WINSOR PROPERTIES HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

南聯地產控股有限公司

開曼群島註冊成立之有限公司

Stock Code 股份代號: 1036

ANNUAL REPORT 2009

Contents

Corporate Information

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

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

▲ *Alternate: FUNG Ching Man, Janet*

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

^ *Alternate: Christopher Patrick LANGLEY, OBE*

COMPANY SECRETARY

AU Shiu Kee

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Knight & Ho

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

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

Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHOW Wai Wai, John, aged 60, was appointed Director of the Company in October 1996 and appointed Managing Director of the Company in August 2001. Mr. Chow is also a member of the Remuneration Committee of the Board of Directors and a director of certain subsidiaries of the Company. Mr. Chow is an executive director of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Mr. Chow is a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (manager of the Singapore-listed Suntec Real Estate Investment Trust) and the Deputy Managing Director of Winsor Industrial Corporation, Limited (a company delisted in Hong Kong). Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. Mr. Chow has over 30 years of experience in the property, textile and clothing businesses, and has served as Chairman of the Hong Kong Garment Manufacturers Association and a member of the Textile Advisory Board of the Hong Kong Government.

Mrs. CHEN CHOU Mei Mei, Vivien, aged 60, was appointed Director of the Company in October 1996 and is also a director of certain subsidiaries of the Company. Mrs. Chen graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen is an independent non-executive director of Emcom International Limited and also a director of a number of companies in Hong Kong and abroad.

Mr. CHUNG Hon Sing, John, aged 69, was appointed Director of the Company in October 1996 and is also a director of certain subsidiaries of the Company. Mr. Chung graduated from the University of Hong Kong with a Bachelor of Arts degree and later from the Michigan State University in the US with a Master degree in Business Administration. Mr. Chung has been involved in property development in both Hong Kong and Mainland China since the 1970's.

Mr. AU Hing Lun, Dennis, aged 50, was appointed alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in December 1998 and December 1999 respectively. Mr. Au ceased to act as alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward upon his appointment as Executive Director of the Company in October 2007. Mr. Au is an executive director of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and the Managing Director of USI Group's Property Division. Mr. Au is also responsible for USI Group's corporate finance function. Mr. Au holds a Master of Business Administration degree and a Bachelor of Science degree. He is also a fellow member of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

Mr. CHENG Wai Chee, Christopher, GBS, JP, aged 61, was appointed Non-Executive Director of the Company in May 1997 and appointed Chairman in August 2001. Mr. Cheng is also a member of the Audit Committee and the Nomination Committee of the Board of Directors of the Company. Mr. Cheng is the Chairman of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and an independent non-executive director of several listed and unlisted companies including NWS Holdings Limited, New World China Land Limited, DBS Group Holdings Limited, Kingboard Chemical Holdings Limited and Temasek Foundation CLG Limited. Mr. Cheng currently serves as a member of the Exchange Fund Advisory Committee. Mr. Cheng is a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng is the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. Mr. Cheng is also a Steward of the Hong Kong Jockey Club and a board member of Overseers of Columbia Business School. Mr. Cheng holds a BBA degree from the University of Notre Dame, Indiana, USA, and a MBA degree from Columbia University, New York. Mr. Cheng is a brother of Mr. Cheng Wai Sun, Edward.

NON-EXECUTIVE DIRECTORS *(continued)*

Mr. CHENG Wai Sun, Edward, SBS, JP, aged 54, was appointed Non-Executive Director of the Company in December 1999. Mr. Cheng is the Deputy Chairman and Chief Executive of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). He is also an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master degree from Oxford University. Mr. Cheng was qualified as a solicitor in England and Wales as well as in Hong Kong. Mr. Cheng has many years of public service experience in urban renewal, finance, housing, corruption prevention, technology and education. Mr. Cheng is currently a member of the University Grants Committee. He ceased to be a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption with effect from 31 December 2009. Mr. Cheng is a Justice of the Peace and has been awarded the Silver Bauhinia Star by the Hong Kong SAR Government. Mr. Cheng is a brother of Mr. Cheng Wai Chee, Christopher.

Ms. FUNG Ching Man, Janet, aged 47, was appointed the alternate to Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward in October 2007. Ms. Fung is the Chief Financial Officer and Company Secretary of USI Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance). Ms. Fung holds a number of professional qualifications and is a fellow member of the Association of Chartered Certified Accountants (UK) and the Hong Kong Institute of Certified Public Accountants, and a member of CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lord SANDBERG, CBE, aged 82, was appointed Independent Non-Executive Director of the Company in October 1996. Lord Sandberg is a former Chairman of The Hongkong and Shanghai Banking Corporation Limited and has served as a member of the Executive Council of the Hong Kong Government and on various public bodies in Hong Kong. He is an independent non-executive director of Winsor Industrial Corporation, Limited (a company delisted in Hong Kong) and a former non-executive director of New World Development Company Limited. Lord Sandberg also holds directorships in a number of listed and public companies in Hong Kong.

Mr. Christopher Patrick LANGLEY, OBE, aged 65, was appointed Independent Non-Executive Director of the Company in October 1996. Mr. Langley is also the Chairman of the Audit Committee and a member of the Remuneration Committee and an alternate member of the Nomination Committee of the Board of Directors of the Company. Mr. Langley is an independent non-executive director of Techtronic Industries Co. Ltd. and Dickson Concepts International Ltd. and a non-executive director of Lei Shing Hong Limited (a company delisted in Hong Kong). Mr. Langley is a former executive director of The Hongkong and Shanghai Banking Corporation Limited.

Dr. LO Ka Shui, GBS, JP, aged 63, was appointed Independent Non-Executive Director of the Company in January 2003. Dr. Lo is also the Chairman of the Nomination Committee of the Board of Directors of the Company. Dr. Lo is the Chairman and Managing Director of Great Eagle Holdings Limited and the non-executive Chairman of Eagle Asset Management (CP) Limited (manager of the publicly listed Champion Real Estate Investment Trust). He is also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited and an independent non-executive director of Shanghai Industrial Holdings Limited, Phoenix Satellite Television Holdings Limited, China Mobile Limited and some other publicly listed companies in Hong Kong. Dr. Lo is the Chairman of the Chamber of Hong Kong Listed Companies, a Vice President of The Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a board member of the Hong Kong Airport Authority. He graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has more than 30 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP, aged 66, was appointed Independent Non-Executive Director of the Company in May 2005. Mr. Barma is also the Chairman of the Remuneration Committee, a member of the Nomination Committee and Audit Committee of the Board of Directors of the Company. Mr. Barma graduated with a Bachelor of Arts degree from the University of Hong Kong and worked in the Government of Hong Kong for 30 years. After retiring from the civil service in 1996, Mr. Barma has served as Chairman of the Public Service Commission from August 1996 to April 2005 and he is now the Chief Executive Officer of The Hong Kong Research Institute of Textiles and Apparel.

Chairman's Statement

BUSINESS REVIEW

The Group's revenue for the year ended 31 December 2009 was HK$290 million, compared to HK$233 million for the year ended 31 December 2008. The increase in revenue was mainly due to new lettings in Landmark East and full-year rental contribution from W Square.

The Group's profit attributable to shareholders during the year ended 31 December 2009 was HK$429 million (2008: HK$156 million). The Group's profit included changes in fair value of investment properties, changes in fair value of interest rate swap contracts, a tax credit arising from change in Hong Kong profits tax rate in the prior year and an exceptional profit arising from disposal of subsidiaries in the prior year. Excluding these, the Group's recurring profit was HK$85 million (2008: HK$104 million). The decrease was mainly due to higher finance costs attributable to Landmark East which had ceased to be capitalized upon completion of the development in September 2008.

Rental and property management

The Group has a portfolio of seven rental properties in Hong Kong, of which about 1.5 million square feet related to Grade A office and retail spaces and about 2.0 million square feet related to industrial spaces. These properties were fair valued at about HK$9,200 million as at 31 December 2009, resulting in a gain net of deferred tax of about HK$283 million during the year (2008: net gain of about HK$54 million).

The Group's property portfolio has been greatly enhanced with the completion of the redevelopment of our Grade A office project known as Landmark East at 100 How Ming Street, Kwun Tong in September 2008. Initial lease take-ups of Landmark East were slower than expected due to the outbreak of the financial crisis in the second half of 2008. Following a gradual recovery of the global economy, we have seen a strong leasing momentum in Landmark East. It is expected that the trend for corporations to decentralize their offices from the traditional core business districts to non-core areas for cost saving will continue. Landmark East shall stand to benefit from this trend. The renovation of W Square at 314-324 Hennessy Road, Wanchai into a premium office project with retail and dining facilities was completed in January 2008. W Square was 98% leased at year end.

Revenue from the Group's industrial properties was relatively stable. Occupancy of the Group's industrial properties was 86% at year end. In October 2009, the Chief Executive announced in his 2009/2010 Policy Address a package of measures to optimize the use of old industrial buildings in Hong Kong. Owners are being given incentives to redevelop or convert their industrial buildings into office, hotel or retail use. The Group is reviewing its portfolio of industrial properties to identify the potential of enhancing their usage and value under the new measures.

Total revenue from rental and property management was HK$276 million for the year (2008: HK$211 million). Excluding the change in fair value of investment properties, segment profit for the rental and property management operation for the year was HK$171 million (2008: HK$146 million). The increase in revenue and segment profit was mainly attributable to additional rental contribution from Landmark East and W Square. These two properties in aggregate contributed revenue of HK$102 million (2008: HK$27 million) and a segment profit of HK$34 million (2008: HK$5 million) during the year.

Warehousing

The Group's warehousing operation reported revenue of HK$14 million (2008: HK$20 million) and a segment profit of HK$1.5 million (2008: HK$2.4 million) for the year. The drop in revenue and profit was mainly due to the disposal of a 65% interest in the Group's cold storage operation to the China Merchants Group ("China Merchants") on 30 April 2008. The cold storage business is now a 30/70 joint venture between the Group and China Merchants.

The cold storage business in Mainland China reported turnover of RMB17 million and a profit before exceptional items of RMB0.5 million for the year. With the easing of the flu pandemic and the gradual recovery of the global economy, it is expected that the cold storage business can have a better profitability in the coming year. To pursue further business growth, China Merchants has recently leased a new warehouse for the venture with a floor space of about 15,000 square meters in the Qianhaiwan Bonded Port Zone for conversion into cold storage use.

Investment

The Group's investment activities reported a segment profit of HK$34 million for the year (2008: HK$36 million). Profit from this segment mainly comprised dividend and interest income and realized and unrealized gains less losses on the Group's investments.

The Group's investments comprised mainly of available-for-sale financial assets in Singapore. As at 31 December 2009, the avaliable-for-sale financial assets were fair valued at HK$350 million, resulting in a net gain of HK$145 million being credited into the "Investment Revaluation Reserve" in equity (2008: fair value loss of HK$179 million).

Finance income and finance costs

Net finance costs amounted to HK$64 million in the year (2008: HK$46 million). The increase was mainly due to borrowing costs relating to Landmark East ceasing to be capitalized upon completion of the development in September 2008.

The Group held interest rate swap contracts (the "IRS Contracts") to hedge its interest rate exposure. The outstanding notional principal amount of the IRS Contracts was HK$1,000 million as at 31 December 2009. Due to an increase in hedged portion of the underlying bank loan as well as shifting up of the interest rate curve, there was a reversal of prior years' losses on the IRS Contracts to the extent of HK$63 million as "Other Gain" in the year (2008: loss of HK$59 million).

Share of profits less losses of associated companies

There was no significant contribution from the associated companies during the year.

Taxation

Taxation charge for the year comprised mainly of provision for Hong Kong profits tax of HK$15 million and deferred tax charge of HK$72 million on increase in fair value of investment properties and other temporary differences.

Taxation credit in the prior year was mainly attributable to the write-back of deferred tax provision of HK$51 million arising from a change in Hong Kong profits tax rate, net of provision for Hong Kong profits tax of HK$12 million and deferred tax charge of HK$11 million on increase in fair value of investment properties.

PROJECT PROGRESS

Forfar, Hong Kong

The Group has a 20% interest in Forfar, which is a luxury residential project in Hong Kong co-developed with USI Holdings Limited ("USI"). The project, with a total saleable area of about 100,000 square feet, was launched for presale in June 2009. Up to the date hereof, about 65% of the units have been sold. Occupation permit for the project has been obtained in January 2010.

