

	THE COMPANY			
	Liabilities		Assets	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
US\$	—	—	309,742	324,376

Sensitivity analysis

The Group is mainly exposed to the fluctuation of US\$ against HK dollars and of the HK dollars against RMB. The following table details the Group's sensitivity to a 1% increase and decrease in HK dollars against US\$ and 5% increase and decrease in HK dollars against RMB. The receptive percentages are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding US\$ and HK\$ denominated monetary items and adjusts their translation at the year end for the respective percentages change in the exchange rates. A 1% strengthening of the HK dollars against US\$ and 5% strengthening of the HK dollars against RMB will increase (decrease) the Group's post-tax profit for the year by the following amount.

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
US\$ impact	(3,097)	(3,243)	(3,097)	(3,243)
HK\$ impact	17,553	(20,254)	—	—

Note: This is mainly attributable to the exposure outstanding on fixed bank deposits, other bank balances, loans receivable and bank borrowings denominated in US\$ or HK\$ at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits (see Note 30 for details). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate loans receivable, bank balances and bank borrowings. The Company is exposed to cash flow interest rate risk in relation to its amounts due from subsidiaries, loans receivable, bank balances and bank borrowings (see Notes 24, 26, 30 and 33 for details of these loans receivable and borrowings). It is the Group's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly attributable to fluctuation of Hong Kong Interbank Offer Rate ("HIBOR").

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for the Group's and the Company's non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of variable rate amounts due from subsidiaries, loan receivables and bank borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point fluctuation is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant:

- the Group's post-tax profit for the year ended 31 December 2009 would decrease/increase by approximately HK\$15,415,000 (2008: decrease/increase by HK\$15,855,000).
- the Company's post-tax profit for the year ended 31 December 2009 would decrease/increase by approximately HK\$3,299,000 (2008: decrease/increase by HK\$4,808,000).

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(iii) Other price risk

The Group and the Company are exposed to equity price risk through its investments in equity securities. The Group is exposed to market price fluctuation through its investments in both listed and unlisted securities. The management will closely monitor the price movement of the securities and regularly review the performance and asset allocation of the portfolio.

The Group's equity price risk is mainly concentrated on unlisted equity securities.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower:

- the Group's post-tax profit for the year ended 31 December 2009 would increase/decrease by HK\$242,000 (2008: increase/decrease by HK\$176,000) as a result of the changes in fair value of held-for-trading investments; and
- the Company's post-tax profit for the year ended 31 December 2009 would increase/decrease by HK\$242,000 (2008: increase/decrease by HK\$ 176,000) as a result of the changes in fair value of held-for-trading investments; and
- the Group's investment valuation reserve would increase/decrease by HK\$13,840,000 (2008: increase/decrease by HK\$11,861,000) as a result of the changes in fair value of available-for-sale investments.
- the Company's investment valuation reserve would increase/decrease by HK\$5,723,000 (2008: increase/decrease by HK\$4,357,000) as a result of the changes in fair value of available-for-sale investments.

The Group's and the Company's sensitivity to available-for-sale investments and held-for-trading investments has not changed significantly from the prior year.

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position.
- the amount of contingent liabilities in relation to financial guarantee issued by the Company as disclosed in Note 44.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

The Group has a significant concentration of credit risk because at 31 December 2009, it had advanced approximately HK\$122 million (2008: HK\$119 million) to a single investee company and its loans receivable portfolio comprised loans of approximately HK\$62 million (2008: HK\$86 million) to two financial institutions. Based on past experience, the directors consider that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered to be fully recoverable.

The Company has a significant concentration of credit risk as all its advances were made to its subsidiaries.

In order to minimise the credit risk of debts, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management has regular liaison with the borrowers to understand their financial position and to identify any early sign of potential problems. Should any potential default situation arise, management will take prompt actions to safeguard the Company and Groups' assets. In this regard, the directors of the Company consider that the Company and Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group and the Company relies on bank borrowings as a significant source of liquidity. As at 31 December 2009, the Group and the Company had available unutilised bank loan facilities of approximately HK\$1,010 million (2008: HK\$628 million). Details of the amounts utilised at the end of the reporting period are set out in Note 33.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average interest rate %	On demand and less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2009 HK\$'000
THE GROUP							
2009							
Non-derivative financial liabilities							
Trade and other payables	—	145,419	—	—	—	145,419	145,419
Bank Borrowings — variable rate	1.08	50,045	167,953	931,785	2,432,946	3,582,729	3,520,504
Amounts due to associates	0.1	987	—	—	—	987	987
Amounts due to minority shareholders	3.27	28,034	—	—	—	28,034	28,034
		224,485	167,953	931,785	2,432,946	3,757,169	3,694,944
2008							
Non-derivative financial liabilities							
Trade and other payables	—	162,088	3	—	—	162,091	162,091
Bank Borrowings — variable rate	1.97	100,164	135,664	712,053	2,675,282	3,623,163	3,506,314
Amounts due to associates	2	780	—	—	—	780	780
Amounts due to minority shareholders	3.49	26,946	—	—	—	26,946	26,946
		289,978	135,667	712,053	2,675,282	3,812,980	3,696,131

6. FINANCIAL INSTRUMENTS (CONTINUED)
6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)
Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average interest rate %	On demand and less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2009 HK\$'000
THE COMPANY							
2009							
Non-derivative financial liabilities							
Trade and other payables	—	6,658	—	—	—	6,658	6,658
Bank Borrowings — variable rate	1.08	50,045	167,953	835,908	1,951,091	3,004,997	2,954,050
Amounts due to associates	—	987	—	—	—	987	987
Non-interest bearing advances from subsidiary	—	—	—	—	55,468	55,468	54,288
Financial guarantee contracts	—	—	—	—	949,714	949,714	—
		57,690	167,953	835,908	2,956,273	4,017,824*	3,015,983

	Weighted average interest rate %	On demand and less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2008 HK\$'000
2008							
Non-derivative financial liabilities							
Trade and other payables	—	6,798	—	—	—	6,798	6,798
Bank Borrowings — variable rate	1.97	100,164	135,664	628,978	2,126,294	2,991,100	2,896,843
Amounts due to associates	—	780	—	—	—	780	780
Non-interest bearing advances from subsidiary	—	—	—	—	57,993	57,993	55,776
Financial guarantee contracts	—	—	—	—	662,766	662,766	—
		107,742	135,664	628,978	2,847,053	3,719,437	2,960,197

