Multifield

Annual Report 2009

Multifield International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lau Chi Yung *(Chairman)*
Lau Michael Kei Chi *(Vice-Chairman and Managing Director)*

Independent Non-executive Directors

Lee Siu Man, Ervin
Wong Yim Sum
Lo Yick Wing
Choy Tak Ho

COMPANY SECRETARY

Yau Yuk Kau, Benny

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Bank Sarasin-Rabo (Asia) Limited
East West Bank

AUDITORS

HLB Hodgson Impey Cheng

SOLICITORS

Cheung, Tong & Rosa, Solicitors
Poon Yeung & Li, Solicitors & Notaries

COMPLIANCE ADVISER

Sun Hung Kai International Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

8th Floor Multifield House
54 Wong Chuk Hang Road
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08 Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Multifield International Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

REVIEW OF OPERATION

2009 was on the whole a challenging year for all sectors. It began with the economy being adversely affected by the aftermath of the financial tsunami. As the worldwide economies began to stabilize in the second quarter, the financial and property markets gradually improved. Against this background, the Group recorded a net profit of about HK$525 million (2008: HK$126 million) for the year ended 31 December 2009.

PROPERTY INVESTMENT

Hong Kong

Most of the investment properties in Hong Kong comprise industrial and office units with some shops in the ground floor. In view of the challenging market conditions in the first half of 2009, the Group had taken effective actions to stabilize the occupancy. As a result, the investment properties still contributed stable rental revenue of approximately HK$30 million (2008: HK$26 million), with an increase of 15% as compared with 2008.

Shanghai, PRC

The Group's properties in Shanghai, PRC comprise around 300 blocks of detached garden houses and apartment units, which were operated under the name of "Windsor Renaissance" and maintained a steady rental revenue with an occupancy rate of approximately 80%. The Group's properties are well accepted by the expatriate community in Shanghai and our trademark, "Windsor Renaissance", is a symbol of high quality villas and serviced apartments in Shanghai.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC. The first land of about 36,808 square metres is located at Qianshan commercial business district and for commercial and shopping usages. It is still in the process of demolition and removal of existing constructions. Another land of about 94,111 square metres in DouMen commercial business district is at planning stage. This land is for hotel and shopping usages. The Group believes that these acquisitions of land will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group upon completion of development.

TRADING AND INVESTMENTS

The performance of trading and investment segment improved significantly as a result of strong backing in the financial markets from various local governments. Indeed, in terms of market capitalization, the Hang Seng Index has risen over 100% from the trough in October 2008. As a result, the Group's investment segment recorded a net fair value gains of HK$61 million (2008: net fair value losses of HK$97 million) when marking the investment portfolios to market valuation as at 31 December 2009.

ELECTRONICS

The electronics division reported a net loss of about HK$4.4 million (2008: HK$2.3 million) based on a turnover of HK$0.2 million (2008: HK$5.9 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. As at 31 December 2009, the Group had total bank and other borrowings amounting to approximately HK$693 million (2008: HK$731 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain cash deposits and securities investment. As at 31 December 2009, about HK$92 million (2008: HK$173 million) out of HK$693 million (2008: HK$731 million) is repayable within one year. The Group's cash and cash equivalents as at 31 December 2009 amounted to HK$319 million (2008: HK269 million). Based on the total bank and other borrowings of HK$693 million (2008: HK$731 million) and the aggregate of the shareholders' funds, minority interests and total bank and other borrowings of approximately HK$3,755 million (2008: HK$3,296 million), the Group's gearing ratio as at 31 December 2009 was around 18% (2008: 22%).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had approximately 310 employees, of whom 265 were based in the PRC and 45 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience and the prevailing market condition. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

PROSPECT

The global economy has shown signs of recovery. To sustain the recovery, all central banks are expected to keep interest rates at low levels. However, the pace of recovery is slow and the remaining adverse impacts of the financial crisis continue to appear from time to time. In mainland China, the negative impact of weak foreign demand was offset with the implementation of a series of policy measures to boost economic growth in 2009 and the annual target of "8% up in GDP" in terms of domestic economic growth was achieved. Yet, 2010 looks set to be a critical year for mainland China in optimizing and adjusting its economic structure. Its real estate market will be reorganized and regulated by increasing land supply and providing more completed residential units. The mortgage market will be more closely monitored by tightening the total amount of housing loans and the concessionary tax and credit policies in housing will gradually be withheld. Indeed, the above measures are all aimed at reducing over-speculative activities and eliminating the danger of an economic bubble and fostering stability and healthy development of the economy.

Hong Kong is expected to continue to benefit from the economic development of mainland China and the back of the increasing closer economic and trade relationship between Hong Kong and mainland China. Thus, the Group remains optimistic about the prospect of local property market in the medium and long term because of its strong fundamentals.

The Group will adhere to its prudent financial policy and maintain high liquidity and low gearing. The Group will continue to monitor market conditions and look for attractive investment opportunities as appropriate in the long run. We strongly believe that we have the necessary skills and expertise to enable us to work towards the goal of maximizing our shareholder's wealth through restructuring our business mix and strengthening the competitiveness of our business.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders who have extended to us their trust. The Board and management have decided to propose a final dividend of 0.5 HK cents per share at the forthcoming annual general meeting. I would also like to thank my fellow directors for their support and to thank all the staff for their dedication and hard work. I believe that we will create greater value to our investors in the future.

Lau Chi Yung
Chairman

Hong Kong, 9 April 2010

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Chi Yung, aged 50, is the Chairman and founder of Multifield International Holdings Limited (the "Company"). Mr. Lau has over 20 years' experience in property investment and development and is responsible for the overall policymaking, investment and business development of the Company and its subsidiaries (the "Group"). Mr. Lau is currently the Chairman of Oriental Explorer Holdings Limited ("Oriental Explorer"), a company engaged in property investment, trading of securities and investment holding and manufacturing businesses and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. LAU Michael Kei Chi, aged 56, is the Vice Chairman and Managing Director of the Company. He is responsible for the overall planning, marketing and operations of the Group's service apartment business. Prior to joining the Group in 1997, he had over 20 years' experience in project development and management. Mr. Lau is currently the Vice Chairman and Managing Director of Oriental Explorer and is the brother of Mr. Lau Chi Yung.

Independent Non-executive Directors

Mr. LEE Siu Man, Ervin, aged 54, is a Registered Architect and Authorized Person in Hong Kong. He is a member of the Hong Kong Institute of Architects and the Royal Australian Institute of Architects, and the founder and currently the Managing Director of Fotton-ELA Architects Ltd. and Fotton-ELA Consultants Ltd. which provide comprehensive services including architecture, civil, structural and geotechnical engineering, town planning and estate surveying in the building and development field. In early 1999, Mr. Lee has also been elected as the Director of the Board of Directors of the Pok Oi Hospital and the President of North Kowloon Lions Club, both for the year 1999/2000.

Mr. WONG Yim Sum, aged 44, is currently the Director of Conpak CPA Limited, a firm of Certified Public Accountants in Hong Kong. Mr. Wong has extensive experience in the finance and auditing fields and is currently practicing as a Certified Public Accountant. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Association of Chartered Certified Accountants (ACCA).