Belle Vue Residences, Singapore

The Group has a 30% interest in Belle Vue Residences, which is a luxury residential development in Singapore co-developed with Wing Tai Holdings Limited and an independent third party. The project, with a total saleable area of about 433,000 square feet, was launched for presale in late 2008. Up to the date hereof, about 60% of the units have been sold. Occupation permit for the project is expected to be obtained in the first half of 2010.

EMPLOYEES

The Group employed 191 employees as at 31 December 2009 (31 December 2008: 179 employees). The Group aligns its remuneration and benefit packages with pay levels and practices prevailing in the market and recognizes individual responsibility and performances. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

FINANCIAL REVIEW

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

Gearing

The Group's shareholders' equity as at 31 December 2009 was HK$6,184 million (31 December 2008: HK$5,746 million). The increase was mainly due to the profit attributable to shareholders of HK$429 million, an increase in investment revaluation reserve of HK$145 million, offset by a net decrease of hedging reserve of HK$17 million and dividends of HK$119 million distributed during the year. The Group's total equity, including minority interests, was HK$6,209 million as at 31 December 2009 (31 December 2008: HK$5,767 million).

The Group's total bank borrowings as at 31 December 2009 were HK$2,633 million (31 December 2008: HK$2,568 million). After deducting the bank balances and cash of HK$172 million (31 December 2008: HK$176 million), the Group's net borrowings as at 31 December 2009 were HK$2,461 million (31 December 2008: HK$2,392 million).

As at 31 December 2009, the gearing ratio of the Group was 40% (31 December 2008: 42%), calculated based on the net borrowings of HK$2,461 million and total equity of HK$6,209 million.

Liquidity and debt maturity profile

During the year, the Group extended the repayment schedule of a term loan in the principal amount of HK$1,000 million and arranged additional banking facilities of about HK$1,100 million. As a result, the Group has sufficient facilities for its working capital and expansion needs.

The maturity profile of the Group's bank borrowings as at 31 December 2009 is set out as below.

	At 31 December 2009		At 31 December 2008	
	HK$ million	**%**	HK$ million	%
Within one year	**132**	**5**	447	17
In the second year	**386**	**15**	631	25
In the third to fifth years inclusive	**2,115**	**80**	1,446	56
After the fifth year	**–**	**–**	44	2
	2,633	**100**	2,568	100

Treasury policies

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

The Group manages its interest rate exposure closely. In previous years, the Group entered into the IRS Contracts to hedge its floating interest rate exposure. The purpose of the IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The Group had outstanding IRS Contracts in the notional amount totaling HK$1,000 million as at 31 December 2009. Against total bank borrowings of HK$2,633 million which were all on a floating rate basis, the IRS Contracts converted about 38% of the Group's total bank borrowings at year end into fixed rate debts.

Capital commitments

The Group's capital commitments in respect of investments in associated companies amounted to HK$484 million as at 31 December 2009. Such amount was calculated as the Group's proportionate share of acquisition and construction costs in relation to property development projects undertaken by the associated companies less amounts already contributed by the Group.

Contingent liabilities

Financial guarantees and completion undertakings given by the Group in respect of banking facilities granted to associated companies amounted to HK$551 million as at 31 December 2009. The guarantees and undertakings were given severally and in proportion to the Group's equity interest in the associated companies.

Pledge of assets

At 31 December 2009, certain of the Group's investment properties and financial assets with a carrying value of HK$9,170 million and HK$177 million respectively were pledged to secure banking facilities of the Group.

OUTLOOK

For 2010, it is expected that the Hong Kong economy will continue the rebound started in second half of 2009, and the property market will continue the growth momentum under a low interest rate environment. The local leasing market is expected to progressively improve as the economy gains strength. As the office market continues to decentralize from traditional business districts, newer commercial areas such as Kowloon East, where the Group's Grade-A office building Landmark East is located, are set to benefit.

Since its completion in late 2008, Landmark East has established itself as a premium office brand, standing apart from the other newly completed commercial properties in the neighborhood. Although competition in the neighborhood is expected to continue to be stiff, we are seeing an increasing number of leasing enquiries from multinationals and reputable companies with a steady uptake momentum. It is expected both the occupancy rate and rental income of Landmark East will continue rising in 2010, making a growing contribution to the Group's recurring income.

Rental income and occupancy rates of other investment properties are likely to remain stable. With the Hong Kong Government advocating the policy of "Revitalizing Old Industrial Buildings", there will be potential opportunities for re-positioning some of the Group's industrial properties. Meanwhile, the Group's investment in two luxury development projects, Forfar in Hong Kong and Belle Vue Residences in Singapore, are expected to report profits in 2010 when occupancy permits are issued.

Barring unforeseen circumstances, the results for the coming financial year are expected to be promising with steady growth in recurring income and profit from development projects on the back of a quality investment portfolio and rebounding local economy.

DIVIDEND

The Directors have recommended a final dividend of HK$0.38 per share for the year ended 31 December 2009. Subject to approval of the Annual General Meeting of the Company to be held on 13 May 2010, the final dividend will be payable on 1 June 2010 to all shareholders on the Register of Members as at 13 May 2010.

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 26 March 2010

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries and associated companies are set out on pages 87 to 90.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 31.

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the financial statements.

A summary of the results and of the assets and liabilities of the Group for the last five financial periods is set out on page 92.

An interim dividend of HK$0.12 per share, totalling HK$31,162,000, was paid on 13 October 2009. The Directors have recommended a final dividend of HK$0.38 per share, totalling HK$98,680,000, payable on 1 June 2010.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

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

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, contributed surplus is distributable. Accordingly, total distributable reserves of the Company as at 31 December 2009 amounted to HK$2,996,529,000 (31/12/2008: HK$2,824,451,000).

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$10,000 (31/12/2008: HK$308,000).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

PARTICULARS OF PROPERTIES

Particulars of the properties held by the Group are set out on page 91.

MANAGEMENT CONTRACTS

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

DIRECTORS

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

Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Christopher Patrick Langley and Dr. Lo Ka Shui retired by rotation and were re-elected as Directors at the Annual General Meeting of the Company held on 3 June 2009.

Lord Sandberg, Mr. Haider Hatam Tyebjee Barma, Mrs. Chen Chou Mei Mei, Vivien and Mr. Cheng Wai Sun, Edward shall retire by rotation under the provisions of Article 116 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

The interests of the Directors as at 31 December 2009 in shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Ordinary shares in the Company

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

Notes:

1. *The total number of ordinary shares of the Company in issue as at 31 December 2009 was 259,685,288.*

2. *As at 31 December 2009, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward were beneficiaries of a family trust whose assets included indirect interests in 205,835,845 ordinary shares of the Company.*

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

(b) Ordinary shares in USI

	Nature of interests and capacity in which interests are held					
Name of Director	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Total number of shares held	Percentage of issued share capital
Mr. Cheng Wai Chee, Christopher	6,725,566	–	197,918,780 *(Note 2)*	462,488,032 *(Note 3)*	667,132,378	50.57%
Mr. Chow Wai Wai, John	200,002	–	–	–	200,002	0.02%
Mr. Cheng Wai Sun, Edward	6,624,234	–	–	462,488,032 *(Note 3)*	469,112,266	35.56%
Mr. Au Hing Lun, Dennis	2,027,997	–	–	–	2,027,997	0.15%
Ms Fung Ching Man, Janet *(Note 4)*	532,218	–	–	–	532,218	0.04%

Notes:

1. *The total number of ordinary shares of USI in issue as at 31 December 2009 was 1,319,253,224.*

2. *As at 31 December 2009, Mr. Cheng Wai Chee, Christopher was deemed to be interested in 197,918,780 ordinary shares of USI beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited by virtue of his corporate interests in these companies through Wing Tai (Cheng) Holdings Limited, Renowned Development Limited and Wing Tai Corporation Limited. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 91,663,995, 88,930,828 and 17,323,957 ordinary shares of USI respectively.*

3. *As at 31 December 2009, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward were beneficiaries of a family trust whose assets included indirect interests in 462,488,032 ordinary shares of USI.*

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

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

(c) Underlying shares in USI

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

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

On 18 December 2009, USI completed a rights issue by issuing 329,813,306 rights shares at a price of HK$1.70 per rights share on a basis of one rights share for every three existing shares held by the qualifying shareholders of USI.

There were no outstanding options granted to the Directors as at 31 December 2009 under the USI Share Option Scheme. Details of the outstanding incentive shares awarded to the Directors under the USI Share Incentive Scheme are as follows:

Name of Director	Exercisable period	Number of incentive shares as at 31/12/2009
Mr. Cheng Wai Chee, Christopher	12.1.2009 to 11.1.2016	298,863
	8.2.2009 to 26.7.2017	268,484
	30.1.2009 to 8.7.2018	103,179
	30.1.2010 to 8.7.2018	103,179
	30.1.2011 to 8.7.2018	206,358
	20.1.2010 to 15.6.2019	426,126
	20.1.2011 to 15.6.2019	426,126
	20.1.2012 to 15.6.2019	852,253
		2,684,568
Mr. Cheng Wai Sun, Edward	12.1.2009 to 11.1.2016	298,863
	8.2.2009 to 26.7.2017	268,484
	30.1.2009 to 8.7.2018	103,179
	30.1.2010 to 8.7.2018	103,179
	30.1.2011 to 8.7.2018	206,358
	20.1.2010 to 15.6.2019	426,126
	20.1.2011 to 15.6.2019	426,126
	20.1.2012 to 15.6.2019	852,253
		2,684,568

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

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

Name of Director	Exercisable period	Number of incentive shares as at 31/12/2009
Mr. Au Hing Lun, Dennis	8.2.2010 to 26.7.2017	71,705
	30.1.2010 to 8.7.2018	49,537
	30.1.2011 to 8.7.2018	99,074
	20.1.2010 to 15.6.2019	200,337
	20.1.2011 to 15.6.2019	200,337
	20.1.2012 to 15.6.2019	400,674
		1,021,664
Ms. Fung Ching Man, Janet	17.7.2009 to 26.7.2017	30,379
	30.1.2010 to 8.7.2018	5,747
	30.1.2011 to 8.7.2018	11,495
	20.1.2010 to 15.6.2019	116,316
	20.1.2011 to 15.6.2019	116,316
	20.1.2012 to 15.6.2019	232,632
		512,885

Save as disclosed herein, as at 31 December 2009, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

SUBSTANTIAL SHAREHOLDERS

Apart from the interests of the Directors in shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO shows that as at 31 December 2009 the Company has been notified of the following interests in the shares of the Company:

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

Notes:

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

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

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

Save as disclosed herein, as at 31 December 2009 the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

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

On 8 January 2009, four operating agreements ("2009 Operating Agreements") and four licence agreements ("2009 Licence Agreements") were entered into between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia"), Lanson Place Hospitality Management (Singapore) Limited ("LP Singapore"), Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda"), all wholly-owned subsidiaries of USI, and Winshine Investment Pte Ltd ("Winshine"), Seniharta Sdn Bhd ("Seniharta") and the JV Company (collectively "WT Associates") for a term of 10 years. Under the 2009 Operating Agreements, LP Singapore has agreed to provide serviced apartment management services to Winshine, LP Malaysia has agreed to provide hotel apartment management services and serviced apartment management services to Seniharta whereas LP Malaysia has agreed to provide serviced apartment management consulting services to the JV Company. Under the 2009 Licence Agreements, LP Bermuda has agreed to grant to WT Associates the rights to use certain trademarks and tradenames in relation to certain serviced apartment blocks located in Singapore or Malaysia. Each of Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward has an indirect interest in the share capital of WT Associates.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

(a) Mr. Chow Wai Wai, John and Mr. Chung Hon Sing, John are directors of Winsor Industrial Corporation, Limited ("WICL") and/or its subsidiaries. Ownership of certain car parking spaces in Kwun Tong for letting by a subsidiary of WICL constitutes competing business to the Group. In view of the Group's experience and expertize in property (inclusive of car parking spaces) letting and management, the WICL subsidiary has appointed a subsidiary of the Company as agent for letting of the said car parking spaces.

