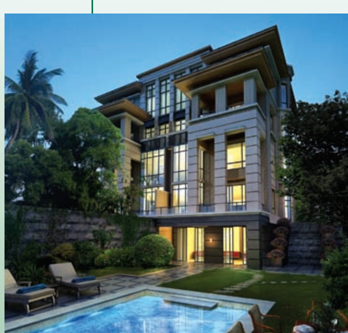
C C LAND HOLDINGS LIMITED

2009

(Incorporated in Bermuda with limited liability) Stock Code: 1224



ANNUAL REPORT 2009

Contents

Corporate Information

DIRECTORS

Executive directors
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
(Deputy Chairman & Managing Director)
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Leung Wai Fai
Ms. Poon Ho Yee Agnes
Dr. Wong Kim Wing
Mr. Wu Hong Cho

Non-executive director
Mr. Wong Yat Fai

Independent non-executive directors
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey *(Chairman)*
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

QUALIFIED ACCOUNTANT

Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

http://www.ccland.com.hk

STOCK CODE

1224

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

BRANCH OFFICE

Rooms 3308-10
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

LEGAL ADVISORS

Hong Kong
Cheung, Tong & Rosa
Woo Kwan Lee & Lo

Bermuda
Conyers Dill & Pearman

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

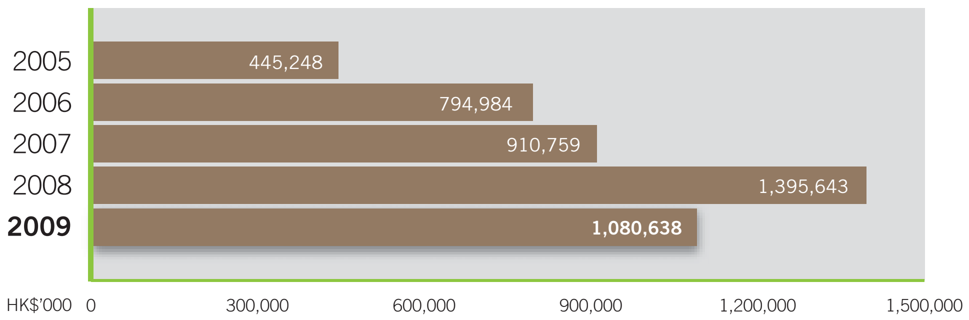
The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas
Bank of Chongqing Co., Ltd.
Bank of Communications Co., Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited

SHARE REGISTRARS AND TRANSFER OFFICES

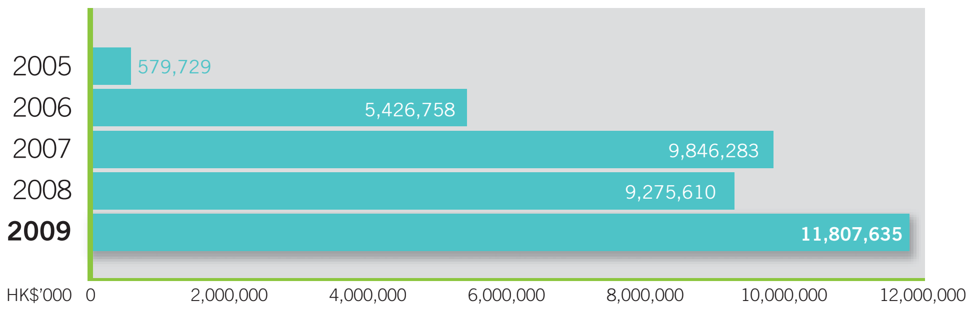
Principal share registrar and transfer office
The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

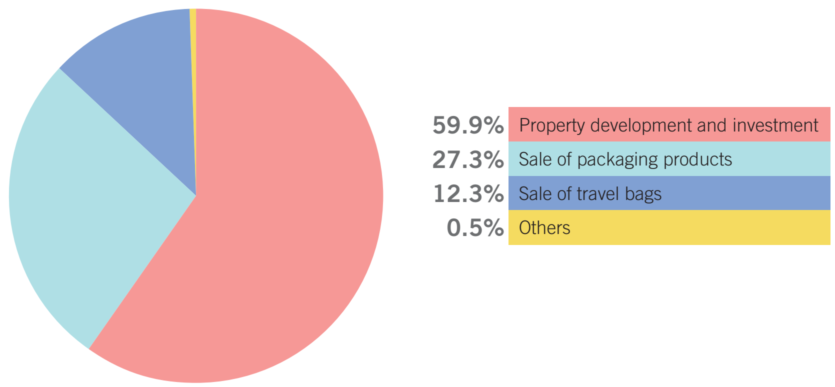
Revenue Year ended 31 December



Equity Attributable to Owners of the Parent 31 December

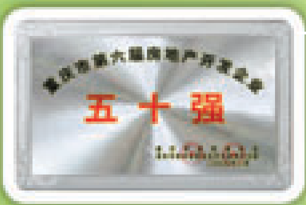


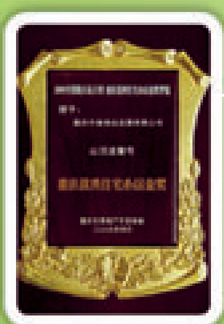
Group's Revenue by Operating Segments in 2009



CORPORATE

CHONGQING ZHONG YU





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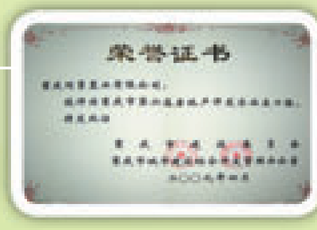

SKY VILLA

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19. The Most Anticipated Residential Project in Chongqing 2009 **(2009)**

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2009

June

The Group laid foundation stone for Lot #10, the first commercial project of the Group, in our Yubei main land bank.

The Group partnered with New World China Land to jointly develop a luxury hotel and serviced apartment project on Lot #10 in our Yubei main land bank.

July

The Group successfully placed 428 million shares to raise a net proceeds of approximately HK$2,478 million for acquisition of land bank and development of existing projects.

September

The Group launched Riverside Project in Wanzhou. About 80% of the first batch were pre-sold on the first day.

The Group delivered units of Zone G of Verakin New Park City in Chongqing to the buyers.

December

Disposal of the Wen Jiang Project in Chengdu at a profit before tax of about RMB143 million.

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	Group's Interest
Three parcels of land located to the south of Xingai Road, (Lot Nos. 15, 16 and 17-1), Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial, Auxiliary Facilities and Car Park	243,200	821,000	2011 or after	100%
A site located to the east of Songpai Road, (Lot No. 9), Chongqing International Finance and Trade Development Area, Xingpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial and Car Park	81,300	365,000	2012 or after	100%
A site located to the southeast of the junction of Xingai Road and Nation Road No. 201, (Lot No. 10), Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial, Office, Hotel, Auxiliary Facilities and Car Park	103,400	588,000	2011 or after	100%
Three parcels of land (Lot No. 19), Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	143,900	383,000	2012 or after	100%
A site located to the east of Nation Road No. 201, (Lot No. 3-1), Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	47,900	301,000	2012 or after	100%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	Group's Interest
A site located to the west of Nation Road No. 201, (Lot No. 4), Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential, Commercial, Office and Car Park	96,900	597,000	2012 or after	100%
A site located in Longtoushi, (Lot No. 35), Renhe Zhutuan, Gaoxinyuan, Northern New District, Chongqing, PRC	Residential, Commercial, Office and Car Park	69,300	304,000	2010 or after	100%
Two sites (Lot No. 20 and Lot No. 11-1) located in Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential and Car Park	19,900	78,000	2012 or after	100%
A site (Lot No. 22) located in Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential and Car Park	5,300	20,000	2012 or after	100%
A site (Lot No. 7-1) located in Chongqing International Finance and Trade Development Area, Xinpaifang, Longxi Town, Yubei District, Chongqing, PRC	Residential and Car Park	5,200	11,000	2012 or after	100%
A site located in Longta No. 3 and Longta No. 4 She, Longxi Street Zone, Yubei District, Chongqing, PRC	Residential, Commercial and Car Park	146,800	399,000	2012 or after	100%
A site located in No. 1 Zhongxin Section, Huaxin Street, Jie Dao Qiao Bei Village, Jiangbei District, Chongqing, PRC	Residential	205,000	1,020,000	2012 or after	25%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	Group's Interest
A site located in New Park City, Chayuan, Nan'an District, Chongqing, PRC	Residential, Commercial and Car Park	539,500	1,357,000	2010-2017	61%
A site located in Jiangnan New District, Wanzhou District, Chongqing, PRC	Residential	150,000	408,000	2010 or after	100%
Three parcels of land located in Binjiang Road, Jinyabapian District, Office of Zi Tong Street, Tongnanxian, Chongqing, PRC	Residential and Commercial	173,300	867,000	2012 or after	100%
A site located in Xujia Town, Dujiangyan District, Chengdu, Sichuan, PRC	Residential	56,400	58,000	2011	100%
Two parcels of land located in Jinjiang District, Chengdu, Sichuan, PRC	Residential	137,800	557,000	2010-2012	51%
A site located in Pengshan County, Meishan, Sichuan, PRC	Residential	333,300	1,000,000	2012 or after	60%
A site located in Tongchuan District, Dazhou, Sichuan, PRC	Residential	72,900	413,000	2012 or after	100%
A site located in Gaoxin District, Kunming, Yunnan, PRC	Residential and Commercial	18,900	94,000	2011	70%
A site located in Yutang Town, Dujiangyan District, Chengdu, Sichuan, PRC	Residential and Hotel	311,000	187,000	2012 or after	60%
A site located in Wenxing Town, Shuangliu County, Chengdu, Sichuan, PRC	Residential, Commercial and Car Park	205,000	312,000	2012 or after	51%

GROUP I — PROPERTY INTEREST HELD BY THE GROUP UNDER DEVELOPMENT *(Continued)*

Property Location	Intended Use	Approximate Site Area (in sqm)	Approximate GFA to be Carried Forward or Under Development (in sqm)	Completion/ Expected Completion Date (Year)	Group's Interest
A site located in Xiyong University City, Shapingba District, Chongqing, PRC	Residential, Commercial and Car Park	133,000	423,000	2012 or after	100%
A site located in Huayuan Town, Xinjin County, Cheugdu, Sichuan, PRC	Residential, Commercial and Car Park	286,700	344,000	2012 or after	51%
A site located in Nanmenshan, Fuling District, Chongqing, PRC	Residential, Commercial and Car Park	8,300	69,000	2011	31%

GROUP II — PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

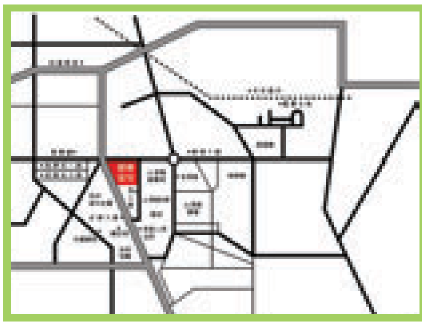
Property Location	Usage	Attributable GFA (sqm)	Occupancy Rate	The Group's Interest
California Garden, Longxi Town, Yubei District, Chongqing, PRC	Commercial Residential Car parking spaces	22,060 3,382 15,646	57.0% 8.3% 100.0%	100% 100% 100%
California City Garden, Longxi Town, Yubei District, Chongqing, PRC	Commercial Car parking spaces Auxiliary facilities	4,685 12,094 2,565	55.1% 100.0% 100.0%	100% 100% 100%
Kechuang Building, Longxi Town, Yubei District, Chongqing, PRC	Car parking spaces	2,823	100.0%	100%
Huijingtai, Longxi Town, Yubei District, Chongqing, PRC	Commercial Car parking spaces	1,541 10,951	6.5% 100.0%	100% 100%
Chongqing International Finance and and Trade Development Area Underground Carpark, Longxi Town, Yubei District, Chongqing, PRC	Car parking spaces	8,236	56.5%	100%

GROUP III — PROPERTY INTEREST HELD BY THE GROUP FOR SELF-OCCUPATION

Property Location	Usage	Tenure	Lot No.	Group's Interest
Flat No. 97 on 21st Floor, Tower 18 (of Parkview Corner), Hong Kong Parkview, and Car Parking Space No. 226 On Car Park Entrance 3 (Level 4) of the Garage of Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong	Residential	Long term lease	Rural Building No. 1051	100%
Unit K on 23rd Floor and Units A & L on 27th Floor, Shield Industrial Centre, Nos. 84-92 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	Industrial	Medium term lease	Tsuen Wan Inland Lot No. 43	100%
A piece of land and structures thereof located at Jie Min Administrative District, Sanjiao Town, Zhongshan City, Guangdong, PRC	Industrial (factory premises used by the Group)	Medium term lease	N/A	100%
7th & 15th Floor, China United Centre, No. 28 Marble Road, Hong Kong	Commercial	Long term lease	Inland Lot No. 3504	100%
An industrial complex situated at 2 Feng Yang Road, LiLi Town, Wujiang City, Jiangsu, PRC	Industrial (factory premises used by the Group)	Medium term lease	N/A	60%
Education Building, California Primary School, California Garden, Longxi Town, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%
Composite Building, California Primary School, California Garden, Longxi Town, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%
Block 7, California City Garden, Longxi Town, Yubei District, Chongqing, PRC	Commercial	Long term lease	N/A	100%
Huijingtai Kindergarten, Huijingtai, Longxi Town, Yubei District, Chongqing, PRC	Non-residential	Long term lease	N/A	100%

Chongqing

Area:	**82,000 km^2**
Population:	**32,000,000**
Location:	In the Southwestern region of China, the confluence of Yangtze River and Jialing River



PROJECT NAME:
Lot #10 (including One Central @Midtown) – 100% interest

PROJECT LOCATION:
No.18 Jinshan Road, Xinpaifang, Yubei District, Chongqing

Total land area:	**103,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**407,000 sqm** **181,000 sqm** **588,000 sqm**
Expected completion date and area:	Phase I: GFA:	**third quarter of 2011** **186,000 sqm**

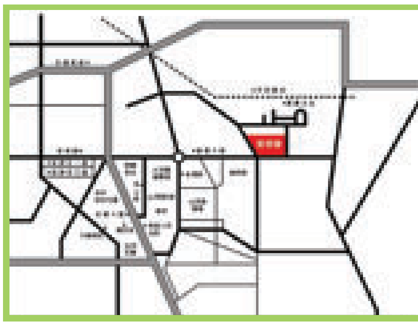
Project description:

The project is located at the core region of the Yubei District, at the junction of the main Hongjin Road and Xingai Road and has a total land area of approximately 103,000 sqm with a total GFA of approximately 588,000 sqm. Being within 5 minutes' ride to the Guanyinqiao Commercial Circle, the project will be serviced by the No. 3 Light Railway which is under construction and is expected to be in operation in the first half of 2011, thus providing easy accessibility to the new train terminal, airport and other parts of the city.

The project is positioned as the central landmark with planned high-end residential apartments, a 5-star hotel, serviced apartments, Grade-A shopping mall, Grade-A offices, and a SOHO building.

The planned GFA for residential and retail purposes is approximately 108,000 sqm; for office building purpose approximately 104,000 sqm; for SOHO purpose approximately 35,000 sqm; for shopping mall purpose approximately 84,000 sqm (including both above and under ground GFA); for hotel purpose approximately 57,000 sqm and for serviced apartments purpose approximately 33,000 sqm.

Virtual Perspective of One Central @Midtown



PROJECT NAME:
i-City (愛都會) – 100% interest

PROJECT LOCATION:
Xingai Road, Longtoushi, Yubei District, Chongqing

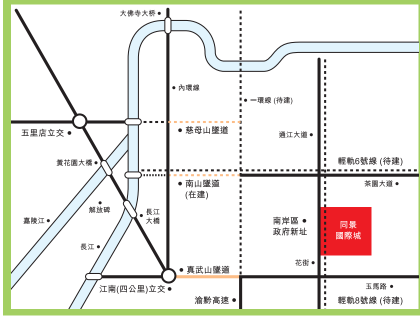
Total land area:	**69,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**241,000 sqm** **63,000 sqm** **304,000 sqm**
Expected completion date and area:	Phase I: GFA: Phase II: GFA:	**second quarter of 2010** **62,000 sqm** **first quarter of 2011** **130,000 sqm**

Project description:

The project is conveniently located near the Longtoushi Train North Station and the Chongqing Cuntan Port. This area is the hub of the Chongqing railway and river transport, with heavy investments from the local government. A number of schools, supermarkets, shopping malls and offices have been built in the past years and the region has become a high-end commercial and residential area in the northern part of the city.

The project caters mainly to the young, modern and trendy customers. The entire project is divided by an inner commercial street into the south and north region. The north region consists of high-rise residential units and the south region is earmarked for commercial development.

Virtual Perspective of i-City



PROJECT NAME:

Verakin New Park City (同景國際城) – 61% interest

PROJECT LOCATION:

Tongjiang Avenue, New District of Chayuan, Nan'an District, Chongqing

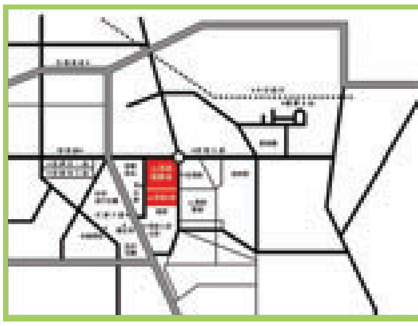
Total land area:	**721,000 sqm**	
Project GFA:	GFA above ground:	**1,447,000 sqm**
	GFA under ground:	**212,000 sqm**
	Total GFA:	**1,659,000 sqm**
Completed/Expected completion date and area:	A Zone (completed):	**fourth quarter of 2007**
	GFA:	**104,000 sqm**
	B Zone (completed):	**second quarter of 2008**
	GFA:	**77,000 sqm**
	G Zone (completed):	**fourth quarter of 2009**
	GFA:	**120,000 sqm**
	G Zone:	**second quarter of 2010**
	GFA:	**26,000 sqm**
	H Zone:	**second quarter of 2010**
	GFA:	**26,000 sqm**
	I Zone:	**fourth quarter of 2011**
	GFA:	**150,000 sqm**
	J Zone:	**third quarter of 2012**
	GFA:	**75,000 sqm**
	W Zone:	**fourth quarter of 2012**
	GFA:	**241,000 sqm**

Project description:

The project is located at the New District of Chayuan, Nan'an District, Chongqing, and is notable for its landscaping and multi-functionality. Tongluoshan forms a natural barrier and protects the New District of Chayuan from the rowdy city area. Easy access to the city is maintained through the Zhenwushan Tunnel, Cimushan Tunnel, Nanshan Tunnel (under construction), the No. 6 Light Railway (under construction) and a number of ring road expressways.

The total GFA of the project is more than 1,600,000 sqm, of which 72% is zoned for residential use and the rest for commercial development. The properties comprise mainly of low-density low-rise apartments and town-houses. The project, which occupies 40% of the area of the core region of the New District of Chayuan is in close proximity to the new government buildings in the Nan'an District.

Verakin New Park City



PROJECT NAME:

Low-rise Condominium Project: No. 8 Peak Road (山頂道8號)
High-rise Project: Sky Towers on the Peak (山頂道國賓城)
– 100% interest

PROJECT LOCATION:

The junction of Xingai Road and Jinshan Road, Yubei District, Chongqing

Total land area:	**105,000 sqm**	
Project GFA:	GFA above ground:	**426,000 sqm**
	GFA under ground:	**120,000 sqm**
	Total GFA:	**546,000 sqm**
Expected completion date and area:	No. 8 Peak Road:	**first quarter of 2012**
	GFA:	**51,000 sqm**
	Sky Towers on the Peak Phase I:	**fourth quarter of 2012**
	GFA:	**132,000 sqm**

Project description:

The project is located at the core region of the Yubei District, at the junction of Xingai Road and Jinshan Road with convenient traffic. Being within 5 minutes' ride to the Guanyinqiao Commercial Circle, the project will be serviced by the No. 3 Light Railway which is under construction and is expected to be in operation in the first half of 2011, thus providing easy accessibility to the new train terminal, airport and other parts of the city.

The project consists of high-end low-rise condominiums and high-rise residential apartments with full utilization of surrounding landscape and scenic views.

Virtual Perspective of No. 8 Peak Road

PROJECT NAME:
Mansions on the Peak (御府) – 100% interest

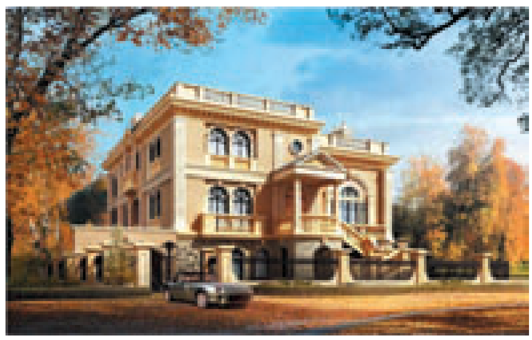
PROJECT LOCATION:
The junction of Jinding Road and Jinshan Road, Yubei District, Chongqing

Total land area:	**49,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**32,000 sqm** **26,000 sqm** **58,000 sqm**
Expected completion date and area:	Club and Commercial: GFA: Villa: GFA:	**second half of 2011** **12,000 sqm** **second half of 2011** **46,000 sqm**

Project description:

The project is located at the core region of the Yubei District, at the junction of Jinding Road and Jinshan Road with convenient traffic. Being within 5 minutes' ride to the Guanyinqiao Commercial Circle, the project will be serviced by the No. 3 Light Railway which is under construction and is expected to be in operation in the first half of 2011, thus providing easy accessibility to the new train terminal, airport and other parts of the city.

The project consists of 46 luxury villas with full clubhouse facilities and shops.



Virtual Perspective of Mansions on the Peak

PROJECT NAME:
Phoenix County (梧桐郡) – 100% interest

PROJECT LOCATION:
West side of Xingsheng Road, Yubei District, Chongqing

Total land area:	**147,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**340,000 sqm** **59,000 sqm** **399,000 sqm**
Expected completion date and area:	Phase I: GFA:	**first half of 2012** **79,000 sqm**

Project description:

The project is located at the Longtoushi area, near the centre of the “Big Triangle” of Wuhuangdazhuanpan (五黃大轉盤), Xinpaifangzhuanpan (新牌坊轉盤) and the Longtoushi train station, connecting Xinpaifang, Gailanxi and Huangnibang, which are three high-end residential areas. It is also in close proximity to the Longtoushi Forest Park (over 450,000 sqm in area, under construction).

The project includes mainly low-rise condominiums with unique features and has a specially designed shopping avenue. There will also be town-houses and several high-rise blocks. Extensive landscaping with plenty of trees will be a signature of this project to attract home buyers.

Virtual Perspective of Phoenix County

PROJECT NAME:
Riverside, Wanzhou (濱江壹號) – 100% interest

PROJECT LOCATION:
Chenjiaba She No.1, Xinxing She No.4, She No.5, Jiangnan New District, Wanzhou, Chongqing

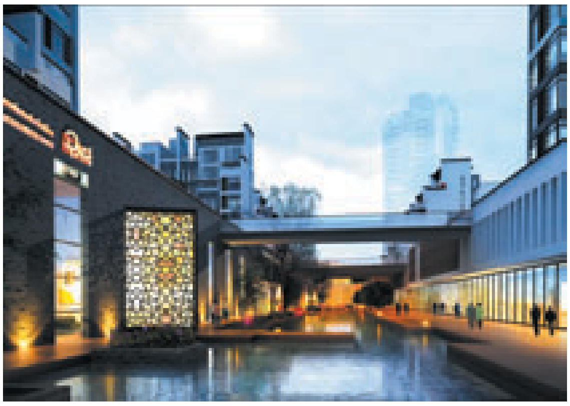
Total land area:	**150,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**353,000 sqm** **55,000 sqm** **408,000 sqm**
Expected completion date and area:	Phase I: GFA: Phase II: GFA:	**second half of 2010** **72,000 sqm** **second half of 2011** **102,000 sqm**

Project description:

The project is located at the core region of the Wanzhou Jiangnan New District, Wanzhou, which is a county northeast of Chongqing. Wanzhou is located at the intersection of the middle and upper courses of the Yangtze River and the hinterland of the Three Gorges Area and is the second largest county in Chongqing with a population of over 1.7 million. Wanzhou serves as the most important river and land transportation and logistics hub in Chongqing for access to other major cities.

The project occupies a land area of 150,000 sqm with a permitted GFA of approximately 408,000 sqm. The project is along a stretch of river bank of over one kilometre, capitalizing on the beautiful river view.

The project will be developed into a complex of predominantly residential apartments, and commercial facilities, and office blocks. Phase I is planned to include mainly low-rise condominiums with a low plot ratio of less than 2.0. Carparking space is in the ratio of 1:1.2, making the properties an ideal choice for both self-use and investment. Upon completion, it will become one of the top property upgrade choices in Wanzhou.



Virtual Perspective of Riverside, Wanzhou

PROJECT NAME:
Verakin Le Charme (同景 • 南門金階) – 31% interest

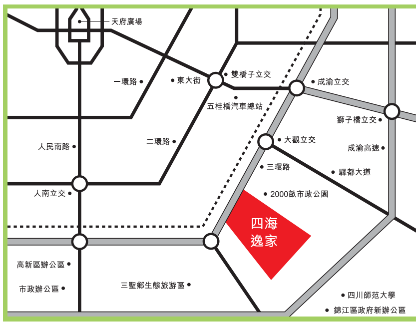
PROJECT LOCATION:
Working Men's Club, Nanmenshan, Fuling District, Chongqing

Total land area:	**8,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**64,000 sqm** **5,000 sqm** **69,000 sqm**
Expected completion date:	**Second quarter of 2011**	
Project description:	Verakin Le Charme is located at the west to the junction of the People's West Road and Guangchang Road, Fuling District, Chongqing, originally the site of the Working Men's Club. Situated at the core region of the Fuling District, the project is well served by a convenient traffic network. The city's network systems of water, electricity and telecommunication are fed from the People's West Road and Guangchang Road. The project is positioned as a high-rise residential project with a GFA of approximately 69,000 sqm designated for residential and commercial development which consists of two floors of underground carparks, a podium with 4 floors for retail use, plus two 26-storeyed towers for residential purposes. It can provide residential units with sizes ranging from 60 to 130 sqm.	