Mr. LO Yick Wing, aged 57, is a Registered Architect and Authorized Person in Hong Kong. He has attained Class I Registered Architect Qualification (中華人民共和國一級註冊建築師資格) in the People's Republic of China. He is a member of the Hong Kong Institute of Architects and the Royal Australian Institute of Architects and The Association of Architectural Practices Ltd. Mr. Lo is the founder and currently the Managing Director of Lo & Partners Architects & Development Consultants Ltd. which provide comprehensive professional services including architecture, planning, interior, landscaping and estate development consultancy.

Mr. CHOY Tak Ho, aged 82, joined the Group in May 2000. He is a member of the 9th National Committee of the Chinese People's Political Consultation Conference, the Executive Committee Member of the 8th All China Federation of Industry and Commerce and the Executive Committee Member of the Chinese Manufacture Association of Hong Kong. He also served as a member of the Selection Committee of the First Government of the Hong Kong Special Administrative Region. He is the Honorary Life Chairman of the Chinese General Chamber of Commerce H.K., the Charter President of Hong Kong and Overseas Chinese Association of Commerce Limited and the Charter President of Hong Kong Kwun Tong Industries and Commerce Association Limited.

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Ms. SIU Wai King, Donna, aged 45 and joined the Group in 1992, is the Deputy General Manager of the Group. She is responsible for the business of property investment and property management in Hong Kong. She has over 20 years' experience in the business of property investment and property management.

Mr. YAU Yuk Kau, Benny, aged 37, joined the Group in 2006. He is the Deputy General Manager and Financial Controller of the Group. He holds a master's degree in corporate governance. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. He has over 13 years' experience in auditing, taxation and accounting. He is responsible for the Group's overall financial and treasury management and the operation of the company's subsidiaries in Zhuhai.

Mr. MASSY Jean-Phillippe, aged 33, joined the Group in 2006. He is the General Manager of the Shanghai subsidiaries of the Group and is responsible for the property management business of the hotel serviced apartments in Shanghai. He holds a Master's Degree in Management from Pau International Business School, France. He has over 10 years experience in management and marketing.

Ms. FAN Qing, aged 40, joined the Group in December 1996. She is currently the Manager of the finance department of the Shanghai subsidiaries of the Group and she has attained 國家中級會計師資格證書 and has considerable experience in real estate development and operation.

Ms. Huang Ying, aged 41, joined the Group in May 2007. She is currently the Assistant General Manager of the Zhuhai subsidiaries of the Group. She graduated from Wù Bei University and has considerable experience in management.

Ms. Jian Chu Shan, aged 35, joined the Group in April 2007. She is currently the Deputy Manager of the finance department of the Zhuhai subsidiaries of the Group. She graduated from Zhong Nan Cai Jing Zheng Zhi Da Xue. She holds a bachelor degree in management and has attained 國家中級會計師資格證書. She has considerable experience in real estate development and operation.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 14 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 19 to 24.

The directors recommend the payment of a final dividend of 0.5 HK cents per ordinary share in respect of the year ended 31 December 2009 (2008: 0.45 HK cents), to shareholders whose name appeared on the register of members on 25 June 2010. The final dividend if approved, will be distributed to the shareholders on 16 July 2010. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets, liabilities and minority interests of the Group for the last five-financial years. The information has been extracted from the published audited financial statements of the Company, after appropriate adjustments and reclassifications. This summary does not form part of the audited financial statements.

REPORT OF THE DIRECTORS

RESULTS

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(restated)	(restated)	(restated)
Revenue	**228,671**	83,953	198,098	196,147	1,325,776
Cost of sales	**(25,358)**	(23,053)	(22,556)	(33,086)	(1,144,251)
Gross profit	**203,313**	60,900	175,542	163,061	181,525
Other income and gains	**531,194**	154,220	169,313	104,138	72,195
Operating and administrative expenses	**(34,064)**	(49,013)	(27,074)	(19,331)	(59,755)
Other operating expenses	**–**	–	–	–	(432)
Finance costs	**(6,826)**	(22,642)	(42,823)	(39,898)	(27,786)
Profit before tax	**693,617**	143,465	274,958	207,970	165,747
Income tax expense	**(168,152)**	(17,748)	(12,069)	(14,725)	(18,082)
Profit for the year	**525,465**	125,717	262,889	193,245	147,665
Attributable to:					
Owners of the Company	**423,999**	50,925	220,477	144,170	126,597
Minority interests	**101,466**	74,792	42,412	49,075	21,068
	525,465	125,717	262,889	193,245	147,665

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**4,686,075**	4,089,711	4,096,095	3,702,476	3,332,662
Total liabilities	**(1,624,395)**	(1,524,958)	(1,606,237)	(1,568,122)	(1,400,830)
Minority interests	**(761,930)**	(692,231)	(726,306)	(694,717)	(697,523)
	2,299,750	1,872,522	1,763,552	1,439,637	1,234,309

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 94 to 96.

PROPERTIES HELD FOR SALE

Details of the Group's properties held for sale are set out in note 21 to the financial statements. Further details of the Group's properties held for sale are set out on page 94.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company during the year are set out in notes 32 and 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 34 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 cash distribution and/or distribution in specie, as calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$846,964,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers of electronic business accounted for 100% of the total sales for the year and sales to the largest customer included therein amounted to 92%. There were no purchases from the Group's suppliers of electronic business.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company (the "Director(s)") during the year and up to the date of this report were:

Executive Directors

Mr. Lau Chi Yung	*(Chairman)*
Mr. Lau Michael Kei Chi	*(Vice-Chairman and Managing Director)*

Independent Non-executive Directors

Mr. Lee Siu Man, Ervin	
Mr. Wong Yim Sum	
Mr. Lo Yick Wing	*(Appointed on 15 April 2009)*
Mr. Choy Tak Ho	

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

In accordance with the Company's bye-laws, Mr. Wong Yim Sum and Mr. Choy Tak Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 6 to 7 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from those transactions disclosed in note 39 to the financial statements, no director had a material interest, either directly or indirectly, in any material contract of significance to the business of the Group to which the Company, or any of its holding companies or subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2009, the interests of the Directors in the share capital and underlying shares of the Company or its associated corporation (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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of the Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION *(continued)*

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Lau Chi Yung	Corporate	2,797,055,712	66.91

The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung and his family.

Long position in shares of associated corporation

Name of Director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature of interest	Percentage of associated corporation's issued share capital
Lau Chi Yung	Oriental Explorer Holdings Limited	Company's subsidiary	Ordinary shares	1,101,826,999	Corporate	61.21

The interest of Mr. Lau Chi Yung in the shares of Oriental Explorer Holdings Limited are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung and his family.

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 December 2009, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or 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 heading "Directors' interests in shares of the Company and its associated corporation" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Power Resources Holdings Limited*	Through a controlled corporation	2,797,055,712	66.91
Lucky Speculator Limited*	Directly beneficially owned	2,195,424,000	52.52
Desert Prince Limited*	Directly beneficially owned	601,631,712	14.39

* Power Resources Holdings Limited was deemed to have a beneficial interest in 2,797,055,712 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.

Save as disclosed above, as at 31 December 2009, no person, other than the Directors, whose interests are set out in the section "Directors' interests in shares of the Company and its associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in note 39 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, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

REPORT OF THE DIRECTORS

AUDITORS

A resolution for the reappointment of HLB Hodgson Impey Cheng as the auditors of the Company for the ensuing year is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lau Chi Yung
Chairman

Hong Kong
9 April 2010

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders.