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

(b) Mrs. Chen Chou Mei Mei, Vivien is an independent non-executive director of Emcom International Limited ("Emcom"). Businesses of Emcom consist of provision of property management services and may be regarded as competing businesses to the Group.

As an independent non-executive director of Emcom, Mrs. Chen is not participating in the routine businesses of Emcom. Also, Emcom is listed in Hong Kong with an independent management team and administration which are separated from those of the Group. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

(c) The following Directors and Alternate Director are also directors and/or officers of USI as set out in the table below.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES *(continued)*

(c) *(continued)*

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

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

During the year ended 31 December 2009, the Directors did not aware of any competing businesses between the two groups.

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

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

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

CONNECTED TRANSACTIONS

The following is a summary of the connected transactions between the Group and connected persons during the year which are required to be disclosed pursuant to Chapter 14A of the Listing Rules. Connected persons, as defined in the Listing Rules, include (i) USI and its subsidiaries (excluding the Group) in which Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Cheng Wai Sun, Edward, Mr Au Hing Lun, Dennis and Ms Fung Ching Man, Janet have beneficial interest. Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Cheng Wai Sun, Edward and Mr. Au Hing Lun, Dennis are Executive Directors of USI whereas Ms Fung Ching Man, Janet is the Company Secretary and Chief Financial Officer of USI; and (ii) Wing Tai Holdings Limited ("Wing Tai", a substantial shareholder of the Company within the meaning of Part XV of the SFO) and its subsidiaries in which Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included not less than 30% indirect interests in the share capital of Wing Tai.

CONNECTED TRANSACTIONS *(continued)*

Connected Transactions

(a) On 21 June 2002, Winprop Pte. Ltd. ("Winprop") a wholly-owned subsidiary of the Company, entered into a subscription agreement with Winworth Investment Pte Ltd ("Winworth") pursuant to which Winprop subscribed for 15% of the enlarged share capital of Winworth and advanced a sum of S$30 million to Winworth. The other 85% of the issued share capital of Winworth is held by Wing Tai Land Pte. Ltd. ("WTL"), a wholly-owned subsidiary of Wing Tai. On 26 June 2002, Winprop and WTL entered into a joint venture agreement to regulate, amongst other things, their relationship as shareholders of Winworth. For a nominal consideration Winprop also acquired from WTL a portion of the loan previously advanced by WTL to Winworth such that the loans owing by Winworth to Winprop and WTL respectively are always in the proportion of 15:85. Winworth is the developer of the residential development known as Draycott 8 at Draycott Drive, Singapore.

During the year, Winworth advanced its cash surplus to shareholders by way of interest-free loan. The proportionate amount received by Winprop was about HK$10.9 million.

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

During the year, Winhome distributed its cash surplus by way of dividend to its shareholders on a proportionate basis. The amount received by Winprop through Winwill was about HK$3.1 million.

(c) On 3 December 2004, Begin Land Limited ("BLL"), a wholly-owned subsidiary of the Company, appointed USI Properties Limited ("USIPL", formerly known as USI Property Management Limited), a wholly-owned subsidiary of USI, as the project manager of BLL's office development at Landmark East. The term of USIPL's appointment commenced from 1 December 2004 until the date of settlement of the final account in respect of the development. During the year, an aggregate sum of about HK$1.0 million was paid by BLL to USIPL.

(d) On 14 March 2005, the Company and USI entered into a memorandum of agreement whereby the Company and USI agreed to form a 20:80 joint venture in the name of Pangold Development Limited ("Pangold") for the investment in and development of the property known as The Forfar at 2 Forfar Road, Hong Kong. The Company nominated Allied Effort Limited ("AEL") to hold the Group's 20% interest in Pangold and a shareholder's agreement of Pangold was entered into on 14 July 2005.

During the year, an aggregate sum of about HK$26 million was advanced by AEL to Pangold to fund the development expenditure of The Forfar.

(e) On 20 December 2005, Winprop and WTL entered into a memorandum of agreement whereby Winprop and WTL agreed to form a 30:70 joint venture in the name of Winquest Investment Pte. Ltd. ("Winquest") in respect of the residential development known as Belle Vue Residences at 15-23 Oxley Walk, Singapore. WTL subsequently sold 10% of Winquest to an independent third party, and a shareholders' agreement of Winquest was entered into on 28 February 2006.

During the year, there was an interest receivable of about HK$8.1 million from Winquest in respect of the shareholder's loans advanced by Winprop to Winquest.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions

(a) During the year, Unimix Properties Limited ("Unimix Properties"), a wholly-owned subsidiary of the Company, renewed agreements to lease/license various units and car parks in Unimix Industrial Centre to certain subsidiaries of USI mostly for a term of one year commencing on various dates (the "Unimix Tenancy Agreements"). Unimix Industrial Centre is an industrial property situated at No. 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong. The Unimix Tenancy Agreements constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as USI including their subsidiaries are connected persons of the Company. Total amount received by Unimix Properties during the year was about HK$7.0 million which was within the annual cap of HK$17.9 million as announced on 5 December 2007.

(b) On 20 June 2008, Winnion Limited ("Winnion"), a wholly-owned subsidiary of the Company, entered into agreements to lease various units in W Square to USIPL (the "W Square Tenancy Agreements (A)") for a term of two years commencing from June/July 2008. W Square is a commercial property situated at No. 314-324 Hennessy Road, Wanchai, Hong Kong. The W Square Tenancy Agreements (A) constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, as USIPL is a connected person of the Company. Total amount received by Winnion during the year was about HK$5.2 million which was within the annual cap of HK$5.2 million as announced on 20 June 2008.

(c) On 20 January 2009, Winnion entered into an offer letter to lease 5th Floor of W Square to Cateavon Limited ("Cateavon"), a 30% jointly controlled entity of USI (the "W Square Tenancy Agreement (B)") for a term of two years commencing from April 2009. The W Square Tenancy Agreement (B) constituted continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as Cateavon is a connected person of the Company. Total amount received by Winnion during the year was about HK$1.2 million which was within the annual cap of HK$1.2 million as announced on 20 January 2009.

(d) On 20 July 2009, BLL entered into a preliminary tenancy agreement to lease the whole of 27th Floor, Two Landmark East to United Success International Limited ("USIL"), a wholly-owned subsidiary of USI (the "Landmark East Tenancy Agreement") for a term of thirty one months commencing from January 2010. USIL was required to pay management fee and other charges during the rent-free fitting-out licence period before the commencement of the lease. Two Landmark East is one of the two high-rise office towers situated at 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong. The Landmark East Tenancy Agreement constituted continuing connected transaction to the Company under Chapter 14A of the Listing Rules, as USIL is a connected person of the Company. Total amount received by BLL during the year was about HK$0.4 million which was within the annual cap of HK$0.6 million as announced on 20 July 2009.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions *(continued)*

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

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

2. on normal commercial terms;

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

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

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

1. the transactions had been approved by the Board of Directors;

2. the selected samples of the transactions had been entered into in accordance with the relevant agreements governing the transactions;

3. with respect to aggregate amounts received and receivable under the transactions as recorded in the accounting records of the Group for the year ended 31 December 2009, the amounts were calculated in accordance with the terms of the transactions; and

4. with respect to aggregate amounts received and receivable under the transactions, the amounts had not exceeded the annual caps as disclosed in the relevant announcements.

FINANCIAL ASSISTANCE AND GUARANTEES PROVIDED TO ENTITIES AND AFFILIATED COMPANIES

Relevant advances to entities

As at 31 December 2009, there were no relevant advances made by the Group to entities which exceeded 8% of the Group's total assets as at 31 December 2009 of HK$10,390,465,000. The disclosure requirements under rule 13.20 of the Listing Rules were therefore not applicable to the Company as at that date.

Combined balance sheet of affiliated companies

Loans advanced to and guarantees provided by the Group for the benefit of the Group's affiliated companies (as such term is defined in Chapter 13 of the Listing Rules and means associated companies in the context of the Group) as at 31 December 2009 in aggregate amounted to HK$901,674,000 and exceeded 8% of the Group's total assets as at 31 December 2009. In accordance with rule 13.22 of the Listing Rules, the combined balance sheet of the Group's affiliated companies as at 31 December 2009 and the Group's attributable interest therein are set out below.

	Combined balance sheet HK$'000	Group's attributable interest HK$'000
Investment properties	12,972	4,186
Leasehold land	668,378	133,676
Property, plant and equipment	86,358	22,415
Properties under development	3,857,061	1,124,143
Associated companies	5,350	1,070
Deferred tax assets	3,429	686
Net current liabilities	(1,654,567)	(512,143)
Minority interests	(7,442)	(1,488)
Long term bank loans	(1,481,765)	(408,017)
Deferred tax liabilities	(29)	(10)
Amounts and loans due to shareholders	(1,426,945)	(350,338)
Amounts and loans due from shareholders	833,945	166,789
	896,745	180,969

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

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

On behalf of the Board

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 26 March 2010

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in the conduct of its business. The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the year ended 31 December 2009.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2009. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

BOARD OF DIRECTORS

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

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

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

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

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Four Board meetings were held during the year ended 31 December 2009 and the attendance of each Director is set out in the section “Attendance to Meetings” of this report. Another Board meeting was held on 26 March 2010 for the purpose of, amongst other things, approving the Group’s audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2009.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Chairman of the Board is responsible for:

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

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

NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 9(b) to the financial statements.

Principles of Remuneration Policy:

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

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

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

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

REMUNERATION OF DIRECTORS *(continued)*

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

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

The principal duties and functions of the Remuneration Committee are:

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

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

The Remuneration Committee held two meetings in April and December 2009:

- to determine the discretionary bonuses of Executive Directors for the year 2008 and their annual base pay for the year 2009, it being noted that the Group's senior management comprised the Executive Directors;
- to review the fee scale regarding Directors' fees and remuneration of Board Committees; and
- to provide guidance and review the discretionary payments for the year 2009 and salary adjustments for the year 2010 effected for the Group's general staff other than the Directors of the Company.

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

NOMINATION OF DIRECTORS

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

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

NOMINATION OF DIRECTORS *(continued)*

The principal duties and functions of the Nomination Committee are:

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

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

The Nomination Committee held one meeting in April 2009:

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

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

ACCOUNTABILITY AND AUDIT

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

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on page 30 of the Annual Report.

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

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

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

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

ACCOUNTABILITY AND AUDIT *(continued)*

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

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

Having performed an annual review of the effectiveness of the Group's system of internal control, the Board is satisfied that the Group has maintained sound and effective internal controls during the year ended 31 December 2009.

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

The principal duties and functions of the Audit Committee are:

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

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

The Audit Committee held four meetings in April, July, August and December 2009:

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

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

AUDITOR'S REMUNERATION

Remuneration in respect of audit and non-audit services provided during the year ended 31 December 2009 by the Company's external auditor, PricewaterhouseCoopers, is analyzed as follows:

Services rendered	**Remuneration HK$'000**
Audit services	1,240
Non-audit services	435

CORPORATE COMMUNICATION

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

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

VOTING BY POLL

Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue. At the annual general meeting of the Company held on 3 June 2009, all the resolutions proposed were duly passed by way of voting by poll.

ATTENDANCE TO MEETINGS

The attendance of individual Directors to Board and Committee meetings during the year ended 31 December 2009 is set out below.

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

Notes:

(1) These meetings of the Board were held in April, July, September and December 2009.

(2) These meetings of the Remuneration Committee were held in April and December 2009.

(3) This meeting of the Nomination Committee was held in April 2009.

(4) These meetings of the Audit Committee were held in April, July, August and December 2009.