Virtual Perspective of Verakin Le Charme

Sichuan

Area:	**485,000 km²**
Population:	**81,000,000**
Location:	Southwestern China, upstream of the Yangtze River



PROJECT NAME:
Sky Villa (四海逸家) – 51% interest

PROJECT LOCATION:
Zone 3 Liangfengcun and Zone 5 Fengfangyancun, Jinjiang District, Chengdu, Sichuan

Total land area:	**138,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**414,000 sqm** **143,000 sqm** **557,000 sqm**
Expected completion date and area:	Phase I: GFA: Phase II: GFA:	**fourth quarter of 2010** **88,000 sqm** **second half of 2012** **139,000 sqm**

Project description:

The project is located at the South Third Ring Road, Jinjiang District, Chengdu, in the neighbourhood of the new government office buildings in the east, leading to Chenglong Road and Sanshenghuaxiang, a Grade-4A national landscape region, 150 metres from the East Third Ring Road and close to the magnificent natural park of over 1.3 million sqm in area. In addition to having a great natural environment, Sky Villa is well-connected to the traffic network. It is only 10 minutes by car from the city centre. The district is also well-equipped with comprehensive auxiliary facilities for education, commerce, medical services and leisure.

The project occupies a total land area of 138,000 sqm and is divided into four phases with a total of 18 blocks and a total residence of approximately 4,280 units with double-storeyed courtyards, twin en-suite design and useable areas of between 200 sqm and 250 sqm for each unit.

Sky Villa combines the concepts of villas and high-rises, hence the name, and is unique in Chengdu. The six-metre internal ceiling height is a strong selling point of the project.


Virtual Perspective of Sky Villa

PROJECT NAME:

Chengnan Project (城南逸家) – 51% interest

PROJECT LOCATION:

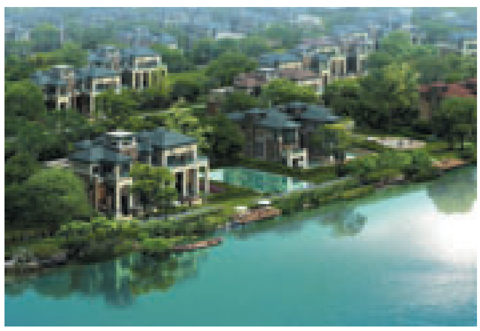
Section 2, Chuendadao, Xinchengnan Region, Chengdu, Sichuan

Total land area:	**205,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**220,000 sqm** **92,000 sqm** **312,000 sqm**
Expected completion date and area:	Phase I: GFA:	**first half of 2012** **60,000 sqm**

Project description:

The project is located in the Chuendadao 2nd section in the Xinchengnan Region in Chengdu, with the government's new administration centre in the east, the international airport and airports economic development zone in the west, and the famous one hundred-year-old Sichuan University campus across the main road from its northern end, being within 10 minutes' ride to Chengdu city centre. The speedy traffic network composing of Tianfu Dadao, Ji Chang Road, ChengYa Highway and DaJianDao provides the Project with excellent transport conditions.

The project focuses at providing villas within the city, a most sought after product in the local property market. The project fully utilizes rare resources in the district — the JiangAn River running along side the property, and a beautiful clubhouse which boasts of high-end dining facilities.



Virtual Perspective of Chengnan Project

PROJECT NAME:
Dujiangyan Project (都江逸家) – 100% interest

PROJECT LOCATION:
Guihua Village, Xujia Town, Dujiangyan City, Sichuan

Total land area:	**56,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**57,000 sqm** **1,000 sqm** **58,000 sqm**
Expected completion date:	**First quarter of 2011**	

Project description:

The Dujiangyan Project is situated at Guihua Village, Xujia Town, Dujiangyan City, adjoining the Second Ring Road in the west, overlooking the Baitiao River in the north, and is connected to the Xujia Town in the east and the Cheng-Guan Highway in the south, with only a 5 minutes' ride from the Dujiangyan City. Always renowned for its famous attractions, Dujiangyan City is one of the important districts in Chengdu. Xujia Town is praised as a town with much emphasis on education, where 15 different forms and types of school such as the Foreign Language Experimental School and the Yulei Private School (玉壘私立學校) are located.

The project consists of medium to high-end low-density multi-storeyed residential buildings. The buildings adopt a unique romantic and neat Italian Tuscan style, with river features and beautiful landscaping to provide a relaxing area for living.

The whole project is divided into two areas and consists of 18 buildings, with a total of 464 units and 390 carparking spaces, and provides a variety of unit types ranging from 80 to 140 sqm.

Virtual Perspective of Dujiangyan Project

PROJECT NAME:

Dazhou Project (雍河灣) – 100% interest

PROJECT LOCATION:

Chaoyang Road Central, Tongchuan District, Dazhou, Sichuan

Total land area:	**73,000 sqm**	
Project GFA:	GFA above ground: GFA under ground: Total GFA:	**364,000 sqm** **49,000 sqm** **413,000 sqm**
Expected completion date and area:	Phase I: GFA:	**first half of 2012** **150,000 sqm**

Project description:

The project is located at the Chaoyang Road Central in the Tongchuan District in Dazhou City in Sichuan outside the entrance of the newly emerged west district, with the old district in the east and rivers in the south, which embraces the oil refinery amenity of the main town area.

Dazhou has a population of approximately 6.5 million. As a large scale river-side ecological scenic project serving multiple residential, commercial and educational purposes, it consists of a huge ecological park at the river side area next to the mountain park.

Virtual Perspective of Dazhou Project

Kunming

Area:	**21,000 km^2**
Population:	**6,250,000**
Location:	Southwest of China, centre of Yungui plateau, surrounded by mountains with Dianchi bordering its south.

PROJECT NAME:

Silver Lining (雲都國際) — 70% interest

PROJECT LOCATION:

Gaoxin Development District, Kunming, Yunnan

Total land area:	**19,000 sqm**	
Project GFA:	GFA above ground:	**66,000 sqm**
	GFA under ground:	**28,000 sqm**
	Total GFA:	**94,000 sqm**
Expected completion date:	**Third quarter of 2011**	

Project description:

The project is located at the Second Ring Road in Kunming with a high-end residential profile. It is situated amongst many education institutions, such as the High School attached to the University, the No.1 Gaoxin Primary school and the Art College. Transportation, medical services and shopping centres are conveniently available in the region, with the Second Affiliated Hospital of Kunming Medical College and Carrefour close by.

Virtual Perspective of Silver Lining

EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 45, was appointed Chairman and Executive Director of the Company on 22 November 2006 and 22 June 2000 respectively. He also serves as a Director of several subsidiaries of the Company. Mr. Cheung has a wide range of experience in investment and business management, including over 15 years of property development and investment experience in the PRC. Mr. Cheung is the founder and Chairman of Yugang International Limited ("Yugang"), Chairman of Y.T. Realty Group Limited ("Y.T. Realty") and Chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), the shares of all these companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also a Director of Regulator Holdings Limited, Yugang International (B.V.I.) Limited ("Yugang-BVI"), Chongqing Industrial Limited, Palin Holdings Limited and Thrivetrade Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under SFO" on page 59.

Dr. LAM How Mun Peter, aged 62, was appointed Deputy Chairman, Managing Director and Executive Director of the Company on 22 November 2006, 9 April 1999 and 3 June 1998 respectively. Dr. Lam is the founder of the Company and has served the Group since 1989. He also serves as a Director of several subsidiaries of the Company. He obtained his medical degree from the University of Hong Kong in 1972. He is a Fellow of the Royal College of Surgeons of Edinburgh, the American College of Surgeons and the Hong Kong Academy of Medicine. In addition to his extensive experience in medical practice, Dr. Lam has over 20 years of experience in the real estate, investment and manufacturing industries. Currently, he spends only a limited amount of his time on his medical practice.

Mr. TSANG Wai Choi, aged 61, was appointed Deputy Chairman and Executive Director of the Company on 1 June 2008 and 14 May 2007 respectively. He also serves as a Director of several subsidiaries of the Company. Graduated from the Sichuan Construction Material College (四川省建築材料學校), Mr. Tsang has extensive experience in various segments of the construction industry in the PRC, including over 15 years of experience in property development as a professional project manager. As a front-runner in property development using private capital in the city of Chongqing, Mr. Tsang has been over-all in charge of a number of large-scale property projects in the city since 1991.

Mr. LAM Hiu Lo, aged 48, was appointed Executive Director of the Company on 10 November 2000. He also serves as a Director of several subsidiaries of the Company. Mr. Lam has over 25 years of experience in sales and marketing in the PRC. Over the years, he has successfully built up a strong business and personal network in the PRC. Mr. Lam is an Executive Director of Yugang and also a Director of Yugang-BVI.

Mr. LEUNG Chun Cheong, aged 60, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. He has joined the Group since 1995. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the UK and an associate of the Hong Kong Institute of Certified Public Accountants. He has over 35 years of experience in professional accounting and finance. Previously, he had held senior positions in various companies in Hong Kong, including controller of a financial group, head of internal audit of a US bank and senior position in Pricewaterhouse & Co. (presently known as PricewaterhouseCoopers).

Mr. LEUNG Wai Fai, aged 48, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Graduated from the University of Wisconsin at Madison, the United States of America with a Degree of Bachelor of Business Administration, Mr. Leung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the UK. In addition, Mr. Leung is an Executive Director of Cross-Harbour and Group Financial Controller of Yugang.

Ms. POON Ho Yee Agnes, aged 42, was appointed Executive Director of the Company on 3 June 1998. She also serves as a Director of several subsidiaries of the Company. She has joined the Group since 1990. Ms. Poon holds a Master of Science in Electronic Commerce and Internet Computing from the University of Hong Kong and a Degree of Bachelor of Business Administration from Simon Fraser University, Canada. In addition, she obtained her Master of Social Science in Counselling at University of South Australia in 2006. Over the years, Ms. Poon has gained considerable experience in sales and marketing in the manufacturing industry.

Dr. WONG Kim Wing, aged 48, was appointed Executive Director of the Company on 25 January 2008. Dr. Wong is a Registered Architect and an Authorized Person in Hong Kong. He is a fellow of the Hong Kong Institute of Architects and has over 20 years of experience in property development and assets branding. Having graduated from the University of Hong Kong with Architectural Degrees in 1984 and 1986, Dr. Wong also obtained his PhD Degree in Finance at Shanghai University of Finance and Economics in 2007. Prior to joining the Company, Dr. Wong was Director and Deputy General Manager (China Subsidiaries) and Group Senior Project Manager of Sun Hung Kai Properties Group from 1994 to 2005. He was also Director of Project & Planning of The Link Management Limited from 2005 to January 2008.

Mr. WU Hong Cho, aged 64, was appointed Executive Director of the Company on 7 July 2006. He also serves as a Director of several subsidiaries of the Company. Mr. Wu graduated from the Law School of the University of Hong Kong and has accumulated over 10 years of experience as a practicing solicitor in Hong Kong before leaving private practice. Prior to joining the Company, he held senior positions and was in charge of corporate financial matters in a number of public companies in Hong Kong. Mr. Wu is currently a Non-executive Director of NewOcean Energy Holdings Limited, a company listed on the Stock Exchange, and was an Independent Non-executive Director of Beiren Printing Machinery Holdings Limited from 2002 to July 2008, a company listed on the Stock Exchange and the Shanghai Stock Exchange.

NON-EXECUTIVE DIRECTOR

Mr. WONG Yat Fai, aged 50, was appointed Independent Non-executive Director of the Company on 20 September 2006 and was re-designated as Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from the Hong Kong Polytechnic University. He has over 15 years of working experience with an international banking group. Mr. Wong is currently an Executive Director of GR Vietnam Holdings Limited, and a Non-executive Director (re-designated from Independent Non-executive Director on 1 October 2007) of Yugang, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, SBS, JP, aged 58, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a Bachelor Degree from Tufts University in the United States of America. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam also holds a number of other public and community service positions including Member of the Legislative Council in Hong Kong, Chairman of Mega Events Funds Assessment Committee, Member of the Board of the West Kowloon Cultural District Authority, Member of the Advisory Committee on Corruption of Independent Commission Against Corruption and General Committee Member of Hong Kong General Chamber of Commerce. In addition, he is an Independent Non-executive Director of Hsin Chong Construction Group Ltd. and Wynn Macau, Limited, the shares of both companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 50, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a Degree of Master in Accountancy from Charles Sturt University in Australia and a Degree of Bachelor of Social Sciences from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the UK, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as Assistant Vice-President in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 24 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an Independent Non-executive Director of Suga International Holdings Limited, Yugang, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Stock Exchange.

Dr. WONG Lung Tak Patrick, JP, aged 62, was appointed Independent Non-executive Director of the Company on 1 October 2007. Dr. Wong is an associate of the Institute of Chartered Accountants in England and Wales, and a fellow of the Association of Chartered Certified Accountants in the UK, the Association of International Accountants, the Institute of Chartered Secretaries and Administrators in the UK, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong as well as the Hong Kong Institute of Chartered Secretaries. Dr. Wong is a practicing certified public accountant in Hong Kong and has over 30 years of experience in the accountancy profession. He is the Managing Director of Wong Lam Leung & Kwok CPA Limited. Dr. Wong was accorded Doctor of Philosophy in Business, was awarded a Badge of Honour by the Queen of England in 1993, and was appointed a Justice of the Peace in 1998. He has been appointed Adjunct Professor, School of Accounting and Finance, The Hong Kong Polytechnic University since 2002. Dr. Wong participates in many types of community services, holding posts in various organizations and committees in government and voluntary agencies. He is currently an Independent Non-executive Director of Water Oasis Group Limited, China Precious Metal Resources Holdings Co., Ltd., Galaxy Entertainment Group Limited, Vertex Group Limited and Ruinian International Limited, the shares of all these companies are listed on the Stock Exchange.

To our Shareholders,

I am pleased to present the annual report of C C Land Holdings Limited (the "Company") for the year ended 31 December 2009.

The Company recorded a revenue of HK$1,080.6 million for the year ended 31 December 2009 (2008: HK$1,395.6 million) representing a decrease of 22.6% when compared with that of last year, comprising of property development and investment business of HK$647.1 million, manufacturing businesses of HK$427.1 million, and treasury investment of HK$6.4 million. The Group attained a loss attributable to shareholders of HK$58.4 million (2008: HK$837.1 million). The loss per share for the year was 2.51 HK cents (2008: 38.7 HK cents).

THE PRC PROPERTY BUSINESS

The property market in China in 2008 experienced declines in both sales volume and selling prices due to the macro-economic control measures of the Central Government and the monumental global financial crisis. At that time the Group adopted a protective strategy by regulating the speed of project development in line with the speed of sales, thereby preserving a very healthy financial position. This resulted in accomplishing completion of only one project in 2009, namely, residential portion of Zone G of the Verakin New Park City Project. At the same time, however, the Group was able to make significant progress in re-vamping the corporate infrastructure by the addition of several experienced project managers, stringent cost control, and streamlining its operation. Much advances on the preparatory work on many projects were completed. As soon as the market rebounded near the end of 2008, coupled with the stimuli from both the Central and local governments the Group was able to respond quickly, and embarked on the structural development of a total of 16 projects.

At the end of 2008, the Chinese government announced a RMB4 trillion stimulus plan involving increased spending on infrastructure to boost the domestic economy and other measures boosting internal consumption. A loose monetary policy, and many local measures to support the property industry were adopted. China managed to reverse the downward trend in the economic growth, and achieved a GDP growth of 8.7% in 2009.

The real estate sector is an important contributor to the Chinese economy. To stimulate the development of the real estate industry, the State Council reduced the minimum capital ratio for ordinary residential property development projects from 35% to 20%, and for other types of property development to 30%. The government also adjusted the lower limit of the lending rate for residential properties for individuals to 70% of the benchmark lending rate. Many other supportive measures were implemented by various local governments. These positive measures restored the confidence of the home buyers and made purchases more affordable, thus resulting in housing transaction volumes and prices rising sharply since the first quarter of 2009.

The sales in our residential projects picked up significantly during the year. The Group's contract sales reached a total of approximately 299,500 sqm (2008: 86,900 sqm) of GFA for a turnover of RMB1,702 million (2008: RMB454.9 million), representing an increase of 245% and 274% respectively over 2008. The majority of the contract sales were from Phase I of Sky Villa, Phases I and II of i-City, and Zones G, H, and I of Verakin New Park City. The booked area and booked revenue for 2009 were 124,800 sqm and RMB552.3 million respectively. The booked gross profit margin improved by 15 percentage points from that of the previous year to 18% in 2009. As at 31 December 2009, the unrecognized contract sales amounted to RMB1,499.6 million. The recognition of these sales will depend on the time of the completion of construction, the issuance of occupation permits, and the delivery of properties to the purchasers pursuant to the sales agreements.

Chongqing and Sichuan, where most of the Group's projects are based, stand to benefit from the China's "Go West Policy". Being relatively less dependent on export for economic growth, Chongqing and Sichuan suffered less than other cities and provinces from the global economic crisis. Chongqing also aims to develop into a major financial centre by 2015 and has started building China's first inland Free Trade Zone, which will help to position the city as the leading metropolitan area in Western and Central China. New developments and investments have also translated into prosperity for residents in Sichuan. According to the statistical information, the GDP growth of Chongqing and Chengdu for 2009 were 14.9% and 14.7% respectively, ranking No. 3 and 4 respectively in China, outperforming the national average of 8.7%. The outlook of economic developments in this region is expected to be ever promising. In terms of residential area sold, Chongqing ranked number two in China for 2009. Demands for housing in the region are strong and end-user driven.

The Group has adopted a strategy to refine its land bank portfolio by disposing non-core land banks in exchange for better ones which are more mature and ready for development, especially in villas and townhouses projects, which typically have shorter development cycles, and steeper profit margins. During the year, the Group acquired four parcels of land with a total GFA of 1,266,000 sqm in Chongqing and Chengdu. As at the report date, the Group has a total land bank of 11.0 million sqm (attributable GFA of 8.5 million sqm). About 73%, 26% and 1% are in Chongqing, Sichuan and Kunming respectively.

For projects without controlling interests, the Group will consider disposal or to increase its position. The Group has increased its equity holding in the indirect subsidiary of the Company, Chongqing Verakin Real Estate Company Limited, from 51% to 61% at a consideration of RMB 25 million. The Group has also increased its equity stake in the joint-venture company with Sichuan Guojia Property Company Limited in Chengdu from 50% to 51%, thus gaining control. This subsidiary now holds the Sky Villa Project, the Chengnan Project and the Mumashan Project. For the Dazhou Project, the Group increased its stake from 95% to 100% during the year.

To refine its land bank portfolio, the Group disposed of its 50% interest in the Wen Jiang Project, Chengdu, at a consideration of RMB234 million, with an estimated profit before tax of RMB143 million, which will be accounted for in the financial year of 2010. The Wen Jiang Project has a GFA of about 865,000 sqm. In February 2010, the Group sold its entire 60% interests in the Jintang Project with a GFA of about 2.2 million sqm. As a result of the profit achieved on the disposal, the impairment loss amounting to HK$86 million provided for the land interests in 2008 was written back in the current year, with the remaining estimated profit before tax of HK$21 million to be accounted for on completion. The disposal of these projects is because the infrastructure maturation process in the neighbourhood was slower than anticipated. These disposals enabled the Group to increase its asset turnover of the Group, and supported the purchase of better land parcels.

THE MANUFACTURING BUSINESS

The global economy began to deteriorate dramatically in September 2008. In anticipation of uncertain economic conditions, reduction of inventories by customers and lowered demand had resulted in sales declines in 2009. Cost reduction measures in our manufacturing businesses were implemented to accommodate these declines and to maintain competitiveness moving forward.

For the packaging business, the Group adopted several programmes to improve efficiency and save costs such as pay cuts, temporary employee lay off, and tighten control on material consumption. These measures contributed to improvements in the operating results during the period.

We further instituted forceful measures in the luggage business to improve workflows and raise productivity. Positive results will be evident in the following years.

Stronger exports and consumer spending, as well as the governmental stimuli, contributed to the growth of major economies in the second half of 2009. Companies with low inventories had to increase their orders to meet demand. Coupled with the consumers' willingness to spend, orders for both our packaging and luggage products started to rebound around September 2009.

Compared with 2008, manufacturing revenues decreased by 35.7% to HK$427.1 million (2008: HK$664.2 million). The manufacturing businesses as a whole achieved a net profit of HK$14.2 million (2008: a loss of HK$49.8 million). Segmental contribution for the packaging and luggage business amounted to a profit of HK$18.7 million and a loss of HK$4.5 million respectively.

CORPORATE DEVELOPMENT

The Group is committed to maintaining a healthy financial position at all times. In July, the Group raised a net proceeds of HK$2,478 million through a successful placement of 428 million shares of the Company. The proceeds boosted our financial position to a cash balance of HK$3,784.6 million as at 31 December 2009. The net cash position was HK$1,042.1 million. The strength of the Group's financial resources will support the long-term growth of the Group.

PROSPECTS

The Chinese government will continue its macro-economic and loose monetary policy to ensure a stable economic growth in order to improve employment and livelihood. As one of the measures to sustain recovery, China will continue to push forward with the "Go West Policy". Massive funds are invested, mainly in infrastructure projects which play an important role in promoting economic and social development in the region. China's economy is predicted to maintain the momentum for recovery, and the stimulus plan will continue to play a crucial role in stimulating consumption.

With property development as a pillar industry of the national economy, government measures will tend towards ensuring a healthy and solid development of the property industry. The government has recently announced measures to curb steep property price hikes and to dampen speculation. These phenomena are more notably found in the first-tier cities, and it is important to regionalize and differentiate the latter from the second and third tier cities where the local governments are most keen to accelerate the urbanization rate. Western China has over the years consistently reported high GDP growth rates. The start-off point of property prices in Western China is much lower when compared with that of the first-tier cities. Affordability for housing is still high in the region. Housing demands are massive and end-user driven. Speculation is not rife. All the above factors serve to maintain a more favorable environment for property developers. Since the successful transformation into a property developer three and a half years ago, the Group is able to revamp its operation, and now has 16 projects under various stages of development compared with only a single project in the beginning. The total area under construction as at 31 December 2009 was 1,100,000 sqm which is 3.7 times the contract sales area in 2009. We are now ready for exponential growth.

Collective actions by the major economies managed to prevent a recession. Business confidence improved, and activity started to pick up. A significant portion of our manufacturing business is with major economies, so their recovery is good news for our export business. The Group is seeing increasing orders, and expects improved profitability.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to the Board of Directors, management and staff for their diligence, loyalty and dedication. I am grateful to our shareholders, strategic partners and bankers for their support and confidence which have contributed towards the Group's success.

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

RESULTS

The Group achieved a turnover of HK$1,080.6 million for the year ended 31 December 2009, a 22.6% decrease from HK$1,395.6 million of 2008. The property business recorded a turnover of HK$647.1 million (2008: HK$732.0 million). The turnover of the packaging and luggage business were HK$294.7 million (2008: HK$434.9 million) and HK$132.4 million (2008: HK$229.3 million) respectively, with the treasury investment business accounting for the remaining turnover balance of HK$6.4 million (2008: HK$(0.6) million). The loss attributable to shareholders for the year ended 31 December 2009 was HK$58.4 million, a decrease of HK$778.7 million from HK$837.1 million of last year. The loss per share for the year was 2.51HK cents, compared to the loss per share of 38.7HK cents in 2008. A diluted loss per share has not been disclosed as no diluted events existed during 2008 and 2009.

FINAL DIVIDEND

The Directors are pleased to recommend a final dividend of HK$0.03 (2008: HK$0.02) per share to our shareholders whose names appear on the Register of Members of the Company on 24 May 2010. Subject to approval at the forthcoming Annual General Meeting, dividend warrants will be sent to shareholders on or about 3 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 May 2010 to 24 May 2010 (both days inclusive), during this period no share transfers will be registered. In order to be eligible to attend and vote at the Annual General Meeting of the Company to be held on 24 May 2010 and to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 18 May 2010.

BUSINESS REVIEW

The turnover of the property business decreased by 11.6% to HK$647.1 million from HK$732.0 million of 2008, primarily due to the drop in completion and delivery of properties in the year as the Group slowed down its pace of developments in 2008 due to market uncertainty. Nevertheless, the property business accounted for 59.9% (2008: 52.5%) of the Group's total revenue, signalling the Group's successful transformation into a property company since it's reorganization in late 2006. There was only one project completion in 2009, namely, the residential portion of Verakin New Park City Zone G, with a GFA of 120,000 sqm. The revenue for the year was also affected by the deferment of the recognition of the gain of about RMB143 million from the disposal of the Group's 50% interest in the Wen Jiang Project to 2010. With only one project completion, the total revenue was insufficient to cover all expenses outlay. As a result, the property business recorded a loss attributable to the Group of HK$29.4 million (2008: HK$960.1 million after taking into account an impairment in value of the Group's interest in land, net of deferred taxation, of HK$885.1 million). The loss also included HK$47.9 million amortization of prepaid land lease payments (2008: HK$57.0 million) and write-back of impairment in value of the Group's interest in land, net of deferred taxation, of HK$116.6 million. The booked gross profit margin of the property business improved to 18% which sees a 15 percentage points increase when compared with that of the previous year. Excluding the effect of the fair value adjustment on the acquisition of land use rights through the acquisition of the land bank in Yubei and Verakin New Park City, the gross profit margin would have been 31% in the year ended 31 December 2009 (2008: 22%).

The global financial crisis resulted in a fall in consumer confidence and demand, which affected the manufacturing business. Despite the difficult market conditions leading to the drastic fall in revenue, the manufacturing business managed to record a profit of HK$14.2 million (2008: a loss of HK$49.8 million including a written off of goodwill of HK$62.3 million arising from the acquisition of subsidiaries and an associate business operation in previous years). We responded to the economic slowdown by further tightening cost controls, rationalizing operations and raising productivity to secure the profit for the manufacturing business.

The treasury investment business reported a gain of HK$14.8 million (2008: a loss of HK$9.1 million). This was mainly attributable to realized and unrealized gains on listed securities reflected during the year amounting to HK$3.8 million and HK$3.2 million respectively (2008: a total realized and unrealized loss of HK$8.2 million), and recording a tax credit of HK$7.7 million from a successful appeal to claim as non-taxable certain investment transactions from previous years.