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6C. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of unlisted available-for-sale investments that are stated at fair value are determined with reference to market values of underlying assets, or arrived at using valuation techniques, including market multiple approach and discounted cash flow techniques, which included some assumptions that are not supportable by observable market prices or rates, the inputs may include price information, volatility statistics, liquidity statistics and other factors. In determining the fair value where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates, earnings growth factor and the adjusted discount factor;
- the fair values of the Group's advance to investee companies and the Company's amounts due from/to subsidiaries at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate, approximate the corresponding carrying amounts; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The directors consider that the carrying amounts of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6C. FAIR VALUE (CONTINUED)

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31.12.2009			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
THE GROUP				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	4,830	—	—	4,830
Available-for-sale financial assets				
Listed equity securities	688	—	—	688
Listed debenture	1,164	—	—	1,164
Unlisted equity securities	—	—	274,946	274,946
Total	6,682	—	274,946	281,628

	31.12.2009			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
THE COMPANY				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	4,830	—	—	4,830
Available-for-sale financial assets				
Listed equity securities	140	—	—	140
Listed debenture	1,164	—	—	1,164
Unlisted equity securities	—	—	113,149	113,149
Total	6,134	—	113,149	119,283

There were no transfers between Level 1 and 2 in the current year.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6C. FAIR VALUE (CONTINUED)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK\$'000
At 1 January 2009	236,943
Gains recognised in other comprehensive income	30,462
Purchases	7,541
At 31 December 2009	274,946

Included in other comprehensive income is a gain of approximately HK\$29,242,000 related to unlisted equity securities held at the end of the reporting period and is reported as part of the changes in investment revaluation reserve.

7. REVENUE

Revenue represents the aggregate of the following amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2009 HK\$'000	2008 HK\$'000
Gross rental income	228,687	201,136
Sales of goods	12,447	15,446
Interest income on loans receivable, available-for-sale investments, bank deposits and bank balances	15,696	40,341
Property management and agency fees	14,236	13,720
Hotel operation income	22,511	7,154
Dividend income from listed investments held for trading	25	52
	293,602	277,849

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions which is the same as information reported to the chief operating decision makers. The Group's reportable segments under HKFRS 8 are therefore as follows:

1. Property investment
2. Property development
3. Property management
4. Treasury investment
5. Trading and manufacturing
6. Hotel operation

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS8.

SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2009

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE								
External sales	228,687	—	14,236	15,721	12,447	22,511	—	293,602
Inter-segment sales	—	—	7,162	—	—	—	(7,162)	—
Total	228,687	—	21,398	15,721	12,447	22,511	(7,162)	293,602
Segment profit (loss)	380,633	(28,034)	(7,629)	17,678	(1,958)	(14,275)	—	346,415
Finance costs								(49,479)
Share of profit of associates								110,925
Profit before tax								407,861

8. SEGMENT INFORMATION (CONTINUED)

SEGMENT REVENUES AND RESULTS (CONTINUED)

For the year ended 31 December 2008

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE								
External sales	201,136	—	13,720	40,393	15,446	7,154	—	277,849
Inter-segment sales	—	—	6,855	—	—	—	(6,855)	—
Total	201,136	—	20,575	40,393	15,446	7,154	(6,855)	277,849
Segment profit (loss)	430,761	(156)	(10,429)	(52,797)	(1,566)	(14,321)	—	351,492
Finance costs								(104,292)
Share of profit of associates								45,255
Profit before tax								292,455

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of share of profit of associates and finance costs. In addition, administrative cost incurred by the treasury investment segment on behalf of other segments are allocated to respective reportable segments on the basis of revenues earned by individual reportable segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	31.12.2009 HK\$'000	31.12.2008 HK\$'000
Property investment	6,097,757	6,023,257
Property development	835,344	630,666
Property management	2,570	2,601
Treasury investment	3,765,124	3,637,671
Trading and manufacturing	75,931	84,093
Hotel operation	37,870	35,664
Total consolidated assets	10,814,596	10,413,952

8. SEGMENT INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES (CONTINUED)

Segment liabilities

	31.12.2009 HK\$'000	31.12.2008 HK\$'000
Property investment	196,351	218,002
Property development	97	377
Property management	6,304	5,515
Treasury investment	5,650	691
Trading and manufacturing	4,083	6,310
Hotel operation	8,127	5,952
Total consolidated liabilities	220,612	236,847

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments, and all liabilities are allocated to reportable segments other than taxation payable, borrowings and deferred tax liabilities.

OTHER SEGMENT INFORMATION

2009

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Others HK\$'000	Consolidated HK\$'000
Amount included in measure of segment profit or loss or segment assets:								
Capital additions	4,646	136,013	—	—	13,196	17,403	750	172,008
Depreciation and amortisation	2,444	184	19	—	892	11,004	903	15,446
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Share of profit of associates	102	—	—	110,823	—	—	—	110,925

2008

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Others HK\$'000	Consolidated HK\$'000
Amount included in measure of segment profit or loss or segment assets:								
Capital additions	139,922	68	27	—	291	25,533	958	166,799
Depreciation and amortisation	13,541	153	18	—	1,093	2,662	817	18,284
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Share of profit of associates	107	—	—	45,148	—	—	—	45,255

8. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group's operations are located in Hong Kong and other parts of the People's Republic of China (the "PRC"). Certain of the Group's property investment, property development, trading and manufacturing and hotel operation businesses are located in the PRC. Others are located in Hong Kong.

The Group's sales from external customers and information about its non-current assets by geographical location of assets are detailed below:

	Sales		Non-current assets	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong	140,628	148,328	6,243,065	5,915,892
Shanghai	92,131	90,459	2,302,608	2,283,300
Guangzhou	37,377	20,152	338,049	321,922
Others	23,466	18,910	32,246	21,529
	293,602	277,849	8,915,968	8,542,643

Non-current assets exclude financial instruments.