BOARD COMPOSITION AND BOARD PRACTICE

The Board is mandated to promote the success of the Company by providing leadership and supervising control of Group's business.

Currently, the Board comprises two executive Directors and four independent non-executive Directors. The positions of chairman and managing director are held by separate individuals. The chairman provides leadership for the board and the managing director, supported by the management team, provides planning and implementation. The Board, led by Mr. Lau Chi Yung is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans; evaluating the performance of Group; and oversight of management. The chairman ensures that the Board works effectively and discharges its responsibilities. All directors have been consulted on all major and material matters of the Company. With the support of the company secretary, the chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2009.

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term and subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

Under the Listing Rules, every listed issuer is required to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Currently, the number of independent non-executive directors represents more than one-third of the total board members.

Each of the independent non-executive director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The biographical details of the Directors are set out on page 6.

The Board has scheduled regular meetings per year and meets more frequently as and when required to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss the annual results, interim results and other significant matters. During the financial year ended 31 December 2009, the attendance of individual Director to the Board meeting is summarized below:–

Executive Directors	**Meetings attended/held**
Lau Chi Yung	7/7
Lau Michael Kei Chi	7/7
Independent Non-executive Directors	
Lee Siu Man, Ervin	6/7
Wong Yim Sum	6/7
Lo Yick Wing (Appointed on 15 April 2009)	5/7
Choy Tak Ho	5/7

The company secretary keeps the Board minutes of the Company for inspection by the Directors and all Directors have direct access to the company secretary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the Directors, the Directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2009.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The audit committee's terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code. Pursuant to its terms of reference, the audit committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system and to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response. The audit committee should meet at least twice each year and when the need arises.

CORPORATE GOVERNANCE REPORT

The audit committee comprises four independent non-executive Directors, namely, Lee Siu Man, Ervin, Wong Yim Sum, Lo Yick Wing and Choy Tak Ho. The chairman of the audit committee, Wong Yim Sum, has extensive experience in the finance and auditing fields.

In the presence of the representatives of the Company's independent external auditors, the Group's draft audited consolidated financial statements for the year ended 31 December 2009 have been reviewed by the audit committee, and with recommendation to the Board for approval.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee on 16 September 2005 to ensure that there are formal and transparent procedures for setting policies on the remuneration of the Directors. The remuneration committee comprises four independent non-executive Directors namely, Lee Siu Man, Ervin, Wong Yim Sum, Lo Yick Wing and Choy Tak Ho.

The terms of reference of the remuneration committee are consistent with the terms set out in the relevant section of the Code, and no Director is involved in deciding his own remuneration.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislation and regulations.

AUDITORS' REMUNERATION

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence.

For the year ended 31 December 2009, the auditors of the Company received approximately HK$650,000 for audit service and HK$Nil for tax and consultancy services.

INVESTOR RELATIONS AND COMMUNICATION

The Company continues to pursue a proactive policy of promoting investor relations communications. All shareholders have 21 clear days' notice of the annual general meeting and special general meeting for passing of a special resolution and 14 clear days' notice of all other general meetings at which the Company's Directors and committee chairmen or members are available to answer their questions.

In fact, the Company's annual general meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. A separate resolution is proposed for each substantially separate issue at the AGM.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
MULTIFIELD INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Multifield International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 93, which comprise the consolidated and company statements of financial position as at 31 December 2009, and 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 consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 9 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**228,671**	83,953
Cost of sales		**(25,358)**	(23,053)
Gross profit		**203,313**	60,900
Other income and gains	5	**37,522**	38,198
Fair value gains on investment properties		**512,521**	134,407
Loss on disposal of investment properties		**(18,849)**	(18,385)
Operating and administrative expenses		**(34,064)**	(49,013)
Finance costs	7	**(6,826)**	(22,642)
PROFIT BEFORE TAX	6	**693,617**	143,465
Income tax expense	10	**(168,152)**	(17,748)
PROFIT FOR THE YEAR		**525,465**	125,717
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		**7,871**	(9,069)
Reclassification adjustments for impairment losses included in profit or loss		**–**	3,842
		7,871	(5,227)
Exchange differences on translation of foreign operations		**29,428**	92,719
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**37,299**	87,492
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**562,764**	213,209
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	11	**423,999**	50,925
Minority interests		**101,466**	74,792
		525,465	125,717
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**458,581**	140,323
Minority interests		**104,183**	72,886
		562,764	213,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	13	**10.14 cents**	1.22 cents

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**348,170**	341,454
Investment properties	16	**3,480,050**	3,024,870
Prepaid land lease payments	17	**450**	459
Available-for-sale investments	18	**46,818**	38,572
Total non-current assets		**3,875,488**	3,405,355
CURRENT ASSETS			
Inventories	20	**–**	595
Properties held for sale	21	**281,851**	281,851
Trade receivables	22	**7,092**	7,767
Prepayments, deposits and other receivables	23	**42,773**	55,078
Equity investments at fair value through profit or loss	24	**160,043**	57,985
Equity-linked notes	19	**–**	11,668
Derivative financial instruments	28	**76**	–
Pledged deposits	25	**76,847**	133,202
Cash and cash equivalents	25	**241,905**	136,210
Total current assets		**810,587**	684,356
TOTAL ASSETS		**4,686,075**	4,089,711
CURRENT LIABILITIES			
Trade payables	26	**1,991**	1,427
Other payables and accruals	27	**242,802**	232,668
Deposits received		**45,313**	46,043
Derivative financial instruments	28	**351**	21,222
Interest-bearing bank and other borrowings	29	**91,756**	172,581
Tax payable		**20,957**	19,798
Total current liabilities		**403,170**	493,739
NET CURRENT ASSETS		**407,417**	190,617
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,282,905**	3,595,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	29	**601,260**	558,255
Due to a director	30	**24,380**	33,610
Deferred tax liabilities	31	**595,585**	439,354
Total non-current liabilities		**1,221,225**	1,031,219
Net assets		**3,061,680**	2,564,753
EQUITY			
Equity attributable to owners of the Company			
Issued capital	32	**41,804**	41,804
Reserves	34	**2,237,044**	1,811,906
Proposed final dividends	12	**20,902**	18,812
		2,299,750	1,872,522
Minority interests		**761,930**	692,231
Total equity		**3,061,680**	2,564,753