Other incomes recorded a fair value gain on investment properties of HK$47.6 million and a gain on disposal of interests in land use rights of HK$2.7 million (2008: HK$192.6 million from the gain on disposal of partial interest in a subsidiary, recovery of receivables and fair value gains on investment properties).

Other expenses recorded an equity-settled share option expense which was non-operational and non-cash in nature amounting to HK$44.0 million (2008: HK$63.1 million) in respect of share options granted to certain directors, eligible employees of the Group and those who had served the Group and the write-back of HK$146.9 million of impairment in value of the Group's interest in land. These led to a decrease in other expenses from HK$1,298.5 million in the previous financial year to a credit of HK$56.1 million in the current year.

Marketing and distribution costs decreased by 14.4% to HK$55.8 million (2008: HK$65.2 million) due to the decrease in turnover of the manufacturing business in the year.

The administrative expenses decreased by 0.5% to HK$247.5 million (2008: HK$248.7 million) as the decrease of amortization of prepaid land lease payments to HK$47.9 million (2008: HK$57.0 million) in the year was offset by the increase in employee benefits expenses as a result of the increased headcount for the property department.

The PRC Property Development and Investment Business

China's economic stimulus plan has produced positive results. Buyers' confidence was restored and property sales have been picking up since early 2009. In China, property prices rose by an average of 7.8% in December 2009 compared to those of the same period in 2008.

According to the statistical information on Chongqing and Chengdu, the GDP growth of Chongqing and Chengdu for 2009 were 14.9% and 14.7% respectively, ranking No. 3 and 4 respectively in China to outperform the national average of 8.7%. The outlook of economic developments in this region is expected to be ever promising. In terms of residential area sold, Chongqing ranked number two in China for 2009. The residential area sold in Chongqing and Chengdu in 2009 were 37.71 million sqm and 25.32 million sqm, representing an increase of 41.2% and 112.5% respectively. The demand for housing is massive and end-user driven. Speculation is not rife in the region.

Recognized Turnover

During the year ended 31 December 2009, the Group recognized a turnover of approximately 124,800 sqm of GFA, contributing to a turnover revenue from property sales of HK$626.9 million or RMB552.3 million (2008: 188,030 sqm and HK$712.3 million or RMB628.5 million respectively).

An analysis of the GFA recognized as revenue and the average selling prices for the year ended 31 December 2009 is set out below:

Project	Usage	Gross Floor Area (sqm)	Sales Revenue Net of Business Tax (RMB'000)	Average Selling Price Net of Business Tax (RMB)	The Group's Interest
No.1 Peak Road	Residential	40,090	223,000	5,560/sqm	100%
	Car Park	1,570	3,400	86,100/unit	
Verakin New Park City					61%
— Zones A & B	Residential	430	2,000	4,670/sqm	
	Commercial	390	4,400	11,270/sqm	
	Car Park	120	200	77,300/unit	
— Zone G	Residential	82,200	319,300	3,880/sqm	
TOTAL		124,800	552,300		

No. 1 Peak Road — A high-end residential development, in which 76,300 sqm were sold as at 31 December 2009, achieved an average selling price of RMB5,300 per sqm of GFA. During the year, 41,660 sqm were delivered and recognized as turnover. While a total GFA of 33,400 sqm was delivered and recognized as turnover in year 2008, the remaining 2,800 sqm which have been sold will be delivered and recognized when the buyers collect the units in 2010.


No. 1 Peak Road

Verakin New Park City — A high-end multi-phased residential and commercial project. Zone A and B were completed in 2008 and were almost completely sold. About 700 sqm are still pending delivery to the buyers in 2010. The residential portion of Zone G was completed in the year. At 31 December 2009, a total of 82,200 sqm were recognized as turnover, with 20,500 sqm pre-sold GFA awaiting for collection and recognition as turnover in 2010. About 5,300 sqm are still in the inventory which represents only about 4.9% of the total residential area of Zone G.


Verakin New Park City

Contract Sales

The Group's residential projects are located in prime locations in respective districts/towns/cities and are in the mid to high-end of the market. Due to their prime location and high quality finish, most of the units were sold during the first week of launch and at a price premium of 10-15% to projects in the neighbourhood. During the year, the Group's contract sales reached a total of approximately 299,500 sqm of GFA, which generated sales of RMB1,702.0 million (2008: 86,900 sqm and RMB454.9 million). It represented an increase of 245% and 274% respectively over those in previous year and about 40% above the 2009 targeted sales area of 213,200 sqm. As at 31 December 2009, the contract but unrecognized sales amount was about RMB1,499.6 million. The recognition of these sales will depend on the time of completion of construction, the issuance of occupation permits and delivery to the buyers. The average property selling price of the Group in the year increased by about 15-20% from the end of 2008. The breakdown for the contract sales in 2009 is as follows:

Project	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
Chongqing				
No.1 Peak Road	Residential	38,800	237,000	6,100/sqm
	Car Park	1,600	3,500	90,600/unit
Verakin New Park City — Zones G, H & I	Residential	86,100	388,400	4,500/sqm
i-City Phases I & II	Residential	71,700	299,300	4,200/sqm
Riverside, Wanzhou Phase I	Residential	48,800	163,800	3,400/sqm
		247,000	1,092,000	
Chengdu				
Sky Villa Phase I	Residential	49,200	603,600	12,300/sqm
	Car Park	3,300	6,400	70,000/unit
		52,500	610,000	
TOTAL		299,500	1,702,000	

No. 1 Peak Road-Zhan Tianyou Grand Award Appraisal

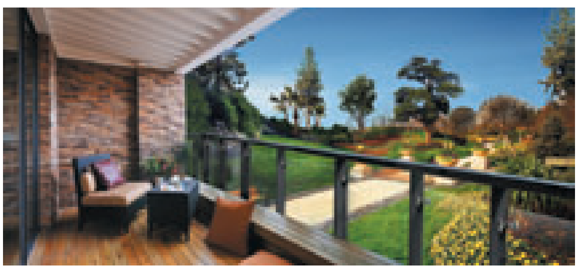
All the residential units of No. 1 Peak Road were sold as at 31 December 2009. The average selling price in 2009 was RMB6,100 per sqm which was 24% higher than that of previous year. Almost all units were delivered to the buyers during the year.

The sales of the Verakin New Park City Zone G and Zone H progressed well during the year. Zone I has 948 units or 121,300 sqm. The first batch of 528 units or 61,800 sqm was first launched for pre-sale in November 2009. Out of this batch, 221 units or 26,200 sqm, or 42% were contracted for sale at an average selling price of RMB4,900 per sqm within the first month.

During the year, almost all the residential units of i-City Phase I were pre-sold. i-City Phase II was launched for pre-sales in August 2009. It continued to be well received by the Chongqing market. Altogether 521 residential units or 60,200 sqm of Phase II were first released to the market. As at 31 December 2009, 232 units or 26,600 sqm of Phase II were contracted for sale at an average price of RMB4,800 per sqm which was 28% higher than that of Phase I.

Sales of Riverside, Wanzhou Phase I commenced in September 2009, drawing considerable market interest. Phase I has 383 units or 50,100 sqm. All units were launched during the year. As at 31 December 2009, 374 units or 48,800 sqm, representing 97% of Phase I, were contracted for sale at an average price of RMB3,400 per sqm.

i-City



Balcony of Sky Villa

Sky Villa Phase I with three towers, an aggregate of 682 residential units or 66,000 sqm, has been launched for pre-sale. The property sales of Sky Villa Phase I picked up remarkably in the year. A total of 623 units or 59,900 sqm, representing 91%, were contracted for sale at an average price of RMB12,000 per sqm as at 31 December 2009. Currently, the average selling price has increased to RMB16,000 per sqm which is over 50% up from the initial launch price of RMB10,500 per sqm.

The Group expects that 12 projects will be available for sale in 2010, with a total saleable GFA of approximately 536,000 sqm. Details are analyzed as follows:

Location	**Project**	**Saleable Area** (sqm)	**The Group's Interest**
Chongqing	i-City	80,000	100%
	Riverside, Wanzhou	60,000	100%
	Verakin New Park City — Zones H, I & W	100,000	61%
	Verakin Le Charme	40,000	31%
	Mansions on the Peak	4,000	100%
	One Central @Midtown	70,000	100%
	No. 8 Peak Road	20,000	100%
Chengdu	Sky Villa	42,000	51%
	Chengnan Project	40,000	51%
	Dujiangyan Project	30,000	100%
Sichuan	Dazhou Project	20,000	100%
Kunming	Silver Lining	30,000	70%
TOTAL		536,000	

The followings are the targeted completion GFA of approximately 248,000 sqm and 697,000 sqm in 2010 and 2011 respectively, with 93% of 2010 completed residential area having been pre-sold as at the end of 2009.

Location	Project	Residential Area (sqm)	Commercial/ Car park/ Others Area (sqm)	Total Construction Area (sqm)	The Group's Interest
Projects to be completed in					
2010					
Chongqing	Verakin New Park City — Zone H	17,000	9,000	26,000	61%
	i-City Phase I	50,000	12,000	62,000	100%
	Riverside, Wanzhou Phase I	53,000	19,000	72,000	100%
Chengdu	Sky Villa Phase I	66,000	22,000	88,000	51%
TOTAL		186,000	62,000	248,000	
2011					
Chongqing	i-City Phase II	98,000	32,000	130,000	100%
	Mansions on the Peak	35,000	23,000	58,000	100%
	One Central @Midtown & Lot #10 Phase I	101,000	85,000	186,000	100%
	Riverside, Wanzhou Phase II	83,000	19,000	102,000	100%
	Verakin Le Charme	44,000	25,000	69,000	31%
Chengdu	Dujiangyan Project	53,000	5,000	58,000	100%
Kunming	Silver Lining	53,000	41,000	94,000	70%
TOTAL		467,000	230,000	697,000	

Property Development

There were 16 projects in different stages of development during the year. The total area under construction as at 31 December 2009 was 1,100,000 sqm which is about 3.7 times of the contract area in 2009.

Chongqing Projects

Verakin New Park City (同景國際城) — A high-end multi-phased residential and commercial project with a total GFA of about 1.6 million sqm. The residential portion of Zone G with a GFA of about 120,000 sqm was completed during the year and delivery started in September 2009. Zone H and Zone I are under construction. Zone H is a town-house development with a GFA of about 26,000 sqm. Zone I will provide about 150,000 sqm of residential and commercial property. About 98% of Zone G's residential properties have been sold. Zone H is expected to be completed in the first half of 2010. Zone I commenced construction in September 2009 and was launched for pre-sale in November 2009. The foundation work for Zone W with a GFA of about 241,000 sqm has been completed and this zone is expected to be launched to the market in early 2010.

Mansions on the Peak (御府) — The foundation work has been completed. Construction work of the super-structure started in the second half of 2009. The development consists of 46 villas with a total GFA of about 58,000 sqm and is expected to be completed in the second half of 2011.

No. 8 Peak Road (山頂道8號) — The development would provide a planned GFA of about 51,000 sqm made up of 8 low-rise condominiums blocks and a few commercial units. The design plan has been revised to comply with the local government's requirement. Construction work commenced in November 2009 and the project is expected to be completed by 2012.

Sky Towers on the Peak (山頂道國賓城) — A four-phased development project of high-rise apartments with a total GFA of about 495,000 sqm. Construction work of the first phase commenced in January 2010.

One Central @Midtown (都會首站) & Lot #10 — A landmark development in our Yubei main land bank that provides a planned GFA of about 588,000 sqm, comprising an investment-grade shopping mall, a 5-star hotel with an associated serviced apartment block, several office towers, residential units and retail spaces. The master plan has been approved by the local authority. Construction of Phase I comprised of 4 residential towers (One Central @Midtown), an office building, retail spaces and car parking spaces with a total GFA of about 186,000 sqm commenced in the second quarter of 2009. Presales of the first residential tower started in January 2010, and 92% of the units were sold on the first day. The first phase of the project is expected to be completed in 2011.


One Central @Midtown Sales Exhibition


One Central @Midtown Sales Exhibition

i-City (愛都會) — A three-phased development project near the new Yubei train terminal, providing a GFA of about 304,000 sqm of mixed residential and commercial property. The superstructure of the first phase with a GFA of about 62,000 sqm is nearly topping out, and internal and external finishing work is now in progress. All residential units of Phase I have been sold. Construction of the second phase with a GFA of about 130,000 sqm commenced in the second quarter of 2009, pre-sale of which was launched in August 2009. The first phase and the second phase of the project are expected to be completed in 2010 and 2011 respectively.

Phoenix County (梧桐郡) — A high-end residential townhouse and high-rise apartments project near the new Yubei train terminal with a total GFA of about 399,000 sqm. The construction of the first phase with a GFA of about 79,000 sqm will commence in the first half of 2010 and is expected to be completed in 2012.


Commercial District of Phoenix County

Riverside, Wanzhou (濱江壹號) — Located in the Jiangnan New District in Wanzhou, the project will be developed into an integrated complex, consisting of high-end residential property, retail facilities, and an office building with a total GFA of about 408,000 sqm. Construction work for the first phase of the residential property with a GFA of about 72,000 sqm started in the second quarter of 2009. Phase I pre-sales was launched in September 2009 and is planned to be delivered in the second half of 2010. Phase II with a GFA of about 102,000 sqm is planned to commence construction in the first half of 2010 and is scheduled for completion in the second half of 2011.

Verakin Le Charme (同景 • 南門金階) — A residential project located in the Fuling District of Chongqing with a total GFA of about 69,000 sqm for residential and commercial development. The residential units were launched in early March 2010 and about 83% were pre-sold within the first week. It is expected to be completed in 2011.

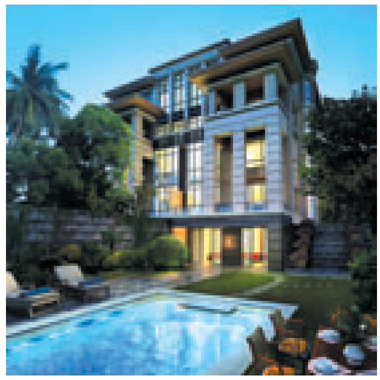
Jiangbei Project — A 25% equity interest joint venture project along the north bank of the city centre section of the Jialing River, with a total GFA of about 1,020,000 sqm which is planned to be developed into a high-end residential and commercial complex. The preliminary plans of the project are in the process of revision.

Chengdu Projects

Entrance Road of Sky Villa

Sky Villa (四海逸家) — A residential project located in the Jinjiang District with a total GFA of about 557,000 sqm. Construction of the first phase with a GFA of about 88,000 sqm consisting of three towers is in progress. The superstructure of Phase I is nearly topped out. Internal and external finishing work is now in progress. Over 90% of the Phase I residential units have been pre-sold and the current ASP has increased to RMB16,000 per sqm from the initial RMB10,500 per sqm. Phase I is scheduled for delivery in the second half of 2010. Construction of the second phase commenced in December 2009 and is expected to be completed in 2012, pre-sales of which was launched in February 2010.

Chengnan Project (城南逸家) — A villa and townhouse project with a total GFA of about 312,000 sqm in Shuangliu County, Chengdu. The project is just 8 minutes away from the southern extension of the Chengdu South Renmin Road. Shuangliu County is a highly developed transportation hub and presently the sole aviation hub in Chengdu. It is the largest air traffic centre in Western China. The project is opposite to the Sichuan University campus along a river bank and will be developed in phases. Construction work for Phase I has started and pre-sales is expected to take place in the first half of 2010 and expected to be completed in 2012.



Virtual Perspective of Chengnan Project

Mumashan Project (牧山逸家) — A high-end villa and townhouse project with a total GFA of about 344,000 sqm in Huayuan Town, Xinjin County, Chengdu, a suburban district approximately 15 kilometres south-west of Chengdu. The project is close to the Shuangliu International Airport and the site has been cleared and upgraded by the local government from rural land into land for low-density residential property development. The construction is planned to commence in the first half of 2010 and expected to be completed in 2012.

Dujiangyan Project (都江逸家) — A low-rise residential project with GFA of about 58,000 sqm in Dujiangyan District which is a famous tourist spot. Construction work is planned to be started in the first half of 2010 and will be completed in 2011.

Other Projects

Virtual Perspective of Dazhou Project

Dazhou Project (雍河灣) — A residential project located in the Tongchuan District with a total GFA of about 413,000 sqm. Foundation work for Phase I with a construction area of about 150,000 sqm has started. Construction will commence in the first half of 2010.

Silver Lining (雲都國際) — This pilot project in Kunming has a total GFA of about 94,000 sqm, comprising of residential, serviced apartments and commercial property. The foundation work has been completed. The construction work is planned to commence in the first half of 2010 and is expected to be completed in 2011.

As at the date of this report, details of the projects held for development are as follows:

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
— Phoenix County	2012 or after	399,000	100%
— i-City	2010 or after	304,000	100%
— Mansions on the Peak	2011	58,000	100%
— One Central @Midtown & Lot #10	2011 or after	588,000	100%
— No. 8 Peak Road	2012	51,000	100%
— Sky Towers on the Peak	2012 or after	495,000	100%
— 17-1	2012 or after	217,000	100%
— 9	2012 or after	365,000	100%
— 19	2012 or after	383,000	100%
— 4	2012 or after	597,000	100%
— 3-1	2012 or after	301,000	100%
— Others	2012 or after	109,000	100%
Chongqing, Jiangbei District	2012 or after	1,020,000	25%
Chongqing, Nan'an District			
— Verakin New Park City	2010-2017	1,357,000	61%
Chongqing, Wanzhou District			
— Riverside, Wanzhou	2010 or after	408,000	100%
Chongqing, Tongnanxian	2012 or after	867,000	100%
Chongqing, Shapingba District, U-City	2012 or after	423,000	100%
Chongqing, Fuling District, Nanmenshan			
— Verakin Le Charme	2011	69,000	31%
Chengdu, Dujiangyan District, Xujia Town	2011	58,000	100%
Chengdu, Dujiangyan District, Yutang Town	2012 or after	187,000	60%
Chengdu, Jinjiang District			
— Sky Villa	2010-2012	557,000	51%
Chengdu, Shuangliu County, Chengnan Project	2012 or after	312,000	51%
Chengdu, Xinjin County, Mumashan Project	2012 or after	344,000	51%
Meishan, Pengshan County			
— Binjiang New Town	2012 or after	1,000,000	60%
Sichuan, Dazhou, Tongchuan District	2012 or after	413,000	100%
Kunming — Silver Lining	2011	94,000	70%
TOTAL		10,976,000	

Land Bank

The Group continues to identify and acquire selectively quality land banks with great development potentials and good profit margins. The land bank strategy is to keep a land bank portfolio sufficient for 7 to 8 years of development.

As at the report date, the Group had 16 land lots in our land bank portfolio of approximately 11.0 million sqm GFA (attributable GFA amounted to about 8.5 million sqm) held for development. The average land cost is about RMB1,680 per sqm. The Group's land bank covers Chongqing, Chengdu, the Sichuan Province, and Kunming. Within our portfolio, the land lots located at the Yubei District, Chongqing, are of the utmost importance due to their excellent location, and the maturity of the neighbourhood. A large portion of our trophy investments properties will be developed on these land lots.

During the year, the Group acquired the following parcels of land with an additional total construction area of about 1,266,000 sqm:

1. **Yutang Town, Dujiangyan District, Chengdu** — In January 2009, the Group secured at auction a land lot with a GFA of about 187,000 sqm at a total consideration of RMB126 million with an average price of RMB678 per sqm in Yutang Town, Dujiangyan District, Chengdu. The acquired site is part of the land lots put up for sale in land auctions by the PRC authority associated with the land development rights assigned to the Group in 2007. The Group has a 60% equity interest in this land site.

2. **Chengnan, Chengdu** — In May 2009, the Group acquired a 100% interest in a company which owns a piece of land in Wenxing Town, Shuangliu County, Chengdu, at a consideration of RMB474 million through its then 50% owned joint-venture entity which owns the Sky Villa Project. During the process, after capital contribution to the joint-venture entity, the entity has become a 51% owned subsidiary of the Group. The land lot has a GFA of about 312,000 sqm at a value of RMB1,519 per sqm GFA and has been approved for villa and townhouse development.

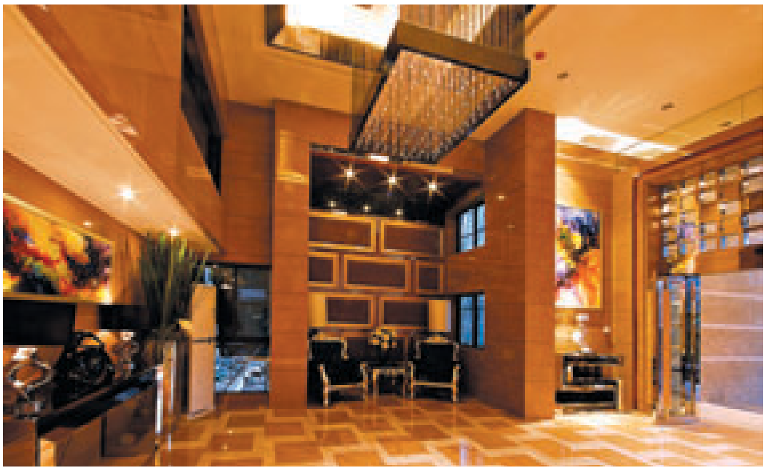
3. **U-City, Shapingba District, Chongqing** — In June 2009, the Group acquired through auction 3 new land lots in the Xiyong University City area, Shapingba District, Chongqing with a GFA of approximately 423,000 sqm, at a consideration of RMB234 million with RMB553 per sqm GFA.

4. **Mumashan District, Xinjin County, Chengdu** — In December 2009, the Group acquired a 96.5% interest in a company through its 51% owned indirect subsidiary. The company owns three land parcels located at the Baiyun Village, Huayuan Town, Xinjin County, Chengdu with a GFA of approximately 344,000 sqm at a value of RMB1,775 per sqm GFA for villa and town-house development.

Subsequent to 31 December 2009, the Group acquired a 51% equity interest and the shareholder's loan in a company which owns a piece of land in Nanmenshan, Fuling District, Chongqing, known as Verakin Le Charme, at a total consideration of RMB43.4 million through its 61% owned subsidiary which owns the Verakin New Park City Project. The land site has a GFA of about 69,000 sqm for residential and commercial development. The GFA cost was about RMB712 per sqm.

To refine our land bank, the Group disposed of its 50% interest in the Wen Jiang Project, Chengdu, at a consideration of RMB234 million, with an estimated profit before tax of RMB143 million. The Wen Jiang Project has a GFA of about 865,000 sqm. In February 2010, the Group further disposed of all its 60% interests in the Jintang Project. As a result of the profit achieved on the disposal, the impairment loss amounting to HK$86 million provided for the land interests in 2008 was written back in the current year, with the remaining estimated profit before tax of HK$21 million to be accounted for on completion. The proceeds will be used to support quality land bank acquisition in the future.

For projects without controlling interests, the Group will consider to dispose of or to increase its position. The Group has increased its equity holding in the indirect subsidiary of the Company, Chongqing Verakin Real Estate Company Limited, from 51% to 61% at a consideration of RMB25 million. The Group has also increased its equity stake in the joint-venture company with Guojia Property from 50% to 51% controlling interests. The joint-venture company holds the Sky Villa Project, the Chengnan Project and the Mumashan Project in Chengdu. For the Dazhou project, the Group increased its stake from 95% to 100% during the year.



Main Lobby of Sky Villa

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sqm)	Properties held for Own Use GFA (sqm)	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage
				Total	Attributable		
Commercial	28,000	9,000	4,000	812,000	675,000	853,000	7.6
Residential	3,000		30,000	6,025,000	4,542,000	6,058,000	54.3
Office				763,000	748,000	763,000	6.8
Hotel & serviced apartment				590,000	460,000	590,000	5.3
Townhouse & villa				1,342,000	919,000	1,342,000	12.0
Others (Car-park spaces and other auxiliary facilities)	53,000	11,000	38,000	1,444,000	1,192,000	1,546,000	14.0
TOTAL	84,000	20,000	72,000	10,976,000	8,536,000	11,152,000	100.0

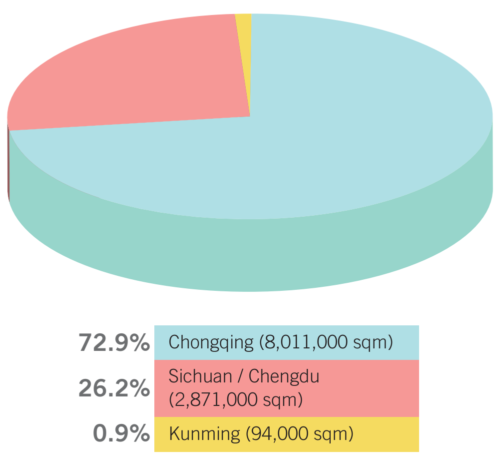
The Group has a very low inventory. Completed properties held for sale is only 0.65% of the total land bank. Out of the 30,000 sqm completed residential properties held for sale, about 79% have been sold and are pending delivery. This confirms the desirability of the Group's projects due to its high quality and the excellent responses from the buyers.