9. INVESTMENT INCOME

Investment income earned from financial assets not designated at fair value through profit or loss is as follows:

	2009 HK\$'000	2008 HK\$'000
Imputed interest income on advance to investee companies	5,119	5,895

10. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank loans	54,245	126,145
Other borrowings	1,629	979
	55,874	127,124
Less: Amount capitalised as cost of properties under development at a capitalisation rate of 0.9% (2008: 2.97%) per annum	(6,395)	(22,832)
	49,479	104,292

11. SHARE OF PROFIT OF ASSOCIATES

	2009 HK\$'000	2008 HK\$'000
Share of profit of associates comprise:		
Share of profit of associates	126,552	42,084
Share of taxation of associates	(15,627)	(13,484)
Discount on acquisition of additional interests in an associate	—	16,655
	110,925	45,255

12. INCOME TAX EXPENSE

	2009 HK\$'000	2008 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	7,294	6,161
Under (overprovision) in prior years	39	(60)
	7,333	6,101
PRC Enterprise Income Tax		
Current year	8,027	4,460
	15,360	10,561
Deferred taxation (Note 34)		
Current year	41,935	99,299
Attributable to change in tax rate	—	(23,288)
	41,935	76,011
	57,295	86,572

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced the corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

12. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2009 HK\$'000	2008 HK\$'000
Profit before tax	407,861	292,455
Hong Kong Profits Tax at the rate of 16.5% (2008: 16.5%)	67,297	48,255
Tax effect of share of profit/loss of associates	(18,305)	(7,467)
Tax effect of expenses not deductible for tax purpose	14,417	39,538
Tax effect of income not taxable for tax purpose	(7,795)	(10,393)
Under(over)provision in respect of prior years	39	(60)
Tax effect of tax losses not recognised	2,398	3,194
Tax effect of utilisation of tax losses previously not recognised	(8,220)	(4,256)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rates	—	(23,288)
Effect of different tax rates of subsidiaries operating in other jurisdictions	7,464	41,049
Tax charge for the year	57,295	86,572

13. PROFIT FOR THE YEAR

	2009 HK\$'000	2008 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (Note 14)	15,793	20,598
Other staff costs	29,190	25,023
Staff retirement scheme contributions, net of HK\$110,000 (2008: HK\$58,000) forfeited contributions	1,403	2,587
Total staff costs	46,386	48,208
Amortisation of prepaid lease payments	1,377	5,306
Auditors' remuneration	1,912	1,884
Depreciation of property, plant and equipment	15,446	18,284
Operating lease rentals in respect of land and buildings	19,650	7,582
Write-off of bad and doubtful debts	—	303
Loss on disposal of property, plant and equipment and after crediting:	372	—
Exchange gain	218	9,175
Gain on disposal of assets held for sale	611	394
Gross rental income from investment properties	228,687	201,136
Less: direct operating expenses from investment properties that generated rental income during the year	(29,659)	(32,708)
	199,028	168,428

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 13 (2008: 13) directors were as follows:

	Fees HK\$'000	Other emoluments		Total emoluments HK\$'000
		Salaries and other benefits HK\$'000	Retirement scheme contributions HK\$'000	
2009				
Liu Lit Man	120	—	—	120
Liu Lit Mo	70	7,148	113	7,331
Liu Lit Chi	70	—	—	70
Liu Kam Fai, Winston	70	3,055	113	3,238
Lee Wai Hung	70	1,750	101	1,921
Liu Lit Chung	70	1,143	—	1,213
Liu Kwun Shing, Christopher	70	1,235	55	1,360
Andrew Liu	70	—	—	70
Liu Chun Ning, Wilfred	70	—	—	70
Lee Tung Hai, Leo	100	—	—	100
Ng Ping Kin, Peter	100	—	—	100
Cheng Mo Chi, Moses	100	—	—	100
Tong Tsin Ka	100	—	—	100
Total	1,080	14,331	382	15,793
2008				
Liu Lit Man	100	—	—	100
Liu Lit Mo	50	11,559	222	11,831
Liu Lit Chi	50	—	—	50
Liu Kam Fai, Winston	50	2,987	195	3,232
Lee Wai Hung	50	1,852	185	2,086
Liu Lit Chung	50	1,819	37	1,905
Liu Kwun Shing, Christopher	—	490	24	514
Andrew Liu	50	—	—	50
Liu Chun Ning, Wilfred	50	344	34	428
Lee Tung Hai, Leo	100	—	—	100
Ng Ping Kin, Peter	100	—	—	100
Cheng Mo Chi, Moses	100	—	—	100
Tong Tsin Ka	100	—	—	100
Total	850	19,051	697	20,598

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(B) EMOLUMENTS OF HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, four (2008: four) individuals were directors of the Company whose emoluments are included in the disclosure set out in note (a) above. The emoluments of the remaining highest paid individual were as follows:

	2009 HK\$'000	2008 HK\$'000
Salaries and other benefits	1,183	1,500
Retirement scheme contributions	60	103
	1,243	1,603

(C) During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the year.

15. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Dividends recognised as distribution during the year:		
2009 interim dividend paid at HK\$0.08 (2008: 2008 interim dividend HK\$0.10) per share	30,287	37,858
2008 final dividend paid at HK\$0.05 (2008: 2007 final dividend HK\$0.16) per share	18,929	60,573
	49,216	98,431

The final dividend of HK\$0.10 in respect of the year ended 31 December 2009 (2008: final dividend of HK\$0.05 in respect of the year ended 31 December 2008) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

16. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$356,091,000 (2008: HK\$209,326,000) and on 378,583,440 (2008: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years 2008 and 2009.