Independent Auditor's Report

羅兵咸永道會計師事務所

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

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

We have audited the consolidated financial statements of Winsor Properties Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 90, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	Note	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Revenue	5	**290,332**	232,645
Cost of sales	6	**(103,017)**	(68,480)
Gross profit		**187,315**	164,165
Other income	5	**38,748**	55,617
Selling and marketing expenses	6	**(13,215)**	(10,243)
Administrative expenses	6	**(37,105)**	(35,723)
Increase in fair value of investment properties	16	**339,300**	64,455
Other gains / (losses), net	7	**72,215**	(60,996)
Other operating expenses	6	**(887)**	(1,340)
Operating profit before finance income and costs		**586,371**	175,935
Finance income	8	**47**	2,001
Finance costs	8	**(63,617)**	(47,672)
Operating profit		**522,801**	130,264
Share of profits less losses of associated companies		**(3,098)**	1,319
Profit before taxation		**519,703**	131,583
Taxation (charge)/credit	10	**(86,041)**	26,991
Profit for the year		**433,662**	158,574
Attributable to:			
Shareholders of the Company	11	**429,239**	155,688
Minority interests		**4,423**	2,886
		433,662	158,574
		HK$	HK$
Earnings per share	12	**1.65**	0.60
		HK$'000	HK$'000
Dividends	13	**129,842**	119,455

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Profit for the year		**433,662**	158,574
Other comprehensive income			
Exchange translation differences		**(138)**	7,758
Realized on disposal of subsidiaries		**–**	161
Available-for-sale financial assets			
– Fair value gains/(losses)	32	**144,519**	(178,833)
– Realized on distribution	32	**–**	(28,670)
– Realized on disposal		**–**	(7,418)
Cash flow hedges			
– Fair value losses	32	**(56,621)**	(63,882)
– Realized upon settlement	32	**39,686**	18,618
Other comprehensive income/(loss) for the year		**127,446**	(252,266)
Total comprehensive income/(loss) for the year		**561,108**	(93,692)
Attributable to:			
Shareholders of the Company		**556,685**	(96,023)
Minority interests		**4,423**	2,331
		561,108	(93,692)

There is no tax effect relating to each component of other comprehensive income in both years.

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2009

	Note	31/12/2009 HK$'000	31/12/2008 HK$'000
Non-current assets			
Property, plant and equipment	15	**8,482**	2,608
Investment properties	16	**9,194,930**	8,834,930
Interests in associated companies	19	**180,969**	185,732
Amounts and loans receivable from associated companies	19	**350,338**	315,370
Available-for-sale financial assets	20	**350,182**	216,607
Held-to-maturity investments	21	**30,997**	25,445
Deferred tax assets	30	**682**	5,794
Goodwill	22	**57,807**	57,807
		10,174,387	9,644,293
Current assets			
Trade and other receivables	23	**44,074**	57,091
Available-for-sale financial assets	20	**–**	2,948
Bank balances and cash	25	**172,004**	175,548
		216,078	235,587
Current liabilities			
Trade and other payables and accruals	26	**308,503**	288,345
Derivative financial instruments	24	**40,821**	40,354
Short term bank loans	27	**132,250**	447,443
Tax payable		**26,252**	58,110
		507,826	834,252
Net current liabilities		**(291,748)**	(598,665)
Total assets less current liabilities		**9,882,639**	9,045,628
Non-current liabilities			
Long term bank loans	28	**2,500,250**	2,120,497
Other long term loans	29	**32,498**	32,498
Amounts and loans payable to associated companies	19	**166,789**	166,789
Derivative financial instruments	24	**55,262**	105,846
Deferred tax liabilities	30	**919,089**	852,675
		3,673,888	3,278,305
Net assets		**6,208,751**	5,767,323
Share capital	31	**2,596**	2,596
Reserves	32	**6,181,085**	5,743,855
Equity attributable to shareholders of the Company		**6,183,681**	5,746,451
Minority interests	37(b)	**25,070**	20,872
Total equity		**6,208,751**	5,767,323

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Balance Sheet

At 31 December 2009

	Note	31/12/2009 HK$'000	31/12/2008 HK$'000
Non-current assets			
Subsidiaries	18	**3,000,698**	2,827,184
Current assets			
Other receivables	23	**622**	544
Bank balances and cash	25	**27**	22
		649	566
Current liabilities			
Other payables and accruals	26	**2,222**	703
		2,222	703
Net current liabilities		**(1,573)**	(137)
Net assets		**2,999,125**	2,827,047
Share capital	31	**2,596**	2,596
Reserves	32	**2,996,529**	2,824,451
Total equity		**2,999,125**	2,827,047

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

CHENG Wai Chee, Christopher
Director

CHOW Wai Wai, John
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Note	Equity attributable to the shareholders of the Company						
		Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2009		**2,596**	**697,334**	**4,958,228**	**88,293**	**5,746,451**	**20,872**	**5,767,323**
Comprehensive income								
Profit for the year		**–**	**–**	**429,239**	**–**	**429,239**	**4,423**	**433,662**
Other comprehensive income	32							
Exchange translation differences		**–**	**(138)**	**–**	**–**	**(138)**	**–**	**(138)**
Fair value gains on available-for-sale financial assets		**–**	**144,519**	**–**	**–**	**144,519**	**–**	**144,519**
Fair value losses on cash flow hedges		**–**	**(56,621)**	**–**	**–**	**(56,621)**	**–**	**(56,621)**
Realized upon settlement of interest rate swap contracts		**–**	**39,686**	**–**	**–**	**39,686**	**–**	**39,686**
Total other comprehensive income		**–**	**127,446**	**–**	**–**	**127,446**	**–**	**127,446**
Total comprehensive income		**–**	**127,446**	**429,239**	**–**	**556,685**	**4,423**	**561,108**
Dividends paid to minority shareholders		**–**	**–**	**–**	**–**	**–**	**(225)**	**(225)**
Dividends paid	13	**–**	**(31,162)**	**–**	**(88,293)**	**(119,455)**	**–**	**(119,455)**
Dividend proposed	13	**–**	**(98,680)**	**–**	**98,680**	**–**	**–**	**–**
At 31 December 2009		**2,596**	**694,938**	**5,387,467**	**98,680**	**6,183,681**	**25,070**	**6,208,751**
At 1 January 2008		2,596	1,068,500	4,802,540	57,131	5,930,767	19,126	5,949,893
Comprehensive income								
Profit for the year		–	–	155,688	–	155,688	2,886	158,574
Other comprehensive income	32							
Exchange translation differences		–	7,682	–	–	7,682	76	7,758
Realized on disposal of subsidiaries		–	703	–	–	703	(542)	161
Fair value losses on available-for-sale financial assets		–	(178,833)	–	–	(178,833)	–	(178,833)
Realized on distribution from available-for-sale financial assets		–	(28,670)	–	–	(28,670)	–	(28,670)
Realized on disposal of available-for-sale financial assets		–	(7,329)	–	–	(7,329)	(89)	(7,418)
Fair value losses on cash flow hedges		–	(63,882)	–	–	(63,882)	–	(63,882)
Realized upon settlement of interest rate swap contracts		–	18,618	–	–	18,618	–	18,618
Total other comprehensive loss		–	(251,711)	–	–	(251,711)	(555)	(252,266)
Total comprehensive income/(loss)		–	(251,711)	155,688	–	(96,023)	2,331	(93,692)
Dividends paid to minority shareholders		–	–	–	–	–	(585)	(585)
Dividends paid	13	–	(31,162)	–	(57,131)	(88,293)	–	(88,293)
Dividend proposed	13	–	(88,293)	–	88,293	–	–	–
At 31 December 2008		2,596	697,334	4,958,228	88,293	5,746,451	20,872	5,767,323

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Operating activities			
Net cash generated from operations	37(a)	**203,458**	132,436
Interest paid		**(65,463)**	(67,866)
Hong Kong profits tax paid		**(46,286)**	(18,015)
Overseas tax paid		**(87)**	(671)
Net cash from operating activities		**91,622**	45,884
Investing activities			
Purchase of plant and equipment		**(8,226)**	(899)
Additions to investment properties		**(58,508)**	(1,214,957)
Proceeds from disposal of investment properties		**–**	1,080
Proceeds from disposal of plant and equipment		**9**	17
Interest received		**100**	2,179
Net cash inflow on acquisition of subsidiaries		**–**	18,067
Net cash inflow on disposal of subsidiaries		**–**	13,768
Dividends received		**27,186**	15,432
Loan contributions to associated companies		**(26,000)**	(17,903)
Amounts repaid and advanced by associated companies		**386**	27,653
Distribution by an associated company		**3,096**	27,082
Acquisitions of available-for-sale financial assets		**(10)**	(13)
Proceeds from disposal of available-for-sale financial assets		**12,945**	23,014
Amount advanced by an investee company		**10,865**	2,425
Acquisition of held-to-maturity investments		**–**	(24,708)
Coupon received from held-to-maturity investments		**500**	250
Net cash used in investing activities		**(37,657)**	(1,127,513)
Financing activities	37(b)		
New long term bank loans		**1,167,738**	2,047,462
New short term bank loans		**10,000**	30,778
Repayment of long term bank loans		**(1,082,400)**	(844,000)
Repayment of short term bank loans		**(30,778)**	(10,000)
Dividends paid		**(119,455)**	(119,455)
Dividends paid to minority shareholders		**(225)**	(585)
Net cash (used in)/from financing activities		**(55,120)**	1,104,200
Effect of foreign exchange rate changes		**(2,389)**	6,113
Net (decrease)/increase in cash and cash equivalents		**(3,544)**	28,684
Cash and cash equivalents at beginning of the year		**175,548**	146,864
Cash and cash equivalents at end of the year		**172,004**	175,548
Analysis of cash and cash equivalents			
Bank balances and cash		**172,004**	175,548

The accompanying notes on pages 37 to 90 are an integral part of these financial statements.

Notes to the Financial Statements

1. General information

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

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

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

These financial statements have been approved by the Board of Directors of the Company on 26 March 2010.

2. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

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

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

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

(b) Adoption of new and revised HKFRS

(i) Amendments and interpretations effective in 2009

The Group has adopted the following new and revised standards, interpretations, amendments and improvements to existing standards which are effective for the Group's accounting periods beginning on or after 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employees Benefits
HKAS 23 (Revised) and (Amendment)	Borrowing Costs
HKAS 28 (Amendment)	Investments in Associates
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 32 (Amendment) & HKAS 1 (Amendment)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) Int – 9 (Amendment) and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement
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

Except for HKAS 1 (Revised), HKFRS 7 (Amendment) and HKFRS 8, the adoption of the other new and revised standards, interpretations, amendments and improvements to existing standards did not have any significant impact to the Group's accounting policies and financial statements.

HKAS 1 (Revised), 'Presentation of Financial Statements', prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 7 (Amendment), 'Financial Instruments – Disclosures', requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8, 'Operating Segments', replaces HKAS 14, 'Segment reporting' and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard has resulted in a change in disclosure on the Group's segment results, assets and liabilities.

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

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

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

		Effective from
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2010
HKAS 7 (Amendment)	Statement of Cash Flows	1 January 2010
HKAS 17 (Amendment)	Leases	1 January 2010
HKAS 18 (Amendment)	Revenues	1 January 2010
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HKAS 27 (Revised) and (Amendment)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 28 (Amendment)	Investments in Associates	1 July 2009
HKAS 31 (Amendment)	Interests in Joint Ventures	1 July 2009
HKAS 32 (Amendment)	Classification of Rights Issues	1 February 2010
HKAS 36 (Amendment)	Impairment of Assets	1 January 2010
HKAS 38 (Amendment)	Intangible Assets	1 July 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1 January 2010
HKAS 39 (Amendment)	Eligible Hedged Items	1 July 2009
HKFRS 1 (Revised) and (Amendment)	First-time Adoption of HKFRSs	1 July 2009 and 1 January 2010
HKFRS 2 (Amendment)	Share-based Payment	1 July 2009
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction	1 January 2010
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
HKFRS 8 (Amendment)	Operating Segments	1 January 2010
HKFRS 9	Financial Instruments	1 January 2013
HK(IFRIC) – Int 9 (Amendment)	Reassessment of Embedded Derivatives	1 July 2009
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC) – Int 16 (Amendment)	Hedges of a Net Investment in a Foreign Operation	1 July 2009
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners	1 July 2009
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Group will adopt the above new and revised standards, interpretations, amendments and improvements to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

(c) Consolidation

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

(i) Subsidiaries

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

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

(c) Consolidation *(continued)*

(i) Subsidiaries (continued)

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

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

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

(ii) Transactions and minority interests

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

(iii) Associated companies

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

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

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

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

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, will make strategic decisions. The identification of operating segments is set out in note 5.