The breakdown of the land bank held for development by location is as follows:

Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage
Chongqing	8,011,000	6,668,000	72.9
Sichuan			
— Chengdu	1,458,000	789,000	13.3
— Pengshan	1,000,000	600,000	9.1
— Dazhou	413,000	413,000	3.8
Yunnan			
— Kunming	94,000	66,000	0.9
TOTAL	10,976,000	8,536,000	100.0

Land Bank : 10,976,000 sqm

By Location



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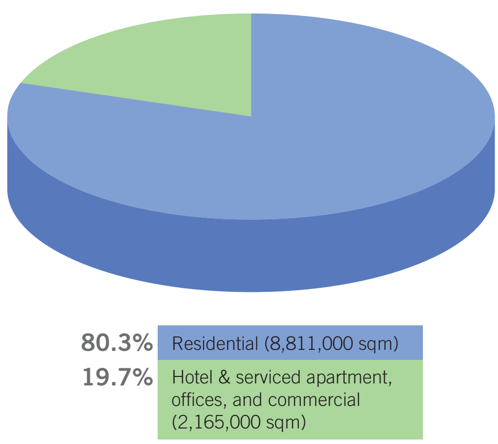


Investment Properties

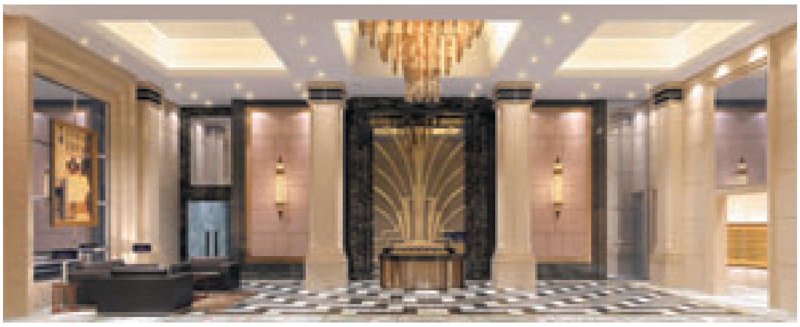
The Group's investment property portfolio as at 31 December 2009 amounted to approximately 83,982 sqm GFA (31 December 2008: 84,467 sqm), comprising approximately 33.7% in commercial properties, 4.0% in residential properties, 62.3% in car parks and auxiliary facilities.

During the year, the portfolio's fair value appreciated by approximately HK$47.6 million to HK$297.1 million, the majority of which was the revaluation gain recognized in relation to the commercial properties. The rental income from the investment properties amounted to approximately HK$13.5 million (2008: HK$12.0 million), representing an increase of 12.5%.

Investment Properties Under Development

With the recently awarded Special Economic Zone status for Chongqing and Chengdu, which translates into massive Central Government's spending in Chongqing's infrastructures, preferential tax policies, and other supportive measures, many large overseas corporations are expected to be attracted to the region. A new Third New District is expected to be created in the Chongqing's New North Zone immediately next to the Group's main land bank. This district will enjoy the same privileges which have been accorded to Pudong of Shanghai, and the Binhai District of Tianjin. In addition, in early 2009, Chongqing was chosen as the first and only inland free-trade zone where enterprises can enjoy many tax privileges both for import and export.

In the 11th Five Year Plan, the Chongqing Municipal Government encouraged intensive development in the urban areas, and the northern part of Chongqing is the ideal site for the new city centre. Being the "North Window" of Chongqing, the Yubei District is strategically important in the whole development blueprint of Chongqing. The Group's core land bank in the Yubei District is situated right at the heart of the Yubei District of Chongqing, a district where the regional government administration offices, major highway junctions and a new rail transportation hub are located. It takes only 20 minutes by car from the Chongqing Airport to the Yubei District. The airport is under an expansion programme with a budget of RMB20 billion to build more runways in anticipation of the rising status of Chongqing to lead Western China into the future. The Group's core land bank in the Yubei District has been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes. Internationally renowned architects and designers have been enlisted to take care of these projects. In view of the prime location of these projects, the Group intends to keep the trophy commercial properties for rental purposes and is expected to build up the investment property portfolio in the coming four years. Once completed, this portfolio will form a solid base of recurrent rental income and cash flow for the Group.



Virtual Perspective of Main Lobby of One Central @Midtown

There are four commercial land lots at the Group's core land bank in the Yubei District, namely, Lot #3, 4, 9 and 10. Construction on the first commercial land lot, #10, started in May 2009, and the pre-sale for the residential project (One Central @Midtown) on this land lot was launched in January 2010. The pre-sale response was overwhelming with 92% of the first batch sold on the first day of launch.

The Group also formed a strategic partnership with the New World China Land Limited ("NWCL"), a leading property developer and hotel operator in China, in jointly developing the five-star luxury hotel and serviced apartment project on this lot. The equity interest of this jointly-developed project will be held as to 80% by the Group and 20% by NWCL. The hotel and serviced apartment project has an aggregate GFA of approximately 90,000 sqm and is scheduled to be completed by the year 2013.

Investor Relations

After the financial tsunami in late 2008, investors revised their portfolios and began to look for investment opportunities in 2009. The stock market was still very volatile which provided both challenges and opportunities for the investors. The Group is committed to continuous communications with our shareholders and potential investors both in good and bad times. As the Group's property business is in China, which is very much policy-related, any new government policies related to the property market in China would affect the stock market sentiment and investors' decisions. Detailed interpretation and explanation on the government policies and how they will affect the Group's business is important for investors to have a better understanding on the future outlook of the Group.

In addition to the Company's global roadshows after the results announcement, the management of the Company also actively participated in investment forums organized by leading international investment banks. Conference calls were conducted when necessary. Site visits and property tours were arranged to give investors a better understanding of the Group's development projects.

In order to give timely updates to the investors, the Group has a column under "Investor Relations" in its corporate website, www.ccland.com.hk. All investor-related information may be found in the column. The Group also maintains an updated distribution list of investors to provide them with information on the Group's latest development. From January 2010 onwards, the Group would release monthly update on its sales performance to keep investors timely informed on the business progress of the Group.

Good corporate governance also enhances corporate value and increases returns to shareholders. The Company was honored to be the Lead Sponsor of the 2009 Directors of the Year Awards organized by The Hong Kong Institute of Directors in support of the promotion of the practice of good corporate governance in Hong Kong.

Manufacturing Business

The financial year 2009 was challenging for our packaging and luggage products business. When the global economy started to deteriorate dramatically in September 2008, the packaging and luggage business suffered steep declines in sales. Revenues for the first six months decreased by 36.5% and 39.9% respectively from the same period of 2008 for the packaging and luggage business. To respond to the sudden change in market conditions, both operations completed the process of streamlining and rationalization to counter demand declines.

For the packaging business, we are seeing signs of recovery as the US and the European economies stabilize. Sales in these markets picked up in the second half, representing an increase of 16% compared to the first half of year 2009. The rise in revenue in the second half year was largely driven by stronger demands from the North American market. Many new orders for 2010 have already come through from existing customers. The revenue from the Asian market was also stable throughout 2009.

The revenue for the year, however, declined by 32.3% over that of 2008 to HK$294.7 million. Europe is still the largest market for our packaging business. As a result of the increase in sales in the second half year, coupled with the Group's ability to control costs and higher operational efficiency, a net profit for the year of HK$19.7 million was achieved, an increase of 28.8% over that of the previous financial year. This was in essence an outstanding performance. The revenue for the luggage business fell by 42.3% to HK$132.4 million for the financial year 2009. For this business, the financial year 2009 was very much a year of two halves. In the first half, with the rapid actions taken by management to cut costs and resizing the operations to match demand declines, the Group recorded an operating profit of HK$0.6 million and a net loss of HK$2.9 million after accounting for the impact of a customer claim. However, in the second half, sales from the United States and Asia declined further as compared to the first half as customers reduced their orders in light of softening consumer demands. As a result of this decline in sales and related profit contribution, the operating profit as achieved in the first half could not be similarly sustained in the second half year. This resulted in an operating loss of HK$1.6 million in the second half of year 2009.

During the year, progress was made in developing and broadening the customer base. The China domestic market remains under development, and sales were doing well for the luggage products. The initial sales were small but encouraging and the Group is expecting a 20% growth next year. The sales of suitcases and backpacks to the Asian market picked up in the last quarter. Gross operating profit margin improved by 3.9% from that of last year after revamping operating procedures and strict cost control. This significantly minimised the loss for the year amid reduction in sales. The loss for the year ended 31 December 2009 was HK$4.5 million (including a customer claim amounting to HK$3.5 million), a decrease of HK$29.3 million or 86.7% over that of the previous financial year. Based on current orders on hand, the Group is optimistic that performance will improve in the financial year 2010.

Other Business

The share of loss from the 30% owned associated company, Technical International Holdings Limited, amounted to HK$1.0 million (2008: HK$1.7 million). Its business had been affected by the slowing major economies. Consumer demand was weak though improved order flows from existing customers are expected in 2010. The performance will be enhanced by the introduction of new products categories through R&D.

Treasury Investment Business

The treasury investment business reported a gain of HK$14.8 million (2008: a loss of HK$9.1 million). This was mainly attributable to realized and unrealized gain on listed securities reflected during the year amounting to HK$3.8 million and HK$3.2 million respectively (2008: a total realized and unrealized loss of HK$8.2 million), and recording a tax credit of HK$7.7 million from a successful appeal to claim as non-taxable certain investment transactions from previous years.

In view of the shrinking interest returns on deposits, the Group identified certain investments and invested in a portfolio of listed securities and unlisted investment funds.

PROSPECTS

The PRC Property Development and Investment Business

Awarding Ceremony-Creditable Enterprises in the Chongqing Real Estate Development Industry 2008-2009

Year 2010 is a challenging year for the PRC property developers. To help stimulate economic growth, the government put in place supportive policies and a loose monetary policy in 2009. Property transaction volumes and prices across the country have followed a rising trend in 2009. To combat to rapid rises in property prices and speculation, the government announced a series of tighter land-sale regulations for developers and dispensed with a tax break on home sales it introduced earlier this year. The Group believes these policies are for the healthy development of China's real estate industry. Western China is less affected by these control policies as the housing demand is mainly end-user driven and the affordability is still high. Fundamental factors such as an accelerated urbanization rate, higher income growth and preferences for private home ownership will support the property market in Western China. The Group believes that there is no change in these fundamental factors underlying the long term development prospects of the industry in Western China. It is believed that the macro-economic policies will continue to be fine-tuned to maintain a balanced economic growth and a healthy property market.

Awarding Ceremony-60 Years of Contributions • Chongqing Architecture Power

Uncertainties and complexities are still present as the global economic recovery is still weak and the unemployment rate remained high. The Group will not underestimate the challenges ahead. The Group has always maintained a healthy liquidity position which supports business expansion and growth. We will be very selective in our land bank replenishment while maintaining the financial soundness and stability of the Group. The Group will endeavor to deliver quality projects, adjust the pace of development in line with market conditions and demands in order to increase our market share. The area under construction as at 31 December 2009 was 1,100,000 sqm which is about 3.7 times of the contract sales area in 2009. The Group is ready for exponential growth.

Manufacturing Business

The major economies have suffered severe damages from the downturn. Unemployment is expected to continue to rise although at a slower pace. Recently, the G20 nations agreed to maintain the fiscal stimulus for the economy until the recovery from recession is firmly established.

Secured orders in late 2009 showed that the confidence of customers was increasing. Businesses that have consumed their stocks will raise output cautiously to meet rising demands. The Group will continue to monitor the market conditions closely to take the best action while the economy is on the way to recovery.

The packaging business is expected to perform better in 2010 as industry consolidation has strengthened further our market lead. This is based on our ability to deliver quality products with a rapid turn around time. We expect the profitability of the packaging business to improve following new measures to trim operational costs.

While there is still a problem of over-supply in the luggage industry after the downturn, it is difficult to predict whether sales could attain growth in 2010. The orders from the US customers may continue to drop as consumer demand remains weak. The European market appears to be more stable than that in North America. We expect growth in revenue from this market segment in 2010. The luggage business is looking to create new revenue streams following the economic downturn, turning also to the Chinese domestic market. Design and development activities are vital for generating orders from existing customers and for establishing a long-term relationship with new customers. Resources have been allocated to strengthen both the sales and development teams to develop business in China, which would enable us to have a greater understanding of customer's needs. Results so far have been encouraging. The revenues generated from the mainland market have compensated for the shortfall in revenues from the US customers during the period of downturn. Given the overall improvements in the luggage business, and the widening of our customer base from our marketing efforts, the luggage business should achieve a better performance in line with the recovery of the world economy.

FINANCIAL REVIEW

Liquidity and Financial Resources

As of 31 December 2009, the Group's utilized bank borrowings amounted to approximately HK$2,742.5 million (31 December 2008: HK$2,769.2 million).

The structure of the Group's bank borrowings as of 31 December 2009 is summarized below:

Currency of Bank Loans	Total	Due within One Year	Due more than One Year but not exceeding Two Years	Due more than Two Years but not exceeding Five Years
	HK$'M	HK$'M	HK$'M	HK$'M
RMB	979.0	372.5	282.8	323.7
HK$	1,749.1	189.1	1,560.0	—
US$	14.4	14.4	—	—
	2,742.5	576.0	1,842.8	323.7

Secured debt accounted for approximately 35.7% of total borrowings as at 31 December 2009 (31 December 2008: 29.0%).

Total cash and bank balances and time deposits amounted to HK$3,784.6 million as of 31 December 2009 (2008: HK$2,005.6 million), which included HK$1.0 million (2008: HK$328.2 million) of deposits pledged to banks. The increase in the cash balance was the result of the net proceeds amounting to approximately HK$2,478 million received from the placement of 428 million new shares in July 2009 to independent investors at a price of HK$5.92 per share, and the proceeds from property sales.

As of 31 December 2009, the Group's net cash balance was HK$1,042.1 million (31 December 2008: net borrowings of HK$763.6 million). Details were:

	2009 **HK$ million**	2008 HK$ million
Cash and bank balances and time deposits	**3,784.6**	2,005.6
Less: Total bank and other borrowings	**(2,742.5)**	(2,769.2)
Net cash/(net borrowings) position	**1,042.1**	(763.6)

Owners' equity was HK$11,807.6 million (31 December 2008: HK$9,275.6 million).

The Group is at net cash position as at 31 December 2009, after netting off total bank and other borrowings against cash and bank balances and time deposits. (31 December 2008: a net gearing ratio of approximately 8.2%, calculated by net borrowings of HK$763.6 million divided by total equity). This liquidity gives the Group flexibility to make rapid responses to market conditions and to maintain sufficient liquid funds to meet strategic initiatives in the future.

Investment

At 31 December 2009, the Group held a portfolio of listed and unlisted equity securities and a convertible note (issued by a company listed on the Stock Exchange) with a carrying value of HK$947.9 million (31 December 2008: HK$190.8 million). The amount of dividends, interest and other income from investments for the year was HK$9.0 million (2008: HK$10.3 million).

Contingent Liabilities/Financial Guarantees

At 31 December 2009, the Group had the following contingent liabilities/financial guarantees:

a. Guarantees given to banks in connection with facilities granted to an associate in the amount of HK$13.5 million (2008: HK$13.5 million).

b. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group and its jointly-controlled entity's property units in the amount of HK$614.9 million (2008: HK$343.7 million) and nil (2008: HK$8.3 million) respectively.

Pledge of Assets

At 31 December 2009, the Group has pledged the followings:

a.	Leasehold properties as security for general banking facilities granted to the Group.	HK$5.7 million
b.	Fixed deposits as security for general banking facilities granted to the Group.	HK$1.0 million
c.	Properties under development, prepaid land lease payments, completed properties held for sale and investment properties pledged to secure banking facilities granted to the Group and a former shareholder of a subsidiary acquired by the Group during the year.	RMB3,939.7 million

Exchange Risks

The sales and purchase transactions of the Group's manufacturing business are primarily conducted in US dollars, Hong Kong dollars and/or RMB. The Group does not carry out currency hedging for these transactions but includes potential exchange fluctuations as an element in product costing. On account of the relatively short time required for revenue recognition for this business, the foreign exchange exposure is considered minimal. For the Group's property business, sales transactions and all major cost items are denominated in RMB. Therefore the foreign exchange exposure for the property business is minimal.

EVENTS AFTER THE REPORTING PERIOD

a. In February 2010, the Group acquired a 51% interest and the shareholder's loan in a company which owns a piece of land in Nanmenshan, Fuling District, Chongqing, at a total consideration of RMB43.4 million through its 61% owned subsidiary which owns the Verakin New Park City Project. The land site has a GFA of about 69,000 sqm for residential and commercial development.

b. In February 2010, the Group disposed of its remaining 60% interest in Wisdom Gain Group Limited, a company holding the Jintang Project, together with the related loan and receivables at a total consideration of HK$340 million. The gain on disposal is expected to be about HK$21.0 million.

c. In March 2010, the Group acquired the remaining 3.5% interest in Chengdu Shengshi Jingwei Real Estate Investment Company Limited ("Chengdu Shengshi") from the minority shareholder at a total consideration of RMB21,546,000 through its 51% owned subsidiary, Chengdu Guojia Cheer Gain Property Company Limited. After completion of the transaction, the Group has effectively 51% interest in Chengdu Shengshi.

EMPLOYEES

At 31 December 2009, the Group had approximately 4,210 employees. The Group remunerates its staff based on their merit, qualification and competence. The Group has also established an incentive bonus scheme to reward individual employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. Other benefits include contributions to a provident fund scheme, mandatory provident fund, and medical insurance.

During the year, option to subscribe for 17,500,000 shares at the exercise price of HK$3.27 per share was granted under the share option scheme to a director of the Company. Total fair value of the share option granted was approximately HK$26 million. For the year ended 31 December 2009, an amount of HK$43.4 million (2008: HK$59.6 million) was charged off as equity-settled share option expense to the income statement.

The Company is committed to maintaining a high standard of corporate governance. The board of directors of the Company (the "Board") considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for a slight deviation from Code Provision A.4.1 of the Code as explained in the relevant paragraph below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules (as amended from time to time) as its own codes of conduct regarding securities transactions by directors.

Following specific enquiries made, all directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

Currently, the Board is chaired by Mr. Cheung Chung Kiu. It consists of nine executive directors and four non-executive directors, three of whom are independent. Names and other details of the members of the Board are set out under the heading of "Profiles of the Directors" on pages 28 to 29. The current structure and composition have provided an appropriate mix of skills and experience on the Board. The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained.

The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The day-to-day management of the Company is delegated to the Managing Director who is supported by various management committees including the Executive Committee, the Remuneration Committee and the Audit Committee. The current Managing Director is Dr. Lam How Mun Peter who is also Deputy Chairman.

The Chairman sets the agenda for the Board and takes the lead in the formulation of objectives, strategies and actions at the directorate level. He ensures that members of the Board receive accurate, timely and clear information, and that matters to be taken into consideration are given their due weight, so that sound decisions can be made. He works with the Company Secretary to ensure that the Board properly exercises its powers, that its meetings and procedures comply strictly with all rules and requirements, and that full and proper records are maintained. Procedures are also established for every director to have access to supporting papers and relevant information for each scheduled meeting. All directors also have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense.

During 2009, four full regular board meetings were held and details of attendance are as follows:

Name of directors	Number of meetings Attended/Held
Executive Directors:	
Mr. Cheung Chung Kiu *(Chairman)*	4/4
Dr. Lam How Mun Peter *(Deputy Chairman & Managing Director)*	4/4
Mr. Tsang Wai Choi *(Deputy Chairman)*	2/4
Mr. Lam Hiu Lo	4/4
Mr. Leung Chun Cheong	4/4
Mr. Leung Wai Fai	4/4
Ms. Poon Ho Yee Agnes	4/4
Mr. Wu Hong Cho	4/4
Dr. Wong Kim Wing	4/4
Non-executive Director:	
Mr. Wong Yat Fai	4/4
Independent Non-executive Directors:	
Mr. Lam Kin Fung Jeffrey	4/4
Mr. Leung Yu Ming Steven	4/4
Dr. Wong Lung Tak Patrick	4/4

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate. The main responsibility of Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Managing Director is responsible for the day-to-day management of the Company's business, recommending strategies to the Board, and determining and implementing operational decisions.

NON-EXECUTIVE DIRECTORS

The Company has deviated from the requirements of Code Provision A.4.1 of the Code, which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing non-executive directors of the Company are appointed for a specific term. Nevertheless, the length of tenure of non-executive directors is governed by the Company's Bye-laws which require every director to retire by rotation at the annual general meeting at least once every three years. A retiring director is eligible for re-election. This stipulation is consistent with the requirements of Code Provision A.4.1 of the Code. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than the required standard set out in the Code.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and the Board has reviewed their independence based on such confirmation and concluded that all of the independent non-executive directors remain independent.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group.

In addition to the Executive Committee, the Board has set up two committees in accordance with the Code, namely the Remuneration Committee and the Audit Committee. There is no Nomination Committee, the establishment of which is a recommended best practice by the Stock Exchange. The function of nomination of new directors is undertaken by the Board. Under the Company's Bye-laws, the Board has power from time to time and at any time to appoint any person as a director to fill a causal vacancy or as additional director, subject to authorization by shareholders in general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu.

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. to determine the specific remuneration packages of all executive directors;
3. to review and approve performance-based remuneration;
4. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
5. to ensure that no director or any of his associates is involved in deciding his own remuneration; and
6. to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules.

During 2009, the Remuneration Committee held one meeting which was attended by all its members. It has reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the independent non-executive directors, the existing share option policy, the retirement benefit schemes, and the long-term incentive arrangement. The Remuneration Committee also determined the specific remuneration package of the executive directors of the Company.

Details of the directors' remuneration are set out in note 9 to the financial statements.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey.

The major roles and functions of the Audit Committee are as follows:

1. to review the annual report and half-year report before submission to the Board;
2. to review the Group's financial and accounting policies and practices;
3. to review the financial controls, internal control and risk management systems;
4. to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
5. to review and consider the management letter prepared by the external auditors and matters related to the affairs of the Group, and the management's response;
6. to be primarily responsible for making recommendation to the Board on the appointment, of the external auditor, to approve the remuneration and terms of engagement of the external auditor, to approve the provision of non-audit services by the external auditors, and any questions of resignation or dismissal of that auditor; and
7. to report to the Board on the matters set out in the provisions of the Code relating to Audit Committee.

The Audit Committee held three meetings in 2009 all of which were attended by all its members.

Draft and final versions of minutes of meetings of the Audit Committee are sent to all members within reasonable time after each meeting for their comment and records. Such minutes of meetings of the Audit Committee are then tabled to the Board for noting and for adoption by the Board where appropriate.

The Audit Committee has reviewed together with the management and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's audited financial results for the year ended 31 December 2009. The Audit Committee reviews the financial statements before submission to the Board. When reviewing the Company's interim and annual reports, the Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements.

The Audit Committee has also reviewed with the management the system of internal control covering all material controls, including financial, operational and compliance controls and risk management functions. The Audit Committee has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditors, Messrs. Ernst & Young amounted to a total of HK$3,895,000, of which HK$3,400,000 was for audit services and HK$495,000 for non-audit services (including review, tax and consultancy services).

In addition, the remuneration paid/payable to some subsidiaries' auditors amounted to a total of HK$587,000, of which HK$563,000 was for audit services and HK$24,000 for non-audit services including tax services.

INTERNAL CONTROLS

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. The Company has maintained an internal audit function which is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function forms part of the permanent establishment of the Group.

The internal audit function monitors the adequacy and effectiveness of the internal control systems established within the Company and its subsidiaries for safeguarding assets against unauthorized use, for maintaining proper accounting records, and for ensuring the reliability of financial information. Functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Group and to provide reasonable assurance against material misstatement, errors, losses or fraud. The work of the internal audit function is generally focused on identifying, monitoring and reporting on major risks faced by the Group, including those related to business operations, compliance with laws and regulations and financial reporting. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Board recognizes that the Group's internal control system plays a key role in the management of risks, and the assurance of continued compliance with laws and regulations by the Group. The Audit Committee has kept under review the system of internal control. The Board has also conducted an annual review of the effectiveness of internal control system. Based on review undertaken together with, and reports submitted by, the management, the Audit Committee will provide the Board with advice on the adequacy of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, in order to ensure that an effective internal control system is put in place.

During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the Code. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they 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 statement of the external auditors of the Company, Messrs Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on page 62.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company comprise investment holding and the provision of corporate management services. Details of the principal activities of the subsidiaries are set out in note 20 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 63 to 131.

The directors recommend the payment of a final dividend of HK$0.03 per share in respect of the year to the shareholders on the register of members on 24 May 2010.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 132. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Details of movements in the property, plant and equipment of the Company and of the Group and investment properties and properties under development of the Group during the year are set out in notes 15, 16 and 25.1 to the financial statements. Further details of the Group's major properties are on pages 7 to 11.

ASSOCIATES

Particulars of the Group's associates are set out in note 21 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 39 to the financial statements.

On 28 July 2009, the Company and Thrivetrade Limited ("Thrivetrade"), a substantial shareholder of the Company and wholly-owned by Mr. Cheung Chung Kiu, Chairman of the Company, entered into a Top-up Placing and Subscription Agreement (the "Agreement") with J.P. Morgan Securities (Asia Pacific) Limited and Citigroup Global Markets Asia Limited (collectively the "Placing Agents") for the purpose of raising capital for the Company. Pursuant to the Agreement, Thrivetrade placed an aggregate of 428 million existing ordinary shares of the Company to private investors at the placing price of HK$5.92 each and subscribed for an aggregate of 428 million new ordinary shares of the Company at a total subscription price equal to the total placing price received by Thrivetrade from the Placing Agents after expenses. The placing of existing ordinary shares and the subscription of new ordinary shares under the Agreement were completed respectively on 31 July 2009 and 6 August 2009. Net proceeds of approximately HK$2,478 million were raised from the subscription of new ordinary shares under the Agreement, which amount will be used to fund core business expansion of the Company.

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act 1981 of Bermuda or in the Company's Bye-laws.

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$291,248,000 of which HK$77,054,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$9,522,583,000, may be distributed in form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions amounting to HK$136,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers in aggregate accounted for 14% of the total sales for the year and sales to the largest customer included therein amounted to 4%. Purchases from the Group's five largest suppliers accounted for 35% of the total purchases for the year and purchases from the largest supplier included therein amounted to 9%.

None of the directors, their associates or shareholders, who to the knowledge of the directors own more than 5% of the Company's issued share capital, had any interest in any of the five largest customers.

DIRECTORS

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

Executive directors:

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter *(Deputy Chairman and Managing Director)*
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Leung Wai Fai
Ms. Poon Ho Yee Agnes
Dr. Wong Kim Wing
Mr. Wu Hong Cho

Non-executive director:

Mr. Wong Yat Fai

Independent non-executive directors:

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Cheung Chung Kiu, Mr. Tsang Wai Choi, Mr. Lam Hiu Lo, Mr. Leung Wai Fai and Mr. Leung Yu Ming Steven will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. All other remaining directors continue in office.