17. INVESTMENT PROPERTIES

	THE GROUP HK\$'000	THE COMPANY HK\$'000
FAIR VALUE		
At 1 January 2008	3,278,504	660,000
Currency realignment	4,978	—
Transfer from investment properties under development upon completion	1,822,893	—
Net increase (decrease) in fair value recognised in profit or loss	380,074	(10,000)
At 31 December 2008	5,486,449	650,000
Currency realignment	3,612	—
Additions	22,029	—
Net increase in fair value recognised in profit or loss	240,891	23,900
At 31 December 2009	5,752,981	673,900

The fair values of the Group's investment properties at 31 December 2009 and 2008 have been arrived at on the basis of valuations carried out by Vigers Appraisal & Consulting Ltd., an independent firm of professional valuers not connected with the Group. Vigers Appraisal & Consulting Ltd. is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

All of the Group's property interests held under operating leases to earn long-term rentals are measured using fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises:

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Properties held under:				
Long leases in Hong Kong	3,156,300	2,935,800	673,900	650,000
Long-term land use right in the PRC	325,517	302,539	—	—
Medium-term land use right in the PRC	2,255,764	2,233,810	—	—
Medium-term leases in Hong Kong	15,400	14,300	—	—
	5,752,981	5,486,449	673,900	650,000

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings (note) HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, motor vehicles and computer equipment HK\$'000	Total HK\$'000
THE GROUP				
COST OR VALUATION				
At 1 January 2008	18,854	33,140	55,845	107,839
Currency realignment	3,918	2,011	345	6,274
Additions	—	290	51,410	51,700
Disposals	—	(366)	(655)	(1,021)
Deficit on revaluation	(19,602)	—	—	(19,602)
At 31 December 2008	3,170	35,075	106,945	145,190
Currency realignment	—	(18)	50	32
Additions	—	13,196	1,191	14,387
Disposals	—	(1,840)	—	(1,840)
Surplus on revaluation	1,694	—	—	1,694
At 31 December 2009	4,864	46,413	108,186	159,463
Comprising:				
At cost	—	46,413	108,186	154,599
At valuation – 2009	4,864	—	—	4,864
	4,864	46,413	108,186	159,463
DEPRECIATION AND AMORTISATION				
At 1 January 2008	—	21,005	36,745	57,750
Currency realignment	—	1,340	136	1,476
Charged for the year	2,754	1,093	14,437	18,284
Eliminated on disposals	—	—	(655)	(655)
Deficit on revaluation	(2,754)	—	—	(2,754)
At 31 December 2008	—	23,438	50,663	74,101
Currency realignment	—	(12)	8	(4)
Charged for the year	162	892	14,392	15,446
Eliminated on disposals	—	(1,468)	—	(1,468)
Eliminated on revaluation	(162)	—	—	(162)
At 31 December 2009	—	22,850	65,063	87,913
CARRYING VALUE				
At 31 December 2009	4,864	23,563	43,123	71,550
At 31 December 2008	3,170	11,637	56,282	71,089

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings (note) HK\$'000	Furniture, fixtures, motor vehicles and computer equipment HK\$'000	Total HK\$'000
THE COMPANY			
COST OR VALUATION			
At 1 January 2008	364	11,560	11,924
Additions	—	959	959
Surplus on revaluation	32	—	32
At 31 December 2008	396	12,519	12,915
Additions	—	751	751
Surplus on revaluation	24	—	24
At 31 December 2009	420	13,270	13,690
Comprising:			
At cost	—	13,270	13,270
At valuation – 2009	420	—	420
	420	13,270	13,690
DEPRECIATION AND AMORTISATION			
At 1 January 2008	—	9,562	9,562
Charged for the year	8	809	817
Elimination on revaluation	(8)	—	(8)
At 31 December 2008	—	10,371	10,371
Charged for the year	8	896	904
Elimination on revaluation	(8)	—	(8)
At 31 December 2009	—	11,267	11,267
CARRYING VALUE			
At 31 December 2009	420	2,003	2,423
At 31 December 2008	396	2,148	2,544

Note: The leasehold land is included in property, plant and equipment as the allocation between the land and building element cannot be made reliably.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease or 3%
Plant and machinery	10%
Furniture, fixtures, motor vehicles and computer equipment	10 – 20%

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying value of land and buildings of the Group, which are all situated in the PRC, are held under medium-term land use rights.

The leasehold land and buildings of the Group were valued on 31 December 2009 (2008: 31 December 2008) by Vigers Appraisal & Consulting Ltd. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. Vigers Appraisal & Consulting Ltd. is not connected with the Group.

The resulting surplus arising on revaluation of the Group amounting to approximately HK\$1,856,000 (2008: deficit of HK\$16,848,000) has been dealt with as follows:

- (i) a surplus of approximately HK\$1,825,000 has been recognised as income (2008: a deficit of approximately HK\$16,888,000 was recognised as expense); and
- (ii) a surplus of approximately HK\$31,000 (2008: HK\$40,000) has been credited to the property revaluation reserve.

The amount of land and buildings of the Group and of the Company that would have been included in the financial statements at the end of the reporting period had these assets been carried at historical cost less accumulated depreciation and accumulated impairment loss is approximately HK\$3,900,000 and HK\$157,000 (2008: HK\$4,050,000 and HK\$149,000), respectively.

19. INVESTMENT PROPERTIES UNDER DEVELOPMENT/PROPERTIES UNDER DEVELOPMENT FOR SALE

(A) INVESTMENT PROPERTIES UNDER DEVELOPMENT

The properties under development, which were developed for future use as investment properties, were completed and transferred to the investment properties during the year ended 31 December 2008.

(B) PROPERTIES UNDER DEVELOPMENT FOR SALE

During the year ended 31 December 2008, prepaid lease payments of approximately HK\$533,280,000 which were previously undetermined, were reclassified to properties under development for sale upon conclusion of a plan to develop them into properties held for sales.

The property under development for sale is expected to be recovered within one year after the reporting date.

Included in properties under development for sale is net interest cost capitalised of approximately HK\$29,227,000 (2008: HK\$22,832,000).

20. PREPAID LEASE PAYMENTS

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong — medium term	19,841	20,325
Leasehold land in the PRC — medium term	31,309	32,202
	51,150	52,527
Analysed for reporting purposes as:		
Current assets	1,425	1,439
Non-current assets	49,725	51,088
	51,150	52,527

21. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009 HK\$'000	2008 HK\$'000
Cost of unlisted shares/capital contribution	451,334	435,025
Less: Impairment loss recognised	(186,073)	(174,274)
	265,261	260,751

In view of the accumulated losses and net liabilities position of certain subsidiaries, the directors of the Company consider that the carrying amount of investment in these subsidiaries exceeds its recoverable amount, and therefore have concluded that it is appropriate to make a provision for impairment in value in respect of the investments cost. The recoverable amount of the investments in subsidiaries, upon which impairment loss is arrived at, is determined based on the present value of estimated net future cash flows using a discount rate of 1.12% (2008: 1.06%).