(e) Foreign currencies translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

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

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

(f) Property, plant and equipment

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

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

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

Buildings	4%
Plant and machinery	10% to 20%
Leasehold improvements, furniture, fixtures and office equipment	10% to 20%
Motor vehicles	20%

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

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

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

(g) Investment properties

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

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

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

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

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

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

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies is included in investments in associated companies and is tested annually for impairment as part of the overall carrying amount.

Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

In the Company's balance sheet, impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(j) Assets under leases

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

(i) *Leases – where the Group is the lessee*

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

(ii) *Leases – where the Group is the lessor*

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

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

(k) Financial assets

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

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

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

(k) Financial assets *(continued)*

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

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

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognized in investment revaluation reserve are included in the income statement as 'other gains/(losses), net''.

(l) Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

(l) Impairment of financial assets *(continued)*

(a) Assets carried at amortized cost (continued)

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(b) Assets classified as available-for-sale financial assets

The Group assesses at the end of each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from investment revaluation reserve and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

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

(m) Trade and other receivables

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

(n) Derivative financial instruments and hedging activities

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

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

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

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

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

(o) Cash and cash equivalents

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

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

(p) Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(r) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Financial guarantee contracts

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

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

(t) Contingent liabilities and contingent assets

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

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

(u) Current and deferred taxation

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

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

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

(v) Recognition of revenue and income

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

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

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

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

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

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

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

(w) Employee benefits

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

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

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

(x) Borrowings and borrowing costs

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

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

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

(y) Dividend distribution

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

3. Financial risk management

(a) Financial risk factors

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

(i) *Foreign exchange risk*

The majority of the Group's assets are located and operated in Hong Kong, and the related revenue generated from these assets is denominated in Hong Kong Dollars. At 31 December 2009, the Group's borrowings were denominated in Hong Kong Dollars.

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

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

At 31 December 2009, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, profit after taxation for the year would have been HK$13,000 (31/12/2008: HK$1,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of bank balances denominated in Singapore Dollars.

At 31 December 2009, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, investment revaluation reserve would have been HK$16,149,000 (31/12/2008: HK$9,504,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets denominated in Singapore Dollars.

At 31 December 2009, if Hong Kong Dollars had strengthened or weakened by 5% against Singapore Dollars with all other variables held constant, the exchange reserve would have been HK$8,000 (31/12/2008: HK$157,000) lower or higher, mainly as a result of foreign exchange losses or gains on translation of available-for-sale financial assets.

(ii) *Price risk*

The Group is exposed to equity securities price risk because the Group holds available-for-sale financial assets. The Group is not exposed to commodity price risk.

At 31 December 2009, if market value of the Group's available-for-sale financial assets had increased or decreased by 10%, with all other variables held constant, the investment revaluation reserve would have been HK$26,335,000 (31/12/2008: HK$11,875,000) higher or lower.

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(iii) Credit risk

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

The Group's time deposits are deposited with banks and financial institutions of high credit ratings.

The Group has no significant concentration of credit risk. For rent receivable from tenants, credit checks are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate provisions for impairment are made for irrecoverable amounts.

To mitigate counter-party risk, the Group enters into derivative contracts only with sound financial institutions with strong investment-grade credit ratings.

(iv) Liquidity risk

The Group prepares cash flow forecast on a regular basis to ensure that it has sufficient committed credit facilities at all times to meet its funding needs.

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

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(iv) Liquidity risk (continued)

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
The Group				
At 31 December 2009				
Bank borrowings	**160,418**	**412,003**	**2,182,892**	**–**
Trade and other payables and accruals	**308,503**	**–**	**–**	**–**
Derivative financial instruments	**40,821**	**26,255**	**29,007**	**–**
Other long term loans	**–**	**–**	**–**	**32,498**
Total	**509,742**	**438,258**	**2,211,899**	**32,498**
At 31 December 2008				
Bank borrowings	481,853	658,967	1,505,953	44,476
Trade and other payables and accruals	288,345	–	–	–
Derivative financial instruments	40,354	26,034	64,758	15,054
Other long term loans	–	–	–	32,498
Total	810,552	685,001	1,570,711	92,028

The amounts disclosed in the table represent the contractual undiscounted cash flows including interest payments, if applicable and may not reconcile to the amounts in the consolidated balance sheet.

(v) Interest rate risk

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

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

(i) Cash flow interest rate risk

At 31 December 2009, if interest rates on borrowings had been 25 basis points higher or lower with all other variables held constant, profit after taxation for the year would have been HK$3,200,000 (interest rates on borrowings were 50 basis points higher or lower with all other variable held constant at 31/12/2008: HK$7,000,000) lower or higher, mainly as a result of higher or lower interest expense on floating rate borrowings.

3. Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(v) Interest rate risk (continued)

(ii) Fair value interest rate risk

At 31 December 2009, if the interest yield curve for forward interest rates had been shifted up or down by 50 basis points with all other variables held constant:

– profit after taxation for the year would have been HK$1,800,000 (31/12/2008: HK$13,400,000) higher or HK$800,000 (31/12/2008: HK$13,400,000) lower, mainly as a result of gain or loss relating to the portion of changes in the fair value of interest rate swap contracts not qualify for hedge accounting;

– the hedging reserve would have been HK$26,200,000 (31/12/2008: HK$12,500,000) higher or HK$14,700,000 (31/12/2008: HK$12,500,000) lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(vi) Capital risk management

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

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

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

The gearing ratios at 31 December 2009 and 2008 were as follows:

	31/12/2009 **HK$'000**	31/12/2008 HK$'000
Total bank borrowings	**2,632,500**	2,567,940
Less: Bank balances and cash	**(172,004)**	(175,548)
Net debt	**2,460,496**	2,392,392
Total equity	**6,208,751**	5,767,323
Gearing ratio	**39.6%**	41.5%

3. Financial risk management *(continued)*

(b) Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1 **HK$'000**	**Level 2** **HK$'000**	**Total** **HK$'000**
The Group			
As at 31 December 2009			
Assets			
Available-for-sale financial assets	**263,348**	**86,834**	**350,182**
Liabilities			
Derivative financial instruments	**–**	**96,083**	**96,083**

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
As at 31 December 2008			
Assets			
Available-for-sale financial assets	120,451	99,104	219,555
Liabilities			
Derivative financial instruments	–	146,200	146,200

3. Financial risk management *(continued)*

(b) Fair value estimation *(continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed outside Hong Kong classified as available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily the derivative financial instruments and unlisted available-for-sale financial assets.

4. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

(i) *Fair value of investment properties*

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

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

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

Critical judgement in applying the Group's accounting policies

(i) *Income tax*

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

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

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

Critical judgement in applying the Group's accounting policies *(continued)*

(i) *Income tax (continued)*

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

(ii) *Classification of investment properties*

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

5. Revenue, other income and segment information

Revenue and other income recognized during the year are as follows:

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Revenue		
Rental and property management	**275,849**	211,223
Warehousing	**14,483**	20,342
Sale of properties	**–**	1,080
	290,332	232,645
Other income		
Dividend income from		
– unlisted investments	**7,298**	28,670
– listed real estate investment trusts	**19,888**	15,432
Interest income on loans to associated companies	**8,464**	10,591
Others	**3,098**	924
	38,748	55,617
	329,080	288,262

The Group has determined the following operating segments for the purpose of assessing performance and allocating resources between segments:

- Rental and property management
- Warehousing
- Investment
- Others

Management assesses the performance of the operating segments primarily based on segment profit. Segment profit excludes the effects of the gain on disposal of subsidiaries, changes in fair value on derivative financial instruments, unallocated income and expenses, finance income, finance costs, share of results of associates and taxation.

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

Operating segments

	Rental and property management HK$'000	Warehousing HK$'000	Investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2009					
Revenue	275,849	14,483	–	–	290,332
Segment results before change in fair value of investment properties	171,057	1,503	33,766	–	206,326
Increase in fair value of investment properties	339,300	–	–	–	339,300
Segment results	510,357	1,503	33,766	–	545,626
Fair value gains on derivative financial instruments	63,078	–	–	–	63,078
Unallocated income less expenses					(22,333)
Operating profit before finance income and costs					586,371
Finance income	46	–	1	–	47
Finance costs	(63,403)	–	(214)	–	(63,617)
Operating profit					522,801
Share of profits less losses of associated companies	(1)	81	–	(3,178)	(3,098)
Profit before taxation					519,703
Taxation charge					(86,041)
Profit for the year					433,662
Capital expenditure	28,088	838	–	–	28,926
Depreciation	2,113	239	–	–	2,352
At 31 December 2009					
Segment assets	9,468,888	7,268	382,320	–	9,858,476
Interests in associated companies	13,887	4,222	–	162,860	180,969
Amounts and loans receivable from associated companies	11,163	22,330	–	316,845	350,338
Other assets					682
Total assets					10,390,465
Segment liabilities	331,899	1,795	2,864	–	336,558
Amounts and loans payable to associated companies	–	–	–	166,789	166,789
Other liabilities					3,678,367
Total liabilities					4,181,714

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

Operating segments *(continued)*

	Rental and property management HK$'000	Warehousing HK$'000	Investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2008					
Revenue	211,223	20,342	–	1,080	232,645
Segment results before change in fair value of investment properties	146,460	2,384	36,090	–	184,934
Increase in fair value of investment properties	64,455	–	–	–	64,455
Segment results	210,915	2,384	36,090	–	249,389
Gain on disposal of subsidiaries	–	6,588	–	–	6,588
Fair value losses on derivative financial instruments	(59,331)	–	–	–	(59,331)
Unallocated income less expenses					(20,711)
Operating profit before finance income and costs					175,935
Finance income	814	581	606	–	2,001
Finance costs	(47,672)	–	–	–	(47,672)
Operating profit					130,264
Share of profits less losses of associated companies	119	(137)	–	1,337	1,319
Profit before taxation					131,583
Taxation credit					26,991
Profit for the year					158,574
Capital expenditure	1,189,286	561	–	–	1,189,847
Depreciation	722	1,135	–	–	1,857
At 31 December 2008					
Segment assets	9,111,186	6,437	255,361	–	9,372,984
Interests in associated companies	13,749	2,947	–	169,036	185,732
Amounts and loans receivable from associated companies	11,205	22,330	–	281,835	315,370
Other assets					5,794
Total assets					9,879,880
Segment liabilities	312,864	1,624	1,982	–	316,470
Amounts and loans payable to associated companies	–	–	–	166,789	166,789
Other liabilities					3,629,298
Total liabilities					4,112,557

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

Geographical information

The Group primarily operates in Hong Kong. An analysis of the Group's segment results and segment assets by geographical location is as follows:

(i) Segment results

	Revenue		Segment results	
	Year ended		Year ended	
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**290,332**	226,796	**518,987**	205,739
Singapore	**–**	1,292	**26,639**	40,469
Mainland China	**–**	4,557	**–**	3,181
	290,332	232,645	**545,626**	249,389
Gain on disposal of subsidiaries			**–**	6,588
Fair value gains/(losses) on derivative financial instruments			**63,078**	(59,331)
Unallocated income less expenses			**(22,333)**	(20,711)
Operating profit before finance income and costs			**586,371**	175,935
Finance income			**47**	2,001
Finance costs			**(63,617)**	(47,672)
Operating profit			**522,801**	130,264

(ii) Segment assets

	Capital expenditure		Non-current assets other than financial instruments and deferred tax assets		Total assets	
	Year ended					
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008	**31/12/2009**	31/12/2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**28,926**	1,189,847	**9,547,653**	9,159,188	**9,794,991**	9,424,873
Singapore	**–**	–	**198,120**	192,007	**548,721**	409,755
Mainland China	**–**	–	**46,753**	45,252	**46,753**	45,252
	28,926	1,189,847	**9,792,526**	9,396,447	**10,390,465**	9,879,880

6. Expenses by nature

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Cost of sale of properties included in cost of sales	–	1,080
Depreciation of property, plant and equipment	2,352	1,857
Direct operating expenses arising from investment properties generating rental income	89,218	46,912
Direct operating expenses for generating warehousing income	4,365	7,638
Operating lease rentals in respect of land and buildings	3,939	7,158
Staff costs (including Directors' emoluments) (Note 9)	32,925	33,547
Auditor's remuneration	1,986	1,434
Selling and marketing expenses	11,390	8,742
Other expenses	8,049	7,418
Total cost of sales, selling and marketing expenses, administrative expenses and other operating expenses	154,224	115,786

7. Other gains/(losses), net

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Financial assets at fair value through profit or loss		
– realized losses	–	(2,196)
– fair value losses	–	(3,500)
Available-for-sale financial assets		
– realized gains	610	428
– fair value losses	–	(972)
Amortized income from held-to-maturity investments (Note 21)	6,052	987
Net foreign exchange gain	1,497	426
Fair value gains/(losses) on derivative financial instruments	63,078	(59,331)
Gain on disposal of subsidiaries	–	6,588
Gains/(losses) on disposal of plant and equipment	2	(141)
Impairment losses of goodwill	–	(3,285)
Others	976	–
	72,215	(60,996)

8. Finance income and costs

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Finance income		
Interest income on bank deposits and bank balances	**47**	1,553
Interest income on other financial assets	**–**	448
	47	2,001
Finance costs		
Interest expenses on bank loans and overdrafts	**(23,931)**	(49,606)
Interest expenses on interest rate swap contracts	**(39,686)**	(18,618)
	(63,617)	(68,224)
Less: amount capitalized in investment properties	**–**	20,552
	(63,617)	(47,672)
Finance costs, net	**(63,570)**	(45,671)

9. Staff costs (including Directors' emoluments)

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Salaries, wages and other benefits	**31,432**	32,186
Retirement benefits	**1,493**	1,361
	32,925	33,547

(a) Pensions – defined contribution plans

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

Contributions totalling HK$115,000 (31/12/2008: HK$120,000) were payable to the schemes at the balance sheet date and are included in trade and other payables and accruals.