The Company has received from each of Messrs. Lam Kin Fung Jeffrey, Leung Yu Ming Steven and Wong Lung Tak Patrick an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and the Board has reviewed their independence based on such confirmation and concluded that all of the independent non-executive directors remain independent.

DIRECTORS' BIOGRAPHIES

Updated biographical details of the directors of the Company are set out on pages 28 to 29. During the year, Mr. Lam Kin Fung Jeffrey was appointed as Independent Non-executive Director of Wynn Macau, Limited (the shares of which have been listed on the Stock Exchange since 9 October 2009) in September 2009. Dr. Wong Lung Tak Patrick was appointed as Independent Non-executive Director of Ruinian International Limited (the shares of which have been listed on the Stock Exchange since 19 February 2010) in March 2008 and as Independent Non-executive Director of Vertex Group Limited on 3 February 2010.

DIRECTORS' SERVICE CONTRACTS

No director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

Details of the directors' remuneration and the five highest paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications and competence of individual employee which are reviewed regularly in order to provide compensation packages at market rates which reward successful performance and attract, retain and motivate employees. The Company has adopted a share option scheme as long-term incentive to eligible employees and directors, details of which are set out in note 42 to the financial statements.

The remuneration policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages sufficient to attract, retain and motivate high quality executives to serve the Company. The fee for non-executive director is determined with reference to his/her duties and level of responsibility with the Company and is reviewed on an annual basis.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company (long positions)

Name of directors	Interest in shares: Personal interest	Interest in shares: Corporate interest	Interest in underlying shares pursuant to share options [3]	Aggregate interest	Approximate percentage [4]
Mr. Cheung Chung Kiu		1,294,165,207 [1&2]		1,294,165,207	50.31
Dr. Lam How Mun Peter	11,000		39,039,000	39,050,000	1.52
Mr. Tsang Wai Choi	3,314,000			3,314,000	0.13
Mr. Leung Chun Cheong	534,000		1,500,000	2,034,000	0.08
Mr. Leung Wai Fai			3,000,000	3,000,000	0.12
Ms. Poon Ho Yee Agnes	104,000		2,000,000	2,104,000	0.08
Dr. Wong Kim Wing	250,000		2,000,000	2,250,000	0.09
Mr. Wu Hong Cho			1,800,000	1,800,000	0.07

Notes:

1. 254,239,636 of such shares were held through Regulator Holdings Limited ("Regulator"), an indirect wholly-owned subsidiary of Yugang International Limited ("Yugang", which was owned by Chongqing Industrial Limited ("Chongqing"), Timmex Investment Limited ("Timmex") and Mr. Cheung Chung Kiu in aggregate as to 44.06%). Mr. Cheung Chung Kiu was deemed to be interested in the same number of shares held by Regulator by virtue of his indirect shareholding interests in Chongqing. As Mr. Cheung Chung Kiu had 100% beneficial interest in Timmex, he was also deemed to be interested in the same number of shares held by Timmex through Regulator.

   1,039,925,571 of such shares were held through Thrivetrade, a company wholly-owned by Mr. Cheung Chung Kiu. Accordingly, he was also deemed to be interested in the same number of shares in which Thrivetrade was interested.

2. Mr. Cheung Chung Kiu, Peking Palace Limited, Miraculous Services Limited and Prize Winner Limited had 35%, 30%, 5% and 30% equity interest in Chongqing respectively. Peking Palace Limited and Miraculous Services Limited were beneficially owned by Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung Chung Kiu and his family. Prize Winner Limited was beneficially owned by Mr. Cheung Chung Kiu and his associates. Mr. Cheung Chung Kiu had 100% beneficial interest in Timmex.

3. Details of the directors' interests in the share options of the Company are set out in the section headed "Share Options" below.

4. Percentage which the aggregate long position in the shares or underlying shares represents to the issued share capital of the Company as at 31 December 2009.

Save as disclosed above, as at 31 December 2009, the Company had not been notified of 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) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Options" below, and in the share option scheme disclosures set out in note 42 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement 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, and none of the directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

A summary of the existing share option scheme adopted on 29 April 2005 and its other details are set out in note 42 to the financial statements. Details of the options to subscribe for shares of the Company granted under such scheme and their movements during the year are set out below:

Name or category of participants	Number of share options: At 1 January 2009	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	At 31 December 2009	Date of grant [1]	Exercise period	Exercise price [2] HK$ per share	Closing price immediately before the date of grant HK$ per share
Directors										
Lam How Mun Peter	2,000,000	–	–	–	–	2,000,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	1,939,000	–	–	–	–	1,939,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	6,000,000	–	–	–	–	6,000,000	16-02-2007	01-01-2008 to 15-02-2017	4.81	4.67
	2,000,000	–	–	–	–	2,000,000	19-04-2007	01-01-2008 to 18-04-2017	5.26	5.40
	2,000,000	–	–	–	–	2,000,000	19-04-2007	01-01-2009 to 18-04-2017	5.26	5.40
	4,000,000	–	–	–	–	4,000,000	27-04-2007	01-01-2008 to 26-04-2017	5.37	5.40
	1,800,000	–	–	–	–	1,800,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	1,800,000	–	–	–	–	1,800,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	–	17,500,000	–	–	–	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	17,500,000	–	–	–	39,039,000				
Leung Chun Cheong	500,000	–	–	–	–	500,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	500,000	–	–	–	–	500,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	1,500,000	–	–	–	–	1,500,000				
Leung Wai Fai	1,000,000	–	–	–	–	1,000,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	1,000,000	–	–	–	–	1,000,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	500,000	–	–	–	–	500,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	3,000,000	–	–	–	–	3,000,000				
Poon Ho Yee Agnes	500,000	–	–	–	–	500,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	500,000	–	–	–	–	500,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	2,000,000	–	–	–	–	2,000,000				
Wong Kim Wing	1,000,000	–	–	–	–	1,000,000	10-07-2008	03-01-2009 to 28-10-2017	5.27	5.20
	1,000,000	–	–	–	–	1,000,000	10-07-2008	03-01-2010 to 28-10-2017	5.27	5.20
	2,000,000	–	–	–	–	2,000,000				
Wu Hong Cho	400,000	–	–	–	–	400,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	400,000	–	–	–	–	400,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	500,000	–	–	–	–	500,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	1,800,000	–	–	–	–	1,800,000				

Name or category of participants	Number of share options: At 1 January 2009	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	At 31 December 2009	Date of grant [1]	Exercise period	Exercise price [2] HK$ per share	Closing price immediately before the date of grant HK$ per share
Employees										
In aggregate	1,525,000	–	–	–	–	1,525,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	2,650,000	–	–	–	–	2,650,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	200,000	–	–	–	–	200,000	19-04-2007	01-01-2008 to 18-04-2017	5.26	5.40
	500,000	–	–	–	–	500,000	19-04-2007	01-01-2009 to 18-04-2017	5.26	5.40
	2,150,000	–	–	–	–	2,150,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	2,150,000	–	–	–	–	2,150,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	200,000	–	–	–	–	200,000	10-07-2008	30-01-2009 to 28-10-2017	5.27	5.20
	200,000	–	–	–	–	200,000	10-07-2008	30-01-2010 to 28-10-2017	5.27	5.20
	280,000	–	–	–	–	280,000	10-07-2008	18-02-2009 to 01-11-2017	5.27	5.20
	280,000	–	–	–	–	280,000	10-07-2008	18-02-2010 to 01-11-2017	5.27	5.20
	800,000	–	–	–	–	800,000	10-07-2008	28-03-2009 to 02-01-2018	5.27	5.20
	800,000	–	–	–	–	800,000	10-07-2008	28-03-2010 to 02-01-2018	5.27	5.20
	80,000	–	–	–	–	80,000	10-07-2008	01-04-2010 to 24-03-2018	5.27	5.20
	80,000	–	–	–	–	80,000	10-07-2008	01-04-2011 to 24-03-2018	5.27	5.20
	11,895,000	–	–	–	–	11,895,000				
Others										
In aggregate	1,000,000	–	–	–	–	1,000,000	11-12-2006	01-01-2008 to 10-12-2016	4.95	4.90
	1,000,000	–	–	–	–	1,000,000	11-12-2006	01-01-2009 to 10-12-2016	4.95	4.90
	500,000	–	–	–	–	500,000	10-07-2008	10-07-2008 to 07-08-2017	5.27	5.20
	500,000	–	–	–	–	500,000	10-07-2008	01-07-2009 to 07-08-2017	5.27	5.20
	3,000,000	–	–	–	–	3,000,000				
Total	**46,734,000**	**17,500,000**	**–**	**–**	**–**	**64,234,000**				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The directors have estimated that the fair value of the options for 17,500,000 shares granted to Dr. Lam How Mun Peter (director of the Company) during the year calculated using the binomial option pricing model as at the date of grant of options was HK$26,024,000.

The fair value of the share options calculated using the binomial model is subject to certain fundamental limitations, due to the subject nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The fair value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 31 December 2009, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares held (long positions)	Approximate percentage [3]
Regulator	Beneficial interest	254,239,636 [1]	9.88
Yugang International (B.V.I.) Limited ("Yugang-BVI")	Interest of controlled corporation	254,239,636 [1]	9.88
Yugang	Interest of controlled corporation	254,239,636 [1]	9.88
Chongqing	Interest of controlled corporation	254,239,636 [1]	9.88
Palin Holdings Limited ("Palin")	Interest of controlled corporation	254,239,636 [1]	9.88
Thrivetrade	Beneficial interest	1,039,925,571 [2]	40.42
T. Rowe Price Associate, Inc. and its Affiliates	Investment manager	129,620,000	5.03

Notes:

1. The interests held by Regulator, Yugang-BVI, Yugang, Chongqing and Palin respectively as shown above refer to interests in the same block of shares above. Regulator is a direct wholly-owned subsidiary of Yugang-BVI which is in turn a direct wholly-owned subsidiary of Yugang. Yugang was owned by Chongqing, Timmex and Mr. Cheung Chung Kiu in aggregate as to 44.06%. Chongqing, Timmex and Palin are controlled by Mr. Cheung Chung Kiu. The said interests were also included in the interest in shares of the Company of Mr. Cheung Chung Kiu as disclosed under paragraph "Interests in the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

2. These shares were also included in the interest in shares of the Company of Mr. Cheung Chung Kiu as disclosed under paragraph "Interests in the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

3. Percentage which the aggregate long position in the shares represents to the issued share capital of the Company as at 31 December 2009.

Save as disclosed above, as at 31 December 2009, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company that were required to be recorded in the register kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year and up to the date of this report, the Group had entered into the following connected transactions:

1. On 12 May 2009, Sichuan Senxin Real Estate Company Limited ("Sichuan Senxin", an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement (the "Sichuan Yongqiao Agreement") with Mr. Wang Xiao Lin ("Mr. Wang", a director of an indirect subsidiary of the Company and holding 39.6% of the equity capital of the indirect subsidiary) to acquire from Mr. Wang his 5% equity interest in Sichuan Yongqiao Land Company Limited ("Sichuan Yongqiao", an entity owned beneficially as to 95% by Sichuan Senxin and as to 5% by Mr. Wang) at an aggregate consideration of RMB7,095,125 representing the aggregate of (i) an amount of RMB1,500,000, being the consideration for the transfer of 5% equity interest in Sichuan Yongqiao; and (ii) an amount of RMB5,595,125, being Mr. Wang's shareholder's loan to be taken up subject to the terms and conditions of the Sichuan Yongqiao Agreement. After completion, the Group's holding in the registered capital of Sichuan Yongqiao increased from 95% to 100%.

2. On 31 August 2009, Chongqing Top Pioneer Realty Company ("Chongqing Top Pioneer", an indirect wholly-owned subsidiary of the Company) entered into an agreement (the "Chongqing Verakin Agreement") with Verakin Group Company Limited ("Verakin Group") to acquire from Verakin Group 10% equity interest in Chongqing Verakin Real Estate Company Limited ("Chongqing Verakin", which was owned beneficially as to 51% by Chongqing Top Pioneer and as to 49% by Verakin Group prior to the acquisition) at a cash consideration of RMB25,000,000 (the "Consideration"). Under the Chongqing Verakin Agreement, Verakin Group was also granted an option (the "Buy-Back Option") to repurchase this 10% equity interest in Chongqing Verakin, which may be exercised within 3 years from the date of the Chongqing Verakin Agreement and subject to the fulfillment of certain conditions. The exercise price for the Buy-Back Option shall be equal to the Consideration plus an increment of 1% per month on the Consideration calculated for the period from the completion date of the Chongqing Verakin Agreement to the date of completion of the repurchase and, if any, additional capital contributions made by the Group as a result of its increased equity interest during that period. The Chongqing Verakin Agreement provided for increased financial support from the Group to Chongqing Verakin to cater for an anticipated upturn in the property market in the near future. If exercised, the Buy-Back Option will enable Chongqing Top Pioneer to receive a reasonable compensation by way of the increment in the repurchase price.

3. On 21 December 2009, a resolution was passed by the board of Chengdu Guojia Cheer Gain Property Company Limited ("Guojia JV") to approve the contribution by Sichuan Guojia Property Company Limited ("Guojia Property", a substantial shareholder of Guojia JV) of the amount of RMB271,800,000 in cash to the capital of Guojia JV for the purpose of funding, in part, payment of the land premium payable by Guojia JV following the acquisition of 96.5% of the registered capital in Chengdu Shengshi Jingwei Real Estate Investment Company Limited ("Chengdu Shengshi") as announced by the Company on 8 December 2009. After completion, Guojia JV was owned as to 51% by the Group.

4. On 10 February 2010, Chongqing Verakin entered into an agreement with Verakin Group (the "Acquisition Agreement") to acquire from Verakin Group 51% equity interest in Verakin Wenlong Real Estate Company Limited ("Verakin Wenlong") and the benefit of a loan advanced by Verakin Group to Verakin Wenlong for a total consideration of RMB43,407,448.60. Completion of the Acquisition Agreement involved the novation of a joint venture agreement (the "JV Agreement") so that Chongqing Verakin replaced Verakin Group as a party to the JV Agreement. Under the JV Agreement as novated, Chongqing Verakin guaranteed to Chongqing Xinhua Bookstore Group Real Estate Development Limited ("Xinhua Bookstore") that its total share of after-tax profit from the development of the land site located in Nanmenshan, Fuling District, Chongqing shall be not less than RMB15,000,000 and that Chongqing Verakin shall procure Verakin Wenlong to grant certain property purchase option to the parent company of Xinhua Bookstore. The acquisition enabled an enhancement of the Group's property portfolio and market coverage in Chongqing.

5. On 2 March 2010, Guojia JV entered into an agreement (the "Exercise Agreement") with a minority equity holder of Chengdu Shengshi whereby Guojia JV exercised its option to acquire from the minority equity holder his 3.5% of interest in Chengdu Shengshi for a total consideration of RMB21,546,000. Pursuant to an earlier agreement dated 4 December 2009, Guojia JV had acquired from the equity holders (including the aforesaid minority equity holder) of Chengdu Shengshi an aggregate of 96.5% of the registered capital in Chengdu Shengshi and was granted the option to acquire the remaining 3.5%. Exercise of the option enabled Guojia JV to attain a 100% interest holding in Chengdu Shengshi.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

In accordance with the requirement of Rule 13.21 of the Listing Rules, details of all loan facilities, which existed during the year, including conditions relating to specific performance of the controlling shareholders of the Company are reported below.

On 3 January 2008, an agreement (the "Facility Agreement") was entered into between the Company as borrower, various companies in the Group as guarantors, The Hongkong and Shanghai Banking Corporation Limited as agent and various financial institutions as lenders, whereby a 3-year term loan facility of HK$1,950,000,000 (the "Facility") was provided to the Company. Under the Facility Agreement, a specific performance obligation was imposed on Mr. Cheung Chung Kiu to control 35% or more of the beneficial shareholding interest in the issued capital of the Company carrying 35% or more of the voting rights and to have management control of the Company. Non-compliance with the aforesaid obligation by Mr. Cheung Chung Kiu would constitute an event of default under the Facility Agreement upon the occurrence of which the lenders shall have the right to cancel their commitments under the Facility, to declare all or any part of the loan made under the Facility immediately due and payable, and/or to declare all or any part of the loan made under the Facility payable on demand.

As at 31 December 2009, the outstanding loan balance was HK$1,755,000,000.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events which took place subsequent to the reporting period are set out in note 50 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2009 and up to the date of this report as required under the Listing Rules.

AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

ERNST & YOUNG
安 永

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of C C Land Holdings Limited set out on pages 63 to 131, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong
26 March 2010

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**1,080,638**	1,395,643
Cost of sales		**(875,441)**	(1,277,237)
Gross profit		**205,197**	118,406
Other income and gains	5	**80,212**	244,436
Selling and distribution costs		**(55,781)**	(65,247)
Administrative expenses		**(247,475)**	(248,741)
Other expenses	6	**56,117**	(1,298,468)
Finance costs	7	**(27,949)**	(40,584)
Share of profits and losses of:			
Jointly-controlled entities		**(16,592)**	(14,569)
Associates		**(1,004)**	(1,707)
LOSS BEFORE TAX	8	**(7,275)**	(1,306,474)
Income tax expense	11	**(35,651)**	227,837
LOSS FOR THE YEAR		**(42,926)**	(1,078,637)
Attributable to:			
Owners of the parent	12	**(58,358)**	(837,145)
Minority interests		**15,432**	(241,492)
		(42,926)	(1,078,637)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic and diluted		**HK(2.51) cents**	HK(38.70) cents

Details of dividends are disclosed in note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
LOSS FOR THE YEAR	**(42,926)**	(1,078,637)
Available-for-sale equity investments:		
Changes in fair value	**128,351**	(302,435)
Deferred tax	**(32,088)**	75,609
	96,263	(226,826)
Exchange differences on translation of foreign operations	**16,101**	608,522
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**112,364**	381,696
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**69,438**	(696,941)
Attributable to:		
Owners of the parent	**53,153**	(503,538)
Minority interests	**16,285**	(193,403)
	69,438	(696,941)

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**269,971**	286,668
Investment properties	16	**297,094**	250,294
Prepaid land lease payments	17	**2,258,873**	2,222,536
Goodwill	18	**—**	—
Interests in jointly-controlled entities	19	**726,268**	1,210,921
Interests in associates	21	**1,743**	2,747
Convertible note receivable — loan portion	22	**35,650**	34,212
Available-for-sale investments	23	**900,599**	150,757
Properties under development	25.1	**5,920,718**	6,901,012
Interests in land use rights for property development	25.2	**986,864**	389,098
Total non-current assets		**11,397,780**	11,448,245
CURRENT ASSETS			
Properties under development	25.1	**4,486,862**	851,486
Completed properties held for sale	25.3	**233,011**	352,682
Land development rights	26	**—**	166,270
Prepaid land lease payments	17	**49,839**	58,066
Inventories	27	**51,410**	74,941
Trade and bills receivables	28	**72,902**	116,126
Prepayments, deposits and other receivables	29	**338,575**	551,522
Equity investments at fair value through profit or loss	24	**11,632**	5,855
Conversion option derivative	22	**—**	31
Tax recoverable		**8,325**	20,140
Deposits with brokerage companies	30	**6,420**	906
Pledged deposits	31	**1,000**	328,167
Restricted bank balances	31	**533,237**	11,940
Time deposits with original maturity over three months	31	**993,913**	—
Cash and cash equivalents	31	**2,256,445**	1,665,469
		9,043,571	4,203,601
Non-current asset classified as held for sale	19	**102,539**	—
Total current assets		**9,146,110**	4,203,601
CURRENT LIABILITIES			
Trade payables	32	**919,911**	521,135
Other payables and accruals	33	**1,660,390**	478,630
Call option liability	34	**68,297**	—
Due to a related party	35	**20,000**	20,000
Loans from minority shareholders of subsidiaries	36	**608,144**	48,463
Interest-bearing bank and other borrowings	37	**576,057**	940,566
Tax payable		**59,802**	25,648
Consideration payable on acquisition of subsidiaries		**1,100**	3,100
Total current liabilities		**3,913,701**	2,037,542
NET CURRENT ASSETS		**5,232,409**	2,166,059
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,630,189**	13,614,304

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	37	**2,166,437**	1,828,646
Deferred tax liabilities	38	**1,908,095**	1,898,014
Total non-current liabilities		**4,074,532**	3,726,660
Net assets		**12,555,657**	9,887,644
EQUITY			
Equity attributable to owners of the parent			
Issued capital	39	**257,263**	214,463
Reserves	40(a)	**11,550,372**	9,061,147
		11,807,635	9,275,610
Minority interests		**748,022**	612,034
Total equity		**12,555,657**	9,887,644

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

		Attributable to owners of the parent									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Surplus account HK$'000 (Note)	Exchange fluctuation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008		216,538	7,102,561	90,554	408,365	282,203	1,669,156	76,906	9,846,283	808,019	10,654,302
Loss for the year		—	—	—	—	—	(837,145)	—	(837,145)	(241,492)	(1,078,637)
Other comprehensive income/(loss) for the year		—	—	—	560,433	(226,826)	—	—	333,607	48,089	381,696
Total comprehensive income/(loss) for the year		—	—	—	560,433	(226,826)	(837,145)	—	(503,538)	(193,403)	(696,941)
Exercise of share options		197	14,527	—	—	—	—	(4,855)	9,869	—	9,869
Partial disposal of an interest in a subsidiary		—	—	—	—	—	—	—	—	1,828	1,828
Repurchases of shares	39	(2,272)	(29,494)	—	—	—	—	—	(31,766)	—	(31,766)
Dividend paid to a minority shareholder		—	—	—	—	—	—	—	—	(4,410)	(4,410)
Final 2007 dividend declared		—	—	—	—	—	(108,315)	—	(108,315)	—	(108,315)
Equity-settled share option arrangements	42	—	—	—	—	—	—	63,077	63,077	—	63,077
At 31 December 2008		214,463	7,087,594*	90,554*	968,798*	55,377*	723,696*	135,128*	9,275,610	612,034	9,887,644
At 1 January 2009		**214,463**	**7,087,594**	**90,554**	**968,798**	**55,377**	**723,696**	**135,128**	**9,275,610**	**612,034**	**9,887,644**
Loss for the year		**—**	**—**	**—**	**—**	**—**	**(58,358)**	**—**	**(58,358)**	**15,432**	**(42,926)**
Other comprehensive income for the year		**—**	**—**	**—**	**15,248**	**96,263**	**—**	**—**	**111,511**	**853**	**112,364**
Total comprehensive income/(loss) for the year		**—**	**—**	**—**	**15,248**	**96,263**	**(58,358)**	**—**	**53,153**	**16,285**	**69,438**
Placement of new shares	39	**42,800**	**2,490,960**	**—**	**—**	**—**	**—**	**—**	**2,533,760**	**—**	**2,533,760**
Share issue expenses	39	**—**	**(55,971)**	**—**	**—**	**—**	**—**	**—**	**(55,971)**	**—**	**(55,971)**
Acquisition of minority interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(101,640)**	**(101,640)**
Deemed acquisition of subsidiaries	41(a)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**222,330**	**222,330**
Acquisition of a subsidiary that is not a business	41(b)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,933**	**2,933**
Dividend paid to a minority shareholder		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,920)**	**(3,920)**
Final 2008 dividend declared	13	**—**	**—**	**—**	**—**	**—**	**(42,893)**	**—**	**(42,893)**	**—**	**(42,893)**
Equity-settled share option arrangements	42	**—**	**—**	**—**	**—**	**—**	**—**	**43,976**	**43,976**	**—**	**43,976**
At 31 December 2009		**257,263**	**9,522,583***	**90,554***	**984,046***	**151,640***	**622,445***	**179,104***	**11,807,635**	**748,022**	**12,555,657**

Note: The surplus account represents the aggregate of the reserves other than the retained profits of the subsidiaries at 1 April 1998 and the excess of the nominal value of the shares issued and issuable by the Company over the nominal value of the issued share capital of the subsidiaries acquired pursuant to the group reorganisation in 1998.