Particulars of the Company's principal subsidiaries as at 31 December 2009 are set out in Note 45.

22. INTERESTS/INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cost of investments in associates				
Listed in Hong Kong	355,739	355,739	—	—
Unlisted	3	3	3	3
Share of post-acquisition profits and other comprehensive income net of dividends received	2,563,682	2,459,476	—	—
	2,919,424	2,815,218	3	3
Fair value of listed investments	3,145,242	1,924,172	—	—

Included in the cost of investment in associates is goodwill of HK\$13,150,000 (2008: HK\$13,150,000) arising on acquisition of additional interests in associates in 2007.

During 2008, discount on acquisition of HK\$16,655,000 arising from the acquisition of additional interests in Chong Hing Bank Limited had been recognised.

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

	2009 HK\$'000	2008 HK\$'000
Total assets	70,010,228	68,381,813
Total liabilities	(63,831,228)	(62,420,716)
Net assets	6,179,000	5,961,097
The Group's share of net assets of associates	2,954,922	2,850,715
Revenue	1,185,248	2,171,644
Profit for the year	231,953	60,834
Other comprehensive income	42,500	(118,134)
The Group's share of profit and other comprehensive income (loss) of associates for the year	131,249	(26,926)

Particulars of the Group's principal associates as at 31 December 2009 are set out in Note 46.

23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Available-for-sale investments comprise:				
Listed investments:				
Equity securities listed outside Hong Kong, at fair value	688	278	140	57
Debenture listed outside Hong Kong with fixed interest rate 9.5% and maturity date on 24 December 2014	1,164	—	1,164	—
Unlisted security:				
Equity securities, at fair value	274,946	236,943	113,149	87,075
	276,798	237,221	114,453	87,132

The above unlisted investments represent investments in unlisted equity securities issue by private entities incorporated in Asia Pacific region. They are measured at fair value at the end of the reporting period.

24. AMOUNTS DUE FROM SUBSIDIARIES

THE COMPANY

The amounts due from subsidiaries are unsecured and have no fixed repayment terms. Of the amounts, approximately HK\$1,920,146,000 (2008: HK\$1,668,441,000) bears variable interest at an effective interest rate ranging from 1.093% to 1.426% (2008: 2.32% to 5.03%) per annum (repricing semi-annually) and the remaining balance is non-interest bearing. The effective interest rate used in calculating the present value of the estimated discounted future cash flows of the non-interest bearing amounts due from subsidiaries is 1.12% (2008: 1.06%).

In the opinion of the Company's directors, the amounts due from subsidiaries will not be repayable in the next twelve months from the end of the reporting period and, accordingly, the amounts have been classified as non-current assets. The carrying amount of the amounts due from subsidiaries approximate to its fair value. The credit risk on amounts due from subsidiaries is limited as the subsidiaries are in sound financial positions. There is no collateral for the amounts due from subsidiaries.

25. ADVANCES TO INVESTEE COMPANIES

The advances are unsecured, non-interest bearing and have no fixed repayment terms. The effective interest rate used in calculating the present value of the estimated discounted future cash flows of the advances is 1.12% (2008: 1.06%).

In the opinion of the Company's directors, the investee companies will not fully repay the advances in the next twelve months from the end of the reporting period and, accordingly, the advances have been classified as non-current assets. There is no collateral for the advances.

26. LOANS RECEIVABLE

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Fixed-rate loans receivable	—	35,100	—	35,100
Variable-rate loans receivable	62,818	52,678	60,840	50,700
	62,818	87,778	60,840	85,800
Analysed as:				
Current assets	25,378	15,600	23,400	15,600
Non-current assets	37,440	72,178	37,440	70,200
	62,818	87,778	60,840	85,800

The exposure of the Group's fixed-rate loans receivable to interest rate risks and their contractual maturity dates are as follows:

	2009 HK\$'000	2008 HK\$'000
Fixed-rate loans receivable:		
In more than two years but not more than five years	—	35,100
Variable-rate loans receivable:		
Within one year	25,378	—
In more than one year but not more than two years	37,440	15,600
In more than two years but not more than five years	—	37,078
	62,818	52,678

The above variable-rate loans receivable carry interest rates at HIBOR plus a margin per annum. Interest rate is repriced every quarterly.

The credit risk on loans receivable is limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

26. LOANS RECEIVABLE (CONTINUED)

The ranges of effective interest rates on the Group's and the Company's loan receivables are as follows:

	2009	2008
Effective interest rate:		
Fixed-rate loans receivable	—	3.8% to 4%
Variable-rate loans receivable	1.088% to 4.5%	3.9% to 5.1%

The Group's and the Company's loans receivable that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Denominated in US\$ HK\$'000
As at 31 December 2009	60,840
As at 31 December 2008	85,800

27. INVENTORIES/PROPERTIES HELD FOR SALE

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
The Group's inventories comprise:		
Raw materials	1,314	1,337
Work in progress	1,152	1,700
Finished goods	8,350	7,338
	10,816	10,375

The cost of inventories recognised as an expense during the year amounted to approximately HK\$11,070,220 (2008: HK\$13,440,000).

The inventories and properties held for sale are expected to be realised in the next twelve months from the end of the reporting period.

28. TRADE AND OTHER RECEIVABLES

Included in the balance are trade debts, further details of which are set out below.

The Group's credit policy allows its trade customers an average credit period of 30 – 90 days, other than customers for sales of properties, who satisfy the Group's credit evaluation. The aged analysis of trade receivables of HK\$6,671,000 (2008: HK\$13,199,000) presented based on the invoice date at the end of the reporting period which are included in trade and other receivables is as follows:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Within 30 days	3,961	5,717
Between 31 days to 90 days	1,640	2,312
Over 90 days	1,070	5,170
	6,671	13,199

The Company had no trade receivables at the end of the reporting period.

All of the Group's trade receivables are denominated in functional currency of its individual entities' of the Group.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK\$1,070,000 (2008: HK\$770,000) which were past due at the reporting date for which the Group has not provided for impairment loss because management considers that the fundamental credit quality of these customers has not deteriorated. The Group does not hold any collateral over these balances.