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

(b) Directors' emoluments

	Fees	Salaries and allowances	Discretionary bonuses	Employer's contribution to pension scheme	Year ended 31/12/2009	Year ended 31/12/2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors						
Mr. Chow Wai Wai, John	40	2,465	986	248	3,739	3,739
Mrs. Chen Chou Mei Mei, Vivien	40	410	–	22	472	472
Mr. Chung Hon Sing, John	40	690	50	–	780	787
Mr. Au Hing Lun, Dennis	40	–	–	2	42	42
Mr. Lam Woon Bun (retired on 5 June 2008)	–	–	–	–	–	1,102
	160	**3,565**	**1,036**	**272**	**5,033**	6,142
Non-Executive Directors						
Mr. Cheng Wai Chee, Christopher	1,800	–	–	–	1,800	1,800
Mr. Cheng Wai Sun, Edward	40	–	–	–	40	40
Mr. Tang Ming Chien, Manning (retired on 5 June 2008)	–	–	–	–	–	17
	1,840	**–**	**–**	**–**	**1,840**	1,857
Independent Non-Executive Directors						
Lord Sandberg	40	–	–	–	40	40
Mr. Christopher Patrick Langley	250	–	–	–	250	255
Dr. Lo Ka Shui	110	–	–	–	110	110
Mr. Haider Hatam Tyebjee Barma	225	–	–	–	225	255
	625	**–**	**–**	**–**	**625**	660
Total	**2,625**	**3,565**	**1,036**	**272**	**7,498**	8,659

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (year ended 31/12/2008: three) Directors whose emoluments are reflected in Note 9(b). The emoluments payable to the remaining three (year ended 31/12/2008: two) individuals during the year are as follows:

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Salaries and allowances	**4,663**	1,999
Discretionary bonuses	**1,085**	460
Employer's contribution to pension scheme	**226**	94
	5,974	2,553

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

	Number of individuals	
	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
HK$Nil – HK$1,000,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**2**	–
	3	2

10. Taxation (charge)/credit

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax	**(15,005)**	(11,841)
Overseas taxation	**(198)**	(830)
Over provisions in prior years	**688**	200
	(14,515)	(12,471)
Deferred taxation (Note 30)		
Change in fair value of investment properties	**(55,984)**	(10,635)
Other temporary differences	**(15,542)**	(551)
Effect of tax rate change	**–**	50,648
	(71,526)	39,462
Taxation (charge)/credit	**(86,041)**	26,991

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

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

The Group's share of taxation credit of associated companies for the year ended 31 December 2009 of HK$372,000 (year ended 31/12/2008: taxation charge of HK$174,000) has been netted off against the Group's share of profits less losses of associated companies as presented in the consolidated income statement.

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

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Operating profit	**522,801**	130,264
Calculated at a taxation rate of 16.5% (year ended 31/12/2008: 16.5%)	**(86,262)**	(21,493)
Effect of change of tax rate	**–**	50,648
Effect of different taxation rates in other countries	**102**	(40)
Income not subject to taxation	**6,274**	9,788
Expenses not deductible for taxation purposes	**(3)**	(2,756)
Recognition of previously unrecognized tax losses	**5,335**	698
Tax loss and other temporary difference not recognized	**(11,413)**	(9,790)
Over provisions in prior years	**688**	200
Others	**(762)**	(264)
Taxation (charge)/credit	**(86,041)**	26,991

11. Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of a profit of HK$291,533,000 (year ended 31/12/2008: loss of HK$239,713,000) (Note 32).

12. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company for the year ended 31 December 2009 of HK$429,239,000 (year ended 31/12/2008: HK$155,688,000) and 259,685,288 shares (31/12/2008: 259,685,288 shares) in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (year ended 31/12/2008: Nil).

13. Dividends

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Interim dividend, paid, of HK$0.12 per share (year ended 31/12/2008: paid of HK$0.12 per share)	**31,162**	31,162
Final dividend, proposed, of HK$0.38 per share (year ended 31/12/2008: proposed of HK$0.34 per share)	**98,680**	88,293
	129,842	119,455

At a meeting held on 26 March 2010, the Directors recommended a final dividend of HK$0.38 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by shareholders of the Company, and will be reflected as an appropriation of reserves in the year 2010.

14. Significant related party transactions

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

(a) Transactions with related parties

	Year ended 31/12/2009 HK$'000	31/12/2008 HK$'000
Interest income from associated companies (Note i)	**8,464**	10,591
Project management fee to a related company (Note ii)	**(962)**	(1,800)
Rental and management fee income from related companies (Note iii)	**17,193**	17,591
Dividend income from the Investee Company (Note iv)	**–**	28,670

(i) Except for an aggregate amount due from associated companies of HK$149,397,000 (31/12/2008: HK$31,898,000) which was interest free, interest was charged on amounts and loans receivable from associated companies at rates as agreed between the mutual parties.

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

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

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

14. Significant related party transactions (continued)

(b) Balances with related parties

	31/12/2009 HK$'000	31/12/2008 HK$'000
Amounts and loans receivable from associated companies (Note i)	**350,338**	315,370
Amounts and loans payable to associated companies (Note i)	**(166,789)**	(166,789)
Amounts due from fellow subsidiaries (included in trade and other receivables) (Note ii)	**586**	1,951
Amounts and loans due to the Investee Company (Note i)	**(13,464)**	(2,520)

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

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

15. Property, plant and equipment

	Group			
	Plant and machinery HK$'000	Leasehold improvements furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost				
At 1 January 2009	1,038	4,617	2,273	7,928
Translation differences	–	6	31	37
Additions	–	8,226	–	8,226
Disposals	–	(848)	–	(848)
At 31 December 2009	1,038	12,001	2,304	15,343
Accumulated depreciation				
At 1 January 2009	886	3,323	1,111	5,320
Translation differences	–	6	24	30
Charge for the year	38	1,887	427	2,352
Disposals	–	(841)	–	(841)
At 31 December 2009	924	4,375	1,562	6,861
Net book value				
At 31 December 2009	114	7,626	742	8,482

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

	Group				
	Buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost					
At 1 January 2008	37,562	29,048	10,884	3,616	81,110
Translation differences	2,073	1,094	(1)	53	3,219
Additions	–	22	877	–	899
Disposals	–	(840)	(7,143)	–	(7,983)
Disposal of subsidiaries	(39,635)	(28,286)	–	(1,396)	(69,317)
At 31 December 2008	–	1,038	4,617	2,273	7,928
Accumulated depreciation					
At 1 January 2008	12,425	25,069	9,901	1,521	48,916
Translation differences	951	940	(1)	28	1,918
Charge for the year	716	251	407	483	1,857
Disposals	–	(841)	(6,984)	–	(7,825)
Disposal of subsidiaries	(14,092)	(24,533)	–	(921)	(39,546)
At 31 December 2008	–	886	3,323	1,111	5,320
Net book value					
At 31 December 2008	–	152	1,294	1,162	2,608

16. Investment properties

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Beginning of the year	**8,834,930**	6,660,890
Transfer from properties under development (Note 17)	**–**	925,280
Additions	**20,700**	1,185,385
Disposals	**–**	(1,080)
Fair value gain	**339,300**	64,455
End of the year	**9,194,930**	8,834,930

16. Investment properties *(continued)*

The carrying amount of investment properties shown above comprises:

	Group	
	31/12/2009	31/12/2008
Leasehold land in Hong Kong	**HK$'000**	HK$'000
Long term lease	**994,000**	930,000
Medium term lease	**8,200,930**	7,904,930
	9,194,930	8,834,930

(a) Investment properties (other than agricultural lots) held in Hong Kong were revalued at 31 December 2009 by Jones Lang LaSalle Limited. The agricultural lots held in Hong Kong were revalued at 31 December 2009 by B. I. Appraisals Limited. All valuers are independent and their valuations were carried out on the open market value basis. The valuations have made reference to current prices in an active market.

(b) As at 31 December 2009, certain investment properties with carrying amount of HK$9,169,670,000 (31/12/2008: HK$8,811,220,000) have been pledged to secure the Group's banking facilities.

(c) Particulars of the investment properties are set out on page 91.

17. Properties under development

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Beginning of the year	**–**	921,717
Additions	**–**	3,563
Transfer to investment properties (Note 16)	**–**	(925,280)
End of the year	**–**	–

18. Subsidiaries

	Company	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Unlisted shares – at cost	**1**	1
Loans and amounts receivable	**3,392,195**	3,430,091
Less: Provision	**(391,498)**	(602,908)
	3,000,698	2,827,184

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

(b) Particulars of the subsidiaries are set out on pages 87 to 88.

19. Associated companies

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Share of net assets	**180,969**	185,732
Amounts and loans receivable (Note a)	**350,338**	315,370
Amounts and loans payable (Note b)	**(166,789)**	(166,789)
	364,518	334,313
Investments at cost – unlisted shares	**11,308**	11,308

The movements of interests in associated companies are as follows:

	31/12/2009	31/12/2008
	HK$'000	HK$'000
Beginning of the year	**334,313**	332,648
Translation differences	**2,321**	1,576
Share of profits less losses of associated companies	**(3,098)**	1,319
Distribution by an associated company	**(3,096)**	(27,082)
Interest income on loans to associated companies	**8,464**	10,591
Loans to associated companies	**26,000**	17,903
Repayment and advances from associated companies	**(386)**	(27,653)
Transfer from subsidiaries	**–**	25,011
End of the year	**364,518**	334,313

19. Associated companies *(continued)*

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

	31/12/2009	31/12/2008
	HK$'000	HK$'000
Non-current assets	**1,452,965**	887,412
Current assets	**135,873**	52,508
Current liabilities	**(648,016)**	(68,296)
Non-current liabilities	**(759,853)**	(685,892)
	180,969	185,732

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Revenue	**10,031**	10,805
Profits less losses after taxation	**(3,098)**	1,319

(a) The amounts and loans receivable are unsecured, primarily denominated in Singapore and Hong Kong Dollars and have no fixed terms of repayment. Except for an aggregate amount of HK$149,397,000 (31/12/2008: HK$31,898,000) which is interest free, the amounts and loans receivable carry interests at prevailing market interest rates or at fixed rates as agreed between the mutual parties.

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

(c) Particulars of the associated companies are set out on page 89.