Lau Chi Yung, Kenneth
Chairman

Lau Michael Kei Chi
Vice-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to owners of the Company								
	Issued capital HK$'000 (Note 32)	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Available-for- sale investment revaluation reserve** HK$'000	**Exchange fluctuation reserve** HK$'000	**Retained profits** HK$'000	**Proposed final dividend** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 January 2008	41,804	39,116	293,372	7,323	234,223	1,128,902	18,812	726,306	2,489,858
Total comprehensive income for the year	–	–	–	(3,321)	92,719	50,925	–	72,886	213,209
Acquisition of minority interests	–	–	–	–	–	–	–	(106,961)	(106,961)
Final 2007 dividend declared	–	–	–	–	–	–	(18,812)	–	(18,812)
Interim 2008 dividend	–	–	–	–	–	(12,541)	–	–	(12,541)
Proposed final 2008 dividend	–	–	–	–	–	(18,812)	18,812	–	–
At 31 December 2008	41,804	39,116*	293,372*	4,002*	326,942*	1,148,474*	18,812	692,231	2,564,753
At 1 January 2009	**41,804**	**39,116**	**293,372**	**4,002**	**326,942**	**1,148,474**	**18,812**	**692,231**	**2,564,753**
Total comprehensive income for the year	**–**	**–**	**–**	**5,154**	**29,428**	**423,999**	**–**	**104,183**	**562,764**
Acquisition of minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,484)**	**(13,484)**
Dividends paid to minority shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,000)**	**(21,000)**
Final 2008 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**(18,812)**	**–**	**(18,812)**
Interim 2009 dividend	**–**	**–**	**–**	**–**	**–**	**(12,541)**	**–**	**–**	**(12,541)**
Proposed final 2009 dividend	**–**	**–**	**–**	**–**	**–**	**(20,902)**	**20,902**	**–**	**–**
At 31 December 2009	**41,804**	**39,116***	**293,372***	**9,156***	**356,370***	**1,539,030***	**20,902**	**761,930**	**3,061,680**

* These reserve accounts comprise the consolidated reserves of approximately HK$2,237,044,000 (2008: HK$1,811,906,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Net cash flows from operating activities	35	**91,285**	102,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(8,128)**	(14,618)
Purchases of investment properties		**(234)**	(71,815)
Purchases of available-for-sale investments		**(15,975)**	(61,581)
Payment of deposits for acquisition of investment properties		**(5,937)**	(2,572)
Decrease in pledged time deposits		**56,355**	77,583
Proceeds from disposal of items of property, plant and equipment		**25,077**	21,053
Proceeds from disposal of investment properties		**70,138**	53,500
Proceeds from disposal of available-for-sale investments		**15,600**	22,195
Interest received		**1,524**	7,040
Net cash flows from investing activities		**138,420**	30,785
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing borrowings		**126,506**	126,967
Repayment of interest-bearing borrowings		**(133,840)**	(222,683)
Net change in short-term revolving loans		**(30,486)**	(11,753)
Repayment to minority shareholders		**(13,484)**	(106,961)
Decrease in amount due to a director		**(9,230)**	(5,168)
Dividends paid to minority shareholders		**(21,000)**	–
Interest paid		**(6,826)**	(21,995)
Dividends paid		**(31,353)**	(31,353)
Net cash flows used in financing activities		**(119,713)**	(272,946)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**109,992**	(139,258)
Cash and cash equivalents at beginning of the year		**136,210**	299,411
Effect of foreign exchange rate changes, net		**(4,297)**	(23,943)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**241,905**	136,210
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**144,396**	83,281
Non-pledged time deposits with original maturity of less than three months when acquired	25	**97,509**	52,929
		241,905	136,210

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	14	**656,622**	656,622
CURRENT ASSETS			
Due from subsidiaries	14	**254,152**	285,134
Prepayments, deposits and other receivables		**591**	477
Cash and bank balances		**133**	174
Total current assets		**254,876**	285,785
TOTAL ASSETS		**911,498**	942,407
CURRENT LIABILITIES			
Due to a subsidiary	14	**1,800**	1,800
Other payables and accruals	27	**28**	69
Total current liabilities		**1,828**	1,869
NET CURRENT ASSETS		**253,048**	283,916
TOTAL ASSETS LESS CURRENT LIABILITIES		**909,670**	940,538
EQUITY			
Issued capital	32	**41,804**	41,804
Reserves	34	**846,964**	879,922
Proposed final dividends	12	**20,902**	18,812
Total equity		**909,670**	940,538

Lau Chi Yung, Kenneth
Chairman

Lau Michael Kei Chi
Vice-Chairman

1. CORPORATE INFORMATION

Multifield International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business of the Company is located at 8th Floor, Multifield House, 54 Wong Chuk Hang Road, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries were involved in the following principal activities:

- property investment;
- provision of service apartment and property management services;
- trading of securities and investment holding; and
- manufacturing and trading of electronic products.

In the opinion of the directors, the holding company of the Company is Lucky Speculator Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands.

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, 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 and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as 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.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

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. Except for in certain cases, giving rise to new and revised accounting policies, the adoption of these new and revised HKFRSs has had no significant effect on these 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*
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 the 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 is effective for annual periods beginning on or after 1 July 2009.

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

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) 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*

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively.

(b) Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation.

(c) 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.

(d) HKFRS 8 *Operating Segments*

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.

(e) 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 one single statement.

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

(f) Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*

Guidance has been added to the appendix (which accompanies the standard) to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods or services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears credit risk. The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all arrangements. The amendment has had no impact on the financial position or results of operations of the Group.

(g) HKAS 23 (Revised) *Borrowing Costs*

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard has had no impact on the financial position or results of operations of the Group.

(h) Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments have had no impact on the financial position or results of operations of the Group.

(i) Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*

The amendment to HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. HKAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

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

(j) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award scheme, the interpretation has had no impact on the financial position or results of operations of the Group.

(k) HK(IFRIC)-Int 15 *Agreements for the Construction of Real Estate*

HK(IFRIC)-Int 15 replaces HK Interpretation 3 *Revenue – Pre-completion Contracts for the Sale of Development Properties*. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 *Construction Contracts* or an agreement for the sale of goods or services in accordance with HKAS 18 *Revenue*. The interpretation has had no impact on the accounting for the Group's construction activities.

(l) HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation has had no impact on the financial position or results of the operations of the Group.

(m) HK(IFRIC)-Int 18 *Transfers of Assets from Customers (adopted from 1 July 2009)*

HK(IFRIC)-Int 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

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 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	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, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 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 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 investments in subsidiaries 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.

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.

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 initially recognised in the consolidated statement of financial position as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

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 and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the 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, 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.

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.

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 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 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.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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:

Buildings	5% or over the lease terms, if shorter
Leasehold improvements	Over the lease terms
Plant and machinery	10% - 20%
Furniture, fixtures, and office equipment	20% - 33 $^1/_3$%
Motor vehicles	20% - 33 $^1/_3$%
Vessels	30%

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.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a 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.

Properties under development

Properties in the course of development are classified as non-current assets and are stated at cost less accumulated amortisation and accumulated impairment loss. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortised over the expected useful life and are included as part of cost of properties under development.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, capitalised interest during the period of development and other direct costs attributable to such properties. Net realisable value is calculated as the estimated selling price less all costs to completion, if applicable, and costs of marketing and selling.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

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 net of any incentives received from the lessor 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 a finance lease in property, plant and equipment.

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 and receivables 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 by 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 not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies 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 measured at amortised cost using the effective interest rate 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 finance costs.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments (continued)

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 valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in revenue, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement 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 "Revenue" 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

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 loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments (continued)

In the case of equity investments classified as available for sale, objective 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.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, an amount due to a director, derivative financial instruments and interest-bearing loans and borrowings.

Subsequent measurement

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

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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

None of the derivative financial instruments held by the Group qualifies for hedge accounting.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out 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 and 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 banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 and associates, 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.