* These reserve accounts comprise the consolidated reserves of HK$11,550,372,000 (2008: HK$9,061,147,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,275)**	(1,306,474)
Adjustments for:			
Write-back of impairment of trade receivables	5	**(492)**	(515)
Write-back of impairment of other receivables	5	**—**	(31,360)
Impairment of goodwill	6	**—**	32,786
Impairment of interests in associates	6	**—**	29,538
Impairment/(write-back of impairment) of prepaid land lease payments	6	**(31,136)**	393,208
Impairment/(write-back of impairment) of properties under development	6	**(29,986)**	518,471
Impairment/(write-back of impairment) of interests in land use rights for property development	6	**(85,749)**	178,027
Impairment of completed properties held for sale	6	**—**	30,549
Loss arising from land development rights	6	**—**	4,377
Interest income on bank deposits	5	**(8,434)**	(32,151)
Other interest income	5	**(698)**	(6,024)
Depreciation and amortisation	8	**67,878**	76,808
Finance costs	7	**27,949**	40,584
Share of profits and losses of jointly-controlled entities	19	**16,592**	14,569
Share of profits and losses of associates		**1,004**	1,707
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	5,6	**(3,196)**	4,684
Fair value loss on a conversion option derivative	6	**31**	1,827
Fair value loss on a call option liability	6	**8,073**	—
Fair value gains on investment properties	5	**(47,557)**	(22,337)
Loss/(gain) on disposal of investment properties	5,6	**216**	(1,966)
Gain on disposal of interests in land use rights	5	**(2,736)**	—
Gain on partial disposal of an interest in a subsidiary	5	**—**	(138,392)
Interest income from a convertible note receivable	5,8	**(2,188)**	(2,103)
Loss/(gain) on disposal of items of property, plant and equipment	5,6	**4,680**	(111)
Excess over the cost of a deemed acquisition of subsidiaries	5	**(4,614)**	—
Excess over the cost of an acquisition of minority interests	5	**(6,544)**	—
Equity-settled share option expense	6	**43,976**	63,077
Allowance/(write-back of allowance) for obsolete inventories	8	**(488)**	2,880
		(60,694)	(148,341)
Increase in properties under development		**(802,215)**	(770,660)
Increase in land development rights		**—**	(1,827)
Increase in prepaid land lease payments		**(296,617)**	—
Increase in interests in land use rights for property development		**(454,224)**	(343,617)
Decrease in completed properties held for sale		**516,266**	691,512
Decrease in inventories		**24,019**	4,616
Decrease in trade, bills and other receivables, prepayments and deposits		**317,169**	65,280
Decrease/(increase) in equity investments at fair value through profit or loss		**(2,581)**	23,483
Decrease/(increase) in deposits with brokerage companies		**(5,514)**	11,842
Decrease/(increase) in restricted bank balances		**(255,059)**	16,654
Increase/(decrease) in trade and other payables and accruals		**595,929**	(236,961)
Decrease in consideration payable in respect of acquisition of group of assets		**—**	(578,541)
Cash used in operations		**(423,521)**	(1,266,560)

	Notes	2009 HK$'000	2008 HK$'000
Cash used in operations		**(423,521)**	(1,266,560)
Tax paid, net		**(22,050)**	(31,436)
Interest paid		**(87,896)**	(139,315)
Net cash used in operating activities		**(533,467)**	(1,437,311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Deemed acquisition of subsidiaries	41(a)	**834,759**	—
Acquisition of a subsidiary that is not a business	41(b)	**(75,216)**	—
Acquisition of minority interests		**(36,321)**	—
Dividend received from associates		**—**	2,340
Investments in jointly-controlled entities		**(454,000)**	—
Loans to jointly-controlled entities, net		**(52,377)**	(273,173)
Decrease in pledged time deposits		**327,167**	427,342
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(993,913)**	—
Purchases of items of property, plant and equipment		**(9,842)**	(19,157)
Interest received from bank deposits		**8,434**	32,151
Interest received from a convertible note receivable		**750**	750
Other interest received		**698**	6,024
Proceeds from disposal of items of property, plant and equipment		**2,124**	1,911
Proceeds from partial disposal of an interest in a subsidiary		**—**	31,160
Proceeds from disposal of investment properties		**954**	3,561
Proceeds from disposal of interests in land use rights		**19,704**	—
Purchase of available-for-sale investments		**(621,250)**	—
Decrease in consideration payable on acquisition of subsidiaries		**(2,000)**	(48,900)
Net cash flows from/(used in) investing activities		**(1,050,329)**	164,009
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(42,893)**	(108,315)
Dividend paid to a minority shareholder		**(3,920)**	(4,410)
Proceeds from placement of new shares	39	**2,533,760**	—
Share issue expenses	39	**(55,971)**	—
Repurchase of shares	39	**—**	(31,766)
Exercise of share options		**—**	9,869
Loans to minority shareholders of subsidiaries		**(6,588)**	(891)
Additions/(repayment) of bank borrowings, net		**(250,605)**	1,327,584
Repayment of an other loan		**—**	(300,000)
Net cash flows from financing activities		**2,173,783**	892,071
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**589,987**	(381,231)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,665,469**	1,947,116
Effect of foreign exchange rate changes, net		**989**	99,584
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,256,445**	1,665,469
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	31	**2,250,725**	1,032,262
Non-pledged time deposits with original maturity of less than three months when acquired	31	**5,720**	633,207
		2,256,445	1,665,469

Statement of Financial Position

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipments	15	**1,296**	1,672
Interests in subsidiaries	20	**162,212**	162,152
Total non-current assets		**163,508**	163,824
CURRENT ASSETS			
Prepayments, deposits and other receivables	29	**606**	574
Due from subsidiaries	20	**11,845,235**	9,602,495
Cash and cash equivalents	31	**254**	129
Total current assets		**11,846,095**	9,603,198
CURRENT LIABILITIES			
Other payables and accruals	33	**10,304**	15,714
Interest-bearing bank borrowings	37	**189,122**	188,186
Tax payable		**30**	151
Total current liabilities		**199,456**	204,051
NET CURRENT ASSETS		**11,646,639**	9,399,147
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,810,147**	9,562,971
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	37	**1,559,949**	1,749,271
Deferred tax liabilities		**—**	12
Total non-current liabilities		**1,559,949**	1,749,283
Net assets		**10,250,198**	7,813,688
EQUITY			
Issued capital	39	**257,263**	214,463
Reserves	40(b)	**9,992,935**	7,599,225
Total equity		**10,250,198**	7,813,688

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

1. CORPORATE INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) manufacture and sale of watch boxes, gift boxes, spectacles cases, bags and pouches and display units;

(ii) manufacture and sale of soft luggage, travel bags, backpacks and briefcases;

(iii) treasury investment; and

(iv) property development and investment.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of 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. Contingent consideration is recognised if the adjustment is probable and can be measured reliably. Subsequent measurement to the contingent consideration affects goodwill.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments — Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*, which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8, the HKFRS 8 Amendment and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant changes to the accounting policies applied in these financial statements.

The principal effects of adopting the HKFRS 7 Amendments, HKFRS 8, the HKFRS 8 Amendment and HKAS 1 (Revised) are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 48 to the financial statements while the revised liquidity risk disclosures are presented in note 49 to the financial statements.

(b) HKFRS 8 Operating Segments and Amendment to HKFRS 8 *Operating Segments — Disclosure of information about segment assets*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

The Group has early adopted in these financial statements the Amendments to HKFRS 8 issued in *Improvements to HKFRS 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*[2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 3 (Revised), HKFRS 9 and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the consolidated income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2% to 5% or over the unexpired terms of the leases, if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases, if less than 5 years
Electricity supply system	10%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Plant and machinery	10%
Moulds	15%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents assets in the course of construction for production or administrative purposes. They are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Non-current assets and disposal groups (other than investment properties, deferred tax assets, and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as finance lease in property, plant and equipment.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Revenue is only recognised upon completion of the development. Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, quoted and unquoted financial instruments, and derivative financial instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other operating expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial guarantee contracts, derivative financial instruments and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at bank including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of properties, when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectibility of related receivables is reasonably assured;

(c) rental income from properties, in the period in which the properties are let and on a straight-line basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) income from the sale of listed securities, on the trade date.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 42 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, or non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 1.97% (2008: 3.74%) has been applied to the expenditure on the individual assets.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease or other contract and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

Provision for obsolete and slow-moving inventories

The Group has a general provision policy on inventories based on ageing. The Group's sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves a comparison of the carrying values of aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance needs to be made in respect of any obsolete and defective inventories identified.

Impairment loss on trade and other receivables

In determining whether impairment loss on trade and other receivable is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Group's responsible personnel discusses with the relevant customers and reports to management on the recoverability. Impairment loss is only made for receivables that are unlikely to be collected.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. Estimating the value in use requires the Group to make on estimate of the expected future cash flows from the cash-generating unit and requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in note 18.

Land appreciation taxes

Land appreciation tax in the People's Republic of China (the "PRC") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement and the provision for land appreciation taxes in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 38 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

Sale of packaging products segment	—	Manufacture and trading of watch boxes, gift boxes, spectacles cases, bags and pouches, and display units
Sale of travel bags segment	—	Manufacture and trading of soft luggage, travel bags, backpacks and briefcases
Treasury investment segment	—	Investments in securities and convertible notes, and provision of financial services
Property development and investment segment	—	Development and investment of properties located in Mainland China

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information regarding these reportable segments, together with their related revised comparative information, is presented below.

Reportable segment information

Year ended 31 December 2009

	Sale of packaging products HK$'000	Sale of travel bags HK$'000	Treasury investment HK$'000	Property development and investment HK$'000	Total HK$'000
Segment revenue					
Sales to external customers	294,671	132,438	6,392	647,137	1,080,638
Segment results	21,324	(4,086)	7,655	37,841	62,734
Corporate and unallocated income					43,554
Corporate and unallocated expenses					(85,614)
Finance costs					(27,949)
Loss before tax					(7,275)
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	—	—	—	(16,592)	(16,592)
Associates	(1,004)	—	—	—	(1,004)
Capital expenditure in respect of items of property, plant and equipment	462	173	—	9,207	9,842
Depreciation	7,462	1,769	73	10,979	20,283
Amortisation of prepaid land lease payments	573	75	—	47,268	47,916
Fair value gains on investment properties	—	—	—	47,557	47,557
Fair value gains on equity investments at fair value through profit or loss, net	—	—	3,196	—	3,196
Fair value loss on a conversion option derivative	—	—	31	—	31
Fair value loss on a call option liability	—	—	—	8,073	8,073
Impairment/(write-back of impairment) of trade receivables	(541)	49	—	—	(492)
Write-back of impairment losses recognised in respect of the Group's properties portfolio	—	—	—	146,871	146,871
Interests in jointly-controlled entities	—	—	—	726,268	726,268
Interests in associates	1,743	—	—	—	1,743

4. OPERATING SEGMENT INFORMATION *(Continued)*

Reportable segment information *(Continued)*

Year ended 31 December 2008

	Sale of packaging products HK$'000	Sale of travel bags HK$'000	Treasury investment HK$'000	Property development and investment HK$'000	Total HK$'000
Segment revenue					
Sales to external customers	434,953	229,285	(581)	731,986	1,395,643
Segment results	17,088	(32,520)	(9,004)	(1,142,834)	(1,167,270)
Corporate and unallocated income					74,246
Corporate and unallocated expenses					(172,866)
Finance costs					(40,584)
Loss before tax					(1,306,474)
Other segment information:					
Share of profits and losses of					
Jointly-controlled entities	—	—	—	(14,569)	(14,569)
Associates	(1,707)	—	—	—	(1,707)
Capital expenditure in respect of items of property, plant and equipment	2,549	972	—	15,636	19,157
Depreciation	7,867	2,115	73	10,097	20,152
Amortisation of prepaid land lease payments	573	74	—	56,385	57,032
Fair value gains on investment properties	—	—	—	22,337	22,337
Fair value losses on equity investments at fair value through profit or loss, net	—	—	4,684	—	4,684
Fair value loss on a conversion option derivative	—	—	1,827	—	1,827
Impairment/(write-back of impairment) of trade receivables	627	(1,093)	—	(49)	(515)
Write-back of impairment of other receivables	—	—	—	31,360	31,360
Impairment of goodwill	8,968	23,818	—	—	32,786
Impairment of interests in associates	29,538	—	—	—	29,538
Impairment losses recognised in respect of the Group's properties portfolio	—	—	—	1,120,255	1,120,255
Interests in jointly-controlled entities	—	—	—	1,210,921	1,210,921
Interests in associates	2,747	—	—	—	2,747

Geographical information

(a) Revenue from external customers

	2009 HK$'000	2008 HK$'000
Mainland China	**669,533**	757,346
Hong Kong	**97,719**	151,848
Europe	**170,407**	237,306
North and South America	**97,106**	191,325
Others	**45,873**	57,818
	1,080,638	1,395,643

The revenue information above is based on the location of the customers.

(b) Non-current assets

Over 90% of the Group's non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about a major customer

Revenue of approximately HK$120,123,000 (2008: HK$195,148,000) was derived from sales by sale of travel bags segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts; gross proceeds from sale of properties, net of business tax; net gains/(losses) on disposal of equity investments at fair value through profit or loss; gross rental income received and receivable from investment properties and dividend income from listed and unlisted investments during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	2009 HK$'000	2008 HK$'000
Revenue			
Sale of goods		**427,109**	664,237
Sale of properties		**626,899**	712,315
Rental income		**13,458**	12,019
Gains/(losses) on disposal of equity investments at fair value through profit or loss, net		**4,217**	(3,252)
Dividend income from listed investments		**5,926**	8,221
Dividend income from unlisted investments		**841**	—
Interest income from a convertible note receivable		**2,188**	2,103
		1,080,638	1,395,643
Other income and gains			
Bank interest income		**8,434**	32,151
Other interest income		**698**	6,024
Exchange gains, net		**1,629**	—
Excess over the cost of a deemed acquisition of subsidiaries	41(a)	**4,614**	—
Excess over the cost of an acquisition of minority interests		**6,544**	—
Fair value gains on equity investments at fair value through profit or loss, net		**3,196**	—
Gain on disposal of interests in land use rights		**2,736**	—
Gain on partial disposal of an interest in a subsidiary		**—**	138,392
Gain on disposal of investment properties		**—**	1,966
Gain on disposal of items of property, plant and equipment		**—**	111
Write-back of impairment of trade receivables	28	**492**	515
Write-back of impairment of other receivables	29	**—**	31,360
Fair value gains on investment properties	16	**47,557**	22,337
Others		**4,312**	11,580
		80,212	244,436

6. OTHER EXPENSES

	Notes	Group 2009 HK$'000	Group 2008 HK$'000
Exchange losses, net		—	38,537
Impairment of goodwill	18	—	32,786
Impairment of interests in associates	21	—	29,538
Impairment/(write-back of impairment) of prepaid land lease payments	17	**(31,136)**	393,208
Impairment/(write-back of impairment) of properties under development	25.1	**(29,986)**	518,471
Impairment/(write-back of impairment) of interests in land use rights for property development	25.2	**(85,749)**	178,027
Impairment of completed properties held for sale	25.3	—	30,549
Fair value losses on equity investments at fair value through profit or loss, net		—	4,684
Fair value loss on a conversion option derivative		**31**	1,827
Fair value loss on a call option liability		**8,073**	—
Loss on disposal of investment properties		**216**	—
Loss on disposal of items of property, plant and equipment		**4,680**	—
Loss arising from land development rights		—	4,377
Equity-settled share option expense	42	**43,976**	63,077
Provision for late payment of land premium		**32,482**	—
Others		**1,296**	3,387
		(56,117)	1,298,468

7. FINANCE COSTS

	Group 2009 HK$'000	Group 2008 HK$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**94,711**	143,990
Less: Interest capitalised	**(66,762)**	(103,406)
	27,949	40,584

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the following:

	Notes	2009 HK$'000	2008 HK$'000
Cost of inventories sold		354,745	582,388
Cost of properties sold		516,266	691,512
Allowance/(write-back of allowance) for obsolete inventories		(488)	2,880
Depreciation	15	20,283	20,152
Less: Amount capitalised		(321)	(376)
		19,962	19,776
Amortisation of prepaid land lease payments	17	47,916	57,032
Minimum lease payments under operating leases in respect of land and buildings		5,089	4,967
Auditors' remuneration		3,760	3,400
Employee benefits expense (including directors' remuneration (note 9)):			
Wages and salaries		192,473	224,435
Equity-settled share option expense		43,379	59,556
Pension scheme contributions		2,733	2,561
Less: Amount capitalised		(12,030)	(12,861)
		226,555	273,691
Foreign exchange differences, net		(1,629)	38,537
Gross rental income, net of business tax		(13,458)	(12,019)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		4,430	3,337
Net rental income		(9,028)	(8,682)
Interest income from a convertible note receivable		(2,188)	(2,103)

9. DIRECTORS' REMUNERATION

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

	Group	
	2009 HK$'000	2008 HK$'000
Fees	1,450	1,250
Other emoluments:		
Salaries, allowances and benefits in kind	18,384	17,216
Performance related bonuses*	10,000	10,520
Equity-settled share option expense	34,968	36,116
Pension scheme contributions	788	736
	65,590	65,838

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

During the year, a director was granted share options in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 42 to the financial statements. The fair values of such options, which have been recognised in the income statement over the vesting periods, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

9. DIRECTORS' REMUNERATION *(Continued)*

During the year, the Group also provided a leasehold property in Hong Kong as the quarter for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$600,000 (2008: HK$600,000).

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

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2009 HK$'000	2008 HK$'000
Mr. Lam Kin Fung Jeffrey	400	350
Mr. Leung Yu Ming Steven	350	300
Dr. Wong Lung Tak Patrick	350	300
	1,100	950

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2009						
Executive directors:						
Mr. Cheung Chung Kiu	—	—	—	—	—	—
Dr. Lam How Mun Peter	—	5,800	5,000	28,173	240	39,213
Mr. Tsang Wai Choi	—	2,600	2,500	—	120	5,220
Mr. Lam Hiu Lo	—	—	—	—	—	—
Mr. Leung Chun Cheong	—	1,560	300	597	72	2,529
Mr. Leung Wai Fai	—	1,430	1,000	597	66	3,093
Ms. Poon Ho Yee Agnes	—	1,560	300	597	72	2,529
Dr. Wong Kim Wing	—	4,004	600	4,407	152	9,163
Mr. Wu Hong Cho	—	1,430	300	597	66	2,393
	—	18,384	10,000	34,968	788	64,140
Non-executive director:						
Mr. Wong Yat Fai	350	—	—	—	—	350
	350	18,384	10,000	34,968	788	64,490
2008						
Executive directors:						
Mr. Cheung Chung Kiu	—	—	—	—	—	—
Dr. Lam How Mun Peter	—	5,800	5,000	13,311	240	24,351
Mr. Tsang Wai Choi	—	2,080	2,500	—	96	4,676
Mr. Lam Hiu Lo	—	—	—	—	—	—
Mr. Leung Chun Cheong	—	1,495	500	2,843	69	4,907
Mr. Leung Wai Fai	—	1,300	1,000	3,521	60	5,881
Ms. Poon Ho Yee Agnes	—	1,495	300	2,843	69	4,707
Dr. Wong Kim Wing	—	3,746	720	10,890	142	15,498
Mr. Wu Hong Cho	—	1,300	500	2,708	60	4,568
	—	17,216	10,520	36,116	736	64,588
Non-executive director:						
Mr. Wong Yat Fai	300	—	—	—	—	300
	300	17,216	10,520	36,116	736	64,888

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2008: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances, and benefits in kind	**3,328**	2,883
Performance related bonuses	**1,500**	1,300
Equity-settled share option expense	**3,744**	8,491
Pension scheme contributions	**154**	133
	8,726	12,807

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

	No. of individuals	
	2009	2008
HK$3,000,001 to HK$4,000,000	**1**	—
HK$5,000,001 to HK$6,000,000	**1**	—
HK$6,000,001 to HK$7,000,000	**—**	2
	2	2

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	2009	2008
	HK$'000	HK$'000
Group:		
Current charge for the year		
Hong Kong	**3,689**	4,000
Mainland China	**39,484**	2,546
	43,173	6,546
Underprovision/(overprovision) in prior years		
Hong Kong	**(7,702)**	(1,243)
Mainland China	**4,605**	(3,899)
	(3,097)	(5,142)
Land appreciation tax charge for the year	**28,523**	17,964
Deferred tax (note 38)	**(32,948)**	(247,205)
	35,651	(227,837)

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rate is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Loss before tax	**(7,275)**	(1,306,474)
Tax at the statutory/applicable tax rates of different jurisdictions	**8,738**	(321,181)
Tax effect of Hong Kong profits tax at concessionary rate	**(1,256)**	(1,490)
Lower tax rate for specific provinces or enacted by local authority	**25**	(13,253)
Adjustments in respect of current tax of previous periods	**(3,097)**	(5,142)
Profits and losses attributable to jointly-controlled entities	**2,995**	3,642
Profits and losses attributable to associates	**166**	282
Income not subject to tax	**(59,978)**	(34,284)
Expenses not deductible for tax	**63,844**	97,776
Tax losses utilised from previous periods	**(72)**	(5,635)
Tax losses not recognised	**3,463**	33,768
Effect on opening deferred tax of decrease in rate	**—**	(115)
Land appreciation tax	**28,523**	17,964
Tax effect of land appreciation tax	**(9,793)**	—
Others	**2,093**	(169)
Tax expense/(credit) at the Group's effective rate	**35,651**	(227,837)

The share of tax credit attributable to jointly-controlled entities and associates amounting to nil (2008: HK$906,000) and HK$18,000 (2008: HK$27,000) respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement.

12. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the year ended 31 December 2009 includes a loss of HK$42,362,000 (2008: profit of HK$79,065,000) which has been dealt with in the financial statements of the Company (note 40(b)).

13. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Proposed final — HK$0.03 (2008: HK$0.02) per ordinary share	**77,054**	42,893

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was declared in respect of the current and prior years.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,328,731,888 (2008: 2,162,913,430) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and Buildings HK$'000	Leasehold improvements HK$'000	Electricity supply system HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2009									
At 31 December 2008 and at 1 January 2009:									
Cost	264,496	7,621	2,729	30,775	27,787	35,333	11,405	1,676	381,822
Accumulated depreciation	(28,558)	(5,425)	(2,022)	(16,881)	(7,740)	(25,318)	(9,210)	—	(95,154)
Net carrying amount	235,938	2,196	707	13,894	20,047	10,015	2,195	1,676	286,668
At 1 January 2009, net of accumulated depreciation	235,938	2,196	707	13,894	20,047	10,015	2,195	1,676	286,668
Additions	264	—	—	2,554	5,488	248	210	1,078	9,842
Deemed acquisition of subsidiaries (note 41(a))	—	—	—	154	138	—	—	—	292
Disposals	(4,627)	—	—	(176)	(1,286)	(34)	—	(681)	(6,804)
Transfer	1,941	—	—	—	—	—	—	(1,941)	—
Depreciation provided during the year	(8,373)	(765)	(273)	(3,743)	(4,545)	(1,801)	(783)	—	(20,283)
Exchange realignment	195	—	—	16	29	12	—	4	256
At 31 December 2009, net of accumulated depreciation	225,338	1,431	434	12,699	19,871	8,440	1,622	136	269,971
At 31 December 2009:									
Cost	260,732	7,621	2,729	31,289	27,457	31,225	11,615	136	372,804
Accumulated depreciation	(35,394)	(6,190)	(2,295)	(18,590)	(7,586)	(22,785)	(9,993)	—	(102,833)
Net carrying amount	225,338	1,431	434	12,699	19,871	8,440	1,622	136	269,971

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Land and Buildings HK$'000	Leasehold improvements HK$'000	Electricity supply system HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2008									
At 1 January 2008:									
Cost	258,890	7,023	2,729	25,645	18,910	36,484	10,993	477	361,151
Accumulated depreciation	(19,629)	(4,582)	(1,749)	(13,639)	(3,705)	(24,634)	(8,302)	—	(76,240)
Net carrying amount	239,261	2,441	980	12,006	15,205	11,850	2,691	477	284,911
At 1 January 2008, net of accumulated depreciation	239,261	2,441	980	12,006	15,205	11,850	2,691	477	284,911
Additions	2,126	598	—	5,331	8,348	1,118	412	1,224	19,157
Disposals	—	—	—	(350)	(248)	(1,202)	—	—	(1,800)
Transfer to investment properties (note 16)	(3,382)	—	—	—	—	—	—	—	(3,382)
Depreciation provided during the year	(8,524)	(843)	(273)	(3,453)	(4,042)	(2,109)	(908)	—	(20,152)
Exchange realignment	6,457	—	—	360	784	358	—	(25)	7,934
At 31 December 2008, net of accumulated depreciation	235,938	2,196	707	13,894	20,047	10,015	2,195	1,676	286,668
At 31 December 2008:									
Cost	264,496	7,621	2,729	30,775	27,787	35,333	11,405	1,676	381,822
Accumulated depreciation	(28,558)	(5,425)	(2,022)	(16,881)	(7,740)	(25,318)	(9,210)	—	(95,154)
Net carrying amount	235,938	2,196	707	13,894	20,047	10,015	2,195	1,676	286,668

Certain of the Group's leasehold buildings were pledged to banks to secure banking facilities granted to the Group (note 37).

Owner-occupied leasehold land situated in Hong Kong is included in property, plant and equipment as an allocation between the land and the buildings elements cannot be determined reliably.

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

The carrying value of buildings shown above comprises:

	2009 HK$'000	2008 HK$'000
Buildings situated in Hong Kong:		
Long term leases	81,811	83,614
Medium term leases	5,749	5,907
	87,560	89,521
Buildings situated in Mainland China:		
Long term leases	66,666	73,567
Medium term leases	71,112	72,850
	137,778	146,417
	225,338	235,938

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 December 2009			
At 31 December 2008 and at 1 January 2009:			
Cost	1,566	630	2,196
Accumulated depreciation	(433)	(91)	(524)
Net carrying amount	1,133	539	1,672
At 1 January 2009, net of accumulated depreciation	1,133	539	1,672
Additions	—	—	—
Depreciation provided during the year	(313)	(63)	(376)
At 31 December 2009, net of accumulated depreciation	820	476	1,296
At 31 December 2009:			
Cost	1,566	630	2,196
Accumulated depreciation	(746)	(154)	(900)
Net carrying amount	820	476	1,296

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company *(Continued)*

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 December 2008			
At 1 January 2008:			
Cost	1,566	545	2,111
Accumulated depreciation	(120)	(34)	(154)
Net carrying amount	1,446	511	1,957
At 1 January 2008, net of accumulated depreciation	1,446	511	1,957
Additions	—	85	85
Depreciation provided during the year	(313)	(57)	(370)
At 31 December 2008, net of accumulated depreciation	1,133	539	1,672
At 31 December 2008:			
Cost	1,566	630	2,196
Accumulated depreciation	(433)	(91)	(524)
Net carrying amount	1,133	539	1,672

16. INVESTMENT PROPERTIES

	Group	
	2009 HK$'000	2008 HK$'000
Carrying amount at 1 January	**250,294**	197,250
Transfer from properties under development (note 25.1)	—	16,495
Transfer from property, plant and equipment (note 15)	—	3,382
Disposals during the year	**(1,170)**	(1,595)
Net gain from a fair value adjustment	**47,557**	22,337
Exchange realignment	**413**	12,425
Carrying amount at 31 December	**297,094**	250,294

At 31 December 2009, all the Group's investment properties were situated in Mainland China and were held under long term leases.

The revaluation of the above investment properties was carried out by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis, on 31 December 2009. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 43(a).

At 31 December 2009, the Group's investment properties with an aggregate carrying amount of HK$95,056,000 (2008: HK$89,834,000) were pledged to secure banking facilities granted to the Group (note 37).

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount at 1 January	**2,280,602**	25,718
Additions	**296,617**	—
Transfer from/(to) properties under development (note 25.1)	**(255,297)**	2,645,013
Transfer from interests in land use rights for property development (note 25.2)	**—**	59,925
Write-back of impairment/(impairment) during the year	**31,136**	(393,208)
Amortised during the year	**(47,916)**	(57,032)
Exchange realignment	**3,570**	186
Carrying amount at 31 December	**2,308,712**	2,280,602
Current portion	**(49,839)**	(58,066)
Non-current portion	**2,258,873**	2,222,536

The Group's leasehold land is situated in Mainland China and is held under the following lease terms:

	Group	
	2009	2008
	HK$'000	HK$'000
Long term leases	**1,410,480**	1,133,129
Medium term leases	**898,232**	1,147,473
	2,308,712	2,280,602

At 31 December 2009, the Group's prepaid land lease payments with an aggregate carrying amount of HK$496,096,000 (2008: HK$563,177,000) were pledged to secure banking facilities granted to the Group (note 37).