AGEING OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT NOT IMPAIRED

	2009 HK\$'000	2008 HK\$'000
Over 90 days	1,070	770

29. INVESTMENTS HELD FOR TRADING

These are equity securities listed on The Hong Kong Stock Exchange and were stated at fair value at the end of the reporting period.

30. BANK ACCOUNTS WITH CHONG HING BANK AND ITS SUBSIDIARIES/FIXED BANK DEPOSITS WITH MORE THAN THREE MONTHS TO MATURITY WHEN RAISED/OTHER BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.025% to 0.050% (2008: 0.05% to 0.8%) per annum. The fixed deposits carry fixed interest rates ranging from 0.05% to 2.07% (2008: 0.15% to 2.8%) per annum.

The Group's and the Company's bank balances and fixed deposits that are denominated in currencies other than the functional currency of the relevant group entity are set out below:

	Denominated in US\$ HK\$'000
As at 31 December 2009	248,902
As at 31 December 2008	238,576

31. ASSETS HELD FOR SALE

	THE GROUP HK\$'000
At 1 January 2008	2,677
Currency realignment	245
Disposals	(1,307)
At 31 December 2008	1,615
Currency realignment	3
Disposals	(1,350)
At 31 December 2009	268

The assets held for sale are expected to be realised in the next twelve months from the end of the reporting period.

32. TRADE AND OTHER PAYABLES

At the end of the reporting period, included in trade and other payables are trade payables of HK\$9,957,000 (2008: HK\$11,938,000) and the aged analysis of which presented based on the invoice date is as follows:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Within 30 days	9,957	11,935
Between 31 days to 90 days	—	3
	9,957	11,938

The Company had no trade payables at the end of the reporting period.

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

33. BORROWINGS

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Bank loans				
Secured	838,443	699,167	271,989	89,696
Unsecured	2,682,061	2,807,147	2,682,061	2,807,147
Total bank borrowings	3,520,504	3,506,314	2,954,050	2,896,843
Amounts due to associates (note (i))	987	780	987	780
Amounts due to minority shareholders (note (ii))	28,034	26,946	—	—
	3,549,525	3,534,040	2,955,037	2,897,623
The maturity of borrowings is as follows:				
Bank borrowings				
Within one year	1,177,320	933,098	1,044,469	851,838
More than one year but not exceeding two years	1,404,809	1,020,177	1,309,957	925,380
More than two years but not exceeding three years	938,375	1,553,039	599,624	1,119,625
Total bank borrowings	3,520,504	3,506,314	2,954,050	2,896,843
Amounts due to associates	987	780	987	780
Amounts due to minority shareholders	28,034	26,946	—	—
	3,549,525	3,534,040	2,955,037	2,897,623
Less: Amount due within one year shown under current liabilities				
— Bank borrowings	(1,177,320)	(933,098)	(1,044,469)	(851,838)
— Amounts due to associates	(987)	(780)	(987)	(780)
— Amounts due to minority shareholders	(28,034)	(26,946)	—	—
	(1,206,341)	(960,824)	(1,045,456)	(852,618)
Amounts due after one year				
— Bank borrowings	2,343,184	2,573,216	1,909,581	2,045,005

notes:

- (i) These borrowings are unsecured, bear variable interest at an effective interest rate ranging from 0.05% to 0.15% (2008: 0.8% to 3.2%) per annum (repriced monthly) and repayable on demand.
- (ii) These borrowings are unsecured and repayable on demand, an amount of approximately HK\$18,566,000 (2008: HK\$18,207,000) bears variable interest at an effective interest rate ranging from 2.93% to 3.61% (2008: 1.97% to 5%) per annum (repriced monthly), while the remaining amounts are non-interest bearing.

33. BORROWINGS (CONTINUED)

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Denominated in HK\$
	HK\$'000
As at 31 December 2009	351,053
As at 31 December 2008	405,098

All of the bank loans are variable-rate borrowings which carry interest at HIBOR plus a margin per annum. The effective interest rate is ranged from 0.48% to 3.78% (2008: 1.28% to 5.03%) per annum. Interest rates are repriced monthly. Details of assets pledged are set out in Note 39.

34. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group and the Company, movements thereon during the current and prior years.

	THE GROUP			
	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2008	21,715	391,219	(4,405)	408,529
Charge (credit) to profit or loss	3,436	96,931	(1,068)	99,299
Effect of change in tax rate	(1,241)	(22,299)	252	(23,288)
At 31 December 2008	23,910	465,851	(5,221)	484,540
Charge (credit) to profit or loss	1,701	40,832	(598)	41,935
At 31 December 2009	25,611	506,683	(5,819)	526,475

34. DEFERRED TAXATION (CONTINUED)

	THE COMPANY		
	Accelerated tax depreciation	Revaluation of properties	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	29,379	32,200	61,579
(Credit) charge to profit or loss	(1,226)	1,650	424
Effect of change in tax rate	(1,679)	(1,840)	(3,519)
At 31 December 2008	26,474	32,010	58,484
Charge to profit or loss	1,896	3,944	5,840
At 31 December 2009	28,370	35,954	64,324

At the end of the reporting period, the Group had unused tax losses of HK\$334 million (2008: HK\$359 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$35 million (2008: HK\$32 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$328 million (2008: HK\$333 million) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The Company had no unused tax losses at the end of the reporting period.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respects of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$2,384,000 (31 December 2008: HK\$370,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. NON-INTEREST BEARING ADVANCES FROM SUBSIDIARIES

The amounts are unsecured, non-interest bearing and have no fixed repayment terms. The effective interest rate used in calculating the present value of the estimated discounted future cash flows of these advances is 1.12% (2008: 1.06%) per annum. In the opinions of the directors, repayment of the advances will not be demanded in the next twelve months from the end of the reporting period and, accordingly, the amounts have been classified as non-current liabilities.