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 and associates, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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 or substantively 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) rental income from property letting, in the period in which the properties are let and on a straight-line basis over the lease terms;

(c) income from the provision of service apartments and property management services, and project management, in the period in which such services are rendered;

(d) interest income, on accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument 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 equity and debt securities, on the trade date.

Employee benefits

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").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payment transactions (continued)

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 using an appropriate option pricing model.

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 or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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, of 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.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Retirement benefits scheme (continued)

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

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.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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 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.

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.

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

Estimation uncertainty *(continued)*

Fair values of financial instruments

Financial instruments such as equity, debt and derivative instruments are carried at the statement of financial position at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results.

Impairment of receivables

The Group's management determines the provision for impairment of receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the estimation at the end of each reporting period.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. For the year ended 31 December 2009, no impairment losses have been recognised for available-for-sale assets, whereas impairment losses of approximately HK$3,842,000 were recognised for the year ended 31 December 2008. The carrying amount of available-for-sale assets was approximately HK$46,818,000 (2008: HK$38,572,000). Further details are included in note 18 to the financial statements.

Estimation of fair value of investment properties

As described in note 16, the investment properties were revalued at the end of the reporting period on market value existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Income taxes

Significant management judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account changes in tax legislation.

4. OPERATING SEGMENT INFORMATION

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

(a) the property investment segment mainly comprises rental income from investment properties;

(b) the provision of service apartment and property management segment;

(c) the trading and investment segment includes the trading of securities and investment income from securities investment and investment holding;

(d) the electronic products segment is a supplier of electronic components mainly for use in the manufacture of electronic products; and

(e) the corporate and others segment.

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 from operations except that interest income from loans and receivables, finance costs, and other gains are excluded from such measurement.

Segment liabilities exclude interest-bearing bank and other borrowings, the amount due to a director, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2008: Nil).

4. OPERATING SEGMENT INFORMATION *(continued)*

Years ended 31 December 2009 and 2008

	Property investment		Provision of service apartment and property management services		Trading and investments		Electronic products		Corporate and others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**143,885**	151,882	**16,885**	14,373	**67,687**	(88,164)	**214**	5,862	**–**	–	**228,671**	83,953
Segment results	**113,221**	111,833	**(13,663)**	(13,835)	**43,657**	(111,501)	**(4,489)**	(2,369)	**11,674**	27,759	**150,400**	11,887
Interest income from loans and receivables											**1,524**	7,040
Unallocated gains											**548,519**	147,180
Finance costs											**(6,826)**	(22,642)
Profit before tax											**693,617**	143,465
Income tax expense											**(168,152)**	(17,748)
Profit for the year											**525,465**	125,717

4. OPERATING SEGMENT INFORMATION *(continued)*

Years ended 31 December 2009 and 2008

	Property investment		Provision of service apartment and property management services		Trading and investments		Electronic products		Corporate and others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**4,111,051**	3,670,660	**129,424**	33,536	**328,148**	168,583	**476**	6,856	**116,976**	210,076	**4,686,075**	4,089,711
Total assets											**4,686,075**	4,089,711
Segment liabilities	**163,541**	143,121	**10,434**	10,446	**514**	24,419	**3,179**	3,496	**8,164**	12,185	**185,832**	193,667
Unallocated liabilities											**1,438,563**	1,331,291
Total liabilities											**1,624,395**	1,524,958
Other segment information:												
Depreciation and amortisation	**1,567**	750	**688**	614	**–**	–	**26**	74	**1,282**	2,293	**3,563**	3,731
Change in fair value of investment properties	**512,521**	134,407	**–**	–	**–**	–	**–**	–	**–**	–	**512,521**	134,407
Impairment loss on trade receivables	**473**	–	**–**	–	**–**	–	**–**	–	**–**	–	**473**	–
Impairment loss on available-for-sale investments	**–**	–	**–**	–	**–**	3,842	**–**	–	**–**	–	**–**	3,842
Capital expenditure*	**5,629**	73,883	**944**	102	**–**	–	**–**	64	**1,789**	12,384	**8,362**	86,433

* Capital expenditure consists of additions to property, plant and equipment, and investment properties.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

	Hong Kong		Elsewhere in the PRC		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**92,857**	(55,898)	**135,814**	139,851	**228,671**	83,953

No customer accounted for 10% or more of the total revenue for the years ended 31 December 2009 and 2008.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Rental income from property letting	**143,885**	151,882
Service apartment and property management	**16,885**	14,373
Sale of goods	**214**	5,862
Fair value gains/(losses), net:		
Equity-linked notes	**15,632**	(20,171)
Equity investments at fair value through profit or loss	**24,627**	(55,804)
Derivative financial instruments	**20,947**	(21,222)
Dividend income from listed investments	**3,361**	4,396
Interest income from available-for-sale investments	**3,120**	2,380
Interest income from equity-linked notes	**–**	2,257
	228,671	83,953
Other income and gains		
Interest income from loans and receivables	**1,524**	7,040
Gain on disposal of items of property, plant and equipment	**24,906**	19,607
Others	**11,092**	11,551
	37,522	38,198

6. PROFIT BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**614**	2,102
Cost of services provided	**24,744**	20,951
Depreciation	**3,554**	3,722
Amortisation of prepaid land lease payments	**9**	9
Minimum lease payments under operating leases for land and buildings	**596**	1,557
Auditors' remuneration	**650**	650
Impairment of trade receivables*	**473**	–
Impairment loss on available-for-sale investments*	**–**	3,842
Fair value loss on available-for-sale investments (transfer from equity on disposal)	**–**	1,205
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**15,080**	11,383
Foreign exchange differences, net	**(4,149)**	4,422
Employee benefits expense, including directors' remuneration: *(Note 8)*		
Salaries, wages and other benefits	**14,440**	15,463
Pension scheme contributions (defined contribution scheme) *(Note)*	**228**	334
	14,668	15,797

* Included in "Operating and administrative expenses" on the face of the consolidated statement of comprehensive income.

Note:

At 31 December 2009, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2008: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**6,369**	21,635
Interest on bank loans not wholly repayable within five years	**457**	1,007
	6,826	22,642

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Fees	**510**	300
Other emoluments:		
Salaries, allowances and benefits in kind	**2,981**	2,789
Pension scheme contributions	**24**	24
	3,005	2,813
	3,515	3,113

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

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

	2009	2008
	HK$'000	*HK$'000*
Mr. Choy Tak Ho	**120**	120
Mr. Lee Siu Man, Ervin	**135**	60
Mr. Wong Yim Sum	**120**	120
Mr. Lo Yick Wing (Appointed on 15 April 2009)	**135**	–
	510	300

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

(b) Executive directors

	Fees		**Salaries, allowances and benefits in kind**		**Pension scheme contributions**		**Total remuneration**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors:								
Mr. Lau Chi Yung, Kenneth	**–**	–	**1,656**	1,551	**12**	12	**1,668**	1,563
Mr. Lau Michael Kei Chi	**–**	–	**1,325**	1,238	**12**	12	**1,337**	1,250
	–	–	**2,981**	2,789	**24**	24	**3,005**	2,813

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2008: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2008: three) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,545**	1,788
Pension scheme contributions	**36**	36
	1,581	1,824