18. GOODWILL

	Group
	HK$'000
Cost and carrying amount at 1 January 2008	39,259
Adjustment of a contingent consideration	(6,473)
Impairment during the year	(32,786)
Cost at 31 December 2008, 1 January 2009 and 31 December 2009, net of accumulated impairment	—
At 31 December 2008 and 2009:	
Cost	**37,634**
Accumulated impairment	**(37,634)**
Net carrying amount	—

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the travel bags products cash-generating unit and display products cash-generating unit for impairment testing.

The goodwill of all cash-generating units has been fully impaired in the prior year.

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

		Group	
	Notes	**2009** **HK$'000**	2008 HK$'000
Share of net assets		**129,503**	563,998
Loans to jointly-controlled entities	(i)	**699,304**	736,391
Loan from a jointly-controlled entity	(i)	**—**	(89,468)
		828,807	1,210,921
Classified as held for sale	(ii)	**(102,539)**	—
		726,268	1,210,921

Notes:

(i) The loans to/from jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the loans approximate to their fair values.

(ii) On 30 November 2009, the Group entered into a share transfer agreement (the "JV Disposal Agreement") with its joint venture partner to dispose of its 50% equity interest in Sichuan Zhong Yu Property Development Company Limited ("Sichuan Zhong Yu") for a total consideration of HK$266,000,000 and the Group expects a gain on disposal (before tax expenses) of approximately HK$163,000,000 will be recognised upon completion of the JV Disposal Agreement.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2009 **HK$'000**	2008 HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**19,026**	167,627
Non-current assets	**855,502**	1,393,835
Current liabilities	**(745,025)**	(74,614)
Non-current liabilities	**—**	(922,850)
Net assets	**129,503**	563,998
Share of the jointly-controlled entities' results:		
Other income	**1,573**	1,059
Total expenses	**(18,165)**	(15,628)
Loss after tax	**(16,592)**	(14,569)

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the Group's principal jointly-controlled entities are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Benefit East Investments Limited	Ordinary share of US$1 each	British Virgin Islands	25	25	25	Investment holding
Chongqing Champion Globe Company Limited	Registered capital of HK$163 million	PRC	25	25	25	Property development and investment
Chongqing Champion King Company Limited	Registered capital of HK$163 million	PRC	25	25	25	Property development and investment
Chongqing Sino Land Company Limited	Registered capital of HK$370 million	PRC	25	25	25	Property development and investment
Sichuan Zhong Yu Property Development Company Limited* (四川中渝物業發展有限公司)	Registered capital of RMB15 million	PRC	50	50	50	Property development and investment

* Direct translation from the Chinese name which is for identification purpose only.

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

20. INTERESTS IN SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Unlisted shares, at cost	**159,921**	159,921
Capital contribution in respect of employee share-based compensation	**2,291**	2,231
	162,212	162,152

The amounts due from subsidiaries included in the Company's current assets of HK$11,845,235,000 (2008: HK$9,602,495,000) are unsecured and interest-free, and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Ample Win Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Brilliant Smart Corporation Limited	Hong Kong	Ordinary HK$1	100	Investment holding
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
Charm Best Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Cheer Gain Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Dominio Mark International Ltd.#	British Virgin Islands	Ordinary US$1	100	Investment holding
Dragon Pioneer Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Empire New Assets Limited	British Virgin Islands/ Hong Kong	Ordinary US$100	100	Property holding
Excel Sky (Hong Kong) Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Global Palace Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100	Property holding
Good Wave International Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Grand Fortune Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Grow Rising Investment Limited	Hong Kong	Ordinary HK$1	60	Investment holding
Harbour Crest Holdings Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Ho Yeung Group Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Hoi Tin Universal Limited (note c)	Hong Kong	Ordinary HK$1,000,000	60	Sale of soft luggage, travel bags, backpacks and briefcases
Hoi Tin Universal Travel Goods (Suzhou) Limited## (海天環球旅游用品(蘇州)有限公司) (note c)	PRC/Mainland China (wholly-owned foreign enterprise)	Registered US$5,000,000	60	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Joyview Group Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Kee Fat International Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Keen Star Limited#	British Virgin Islands	Ordinary US$2	100	Investment holding
King Place Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$100	100	Property holding
Marvel Leader Investments Limited# (note a)	British Virgin Islands	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Merry Full Investments Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Qualipak Development Limited# (note a)	British Virgin Islands	Ordinary US$10,000	100	Investment holding
Qualipak Finance Limited	Hong Kong	Ordinary HK$2	100	Provision of financial services
Qualipak Manufacturing Limited	Hong Kong	Ordinary HK$100 Non-voting deferred HK$22,303,857 (note b)	100	Manufacture and sale of watch boxes, gift boxes, spectacles cases, bags and pouches and display units
Starthigh International Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Theme Production House Limited*	Hong Kong	Ordinary HK$1,000,000	51	Trading of acrylic products and display units
Victor Shiny Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Wealthy New Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Win Peak Group Limited#	British Virgin Islands	Ordinary US$1	100	Investment holding
Winning Hand Management Limited	British Virgin Islands/ Mainland China	Ordinary US$1	100	Property holding
Wisdom Gain Group Limited#	British Virgin Islands	Ordinary US$10,000	60	Investment holding
Wisdom Way Limited	Hong Kong	Ordinary HK$2	100	Property holding
Worthwell Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$50,000	100	Investment holding
Young Comfort Development Limited* (note c)	Hong Kong	Ordinary HK$10,000	60	Manufacture and sale of soft luggage, travel bags, backpacks and briefcases

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Chengdu Guojia Cheer Gain Property Company Limited**/### (成都國嘉志得置業有限公司)	PRC/Mainland China	Registered RMB1,375,000,000	51	Property development and investment
Chengdu Shengshi Jingwei Real Estate Investment Company Limited**/### (成都盛世經緯房地產投資有限公司)	PRC/Mainland China	Registered RMB5,000,000	49.2	Property development and investment
Chengdu Tian Fu Shui Cheng Real Estate Development Company Limited**/## (成都天府水城房地產開發有限公司)	PRC/Mainland China	Registered US$31,000,000	60	Property development and investment
Chengdu Zhongyi Property Development Company Limited**/### (成都眾怡房地產開發有限公司) (note d)	PRC/Mainland China	Registered RMB20,000,000	51	Property development and investment
Chongqing Basic Property Holdings Limited## (重慶立基置業有限公司)	PRC/Mainland China	Registered HK$60,960,000	100	Property development and investment
Chongqing Juxin Property Development (Group) Company Limited**/## (重慶聚信房地產開發(集團)有限公司)	PRC/Mainland China	Registered RMB469,200,000	100	Property development and investment
Chongqing Lucky Boom Realty Company## (重慶瑞昌房地產有限公司)	PRC/Mainland China	Registered US$33,650,000	100	Property development and investment
Chongqing Top Construction Realty Company## (重慶卓建房地產有限公司)	PRC/Mainland China	Registered HK$700,000,000	100	Property development and investment
Chongqing Top Pioneer Realty Company## (重慶頂添置業有限公司)	PRC/Mainland China	Registered US$50,000,000	100	Property development and investment
Chongqing Verakin Real Estate Company Limited**/### (重慶同景置業有限公司)	PRC/Mainland China	Registered RMB302,800,000	61	Property development and investment

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Chongqing Victor Shiny Real Estate Development Company Limited## (重慶浚亮房地產開發有限公司)	PRC/Mainland China	Registered US$30,000,000	100	Property development and investment
Chongqing Zhong Yu Property Development Company Limited## (重慶中渝物業發展有限公司)	PRC/Mainland China	Registered US$131,000,000	100	Property development and investment
Chongqing Shuaitong Property Development Company Limited**/## (重慶帥通物業發展有限公司)	PRC/Mainland China	Registered RMB10,000,000	100	Property development and investment
Sichuan Hengchen Real Estate Development Company Limited**/### (四川恆辰房產開發有限公司)	PRC/Mainland China	Registered RMB50,000,000	60	Property development and investment
Sichuan Jingdu Real Estate Company Limited**/### (四川經都置業有限公司)	PRC/Mainland China	Registered RMB82,000,000	60	Property development and investment
Sichuan Senxin Real Estate Company Limited**/## (四川森信置業有限公司)	PRC/Mainland China	Registered US$29,800,000	100	Property development and investment
Sichuan Star Massive Realty Limited## (四川星浩置業有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Sichuan Yongqiao Land Company Limited**/## (四川雍橋置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	100	Property development and investment
Yunnan Zhong Yu Land Development Company Limited**/### (雲南中渝置地發展有限公司)	PRC/Mainland China	Registered RMB50,000,000	70	Property development and investment

These are investment holding companies which have no specific principal place of operations.
These companies are registered as wholly-owned foreign enterprises under PRC law.
These companies are registered as Sino-foreign joint ventures under PRC law.
* Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.
** Direct translation from the Chinese name which is for identification purposes only.

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Notes:

(a) Except for Qualipak Development Limited and Marvel Leader Investments Limited, the equity interests of all principal subsidiaries are indirectly held by the Company.

(b) The non-voting deferred shares have restricted rights on the distribution of profits, capital and voting.

(c) Hoi Tin Universal Limited directly holds the entire interests in Hoi Tin Universal Travel Goods (Suzhou) Limited and Young Comfort Development Limited.

(d) The equity interests in Chengdu Zhongyi Property Development Company Limited ("Chengdu Zhongyi") has been pledged to its former shareholders as security of the outstanding consideration payable by the Group.

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

21. INTERESTS IN ASSOCIATES

	Group	
	2009 HK$'000	2008 HK$'000
Share of net assets	**1,743**	2,747
Goodwill on acquisition	**31,438**	31,438
	33,181	34,185
Provision for impairment	**(31,438)**	(31,438)
	1,743	2,747

The movement of goodwill arising from the acquisition of associates is set out below.

	HK$'000
Cost at 1 January 2008, net of accumulated impairment	29,538
Impairment during the year	(29,538)
Cost at 31 December 2008, 1 January 2009 and 31 December 2009, net of accumulated impairment	—
At 31 December 2008 and 2009:	
Cost	**31,438**
Accumulated impairment	**(31,438)**
Net carrying amount	—

Impairment testing of goodwill

Goodwill arising from the acquisition of interests in associates has been allocated to the corkscrews and kitchenware products cash-generating unit and the entire goodwill has been fully impaired in the prior year.

21. INTERESTS IN ASSOCIATES *(Continued)*

Impairment testing of goodwill *(Continued)*

Particulars of the principal associates are as follows:

Name	Place of incorporation/ registration	Particulars of issued shares held	Percentage of ownership interest attributable to the Group	Principal activities
Technical International Holdings Limited	British Virgin Islands	Ordinary shares of US$1 each	30	Investment holding
T Plus Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware
Technical Development (HK) Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware
Technical (HK) Manufacturing Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design, trading and marketing of corkscrews and kitchenware

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

All the above associates are held by wholly-owned subsidiaries of the Company and were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network. They have been accounted for using the equity method in these financial statements.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts or financial statements:

	2009 HK$'000	2008 HK$'000
Assets	**31,920**	39,380
Liabilities	**(26,111)**	(30,223)
Revenue	**106,750**	152,561
Loss	**(3,348)**	(5,691)

22. CONVERTIBLE NOTE RECEIVABLE

	Group	
	2009 HK$'000	2008 HK$'000
Unlisted convertible note:		
Loan portion, at amortised cost	**35,650**	34,212
Conversion option derivative, at fair value	**—**	31
	35,650	34,243

At 31 December 2009, the Group held an unlisted convertible note with a principal amount of HK$37,500,000 (2008: HK$37,500,000), which was issued by a company listed on the Stock Exchange. The convertible note confers rights to the bearers to convert the whole or part of the outstanding principal amount into shares of the issuer at a conversion price of HK$15.83 per share in the defined period. The convertible note bears interest at a rate of 2% per annum.

22. CONVERTIBLE NOTE RECEIVABLE *(Continued)*

The convertible note can be redeemed by the issuer at its face value at any time from the date of issue until the maturity date of the convertible note, and can only be redeemed by the Group at its face value upon maturity in June 2011 to the extent of the amount not previously converted.

The loan portion of the convertible note is classified as loans and receivable and its carrying value is determined based on an effective interest rate of 6.47% on initial recognition. The fair value of the conversion option derivative is determined using the Black-Scholes Option Pricing model.

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Listed equity investment, at fair value	**260,322**	131,760
Unlisted equity investment, at cost	**640,277**	18,997
	900,599	150,757

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$128,351,000 (2008: gross loss of HK$302,435,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair value of a listed equity security held as available-for-sale investment is based on quoted price in the market.

As at 31 December 2009, the unlisted equity investments with a carrying amount of HK$640,277,000 (2008: HK$18,997,000) were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

The market value of the Group's listed available-for-sale equity investment at the date of approval of these financial statements was approximately HK$225,471,000.

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	HK$'000	HK$'000
Listed equity investments in Hong Kong, at market value	**11,595**	5,855
Listed equity investments in the PRC, at market value	**37**	—
	11,632	5,855

The above investments at 31 December 2009 and 2008 were classified as held for trading.

The fair values of the above investments were determined based on quoted prices in the market.

The market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was approximately HK$10,581,000.

25.1 PROPERTIES UNDER DEVELOPMENT

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**7,752,498**	8,514,780
Deemed acquisition of subsidiaries (note 41(a))	**1,724,700**	—
Additions (including development costs and capitalised interest)	**867,024**	867,760
Disposals during the year	**(60,126)**	—
Write-back of impairment/(impairment) during the year	**29,986**	(518,471)
Transfer from interests in land use rights for property development (note 25.2)	**54,221**	1,914,319
Transfer to completed properties held for sale (note 25.3)	**(394,892)**	(904,202)
Transfer from land development rights (note 26)	**166,462**	—
Transfer from/(to) prepaid land lease payments (note 17)	**255,297**	(2,645,013)
Transfer to investment properties (note 16)	**—**	(16,495)
Exchange realignment	**12,410**	539,820
At end of year	**10,407,580**	7,752,498

Properties under development expected to be completed:

	Group	
	2009	2008
	HK$'000	HK$'000
Beyond normal operating cycle included under non-current assets	**5,920,718**	6,901,012
Within normal operating cycle included under current assets	**4,486,862**	851,486
	10,407,580	7,752,498

Properties under development expected to be completed within normal operating cycle and recovered:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,050,530**	286,111
After one year	**3,436,332**	565,375
	4,486,862	851,486

The Group's properties under development are situated in Mainland China and are held under the following leases:

	2009	2008
	HK$'000	HK$'000
Long term leases	**8,821,151**	6,306,245
Medium term leases	**1,586,429**	1,446,253
	10,407,580	7,752,498

At 31 December 2009, the Group's properties under development with aggregate carrying amounts of HK$3,476,569,000 (2008: HK$2,929,008,000) (note 37) and HK$361,048,000 (2008: Nil) were pledged to secure banking facilities granted to the Group and a former shareholder of a subsidiary acquired by the Group during the year, respectively.

25.2 INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**389,098**	2,060,442
Additions	**565,626**	350,299
Write-back of impairment/(impairment) during the year	**85,749**	(178,027)
Transfer to prepaid land lease payments (note 17)	**—**	(59,925)
Transfer to properties under development (note 25.1)	**(54,221)**	(1,914,319)
Exchange realignment	**612**	130,628
At end of year	**986,864**	389,098

The Group's interests in land use rights for property development are in respect of the rights to use certain land situated in Mainland China over fixed periods and held under the following leases:

	2009	2008
	HK$'000	HK$'000
Long term leases	**979,471**	382,913
Medium term leases	**7,393**	6,185
	986,864	389,098

As at 31 December 2009, the Group was in the progress of obtaining the relevant certificates of the above land use rights.

25.3 COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**352,682**	158,871
Transfer from properties under development (note 25.1)	**394,892**	904,202
Properties sold during the year	**(516,266)**	(691,512)
Impairment during the year	**—**	(30,549)
Exchange realignment	**1,703**	11,670
At end of year	**233,011**	352,682

The Group's completed properties held for sale are situated in Mainland China and are held under the following leases:

	2009	2008
	HK$'000	HK$'000
Long term leases	**57,650**	262,378
Medium term leases	**175,361**	90,304
	233,011	352,682

At 31 December 2009, the Group's completed properties held for sale with an aggregate carrying amount of HK$45,766,000 (2008: Nil) were pledged to secure banking facilities granted to the Group (note 37).

26. LAND DEVELOPMENT RIGHTS

The land development rights refer to a contractual arrangement between Sichuan Jingdu Real Estate Company Limited ("Sichuan Jingdu"), a 60%-owned subsidiary of the Group, and certain local governmental authorities for the development of two pieces of land in Chengdu, PRC.

Sichuan Jingdu is responsible for providing funds for the relevant governmental authorities to carry out the necessary layout work and tenant relocation that bring the pieces of land to a condition ready for sale. Upon completion of the land development, the respective pieces of land will be put out for public auctions by the relevant governmental authorities and Sichuan Jingdu is entitled to share 30% to 60% of the profits arising from the land auctions.

	Group	
	2009 HK$'000	2008 HK$'000
At beginning of year	**166,270**	290,358
Additions	**—**	1,805
Settlement during the year	**—**	(136,787)
Transfer to properties under development upon acquisition of the relevant land by the Group (note 25.1)	**(166,462)**	—
Exchange realignment	**192**	10,894
At end of year	**—**	166,270

27. INVENTORIES

	Group	
	2009 HK$'000	2008 HK$'000
Raw materials	**18,124**	24,504
Work in progress	**16,060**	20,515
Finished goods	**17,226**	29,922
	51,410	74,941

28. TRADE AND BILLS RECEIVABLES

	Group	
	2009 HK$'000	2008 HK$'000
Trade and bills receivables	**73,944**	118,382
Impairment	**(1,042)**	(2,256)
	72,902	116,126

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 105 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

28. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the due date and net of provisions, is as follows:

	Group					
	2009			2008		
	Neither past due nor impaired HK$'000	**Past due but not impaired HK$'000**	**Total HK$'000**	Neither past due nor impaired HK$'000	Past due but not impaired HK$'000	Total HK$'000
Less than 1 month	**59,367**	**9,425**	**68,792**	83,738	20,453	104,191
1 to 2 months	**—**	**1,315**	**1,315**	—	3,528	3,528
2 to 3 months	**—**	**1,717**	**1,717**	—	1,572	1,572
Over 3 months	**—**	**1,078**	**1,078**	—	6,835	6,835
	59,367	**13,535**	**72,902**	83,738	32,388	116,126

Trade and bills receivables included discounted bills with recourse of HK$14,411,000 (2008: HK$29,356,000) at 31 December 2009. The maturity date of the discounted bills with recourse is within three months from the inception date of the discounted bills.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The movements in the provision for impairment of trade receivables were as follows:

	Group	
	2009 HK$'000	2008 HK$'000
At 1 January	**2,256**	2,735
Write-back of impairment (note 5)	**(492)**	(515)
Written off during the year as uncollectible	**(723)**	—
Exchange realignment	**1**	36
At 31 December	**1,042**	2,256

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,042,000 (2008: HK$2,256,000), with a carrying amount before provision of HK$1,215,000 (2008: HK$2,266,000). The individually impaired trade receivables relate to customers that were in financial difficulties, and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Prepayments	**58,808**	48,575	**598**	566
Deposits and other receivables	**279,767**	502,947	**8**	8
	338,575	551,522	**606**	574

As at 31 December 2009, business tax on deposits received from pre-sale of properties imposed by the relevant PRC tax authorities amounted to HK$20,332,000 (2008: HK$10,846,000). It is classified as and included in "Prepayments" above.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

The movements in the provision for impairment of other receivables were as follows:

	Group	
	2009 **HK$'000**	2008 HK$'000
At 1 January	**1,392**	30,303
Write-back of impairment of other receivables (note 5)	**—**	(31,360)
Exchange realignment	**1**	2,449
At 31 December	**1,393**	1,392

30. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average fixed interest rate of 0.19% (2008: 2.41%). The fair values of the deposits with brokerage companies approximate to their carrying amounts.

31. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
	Notes	**2009** **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Cash and bank balances		**2,783,962**	1,044,202	**254**	129
Time deposits		**1,000,633**	961,374	**—**	—
		3,784,595	2,005,576	**254**	129
Less: Pledged time deposits	(a)	**(1,000)**	(328,167)	**—**	—
Restricted bank balances	(b)	**(533,237)**	(11,940)	**—**	—
Time deposits with original maturity over three months		**(993,913)**	—	**—**	—
Cash and cash equivalents		**2,256,445**	1,665,469	**254**	129

Notes:

(a) The time deposits were pledged to secure general banking facilities granted to the Group (note 37).

(b) Restricted bank balances represent deposits placed with certain PRC banks and the usages of which are restricted to PRC property development activities.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,500,875,000 (2008: HK$522,929,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

32. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Within 1 month	**120,790**	278,246
1 to 2 months	**28,727**	15,299
2 to 3 months	**61,727**	6,572
Over 3 months	**708,667**	221,018
	919,911	521,135

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days, except for HK$254,554,000 (2008: Nil) arising from the acquisition of a parcel of land and which is repayable in June 2010, interest-bearing at 5.31% per annum and secured by the pledge of the Group's equity interests in Chengdu Zhongyi.

33. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Deposits received	**1,514,515**	343,458	**—**	—
Other payables	**78,650**	96,400	**705**	2,632
Accruals	**67,225**	38,772	**9,599**	13,082
	1,660,390	478,630	**10,304**	15,714

Other payables are non-interest-bearing and are normally settled within one year.

34. CALL OPTION LIABILITY

	Group	
	2009 HK$'000	2008 HK$'000
Call option liability	**68,297**	—

On 31 August 2009, the Group entered into a shareholders' agreement (the "Shareholders' Agreement") with Verakin Group Company Limited ("Verakin Group"), a minority shareholder of Chongqing Verakin Real Estate Company Limited ("CQ Verakin" and 51%-owned by the Group).

Pursuant to the Shareholders' Agreement, the Group agreed to acquire an additional 10% equity interest (the "Additional Interest") in CQ Verakin from Verakin Group at a cash consideration of RMB25 million (the "Consideration"). The Group also granted Verakin Group a buy-back option (the "Call Option") in respect of the Additional Interest. The Call Option is exercisable within three years from the date of the Shareholders' Agreement and subject to the fulfilment of certain operating conditions by CQ Verakin. The exercise price of the Call Option shall be equal to (i) the sum of the Consideration plus a premium of 1% per month on the Consideration calculated for the period from the completion date of the Shareholders' Agreement to the completion date on which the Call Option is exercised (the "Option Period"); and (ii) any additional capital contributions made by the Group to CQ Verakin in respect of the Additional Interest during the Option Period.

The fair value of the Call Option was estimated at the date of grant using the Binominal Option Pricing Model and the change in fair value at each reporting date is recognised in the consolidated income statement.

35. DUE TO A RELATED PARTY

The related party is a company controlled by Mr. Cheung Chung Kiu ("Mr. Cheung"), a director of the Company. The balance is unsecured, interest-free, and has no fixed terms of repayment. The carrying amount of this balance approximates to its fair value.

36. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES

The directors consider that the carrying amounts of the loans from minority shareholders of subsidiaries approximate to their fair values. The amounts are unsecured, interest-free and have no fixed terms of repayment.

37. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	2009 Contractual interest rate	2009 Maturity	2009 HK$'000	2008 Contractual interest rate	2008 Maturity	2008 HK$'000
Current						
Discounted bills with recourse	Bank's funding rate + (1.375% to 1.5%)	2010	14,411	HIBOR + (1.2% to 1.5%)/ LIBOR + 1.2%	2009	29,356
Bank loans — secured	RMB base lending rate/ RMB base lending rate x (1 + 10%)	2010	372,524	RMB base lending rate/ RMB base lending rate x (1 + 5% to 20%)/ 7.56%/ HIBOR + 1.5%/ Prime rate	2009	723,024
Bank loans — unsecured	HIBOR + 1.4%	2010	189,122	HIBOR + 1.4%	2009	188,186
			576,057			940,566
Non-current						
Bank loans — secured	RMB base lending rate/ RMB base lending rate x (1 + 5% to 25%)	2011-2012	606,488	RMB base lending rate/ RMB base lending rate x (1 + 5% to 20%)/ 7.56%/ HIBOR + 1.5%/ Prime rate	2010	79,375
Bank loans — unsecured	HIBOR + 1.4%	2011	1,559,949	HIBOR + 1.4%	2010-2011	1,749,271
			2,166,437			1,828,646
			2,742,494			2,769,212
Analysed into:						
Bank and other borrowings repayable:						
Within one year or on demand			576,057			940,566
In the second year			1,842,750			268,296
In the third to fifth years, inclusive			323,687			1,560,350
			2,742,494			2,769,212

Company	2009 Contractual interest rate	2009 Maturity	2009 HK$'000	2008 Contractual interest rate	2008 Maturity	2008 HK$'000
Current						
Bank loans — unsecured	HIBOR + 1.4%	2010	189,122	HIBOR + 1.4%	2009	188,186
Non-current						
Bank loans — unsecured	HIBOR + 1.4%	2011	1,559,949	HIBOR + 1.4%	2010-2011	1,749,271
			1,749,071			1,937,457

37. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	Notes	2009 HK$'000	2008 HK$'000
Property, plant and equipment	15	**5,749**	5,907
Investment properties	16	**95,056**	89,834
Prepaid land lease payments	17	**496,096**	563,177
Properties under development	25.1	**3,476,569**	2,929,008
Completed properties held for sale	25.3	**45,766**	—
Time deposits	31	**1,000**	328,167

(b) Other interest rate information:

	2009 HK$'000	2008 HK$'000
Fixed rate:		
Secured bank loans	**—**	113,393
Floating rate:		
Discounted bills with recourse	**14,411**	29,356
Secured bank loan	**979,012**	689,006
Unsecured bank loan	**1,749,071**	1,937,457
	2,742,494	2,655,819
	2,742,494	2,769,212

(c) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2009 HK$'000	2008 HK$'000
Hong Kong Dollars (HK$)	**1,749,071**	1,939,870
United States dollars (US$)	**14,411**	29,356
Renminbi (RMB)	**979,012**	799,986
	2,742,494	2,769,212

(d) The carrying amounts of the Group's bank borrowings approximate to their fair values.