20. Available-for-sale financial assets

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Beginning of the year	**219,555**	442,382
Additions	**10**	13
Advances by an investee company	**(10,865)**	(2,425)
Disposals	**(2,948)**	(39,380)
Provision for impairment	**–**	(972)
Increase/(decrease) in fair value (Note 32)	**144,519**	(178,833)
Others	**(89)**	(1,230)
End of the year	**350,182**	219,555
Analysis as:		
Current	**–**	2,948
Non-current	**350,182**	216,607
	350,182	219,555
Available-for-sale financial assets include the following:		
Real estate investment trust listed outside Hong Kong	**263,348**	120,451
Unlisted equities	**86,834**	96,156
Managed funds	**–**	2,948
	350,182	219,555

Available-for-sale financial assets are primarily denominated in Singapore Dollars. Certain investment in a real estate investment trust with carrying amount of HK$176,531,000 (31/12/2008: HK$89,842,000) has been pledged to secure the Group's banking facilities.

21. Held-to-maturity investments

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Beginning of the year	**25,445**	–
Additions	**–**	24,708
Amortization (Note 7)	**6,052**	987
Coupon received	**(500)**	(250)
End of the year	**30,997**	25,445

The held-to-maturity investments represent 1% convertible bonds due 2013 with nominal amounts of HK$50,000,000 issued by a real estate investment trust in Hong Kong. The bonds are unlisted and denominated in Hong Kong Dollars. The effective interest rate for the purpose of calculating the amortized interest income from the bonds is about 23% per annum.

22. Goodwill

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Beginning of the year	**57,807**	61,092
Impairment losses recognized	**–**	(3,285)
End of the year	**57,807**	57,807

Goodwill represents the excess of amounts paid over the net assets acquired upon the acquisition of the related cash-generating assets (the "CGU") from USI in prior years.

For the purpose of impairment testing, goodwill is allocated to the CGU and the recoverable amount of the CGU is determined on the basis of value-in-use calculation. The value-in-use calculation uses cash flow projections based on latest financial projections on a perpetual basis and a discount rate of 10% per annum. Cash flow projections for the CGU are based on the expected gross margins which reflect past performance and management's expectations for the market development.

23. Trade and other receivables

	Group		Company	
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**10,215**	11,916	**–**	–
Less: Provision for impairment of receivables (Note c)	**–**	(145)	**–**	–
Trade receivables, net of provisions (Note a)	**10,215**	11,771	**–**	–
Other receivables	**16,940**	23,383	**321**	–
Deposits	**10,373**	9,381	**37**	–
Prepayments	**6,546**	12,556	**264**	544
	44,074	57,091	**622**	544

23. Trade and other receivables *(continued)*

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

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Current to 30 days	**1,747**	1,885
31 to 90 days	**7,570**	9,230
Over 90 days	**898**	656
	10,215	11,771

(b) The trade receivables, net of provisions, of HK$10,215,000 (31/12/2008: HK$11,771,000) were past due but not impaired. These relate to a number of independent customers having good track records and there is no recent history of default, and the majority of the debts are covered by the rental deposits received as set out in Note 26.

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

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Beginning of the year	**145**	382
Provision	**40**	164
Receivables written off	**(185)**	(27)
Disposal of subsidiaries	**–**	(374)
End of the year	**–**	145

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

	Group		Company	
	31/12/2009 HK$'000	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000
Hong Kong Dollars	**44,056**	57,053	**622**	544
Singapore Dollars	**18**	38	**–**	–
	44,074	57,091	**622**	544

24. Derivative financial instruments

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Interest rate swap contracts		
– cash flow hedges	**89,195**	72,260
– not qualifying as hedges	**6,888**	73,940
	96,083	146,200
Analysed as:		
Current	**40,821**	40,354
Non-current	**55,262**	105,846
	96,083	146,200

The aggregate notional principal amount of the interest rate swap contracts is HK$1,000,000,000 (31/12/2008: HK$1,000,000,000).

The portion of changes in the fair value of interest rate swap contracts not qualifying as hedges is recognized in the income statement and amounted to a gain of HK$63,078,000 (year ended 31/12/2008: a loss of HK$59,331,000) (Note 7).

25. Bank balances and cash

	Group		Company	
	31/12/2009 HK$'000	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000
Cash at bank and in hand	**34,244**	22,418	**27**	22
Short term bank deposits	**137,760**	153,130	**–**	–
	172,004	175,548	**27**	22
Maximum exposure to credit risk	**171,825**	175,401	**27**	22

Short term bank deposits for the year ended 31 December 2009 have an average effective interest rate of 0.1% (year ended 31/12/2008: 0.5%) per annum and an average maturity of 9 days (year ended 31/12/2008: 9 days).

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

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Hong Kong Dollars	**170,520**	173,353
Singapore Dollars	**672**	1,129
United States Dollars	**812**	1,066
	172,004	175,548

26. Trade and other payables and accruals

	Group		Company	
	31/12/2009 HK$'000	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000
Trade payables	**7,449**	20,185	**–**	–
Other payables	**189,178**	208,274	**623**	528
Deposits received	**73,160**	52,548	**–**	–
Accruals	**38,716**	7,338	**1,599**	175
	308,503	288,345	**2,222**	703

The ageing analysis of trade payables is as follows:

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Current to 30 days	**4,980**	17,163
31 to 90 days	**1,834**	2,082
Over 90 days	**635**	940
	7,449	20,185

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

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Hong Kong Dollars	**305,564**	286,306
Singapore Dollars	**2,939**	2,039
	308,503	288,345

27. Short term bank loans

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Bank loans repayable on demand or within one year		
– secured	**30,000**	275,779
– unsecured	**–**	10,000
	30,000	285,779
Current portion of long term bank loans (Note 28)	**102,250**	161,664
	132,250	447,443

28. Long term bank loans

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Bank loans, secured	**2,602,500**	2,282,161
Less: Amount repayable within one year included under current liabilities (Note 27)	**(102,250)**	(161,664)
	2,500,250	2,120,497
The bank loans are repayable as follows:		
Within one year	**102,250**	161,664
In the second year	**385,250**	630,552
In the third to fifth years inclusive	**2,115,000**	1,446,057
After the fifth year	**–**	43,888
	2,602,500	2,282,161

All bank loans are denominated in Hong Kong Dollars (31/12/2008: all denominated in Hong Kong Dollars except for an amount of HK$10,779,000 denominated in Singapore Dollars). The Group's bank loans are secured by certain investment properties and available-for-sale financial assets with carrying amount of HK$9,169,670,000 (31/12/2008: HK$8,811,220,000) and HK$176,531,000 (31/12/2008: HK$89,842,000) respectively.

The bank loans have an average effective interest rate of 1.07% (31/12/2008: 1.34%) per annum. The carrying amounts of bank loans approximate their fair values. The exposure of the Group's bank loans to interest-rate changes and the contractual repricing dates is less than 6 months (31/12/2008: 6 months).

29. Other long term loans

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Amounts due to minority shareholders of subsidiaries	**32,498**	32,498

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

The carrying amounts of the other long term loans approximate their fair values.

30. Deferred taxation

	Group	
	31/12/2009 **HK$'000**	31/12/2008 HK$'000
Beginning of the year	**846,881**	886,343
Charged/(credited) to income statement (Note 10)	**71,526**	(39,462)
End of the year	**918,407**	846,881

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (31/12/2008: 16.5%).

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK$69,171,000 (31/12/2008: HK$59,331,000) to carry forward against future taxable income. These tax losses have no expiry.

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

Deferred tax assets

	Group Tax losses	
	31/12/2009 **HK$'000**	31/12/2008 HK$'000
Beginning of the year	**30,442**	15,314
Credited to income statement	**59,943**	15,128
End of the year	**90,385**	30,442

30. Deferred taxation *(continued)*

Deferred tax liabilities

	Group					
	Accelerated depreciation		Revaluation of properties		Total	
	31/12/2009 HK$'000	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000
Beginning of the year	**58,112**	44,090	**819,211**	857,567	**877,323**	901,657
Charged/(credited) to income statement	**75,485**	14,022	**55,984**	(38,356)	**131,469**	(24,334)
End of the year	**133,597**	58,112	**875,195**	819,211	**1,008,792**	877,323

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

	Group	
	31/12/2009 HK$'000	31/12/2008 HK$'000
Deferred tax assets	**(682)**	(5,794)
Deferred tax liabilities	**919,089**	852,675
	918,407	846,881

31. Share capital

	Ordinary shares of HK$0.01 each	
	No. of shares	**HK$'000**
Authorized:		
At 31 December 2009 and 31 December 2008	**750,000,000**	**7,500**
Issued and fully paid:		
At 31 December 2009 and 31 December 2008	**259,685,288**	**2,596**

32. Reserves

	Group						
	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Exchange fluctuation account HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2009	649,625	112,348	7,621	(72,260)	4,958,228	88,293	5,743,855
Exchange translation differences	–	–	(138)	–	–	–	(138)
Fair value gains on available-for-sale financial assets (Note 20)	–	144,519	–	–	–	–	144,519
Fair value losses on cash flow hedges	–	–	–	(56,621)	–	–	(56,621)
Realized upon settlement of interest rate swap contracts	–	–	–	39,686	–	–	39,686
Profit for the year	–	–	–	–	429,239	–	429,239
Prior year final dividend paid	–	–	–	–	–	(88,293)	(88,293)
Interim dividend paid (Note 13)	(31,162)	–	–	–	–	–	(31,162)
Final dividend proposed (Note 13)	(98,680)	–	–	–	–	98,680	–
	(129,842)	144,519	(138)	(16,935)	429,239	10,387	437,230
At 31 December 2009	519,783	256,867	7,483	(89,195)	5,387,467	98,680	6,181,085
Representing:							
Final dividend proposed (Note 13)	–	–	–	–	–	98,680	98,680
Others	519,783	256,867	7,483	(89,195)	5,387,467	–	6,082,405
At 31 December 2009	519,783	256,867	7,483	(89,195)	5,387,467	98,680	6,181,085

32. Reserves *(continued)*

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

32. Reserves *(continued)*

	Company			
	Contributed surplus HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2009	**2,721,111**	**15,047**	**88,293**	**2,824,451**
Profit for the year (Note 11)	**–**	**291,533**	**–**	**291,533**
Prior year final dividend paid	**–**	**–**	**(88,293)**	**(88,293)**
Interim dividend paid (Note 13)	**(31,162)**	**–**	**–**	**(31,162)**
Final dividend proposed (Note 13)	**(98,680)**	**–**	**98,680**	**–**
At 31 December 2009	**2,591,269**	**306,580**	**98,680**	**2,996,529**
Representing:				
Final dividend proposed (Note 13)	**–**	**–**	**98,680**	**98,680**
Others	**2,591,269**	**306,580**	**–**	**2,897,849**
At 31 December 2009	**2,591,269**	**306,580**	**98,680**	**2,996,529**
At 1 January 2008	2,840,566	254,760	57,131	3,152,457
Loss for the year (Note 11)	–	(239,713)	–	(239,713)
Prior period final dividend paid	–	–	(57,131)	(57,131)
Interim dividend paid (Note 13)	(31,162)	–	–	(31,162)
Final dividend proposed (Note 13)	(88,293)	–	88,293	–
At 31 December 2008	2,721,111	15,047	88,293	2,824,451
Representing:				
Final dividend proposed (Note 13)	–	–	88,293	88,293
Others	2,721,111	15,047	–	2,736,158
At 31 December 2008	2,721,111	15,047	88,293	2,824,451

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

33. Future lease receipts

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

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Not later than one year	**292,747**	201,364
Later than one year and not later than five years	**326,537**	185,402
	619,284	386,766

34. Capital commitments

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Investments in associated companies		
Contracted but not provided for	**484,425**	497,194

35. Lease commitments

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

	Group	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Not later than one year	**1,969**	4,019
Later than one year and not later than five years	**–**	1,969
	1,969	5,988

36. Financial guarantee contracts

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

	Group		Company	
	31/12/2009 HK$'000	31/12/2008 HK$'000	**31/12/2009 HK$'000**	31/12/2008 HK$'000
Guarantees given in respect of banking facilities granted to subsidiaries (Note ii)	**–**	–	**4,214,738**	3,126,238
Guarantees/completion undertakings given severally in respect of banking facilities granted to associated companies in proportion to the Group's respective equity interests (Note iii)	**551,336**	537,350	**551,336**	537,350
	551,336	537,350	**4,766,074**	3,663,588

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

(ii) The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK$4,214,738,000 (31/12/2008: HK$3,126,238,000), of which HK$2,632,500,000 (31/12/2008: HK$2,557,162,000) have been utilized by the subsidiaries.