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

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**3**	3

10. 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 for the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Charge for the year	**–**	2,315
Underprovision in prior years	**29**	513
Current tax – Mainland China		
Charge for the year	**11,892**	12,776
Underprovision in prior years	**–**	1,645
Deferred tax *(Note 31)*	**156,231**	499
Total tax charge for the year	**168,152**	17,748

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

Group – 2009

	Hong Kong	**Elsewhere in the PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	**245,033**	**448,584**	**693,617**
Tax at applicable tax rate	**40,430**	**112,146**	**152,576**
Adjustments in respect of current tax of previous years	**29**	**–**	**29**
Lower tax rate for specific provinces or enacted by local authority	**–**	**(106,427)**	**(106,427)**
Income not subject to tax	**(60,176)**	**(5,350)**	**(65,526)**
Expenses not deductible for tax	**21,398**	**3,865**	**25,263**
Tax losses not recognised	**816**	**195**	**1,011**
Tax losses utilised from prior years	**(163)**	**–**	**(163)**
Effect of PRC land appreciation tax	**–**	**162,857**	**162,857**
Others	**(1,468)**	**–**	**(1,468)**
Tax charge at the Group's effective rate	**866**	**167,286**	**168,152**

10. INCOME TAX *(continued)*

Group – 2008

	Hong Kong *HK$'000*	Elsewhere in the PRC *HK$'000*	Total *HK$'000*
(Loss)/profit before tax	(107,706)	251,171	143,465
Tax at applicable tax rate	(17,772)	62,793	45,021
Adjustments in respect of current tax of previous years	513	1,645	2,158
Lower tax rate for specific provinces or enacted by local authority	–	(50,117)	(50,117)
Income not subject to tax	(11,445)	(9,952)	(21,397)
Expenses not deductible for tax	31,003	10,052	41,055
Tax losses not recognised	1,650	–	1,650
Tax losses utilised from prior years	(291)	–	(291)
Effect on opening deferred tax of change in rates	(295)	–	(295)
Others	(36)	–	(36)
Tax charge at the Group's effective rate	3,327	14,421	17,748

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2009 includes a profit of approximately HK$485,000 (2008: HK$473,000) which has been dealt with in the financial statements of the Company *(note 34(b))*.

12. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Interim dividend – HK0.3 cents (2008: HK0.3 cents) per ordinary share	**12,541**	12,541
Proposed final dividend – HK0.5 cents (2008: HK0.45 cents) per ordinary share	**20,902**	18,812
	33,443	31,353

The proposed final dividend for the year ended 31 December 2009 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$423,999,000 (2008: HK$50,925,000) and the weighted average number of ordinary shares of 4,180,371,092 (2008: 4,180,371,092) in issue during the year.

No adjustment has been made to the basis earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during those years.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2009 ***HK$'000***	2008 *HK$'000*
Unlisted shares, at cost	**656,622**	656,622

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

14. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Alphatronics Limited	Hong Kong	HK$6,000,000	45.91 *(Note (i))*	Trading of electronic products
Alphatronics Electronic (Shenzhen) Co., Ltd. *(Note (vi))*	PRC	US$3,310,000	45.91 *(Note (i))*	Manufacture of electronic components
Call Rich Investments Limited	British Virgin Islands	US$50,000	60.33 *(Note (ii))*	Investment holding
Charter Million Investment Limited	Hong Kong/ PRC	HK$2	63.06	Property investment
Conrad Shipping Limited	Hong Kong	HK$1	100	Property investment
East Winner Limited	British Virgin Islands	US$1	61.21	Investment holding
Ever Ford Development Limited	Hong Kong/ PRC	HK$10,000	62.02 *(Note (iv))*	Property investment
Fexlink Limited	Hong Kong	HK$100	100	Property investment
Forever Richland Limited	British Virgin Islands	US$50,000	75	Investment holding
Fortune Text Holdings Limited	Hong Kong/ PRC	HK$2	63.06	Property investment
Godfrey Investments Limited	British Virgin Islands	US$1	100	Investment holding
Good Connection Investments Limited	British Virgin Islands/ PRC	US$50,000	46.38 *(Notes (i) & (iii))*	Property investment
Grandfield Nominees Limited	Hong Kong	HK$1,000,000	100	Property investment

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Head Wonder International Limited	British Virgin Islands	US$10,000	63.06	Investment holding
Inter China Limited	British Virgin Islands	US$100	34.89 *(Note (i))*	Investment holding
Kiuson Development Limited	Hong Kong	HK$100	46.38 *(Notes (i) & (iii))*	Investment holding
Kiuson Development (Shanghai) Ltd. *(Note (vi))*	PRC	US$10,000,000	100	Property investment
Lau & Partners Consultants Limited	Hong Kong/ PRC	HK$10,000	100	Property investment
Limitless Investment Limited	British Virgin Islands	US$2	100	Investment holding
Linkful Electronics Limited	British Virgin Islands	US$1	61.21	Investment holding
Linkful (Holdings) Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$20,000,000	61.21	Investment holding
Linkful (PRC) Investments Limited	Hong Kong	HK$2	61.21	Investment holding
Linkful Management Services Limited	Hong Kong	HK$2	61.21	Provision of management services
Linkful Metals Trading Limited	British Virgin Islands/Thailand	US$1	61.21	Metal trading
Linkful Properties Company Limited	Hong Kong/ PRC	HK$2	61.21	Investment and property holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Linkful Strategic Investment Limited	British Virgin Islands	US$1	61.21	Investment holding
Lucky River Limited	British Virgin Islands	US$1	100	Investment holding
Maxlord Limited	Hong Kong	HK$10,000	100	Property Investment
Million Growth Investment Limited	Hong Kong	HK$10,000	100	Provision of recreational services
Multifield (Holdings) Limited	Hong Kong	HK$1,000,000	100	Investment holding, provision of management services and agency services
Multifield Hotel Serviced Apartment Management (Shanghai) Ltd. *(Note (vi))*	PRC	US$200,000	100	Provision of property management and administration services
Multifield International Hotel Management Limited	Hong Kong	HK$10,000	100	Provision of property management and administration services
Multifield Investment (HK) Limited	British Virgin Islands	US$1	100	Investment holding
Multifield Investment (PRC) Limited	British Virgin Islands	US$1	100	Investment holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Multifield Management Services Limited	British Virgin Islands	US$2	100	Investment holding
Multifield Properties Holdings Limited	British Virgin Islands	US$1	100	Investment holding
Multifield Properties Limited	Hong Kong	HK$9,000	100	Investment holding
Multifield Property Agency Limited	Hong Kong	HK$2	100	Provision of property agency services
Multifield Property Management Limited	Hong Kong	HK$2	100	Provision of property management services
Multifield International Holdings (B.V.I.) Limited	British Virgin Islands	US$40	100	Investment holding
Nichiyu Consultants Limited	British Virgin Islands	US$2	100	Investment holding
Oriental Explorer Holdings Limited	Bermuda	HK$18,000,000	61.21	Investment holding
Prince Properties Limited	Hong Kong	HK$10,000	80.61 *(Note (v))*	Investment holding
Quick Profits Limited	British Virgin Islands	US$2	100	Investment holding
Quick Returns Group Limited	British Virgin Islands	US$1	100	Investment holding
Rich Returns Limited	British Virgin Islands	US$100	62.02 *(Note (iv))*	Investment holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Richwell Properties Limited	Hong Kong	Ordinary HK$110,000 Non-voting deferred HK$10,000	100	Property investment
Silver Nominees Limited	Hong Kong	HK$2	100	Property investment
Sino Yield Investments Limited	British Virgin Islands	US$3	66.7	Investment holding
Skilful Investments Limited	British Virgin Islands/ PRC	US$50,000	46.38 *(Notes (i) & (iii))*	Property letting
Snowdon Worldwide Limited	British Virgin Islands	US$1	61.21	Investment holding
Tellink Development Limited	Hong Kong/ PRC	HK$100	100	Property investment
Triple Luck Investments Limited	British Virgin Islands	US$50,000	100	Investment holding
Verywell Properties Limited	British Virgin Islands/ Hong Kong	US$1	100	Property investment
Win Channel Enterprises Limited	Hong Kong	HK$2	66.7	Property investment
Windsor Property Management (Shanghai) Co., Ltd. *(Note (vi))*	PRC	US$200,000	100	Provision of property management services
Windsor Renaissance Hotel Property Management (Shanghai) Ltd. *(Note (vi))*	PRC	US$140,000	100	Provision of property management services