(e) In addition, certain subsidiaries of the Company have guaranteed the Company's bank loans up to HK$1,755,000,000 (2008: HK$1,950,000,000). The Company's bank loans are also secured by a specific performance obligation imposed on Mr. Cheung and pursuant to which Mr. Cheung is required to control 35% or more of the beneficial shareholding interest in the issued capital of the Company, to carry 35% or more of the voting rights and to have management control of the Company. Non-compliance with the aforesaid obligation by Mr. Cheung would constitute an event of default under the relevant loan agreement.

38. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of available-for-sale equity investments HK$'000	Total HK$'000
At 1 January 2008	1,993,288	2,591	94,068	2,089,947
Deferred tax credited to equity during the year	—	—	(75,609)	(75,609)
Deferred tax credited to the income statement during the year (note 11)	(246,658)	(584)	—	(247,242)
Exchange realignment	126,373	—	5,964	132,337
At 31 December 2008 and 1 January 2009	**1,873,003**	**2,007**	**24,423**	**1,899,433**
Deemed acquisition of subsidiaries (note 41(a))	**7,950**	**—**	**—**	**7,950**
Deferred tax charged to equity during the year	**—**	**—**	**32,088**	**32,088**
Deferred tax credited to the income statement during the year (note 11)	**(23,637)**	**(155)**	**—**	**(23,792)**
Exchange realignment	**2,956**	**(2)**	**39**	**2,993**
At 31 December 2009	**1,860,272**	**1,850**	**56,550**	**1,918,672**

Deferred tax assets

Group

	Provision for land appreciation tax HK$'000	Losses available for offsetting taxable profits HK$'000	Total HK$'000
At 1 January 2008	—	1,389	1,389
Deferred tax charged to the income statement during the year (note 11)	—	(37)	(37)
Exchange realignment	—	67	67
At 31 December 2008 and 1 January 2009	**—**	**1,419**	**1,419**
Deferred tax credited to the income statement during the year (note 11)	**9,793**	**(637)**	**9,156**
Exchange realignment	**—**	**2**	**2**
At 31 December 2009	**9,793**	**784**	**10,577**

38. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

For the presentation purpose, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the net deferred tax balances of the Group for financial reporting purposes:

	2009 HK$'000	2008 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,908,095**	1,898,014

The Company's deferred tax liabilities are in respect of deferred tax charged/credited to the income statement during the year, arising from the difference between depreciation allowance and the related depreciation.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and jointly-controlled entities established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2009, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and jointly-controlled entities established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and jointly-controlled entities will distribute such earnings in the foreseeable future. As at 31 December 2009, there was no temporary difference associated with investments in subsidiaries and jointly-controlled entities in Mainland China for which deferred tax liabilities have not been recognised (2008: Nil).

The Group has tax losses arising in Hong Kong of HK$12,046,000 (2008: HK$7,434,000) and in Mainland China of HK$96,674,000 (2008: HK$84,123,000) that are available indefinitely and due to expire within four to five years, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

39. SHARE CAPITAL

Shares	**2009 HK$'000**	2008 HK$'000
Authorised: 5,000,000,000 (2008: 5,000,000,000) ordinary shares of HK$0.10 (2008: HK$0.10) each	**500,000**	500,000
Issued and fully paid: 2,572,633,258 (2008: 2,144,633,258) ordinary shares of HK$0.10 (2008: HK$0.10) each	**257,263**	214,463

On 28 July 2009, the Company and Thrivetrade Limited ("Thrivetrade"), a substantial shareholder of the Company and wholly-owned by Mr. Cheung Chung Kiu, entered into a Top-up Placing and Subscription Agreement with J.P. Morgan Securities (Asia Pacific) Limited and Citigroup Global Markets Asia Limited (collectively the "Placing Agents") and pursuant to which, Thrivetrade agreed to place, through the Placing Agents, an aggregate of 428 million existing ordinary shares of the Company to certain private investors at a price of HK$5.92 each and subscribe for an aggregate of 428 million new ordinary shares of the Company at a price of HK$5.92 each. The Top-up Placing and Subscription Agreement was completed on 6 August 2009 and the net proceeds raised by the Group was approximately HK$2,478 million.

39. SHARE CAPITAL *(Continued)*

A summary of the transactions during the year with reference to the above movement in the Company's issued ordinary share capital during the year is as follows:

	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2008	2,165,382,258	216,538	7,102,561	7,319,099
Exercise of share options	1,975,000	197	14,527	14,724
Repurchase of shares	(22,724,000)	(2,272)	(29,494)	(31,766)
At 31 December 2008 and 1 January 2009	**2,144,633,258**	**214,463**	**7,087,594**	**7,302,057**
Placement of new shares	**428,000,000**	**42,800**	**2,490,960**	**2,533,760**
	2,572,633,258	**257,263**	**9,578,554**	**9,835,817**
Share issue expenses	**—**	**—**	**(55,971)**	**(55,971)**
At 31 December 2009	**2,572,633,258**	**257,263**	**9,522,583**	**9,779,846**

Share options

Details of the Company's share option scheme are set out in note 42 to the financial statements.

40. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 67.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 January 2008		7,102,561	158,331	159,322	76,906	7,497,120
Total comprehensive income for the year		—	—	167,165	—	167,165
Exercise of share options	39	14,527	—	—	(4,855)	9,672
Repurchases of shares	39	(29,494)	—	—	—	(29,494)
Final 2007 dividend declared		—	—	(108,315)	—	(108,315)
Equity-settled share option arrangements	42	—	—	—	63,077	63,077
At 31 December 2008 and 1 January 2009		**7,087,594**	**158,331**	**218,172**	**135,128**	**7,599,225**
Total comprehensive loss for the year		**—**	**—**	**(42,362)**	**—**	**(42,362)**
Placement of new shares	39	**2,490,960**	**—**	**—**	**—**	**2,490,960**
Share issue expenses	39	**(55,971)**	**—**	**—**	**—**	**(55,971)**
Final 2008 dividend declared	13	**—**	**—**	**(42,893)**	**—**	**(42,893)**
Equity-settled share option arrangements	42	**—**	**—**	**—**	**43,976**	**43,976**
At 31 December 2009		**9,522,583**	**158,331**	**132,917**	**179,104**	**9,992,935**

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Qualipak Development Limited at the date on which its shares were acquired by the Company, and the nominal value of the Company's shares issued and issuable for the acquisition.

41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Deemed acquisition of subsidiaries

In November and December 2009, the Group reached a number of agreements with the joint venture partner of Chengdu Guojia Cheer Gain Property Company Limited ("Guojia Cheer Gain"), a then 50% jointly-controlled entity of the Group, for the contribution of additional capital, the change of profit sharing ratio and the change of board of directors of Guojia Cheer Gain (collectively the "Guojia Cheer Gain Reorganisation"). Upon completion of the Guojia Cheer Gain Reorganisation in December 2009, Guojia Cheer Gain became a 51%-owned subsidiary of the Group. Guojia Cheer Gain and its subsidiaries (collectively the "Guojia Group") are principally engaged in property development in Mainland China.

The fair values of the identifiable assets and liabilities of the Guojia Group as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000	Previous carrying amount HK$'000
Property, plant and equipment	15	292	292
Properties under development	25.1	1,724,700	1,692,899
Prepayments, deposits and other receivables		61,578	76,342
Tax recoverable		580	580
Restricted bank balances		266,238	266,238
Cash and cash equivalents		834,759	834,759
Trade payables		(291,345)	(291,345)
Other payables		(726,995)	(726,995)
Loan from a minority shareholder of subsidiary		(544,664)	(544,664)
Interest-bearing bank borrowings		(215,791)	(215,791)
Deferred tax liabilities	38	(7,950)	—
Minority interests		(222,330)	(217,878)
		879,072	874,437
Reclassification of interests in a jointly-controlled entity		874,458	
Excess over the cost of a deemed acquisition of subsidiaries	5	4,614	
		—	

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

	HK$'000
Cash and bank balances acquired	834,759
Net inflow of cash and cash equivalents in respect of the deemed acquisition of subsidiaries	834,759

The results of the subsidiaries acquired during the year had no significant impact on the Group's consolidated turnover or loss for the year.

41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Acquisition of a subsidiary that is not a business

In December 2009, the Group entered into an agreement to acquire a 96.5% equity interest in Chengdu Shengshi Jingwei Real Estate Investment Company Limited ("Chengdu Shengshi") at a consideration of RMB71,217,000 (equivalent to HK$80,884,000). Chengdu Shengshi is principally engaged in property development in Chengdu, PRC. Up to the date of acquisition, Chengdu Shengshi has not carried out any significant business transactions except for securing the rights to acquire certain parcels of land in Chengdu.

The above acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The net assets acquired by the Group in the above transaction are as follows:

	HK$'000
Net assets acquired:	
Interests in land use rights for property development	107,679
Cash and cash equivalents	5,668
Trade and other payables	(29,530)
Minority interests	(2,933)
Satisfied by cash	80,884

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Chengdu Shengshi is as follows:

	HK$'000
Cash consideration	80,884
Cash and bank balances acquired	(5,668)
Net outflow of cash and cash equivalents in respect of the acquisition of Chengdu Shengshi	75,216

42. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted at the special general meeting of the Company held on 29 April 2005. During the year, 17,500,000 (2008: 19,380,000) share options were granted under the Scheme.

Under the Scheme, share options may be granted to directors and employees of the Group and those who have contributed or will contribute to the Group, at any time within 10 years after its adoption, at the discretion of the Board. The following is a summary of the Scheme.

For the purpose of this section, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director or proposed executive and non-executive director) of any member of the Eligible Group.

Purpose

The purposes of the Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group and to provide incentives and to help the Group retain its existing Employees and recruit additional Employees and to provide them with a direct economic interest in attaining the long-time business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Maximum number of shares available for subscription

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

42. SHARE OPTION SCHEME *(Continued)*

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Maximum period for exercising an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

Life of the Scheme

The Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

The movement of share options under the Scheme during the year was as follows:

	2009		2008	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**5.12**	**46,734**	6.69	46,999
Granted during the year	**3.27**	**17,500**	5.78	19,380
Forfeited during the year	—	—	4.95	(50)
Exercised during the year	—	—	5.00	(1,975)
Replaced during the year	—	—	10.04	(17,620)
At 31 December	**4.62**	**64,234**	5.12	46,734

There was no share options exercised during the year and the weighted average share price at the date of exercise for share options exercised in 2008 was HK$5.00 per share. The exercise period of the share options granted is determined by the Board, and commences after a vesting period of zero to three years.

42. SHARE OPTION SCHEME *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2009

Number of options '000	Exercise price* HK$ per share	Exercise period
6,000	4.81	01-01-2008 to 15-02-2017
6,425	4.95	01-01-2008 to 10-12-2016
2,200	5.26	01-01-2008 to 18-04-2017
4,000	5.37	01-01-2008 to 26-04-2017
7,989	4.95	01-01-2009 to 10-12-2016
2,500	5.26	01-01-2009 to 18-04-2017
80	5.27	01-04-2010 to 24-03-2018
80	5.27	01-04-2011 to 24-03-2018
6,450	5.27	10-07-2008 to 07-08-2017
6,450	5.27	01-07-2009 to 07-08-2017
1,000	5.27	03-01-2009 to 28-10-2017
1,000	5.27	03-01-2010 to 28-10-2017
280	5.27	18-02-2009 to 01-11-2017
280	5.27	18-02-2010 to 01-11-2017
800	5.27	28-03-2009 to 02-01-2018
800	5.27	28-03-2010 to 02-01-2018
200	5.27	30-01-2009 to 28-10-2017
200	5.27	30-01-2010 to 28-10-2017
17,500	3.27	07-05-2009 to 06-05-2019
64,234		

2008

Number of options '000	Exercise price* HK$ per share	Exercise period
6,000	4.81	01-01-2008 to 15-02-2017
6,425	4.95	01-01-2008 to 10-12-2016
2,200	5.26	01-01-2008 to 18-04-2017
4,000	5.37	01-01-2008 to 26-04-2017
7,989	4.95	01-01-2009 to 10-12-2016
2,500	5.26	01-01-2009 to 18-04-2017
80	5.27	01-04-2010 to 24-03-2018
80	5.27	01-04-2011 to 24-03-2018
6,450	5.27	10-07-2008 to 07-08-2017
6,450	5.27	01-07-2009 to 07-08-2017
1,000	5.27	03-01-2009 to 28-10-2017
1,000	5.27	03-01-2010 to 28-10-2017
280	5.27	18-02-2009 to 01-11-2017
280	5.27	18-02-2010 to 01-11-2017
800	5.27	28-03-2009 to 02-01-2018
800	5.27	28-03-2010 to 02-01-2018
200	5.27	30-01-2009 to 28-10-2017
200	5.27	30-01-2010 to 28-10-2017
46,734		

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was HK$26,024,000 (2008: HK$12,450,000), and the Group recognised a share option expense of HK$43,976,000 (2008: HK$63,077,000) during the year.

42. SHARE OPTION SCHEME *(Continued)*

The fair value of equity-settled share options granted during the year was estimated as at the dates of grant, using the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2009	2008
Dividend yield (%)	**0.61**	0.95
Expected volatility (%)	**72.46**	70.85
Risk-free interest rate (%)	**2.118**	3.469 to 3.504

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 64,234,000 (2008: 46,734,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 64,234,000 (2008: 46,734,000) additional ordinary shares of the Company and additional share capital of HK$6,423,000 (2008: HK$4,673,000) and share premium of HK$290,071,000 (2008: HK$234,595,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 64,234,000 share options outstanding under the Scheme, which represented approximately 2.5% of the Company's shares in issue as at that date.

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16 to the financial statements) and some other properties under operating lease arrangements, with leases negotiated for terms ranging from 6 months to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2009 **HK$'000**	2008 HK$'000
Within one year	**7,209**	6,900
In the second to fifth years, inclusive	**24,362**	24,646
After five years	**2,246**	6,433
	33,817	37,979

During the year, the Group recognised HK$6,047,000 (2008: HK$5,465,000) in respect of contingent rentals receivable.

(b) As lessee

The Group leases certain of its manufacturing plants, office properties and quarters under operating lease arrangements. The leases for the manufacturing plants, office properties and quarters are negotiated for terms of 1 to 5 years.

As at 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009 **HK$'000**	2008 HK$'000
Within one year	**2,961**	6,103
In the second to fifth years, inclusive	**12**	4,029
	2,973	10,132

44. COMMITMENTS

In addition to the operating lease commitments detailed in note 43(b) above, the Group had the following commitments in respect of property development expenditure at the end of the reporting period:

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for	**3,644,721**	1,513,183

The Group had the following share of commitments of jointly-controlled entities in respect of property development expenditure at the end of the reporting period:

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for	**476,016**	1,320,029

At the end of the reporting period, the Company did not have any significant commitments.

45. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	**—**	—	**51,000**	64,088
Associates	**13,500**	13,500	**13,500**	13,500
	13,500	13,500	**64,500**	77,588

As at 31 December 2009, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$14,411,000 (2008: HK$31,768,000), and the banking facilities guaranteed by the Group to associates were utilised to the extent of approximately HK$5,914,000 (2008: HK$5,194,000).

46. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	Group	
	2009	2008
	HK$'000	HK$'000
Guarantees in respect of mortgage facilities provided for certain customers	**614,935**	343,730

The Group also had the following share of financial guarantees of a jointly-controlled entity:

	Group	
	2009	2008
	HK$'000	HK$'000
Guarantees in respect of mortgage facilities provided for certain customers	**—**	8,308

46. FINANCIAL GUARANTEES *(Continued)*

The Group (2008: the Group and one of its jointly-controlled entities) have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group and the jointly-controlled entity are responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore no provision has been made in the financial statement for the guarantees.

47. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	Group	
	2009 HK$'000	2008 HK$'000
Rental expense paid to a related company — Note	**—**	1,240

Note: The Group entered into a sub-lease agreement with Chongqing Industrial Limited ("Chongqing Industrial"), a company controlled by Mr. Cheung, to lease office space from Chongqing Industrial. The rental paid was based on the floor area occupied by the Group and the market rental rates. The lease was expired during the year.

(b) Other transactions with related parties

Details of the Group's loans from/to its jointly-controlled entities, and the amount due to a related party as at the end of the reporting period are set out in notes 19 and 35 respectively.

(c) During the year, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK$15,579,000 (2008: HK$16,478,000) were provided to a family member of a director for the operation of a school free of charge.

(d) Compensation of key management personnel of the Group

	2009 HK$'000	2008 HK$'000
Short term employee benefits	**30,622**	29,722
Equity-settled share option expense	**34,968**	36,116
Total compensation paid to key management personnel	**65,590**	65,838

Further details of directors' emoluments are included in note 9 to the financial statements.

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

48. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

48. FAIR VALUE HIERARCHY *(Continued)*

As at 31 December 2009, the Group held the following financial instruments measured at fair value:

Assets measured at fair value as at 31 December 2009:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale equity investments	**260,322**	—	—	**260,322**
Equity investments at fair value through profit or loss	**11,632**	—	—	**11,632**
	271,954	—	—	**271,954**

Liability measured at fair value as at 31 December 2009:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Call option liability	—	—	**68,297**	**68,297**

During the year ended 31 December 2009, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The movements in fair value measurements in Level 3 during the year are as follows:

	HK$'000
Call option liability:	
At 1 January 2009	—
Granted during the year	**60,224**
Fair value loss recognised in the income statement included in other expenses	**8,073**
At 31 December 2009	**68,297**

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments, available-for-sale investments, derivative financial instruments, convertible note receivable, trade and other receivables, trade and other payables, cash and bank balances, bank borrowings and short term deposits. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/loss before tax. There is no material impact on other components of the Group's equity.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

	Increase/ (decrease) in basis points	Effect on profit/(loss) before tax HK$'000
2009		
HK$	**100**	**(1,382)**
US$	**100**	**6,560**
EUR	**100**	**24**
RMB	**150**	**7,828**
HK$	**(100)**	**1,382**
US$	**(100)**	**(6,560)**
EUR	**(100)**	**(24)**
RMB	**(150)**	**(7,828)**
2008		
HK$	100	(5,844)
US$	100	925
RMB	150	(4,062)
HK$	(100)	5,844
US$	(100)	(925)
RMB	(150)	4,062

Foreign currency risk

The Group has currency exposure as the majority of its sales from packaging products and travel bags products businesses were denominated in US$, which are pegged to HK$. On the other hand, the expenses or expenditure incurred in the operations of manufacturing plants were denominated in RMB, which exposes the Group to foreign currency risk.

The Group's property development and investment business are located in Mainland China and all transactions are conducted in RMB. Most of the assets and liabilities of this business are denominated in RMB except for HK$ and US$ short term bank deposits and bank loans.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of the RMB against HK$ may have impact on the operating results of the Group.

The Group currently does not have a foreign currency hedging policy. However, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax.

	Increase/ (decrease) in rate	Effect on profit/loss before tax HK$'000
2009		
If HK$ weakens against RMB	**7%**	**52,801**
If HK$ strengthens against RMB	**(7%)**	**(52,801)**
2008		
If HK$ weakens against RMB	7%	(7,384)
If HK$ strengthens against RMB	(7%)	7,384

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of trade and bills receivables and other receivables as disclosed in notes 28 and 29, respectively. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of each reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligation of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 46.

Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (note 23) and equity investments at fair value through profit or loss (note 24) as at 31 December 2009. The Group's listed investments are listed on the Hong Kong and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2009	**High/low 2009**	31 December 2008	High/low 2008
Hong Kong — Hang Seng Index	**21,873**	**22,945/ 11,345**	14,387	27,616/ 11,016
Shanghai — A Share Index	**3,437**	**3,644/ 1,956**	1,912	5,771/ 1,793

The following table demonstrates the sensitivity to every 10% decrease (2008: 10% decrease) in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investments HK$'000	**Increase/ (decrease) in profit before tax** HK$'000	**Increase/ (decrease) in other components of equity** HK$'000
2009			
Equity investments at fair value through profit or loss listed in Hong Kong	**11,632**	**(1,163)**	**—**
An available-for-sale investment listed in Shanghai	**260,322**	**—**	**(26,032)**
Total	**271,954**	**(1,163)**	**(26,032)**
2008			
Equity investments at fair value through profit or loss listed in Hong Kong	5,855	(586)	—
An available-for-sale investment listed in Shanghai	131,760	—	(13,176)
Total	137,615	(586)	(13,176)

The Group's management manages the above exposure by maintaining a well-diversified and low value of risk factor investment portfolio.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet its construction commitments and other business operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group			**2009**		
	On demand HK$'000	**Less than 3 months HK$'000**	**3 to 12 months HK$'000**	**1 to 5 years HK$'000**	**Total HK$'000**
Interest-bearing bank and other borrowings	—	221,707	421,734	2,209,946	2,853,387
Loans from minority shareholders of subsidiaries	21,537	—	586,607	—	608,144
Trade payables	—	665,357	254,554	—	919,911
Other payables	—	65,329	—	—	65,329
Due to a related party	20,000	—	—	—	20,000
Consideration payable on acquisition of subsidiaries	—	—	1,100	—	1,100
	41,537	952,393	1,263,995	2,209,946	4,467,871
Financial guarantees issued: Maximum amount guaranteed	628,435	—	—	—	628,435

			2008		
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	—	322,008	618,558	1,855,504	2,796,070
Loans from minority shareholders of subsidiaries	48,463	—	—	—	48,463
Trade payables	—	521,135	—	—	521,135
Other payables	—	93,235	—	3,165	96,400
Due to a related party	20,000	—	—	—	20,000
Consideration payable on acquisition of subsidiaries	3,100	—	—	—	3,100
	71,563	936,378	618,558	1,858,669	3,485,168
Financial guarantees issued: Maximum amount guaranteed	365,538	—	—	—	365,538

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Company

	2009				
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	—	194,804	17,269	1,560,138	1,772,211
Other payables	—	705	—	—	705
	—	195,509	17,269	1,560,138	1,772,916
Financial guarantees issued: Maximum amount guaranteed	64,500	—	—	—	64,500

	2008				
	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	—	188,186	—	1,773,673	1,961,859
Other payables	—	2,632	—	—	2,632
	—	190,818	—	1,773,673	1,964,491
Financial guarantees issued: Maximum amount guaranteed	77,588	—	—	—	77,588

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 2008.

The Group monitors capital using a net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank and other borrowings less cash and bank balances and time deposits. The net gearing ratios as at the ends of the reporting periods were as follow:

Group

	2009 HK$'000	2008 HK$'000
Interest-bearing bank and other borrowings (note 37)	2,742,494	2,769,212
Less: Cash and bank balances and time deposits (note 31)	(3,784,595)	(2,005,576)
Net borrowings/(cash)	(1,042,101)	763,636
Equity attributable to owners of the parent	11,807,635	9,275,610
Net gearing ratio	N/A	8.2%

50. EVENTS AFTER THE REPORTING PERIOD

(a) On 10 February 2010, the Group entered into a share transfer agreement with Verakin Group for the acquisition of a 51% equity interest in Verakin Wenlong Real Estate Company Limited ("Wenlong"), together with the certain shareholder's loans from Verakin Group, at an aggregate consideration of RMB43,407,000 (equivalent to approximately HK$49,268,000).

Because the acquisition of Wenlong was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

(b) On 12 February 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Wisdom Gain Group Limited ("Wisdom Gain"), a 60%-owned subsidiary of the Group, together with a receivable from the minority shareholder of Wisdom Gain, at an aggregate consideration of HK$340,000,000 (the "Wisdom Gain Disposal").

The Wisdom Gain Disposal was completed on 12 February 2010 and the Group recognised gain on disposal of subsidiaries (before tax expenses) of approximately HK$21,000,000.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2010.

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December				
RESULTS	**2009 HK$'000**	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
REVENUE	**1,080,638**	1,395,643	910,759	794,984	445,248
PROFIT/(LOSS) BEFORE TAX	**(7,275)**	(1,306,474)	390,710	633,353	47,395
Income tax expense	**(35,651)**	227,837	512,901	(2,436)	(4,374)
PROFIT/(LOSS) FOR THE YEAR	**(42,926)**	(1,078,637)	903,611	630,917	43,021
Attributable to:					
Owners of the parent	**(58,358)**	(837,145)	905,495	627,871	41,203
Minority interests	**15,432**	(241,492)	(1,884)	3,046	1,818
	(42,926)	(1,078,637)	903,611	630,917	43,021

ASSETS, LIABILITIES AND MINORITY INTERESTS

	At 31 December				
	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Property, plant and equipment	**269,971**	286,668	284,911	267,654	161,934
Investment properties	**297,094**	250,294	197,250	128,262	—
Prepaid land lease payments	**2,258,873**	2,222,536	25,061	25,510	25,213
Interests in jointly-controlled entities	**726,268**	1,210,921	894,452	—	—
Interests in associates	**1,743**	2,747	36,333	33,300	38,455
Available-for-sale investments	**900,599**	150,757	426,174	46,612	—
Properties under development	**5,920,718**	6,901,012	7,804,480	6,424,561	—
Interests in land use rights for property development	**986,864**	389,098	2,060,442	—	—
Other non-current assets	**35,650**	34,212	683,690	66,122	93,664
Non-current assets	**11,397,780**	11,448,245	12,412,793	6,992,021	319,266
Current assets	**9,146,110**	4,203,601	3,854,649	1,778,590	439,399
Current liabilities	**(3,913,701)**	(2,037,542)	(2,603,943)	(1,181,407)	(165,087)
Net current assets	**5,232,409**	2,166,059	1,250,706	597,183	274,312
Non-current liabilities	**(4,074,532)**	(3,726,660)	(3,009,197)	(2,155,769)	(10,197)
Minority interests	**(748,022)**	(612,034)	(808,019)	(6,677)	(3,652)
Equity attributable to owners of the parent	**11,807,635**	9,275,610	9,846,283	5,426,758	579,729