36. SHARE CAPITAL

	2009 & 2008
	HK\$'000
Ordinary shares of HK\$1 each	
Authorised:	
At 1 January and 31 December	600,000
Issued and fully paid:	
At 1 January and 31 December	378,583

37. RESERVES

THE GROUP

	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
Revaluation reserve			
At 1 January 2008	1,449,597	41,792	1,491,389
Gain on revaluation of properties	40	—	40
Loss on fair value changes of available-for-sale investments	—	(59,242)	(59,242)
Reclassification adjustments for the cumulative gains/losses included in profit or loss upon disposal of available-for-sale investments	—	14,166	14,166
Reclassification adjustment upon impairment of available-for-sale investments	—	63,701	63,701
Share of other comprehensive income of associate			
— Disposal of available-for-sale investments	—	(51,983)	(51,983)
— Impairment of available-for-sale investments	—	126,556	126,556
— Fair value changes of available-for-sales investments	—	(143,074)	(143,074)
Income tax relating to share of investment revaluation reserve of associates	—	9,593	9,593
At 31 December 2008	1,449,637	1,509	1,451,146
Gain on revaluation of properties	31	—	31
Gain on fair value changes of available-for-sale investments	—	29,242	29,242
Share of gain on fair value changes of available-for-sale investments held by associates	—	25,073	25,073
Income tax relating to share of investment revaluation reserve of associates	—	(5,000)	(5,000)
At 31 December 2009	1,449,668	50,824	1,500,492

	2009 HK\$'000	2008 HK\$'000
Exchange reserve		
At 1 January	270,168	162,455
Exchange differences arising on translating foreign operations	7,577	104,331
Share of exchange reserve of associates	251	3,382
At 31 December	277,996	270,168

37. RESERVES (CONTINUED)

	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY					
At 1 January 2008	224	(8,176)	2,955	1,312,563	1,307,566
Gain on revaluation of properties	40	—	—	—	40
Loss on fair value changes of available-for-sale investments	—	(68,971)	—	—	(68,971)
Reclassification adjustments for the cumulative gains/losses included in profit or loss upon disposal of available-for-sale investments	—	14,166	—	—	14,166
Reclassification adjustment upon impairment of available-for-sale investments	—	62,981	—	—	62,981
Profit for the year	—	—	—	44,457	44,457
Total comprehensive income for the year	40	8,176	—	44,457	52,673
Dividends paid	—	—	—	(98,431)	(98,431)
At 31 December 2008	264	—	2,955	1,258,589	1,261,808
Gain on revaluation of properties	31	—	—	—	31
Gain on fair value changes of available-for-sale investments	—	18,616	—	—	18,616
Profit for the year	—	—	—	269,253	269,253
Total comprehensive income for the year	31	18,616	—	269,253	287,900
Dividends paid	—	—	—	(49,216)	(49,216)
At 31 December 2009	295	18,616	2,955	1,478,626	1,500,492

The Company's reserves available for distribution to shareholders at 31 December 2009 amounted to HK\$1,478,626,000 (2008: HK\$1,258,589,000), being its accumulated profits at that date.

38. SHARE OPTION SCHEME

The Company's existing share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 April 2002, for the primary purpose of providing incentives to directors and eligible employees, and will expire on 24 April 2012. Under the Scheme, the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company at HK\$10 per option. Additionally, the Company may, from time to time, grant share options to outside eligible third parties at the discretion of the Board of Directors.

Without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue at any point in time.

Options may be exercised at any time from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, or the closing price of the shares on the date of grant.

No options have been granted under the Scheme since the Scheme was adopted.

39. PLEDGE OF ASSETS

At the end of the reporting period, the assets shown as below were pledged to banks to secure general banking facilities made available to the Group and the Company.

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
CARRYING VALUE				
Investment properties	3,859,272	3,422,750	673,900	650,000
Prepaid lease payments	31,309	32,202	—	—
	3,890,581	3,454,952	673,900	650,000

In addition, the Company also pledged the shares of a subsidiary in favour of a bank against facilities granted to that subsidiary.

40. COMMITMENTS

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Contracted for but not provided in the financial statements in respect of:				
Capital expenditure:				
— property development expenditure	367,985	448,837	—	—
— contributions to the capital of an investee company	138,832	137,218	138,832	137,218
	506,817	586,055	138,832	137,218

41. OPERATING LEASE COMMITMENTS**THE GROUP AS LESSEE**

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Within one year	21,977	17,758	7,813	4,152
In the second to fifth year inclusive	63,214	58,493	7,733	80
In more than five years	112,411	127,542	—	—
	197,602	203,793	15,546	4,232

Operating lease payments represent rentals payable for certain of the Group's office, hotel premises and staff quarters. Leases are negotiated for an range of one to sixteen years and rentals are fixed throughout the leases period.

41. OPERATING LEASE COMMITMENTS (CONTINUED)

THE GROUP AS LESSOR

Property rental income earned by the Group during the year amounted to approximately HK\$229 million (2008: HK\$201 million). Most of the properties held have committed tenants for the next one to five years.

At the end of the reporting period, the Group and the Company had contracted with tenants for the following future minimum lease payments:

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Within one year	212,382	237,066	18,288	14,964
In the second to fifth year inclusive	278,846	397,649	18,248	12,750
In more than five years	12,378	20,836	—	—
	503,606	655,551	36,536	27,714

42. RETIREMENT BENEFITS SCHEMES

For its eligible employees in Hong Kong, the Group operates two defined contribution schemes – the scheme registered under the Occupational Retirement Schemes Ordinances (the “ORSO Scheme”) and the scheme registered under the Mandatory Provident Fund Scheme (the “MPF Scheme”). The ORSO Scheme is closed to new entry and newly eligible employees are required to join only the MPF Scheme.

Contributions payable by the Group to both the ORSO Scheme and the MPF Scheme are determined based on the rules underlying the respective schemes and are charged to statement of comprehensive income. The assets of both schemes are held separately from those of the Group, in funds under the control of trustees.

In addition, certain employees of the Group’s subsidiaries established in the PRC are members of state-managed retirement benefits schemes. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

43. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

During the year, the Group and the Company entered into the following significant transactions with related parties:

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Income received and receivable from associates				
Rental income	11,681	11,439	11,681	11,439
Management and other service fee income	5,384	5,404	5,384	5,404
Interest income	174	1,033	174	1,033
	17,239	17,876	17,239	17,876
Expenses paid and payable to an associate				
Interest expenses	1	13	1	13
Rental expenses	4,227	3,875	4,227	3,875
	4,228	3,888	4,228	3,888
Income received and receivable from subsidiaries				
Management and other service fee income	—	—	1,584	2,284
Interest income	—	—	63,347	113,902
	—	—	64,931	116,186
Expenses paid and payable to subsidiaries				
Management fee expenses	—	—	264	264
Expenses paid and payable to a connected party				
Rental Expenses	3,960	3,960	3,960	3,960
Expenses paid and payable to minority shareholder				
Interest expenses	914	936	—	—

At the end of the reporting period, the Company had a financial guarantee contract issued to a bank in respect of banking facilities of an aggregate amount of HK\$949,714,000 (2008: HK\$662,766,000) granted to a subsidiary. The amount utilised by the subsidiary amounted to approximately HK\$566 million (2008: HK\$609 million) as at 31 December 2009.