(iii) The Company has executed guarantees/completion undertakings in favour of banks in respect of facilities granted to associated companies of HK$551,336,000 (31/12/2008: HK$537,350,000). The amount of facilities utilized by the associated companies amounted to HK$408,017,000 (31/12/2008: HK$391,390,000).

37. Notes to the consolidated cash flow statement

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

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	HK$'000
Profit before taxation	**519,703**	131,583
Share of profits less losses of associated companies	**3,098**	(1,319)
Finance costs	**63,617**	47,672
Finance income	**(47)**	(2,001)
Increase in fair value of investment properties	**(339,300)**	(64,455)
Dividend income	**(27,186)**	(44,102)
Interest income on loans to associated companies	**(8,464)**	(10,591)
Depreciation of property, plant and equipment	**2,352**	1,857
Realized gains on available-for-sale financial assets	**(610)**	(428)
Fair value losses on available-for-sale financial assets	**–**	972
Amortized income from held-to-maturity investments	**(6,052)**	(987)
Fair value (gains)/losses on derivative financial instruments	**(63,078)**	59,331
Gain on disposal of subsidiaries	**–**	(6,588)
(Gains)/losses on disposal of plant and equipment	**(2)**	141
Impairment losses of goodwill	**–**	3,285
Operating profit before working capital changes	**144,031**	114,370
Decrease/(increase) in trade and other receivables	**3,588**	(23,461)
Decrease in financial assets at fair value through profit or loss	**–**	14,850
Increase in trade and other payables and accruals	**55,839**	26,677
Net cash generated from operations	**203,458**	132,436

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

(b) Analysis of changes in financing

	Minority interests		Bank and other loans	
	Year ended		Year ended	
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**20,872**	19,126	**2,600,438**	1,378,975
Translation differences	**–**	76	**–**	–
Disposal of subsidiaries	**–**	(542)	**–**	(2,777)
Realized on disposal of available-for-sale financial assets	**–**	(89)	**–**	–
Minority interests in share of profit	**4,423**	2,886	**–**	–
Dividends paid to minority shareholders	**(225)**	(585)	**–**	–
Net cash inflow from financing	**–**	–	**64,560**	1,224,240
End of the year	**25,070**	20,872	**2,664,998**	2,600,438

(c) Analysis of bank and other loans

	31/12/2009	31/12/2008
	HK$'000	HK$'000
Bank loans repayable on demand or within one year (Note 27)	**30,000**	285,779
Long term bank loans (Note 28)	**2,602,500**	2,282,161
Other long term loans (Note 29)	**32,498**	32,498
	2,664,998	2,600,438

Subsidiaries and Associated Companies

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2009 Group	Company	Principal activities	Note
Winsor Properties Finance Ltd.	Ordinary	HK$	2	100	100	Group finance company	
Winsor Properties (Hong Kong) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	
Adam Knitters Ltd.	Ordinary	HK$	1,000	100	–	Property investment	4
	Deferred	HK$	200,000	–	–		
Allied Effort Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	
Winnion Ltd.	Ordinary	HK$	100	100	–	Property investment	
Baudinet Investment Ltd.	Ordinary	HK$	18	100	–	Property investment	4
	Deferred	HK$	2	–	–		
Begin Land Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		
Congenial Investments Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment	3
East Sun Estate Management Company Ltd.	Ordinary	HK$	200	100	–	Property management	
East Sun Textile Company, Ltd.	Ordinary	HK$	20	100	–	Dormant	4
	Deferred	HK$	15,000,000	–	–		
Grandeur Investments Ltd., B.V.I.	Ordinary	US$	1	100	–	Property investment	
Hilwin Properties Ltd.	Ordinary	HK$	450,000	100	–	Investment holding	4
	Deferred	HK$	50,000	–	–		
Winsor Storage Ltd. (formerly known as Hanbury Development Company Ltd.)	Ordinary	HK$	10,000	100	–	Dormant	
Libro Estates Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		
Unimix Properties Ltd.	Ordinary	HK$	200	100	–	Property investment	
Winner Godown Ltd.	Ordinary	HK$	1,500,000	70	–	Godown operation	
Winsor Air Cargo Centre Ltd.	Ordinary	HK$	20	100	–	Dormant	

Subsidiaries and Associated Companies *(continued)*

Name of subsidiary	Issued share capital			Percentage of shareholding held at 31 December 2009 Group	Company	Principal activities	Note
Winsor Billion Management Ltd.	Ordinary	HK$	1	100	–	Property management	
Winsor Estate Agents Ltd.	Ordinary	HK$	20	100	–	Property agent	
Winsor Estate Management Ltd.	Ordinary	HK$	2	100	–	Property management	
Winsor Parking Ltd.	Ordinary	HK$	18,000,000	100	–	Property investment	4
	Deferred	HK$	2,000,000	–	–		
Winsor Properties Financial Services Ltd.	Ordinary	HK$	840	95.24	–	Investment holding and property investment	
Chericourt Company Ltd.	Ordinary	HK$	1,000,000	95.24	–	Property investment	
Zofka Properties Ltd.	Ordinary	HK$	90,000	100	–	Property investment	4
	Deferred	HK$	10,000	–	–		
Winsor Properties (Overseas) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	3
Zak Holdings Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	3
Winwin Investment Pte. Ltd., Singapore	Ordinary	SGD	2	100	–	Dormant	2
Curlew International Ltd., B.V.I.	Ordinary	US$	1	100	–	Investment holding	3
Winprop Pte. Ltd., Singapore	Ordinary	SGD	2	100	–	Investment holding	2
Winsor Properties (China) Ltd., B.V.I.	Ordinary	US$	1	100	100	Investment holding	3
Dhandia Ltd.	Ordinary	HK$	1,000	100	–	Investment holding	
Tat Yeung Properties Investment Ltd., B.V.I.	Ordinary	US$	1,000	100	–	Investment holding	3

Subsidiaries and Associated Companies *(continued)*

Name of associated company	Issued share capital			Percentage of shareholding held at 31 December 2009 Group	Company	Principal activities	Note
China Merchants Cold Chain Logistics (China) Co., Ltd., B.V.I.	Ordinary	US$	1,000	30	–	Investment holding	2
China Merchants Cold Chain Logistics (Hong Kong) Co. Ltd.	Ordinary	HK$	1	30	–	Investment holding	
China Merchants International Cold Chain (Shenzhen) Co. Ltd. (foreign wholly-owned enterprise), Mainland China	Ordinary	US$	5,000,000	30	–	Cold storage	2
Javary Ltd.	Ordinary	HK$	300	33.3	–	Property investment	2
Pangold Development Ltd.	Ordinary	HK$	100	20	–	Property development	
Suzhou World Trade Centre, Mainland China	Ordinary	US$	6,500,000	24.8	–	Property investment and development	2
Tat Yeung Trading Company Ltd., B.V.I.	Ordinary	US$	2	50	–	Investment holding	3
Universal Plus Ltd, B.V.I.	Ordinary	US$	100	20	–	Investment holding	
Winquest Investment Pte. Ltd., Singapore	Ordinary	SGD	1,000,000	30	–	Property development	
Winwill Investment Pte Ltd., Singapore	Ordinary	SGD	10	20	–	Investment holding	

Subsidiaries and Associated Companies *(continued)*

Notes:

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

2. The financial statements of these companies are audited by firms other than PricewaterhouseCoopers. The aggregate net assets and profit after taxation of these companies attributable to the Group amounted to HK$28,787,000 (31/12/2008: HK$18,113,000) and HK$5,891,000 (31/12/2008: HK$6,620,000) respectively.

3. The financial statements of these companies are not audited. The aggregate net liabilities and profit after taxation of these companies attributable to the Group amounted to HK$66,000 (31/12/2008: HK$66,000) and HK$1,289,000 (31/12/2008: loss after taxation of HK$405,000) respectively.

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

Schedule of Properties

Location	Lease Expiry	Site Area (sq. ft.)	Gross Floor Area (sq. ft.)	Type	Effective Interest
Landmark East, 100 How Ming Street, The Remaining Portion of Kwun Tong Inland Lot No. 242, Kwun Tong, Kowloon, HONG KONG.	2047	85,585	1,335,445	Office	100%
Lucky Industrial Building, 18-24 Kwai Hei Street and 13-19 Kwai Lok Street, Kwai Chung Town Lot No. 342, Kwai Chung, New Territories, HONG KONG.	2047	30,713	292,520	Industrial/ Godown	100%
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No. 299 in D. D. No. 444, Kwai Chung, New Territories, HONG KONG.	2047	103,500	657,265 (remaining portion)	Industrial/ Godown	95.24%
Shui Hing Centre, 13 Sheung Yuet Road, New Kowloon Inland Lot No. 5890 Kowloon Bay, Kowloon HONG KONG.	2047	18,256	186,827	Industrial/ Godown	100%
Unimix Industrial Centre, 2 Ng Fong Street, New Kowloon Inland Lot No. 4899 San Po Kong, Kowloon HONG KONG.	2047	25,380	390,657	Industrial/ Godown	100%
W Square, 314-324 Hennessy Road, The Remaining Portion and Section D of Marine Lot No. 122, Wan Chai, HONG KONG.	2859	7,652	128,658	Commercial/ Office	100%
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, The Remaining Portion of Tsuen Wan Inland Lot No. 28, Tsuen Wan, New Territories, HONG KONG.	2047	50,804	497,140	Industrial/ Godown	100%
161 agricultural lots, Lantau and Peng Chau, New Territories, HONG KONG.	2047	540,167	—	Agricultural	100%

Five Year Financial Summary

	Year ended 31 December 2009 HK$'000	Year ended 31 December 2008 HK$'000	9 months ended 31 December 2007 HK$'000	Year ended 31 March 2007 HK$'000	Year ended 31 March 2006 HK$'000
Group Results					
Revenue	**290,332**	232,645	119,097	304,103	933,163
Profit attributable to shareholders of the Company	**429,239**	155,688	738,725	803,636	816,627

Summary Consolidated Balance Sheet

	31 December 2009 HK$'000	31 December 2008 HK$'000	31 December 2007 HK$'000	31 March 2007 HK$'000	31 March 2006 HK$'000
Property, plant and equipment	**8,482**	2,608	32,194	31,638	32,091
Investment properties	**9,194,930**	8,834,930	6,660,890	4,665,300	4,023,360
Properties under development	**–**	–	921,717	–	–
Interests in associated companies	**180,969**	185,732	206,914	181,654	7,029
Amounts and loans receivable from associated companies	**350,338**	315,370	291,107	346,583	311,312
Available-for-sale financial assets	**350,182**	216,607	442,382	490,448	213,926
Loans and receivables	**–**	–	–	16	155,313
Held-to-maturity investments	**30,997**	25,445	–	–	–
Deferred tax assets	**682**	5,794	6,042	1,597	3,191
Goodwill	**57,807**	57,807	61,092	–	–
Net current (liabilities)/assets	**(291,748)**	(598,665)	(205,952)	539,617	349,606
Total assets less current liabilities	**9,882,639**	9,045,628	8,416,386	6,256,853	5,095,828
Share capital	**2,596**	2,596	2,596	2,596	2,596
Reserves	**6,181,085**	5,743,855	5,928,171	5,356,146	4,415,919
Equity attributable to shareholders of the Company	**6,183,681**	5,746,451	5,930,767	5,358,742	4,418,515
Minority interests	**25,070**	20,872	19,126	14,531	2,431
Total equity	**6,208,751**	5,767,323	5,949,893	5,373,273	4,420,946
Long term bank loans	**2,500,250**	2,120,497	1,341,700	100,381	37,154
Other long term loans	**32,498**	32,498	35,275	35,308	35,378
Amounts and loans payable to associated companies	**166,789**	166,789	165,373	118,416	77,915
Derivative financial instruments	**55,262**	105,846	31,760	–	–
Deferred tax liabilities	**919,089**	852,675	892,385	629,475	524,435
Funds employed	**9,882,639**	9,045,628	8,416,386	6,256,853	5,095,828

Notes

1. The Group changed its financial year end from 31 March to 31 December in July 2007.
2. Certain comparative figures have been reclassified or extended to conform with current year's presentation.