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Winner Strong Limited	Hong Kong	HK$100	100	Property investment
Wise Chance Limited	Hong Kong	HK$100	100	Property investment
Wise Success Limited	Hong Kong	HK$100	100	Property investment
Zhuhai Century West Sea Estates Investment Limited *(Note (vii))*	PRC	RMB10,000,000	100	Property development
珠海萬事昌酒店有限公司 *(Note (vi))*	PRC	US$14,436,249	100	Property development
珠海市港豐商務服務有限公司 *(Note (vi))*	PRC	HK$120,000	100	Provision of property consultant services

Except for Multifield International Holdings (B.V.I.) Limited, all subsidiaries are indirectly held by the Company.

Notes:

(i) These companies are subsidiaries of non wholly-owned subsidiaries of the Company and accordingly are accounted for as subsidiaries by virtue of the Company's control over the entities.

(ii) The Group holds a direct equity interest of 45% in this subsidiary, and an indirect equity interest of 15.33% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds a 25.04% equity interest in this subsidiary.

(iii) The Group holds a direct equity interest of 37% in these subsidiaries, and an indirect equity interest of 9.38% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds 15.33% equity interest in these subsidiaries.

(iv) The Group holds a direct equity interest of 51% in these subsidiaries, and an indirect equity interest of 11.02% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds 18% equity interest in these subsidiaries.

(v) The Group holds a direct equity interest of 50% in this subsidiary, and an indirect equity interest of 30.61% by virtue of the Group's 61.21% interest in Oriental Explorer Holdings Limited, which holds a 50% equity interest in this subsidiary.

(vi) These subsidiaries are registered as wholly-foreign owned enterprises under the PRC law.

(vii) This subsidiary is a limited liability company established in the PRC.

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.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Property under development HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Total HK$'000
31 December 2009								
At 31 December 2008 and at 1 January 2009								
Cost	331,603	746	2,942	23,526	12,763	1,003	2,266	374,849
Accumulated depreciation	–	(485)	(2,816)	(20,650)	(6,277)	(901)	(2,266)	(33,395)
Net carrying amount	331,603	261	126	2,876	6,486	102	–	341,454
At 1 January 2009, net of accumulated depreciation	331,603	261	126	2,876	6,486	102	–	341,454
Additions	2,833	–	–	3,076	2,219	–	–	8,128
Depreciation provided during the year	–	(37)	(127)	(1,215)	(2,154)	(21)	–	(3,554)
Disposals	–	–	–	(90)	–	(81)	–	(171)
Exchange realignment	2,284	–	1	75	(47)	–	–	2,313
At 31 December 2009, net of accumulated depreciation	336,720	224	–	4,722	6,504	–	–	348,170
At 31 December 2009								
Cost	336,720	746	2,748	27,881	15,984	752	2,266	387,097
Accumulated depreciation	–	(522)	(2,748)	(23,159)	(9,480)	(752)	(2,266)	(38,927)
Net carrying amount	336,720	224	–	4,722	6,504	–	–	348,170

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

Group

	Property under development	Land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery	Vessels	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2008								
At 1 January 2008								
Cost	312,556	746	2,970	21,110	13,244	945	2,266	353,837
Accumulated depreciation	–	(447)	(2,806)	(19,335)	(3,909)	(841)	(2,104)	(29,442)
Net carrying amount	312,556	299	164	1,775	9,335	104	162	324,395
At 1 January 2008, net of accumulated depreciation	312,556	299	164	1,775	9,335	104	162	324,395
Additions	11,571	–	–	2,654	335	58	–	14,618
Depreciation provided during the year	–	(38)	(51)	(978)	(2,433)	(60)	(162)	(3,722)
Disposals	–	–	–	(32)	(1,414)	–	–	(1,446)
Exchange realignment	7,476	–	13	(543)	663	–	–	7,609
At 31 December 2008, net of accumulated depreciation	331,603	261	126	2,876	6,486	102	–	341,454
At 31 December 2008								
Cost	331,603	746	2,942	23,526	12,763	1,003	2,266	374,849
Accumulated depreciation	–	(485)	(2,816)	(20,650)	(6,277)	(901)	(2,266)	(33,395)
Net carrying amount	331,603	261	126	2,876	6,486	102	–	341,454

Note: Included in property under development are interests in two pieces of lands situated in the PRC.

16. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at 1 January	**3,024,870**	2,781,460
Additions	**234**	71,815
Disposals	**(88,987)**	(53,500)
Fair value gains	**512,521**	116,022
Exchange realignment	**31,412**	109,073
Carrying amount at 31 December	**3,480,050**	3,024,870

The Group's investment properties are situated in Hong Kong and the PRC and are held under the following lease terms:

	Hong Kong	**Elsewhere in the PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Long term leases	197,500	2,986,700	3,184,200
Medium term leases	282,850	13,000	295,850
	480,350	2,999,700	3,480,050

The Group's investment properties were revalued on 31 December 2009 by B.I. Appraisals Limited, an independent firm of professional qualified valuers, on an open market value, existing use basis.

The investment properties held by the Group are leased to third parties under operating leases, further summary details of which are included in note 37 to the financial statements.

At 31 December 2009, certain of the Group's investment properties with a carrying value of approximately HK$3,404,800,000 (2008: HK$2,462,800,000) were pledged to secure general banking facilities granted to the Group *(note 29)*.

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at 1 January	**459**	468
Recognised during the year	**(9)**	(9)
Carrying amount at 31 December	**450**	459

The leasehold land is held under a long term lease and is situated in the PRC.

18. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Listed debt investments, at fair value	**46,148**	37,902
Club debentures, at fair value	**670**	670
	46,818	38,572

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to approximately HK$7,871,000 (Gross loss for the year ended 31 December 2008: HK$10,274,000), of which nil (2008: Approximately HK$1,205,000) was reclassified from other comprehensive income to income statement for the year.

There was significant decline in the market value of certain listed debt investments during the year ended 31 December 2008. The directors considered that such a decline indicated that the listed debt investments had been impaired and an impairment loss of approximately HK$3,842,000, which included a reclassification from other comprehensive income of approximately HK$3,842,000, was recognised in the statement of comprehensive income for the year ended 31 December 2008.