(B) RELATED PARTY BALANCES

Details of the Group's and the Company's outstanding balances with related parties, including bank accounts with Chong Hing Bank and its subsidiaries, at 31 December 2009, are set out in the statements of financial positions and Notes 24, 25, 30, 33 and 35.

43. RELATED PARTY DISCLOSURES (CONTINUED)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The emoluments of directors of the Group and the Company during the year were as follows:

	THE GROUP		THE COMPANY	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Short-term benefits	15,411	19,901	15,411	19,901
Post-employment benefits	382	697	382	697
	15,793	20,598	15,793	20,598

The emoluments of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. CONTINGENT LIABILITIES

As at 31 December 2009, the Company had financial guarantees given to banks in respect of banking facilities granted to a subsidiary. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to HK\$949,714,000 (2008: HK\$662,766,000), of which an amount of HK\$566,454,000 (2008: HK\$609,471,000) has been fully utilised by the subsidiaries and recognised in the Group's statement of financial position as liabilities.

45. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operations	Issued ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Liu Chong Hing Estate Company, Limited	Hong Kong	HK\$10,000,000	100	—	Investment holding
Liu Chong Hing Godown Company, Limited	Hong Kong	HK\$72,000,000	100	—	Property investment
Liu Chong Hing Property Management and Agency Limited	Hong Kong	HK\$1,000,000	100	—	Property management and agency
Abaleen Enterprises Limited	Hong Kong	HK\$100,000	100	—	Property investment
Alain Limited	Hong Kong	HK\$9,500	100	—	Investment holding
Bonsun Enterprises Limited	Hong Kong	HK\$2,000,000	100	—	Property investment
Chong Yip Finance Limited	Hong Kong	HK\$1,000,000	100	—	Money lending
Devon Realty Limited	Hong Kong	HK\$200	100	—	Property investment
Donington Company Limited	Hong Kong	HK\$200	100	—	Property investment
EC Architecture & Design Company Limited (note)	Hong Kong	HK\$100	—	90	Property development consultancy
Gem Gain Enterprises Limited	Hong Kong	HK\$30	100	—	Investment holding
Great Earnest Limited	Hong Kong	HK\$200	100	—	Property investment

45. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or establishment/ operations	Issued ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Heng Kin Investment Limited	Hong Kong	HK\$2	100	—	Property investment
Hugh Glory Limited	Hong Kong	HK\$100	—	90	Investment holding
Hugh Wealth International Limited	Hong Kong	HK\$100	100	—	Investment holding
Jacot Limited	Hong Kong	HK\$2	100	—	Investment holding
Ko Yew Company Limited	Hong Kong	HK\$200	100	—	Property investment
Luxpolar Limited	Hong Kong	HK\$2	—	100	Property investment
Marble Kingdom Limited	Hong Kong	HK\$2	100	—	Investment holding
Prime Ocean Development Limited	Hong Kong	HK\$10,000	—	100	Property investment
Queen Profit International Investment Limited	Hong Kong	HK\$61,540	83.75	—	Investment holding
Speed World Investment Limited	Hong Kong	HK\$100	—	60	Investment holding
Top Team Limited	Hong Kong	HK\$200	100	—	Investment holding
Truegrow Investments Limited	Hong Kong	HK\$1	—	100	Investment holding
Wealth Good Investment Limited	Hong Kong	HK\$2	100	—	Investment holding
Yue Tung Ching Kee Company Limited	Hong Kong	HK\$2,000,000	100	—	Property investment
Foshan Nanhai Hugh Glory Property Development Company Limited ("Foshan Hugh Glory")	PRC	RMB500,000,000	—	90	Property development
Guangzhou Chong Hing Property Development Company Limited ("Guangzhou Chong Hing")	PRC	RMB170,000,000	—	60	Property development
Guangzhou Wealth Smart Property Management Company Limited ("Guangzhou Wealth Smart")	PRC	HK\$1,000,000	—	100	Property management
Maanshan Gaoke Magnetic Material Company Limited ("Maanshan Gaoke")	PRC	RMB65,370,000	—	51.5	Manufacturing of magnetic materials
Shanghai Huang Pu Liu Chong Hing Property Development Company Limited ("Shanghai Huang Pu")	PRC	US\$34,600,000	—	95	Property investment
Shanghai Truegrow Hotel Management Company Limited ("Shanghai Truegrow") (note)	PRC	RMB27,607,596	—	100	Hotel operation and management

45. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or establishment/ operations	Issued ordinary share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
China Link Technologies Limited	British Virgin Islands/ Hong Kong	US\$100	100	—	Investment holding
Determined Resources Limited	British Virgin Islands/ Hong Kong	US\$1,000	100	—	Share investment
Terryglass Limited	British Virgin Islands/ Thailand	US\$1,000	100	—	Investment holding

note: These companies were newly incorporated during the year ended 31 December 2009.

Guangzhou Chong Hing is a sino-foreign cooperative enterprise while Maanshan Gaoke and Shanghai Huang Pu are sino-foreign equity joint ventures established in the PRC.

Foshan Hugh Glory, Guangzhou Wealth Smart and Shanghai Truegrow are sole foreign equity ventures established in the PRC.

None of the subsidiaries had any debt securities outstanding during the year and at the end of the reporting period.

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

46. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates as at 31 December 2009 and 2008 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operations	Class of share held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities
Chong Hing Bank Limited (listed in Hong Kong)	Incorporated	Hong Kong	Ordinary	47.82%	47.82%	Banking business
Falconmate Limited	Incorporated	Hong Kong	Ordinary	50%	50%	Property investment

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



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