At 31 December 2009, the Group's listed debt investments with a carrying value of approximately HK$46,148,000 (2008: HK$37,902,000) were pledged to secure the Group's interest-bearing borrowings, further details of which are disclosed in note 29 to the financial statements.

19. EQUITY-LINKED NOTES

Equity-linked notes are designated as financial assets at fair value through profit or loss.

Carrying amount analysed for reporting purposes as:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current	–	11,668

Major terms of the equity-linked notes are as follows:

Notional amount	**Maturity**
US$3,500,000	2009

The equity-linked notes were callable and bear interest at rates based on the value of the underlying equities. The equity-linked notes were linked with various listed securities at various strike prices.

The above equity-linked notes were measured at fair value at the end of the reporting period. Their fair values were determined based on the quoted prices provided by the securities' brokers for equivalent instruments at the end of the reporting period.

At 31 December 2008, the Group's equity-linked notes with a carrying value of approximately HK$11,668,000 were pledged to secure the Group's interest-bearing borrowings, further details of which are disclosed in note 29 to the financial statements.

20. INVENTORIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Raw materials	–	319
Work in progress	–	7
Finished goods	–	269
	–	595

21. PROPERTIES HELD FOR SALE

The properties held for sale are stated at the lower of cost and net realisable value, and are held under medium term leases in Hong Kong.

22. TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**12,805**	13,007
Impairment	**(5,713)**	(5,240)
	7,092	7,767

For the Group's property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments.

The Group's trading terms with its customers are mainly on credit. Invoices are normally payable within two months of issuance, except for certain well established customers, where the terms are extended to three to six months in some cases, subject to the approval of senior management. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 1 month	**1,111**	1,859
1 to 2 months	**705**	1,586
2 to 3 months	**318**	596
Over 3 months	**4,958**	3,726
	7,092	7,767

22. TRADE RECEIVABLES *(continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
At 1 January	**5,240**	5,240
Impairment losses *(note 6)*	**473**	–
	5,713	5,240

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$5,713,000 (2008: HK$5,240,000) with a carrying amount before provision of approximately HK$5,713,000 (2008: HK$5,240,000). The individually impaired trade receivables relate to customers that were in default of payments. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,816**	3,445
Less than 1 month past due	**318**	596
1 to 3 months past due	**405**	353
Over 3 months past due	**4,553**	3,373
	7,092	7,767

Receivables that were neither past due nor impaired relate to a 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 fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the Group's prepayments, deposits and other receivables as at 31 December 2009 are deposits paid for acquisition of investment properties of approximately HK$41,896,000 (2008: HK$44,934,000).

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Listed equity investments, at market value		
Hong Kong	**138,306**	46,760
Elsewhere	**21,737**	11,225
	160,043	57,985

The above equity investments as at 31 December 2009 and 2008 were classified as held for trading. At 31 December 2009, the Group's listed equity investments with a carrying value of approximately HK$135,250,000 (2008: HK$57,577,000) were pledged to secure the Group's interest-bearing borrowings, as further detailed in note 29 to the financial statements.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Cash and bank balances	**144,396**	83,281
Time deposits	**174,356**	186,131
	318,752	269,412
Less: Pledged time deposits	**(76,847)**	(133,202)
Cash and cash equivalents	**241,905**	136,210

The time deposits of approximately HK$76,847,000 (2008: HK$133,202,000) were pledged as security for banking facilities granted.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$76,136,000 (2008: HK$60,304,000). 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 deposits 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 1 month	**1,899**	1,219
1 to 2 months	**2**	52
2 to 3 months	**–**	–
Over 3 months	**90**	156
	1,991	1,427

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

27. OTHER PAYABLES AND ACCRUALS

Other payables are non-interest-bearing and repayable on demand.

Included in the Group's other payables and accruals as at 31 December 2009 is deferred consideration payable of approximately HK$78,518,000 (2008: HK$77,593,000) in respect of acquisition of a subsidiary.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Assets		
Currency structured forward contract	**76**	–
Liabilities		
Over-the-counter contingent forward transactions	**351**	21,222

The Group has entered into several forward agreements to sale/purchase certain listed equity investments at a fixed price over a 12-month period from the date of the agreements. According to the agreements, the sale/purchase commitments of the Group will be terminated when the market price of the equity investments drops/rises to a pre-determined price level. As at the end of the reporting period, the aggregate maximum sale/purchase commitments of the Group under the agreements were approximately HK$5,085,000/Nil (2008: Approximately Nil/HK$36,179,000).

During the year ended 31 December 2009, the Group entered into a gross settled JPY/USD structured forward contract which gives the Group the opportunities to sell JPY/buy USD at rates which are better than the market plain forward rates prevailing on the trade dates of the transactions. As of 31 December 2009, the potential maximum total notional amounts of the outstanding JPY structured contract were JPY327,600,000 covering weekly settlements up to 29 September 2010. There is also a knock out feature for the contract under which the contract will terminate if the spot exchange rate has traded at or above JPY96.15 per USD1.00.

The above derivative financial instruments are measured at fair value at the end of the reporting period. Their fair values are determined based on the quoted prices provided by the securities' brokers for equivalent instruments at the end of the reporting period.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group					
	2009			2008		
	Contractual interest rate (%)	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Secured bank loans denominated in Hong Kong dollars	**HIBOR plus a range of 0.6 to 1.5**	**2010**	**52,981**	HIBOR plus a range of 0.6 to 1.5	2009	122,231
Secured bank loans denominated in United States dollars	**0.99 to 2.56**	**2010**	**18,911**	–	–	–
Secured short term loans denominated in Euro	**1.04 to 1.46**	**2010**	**13,575**	–	–	–
Secured short term loans denominated in Japanese Yen	**1.17**	**2010**	**6,289**	–	–	–
Secured short term loans denominated in United States dollars	**–**	**–**	**–**	1.45 to 2.50	2009	50,350
			91,756			172,581
Non-current						
Secured bank loans denominated in Hong Kong dollars	**HIBOR plus a range of 0.6 to 1.5**	**2011-2020**	**563,665**	HIBOR plus a range of 0.6 to 1.5	2010-2020	558,255
Secured bank loans denominated in United States dollars	**0.99 to 2.56**	**2011**	**37,595**	–	–	–
			601,260			558,255
			693,016			730,836

29. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	Group	
	2009	2008
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year	**71,892**	122,231
In the second year	**114,075**	70,731
In the third to fifth years, inclusive	**464,742**	459,291
Beyond five years	**22,443**	28,233
	673,152	680,486
Other borrowings repayable within one year	**19,864**	50,350
	693,016	730,836

The certain of the Group's bank loans were secured by:

(i) first legal charges over certain of the Group's investment properties with an aggregate carrying amount of approximately HK$3,404,800,000 (2008: HK$2,462,800,000);

(ii) personal guarantees given by certain directors of the Company and its subsidiaries;

(iii) corporate guarantees issued by the Company; and

(iv) the pledge of certain of the Group's time deposits amounting to approximately HK$56,196,000 (2008: HK$78,357,000).

At 31 December 2009, the Group's short term loans with investment banks are secured by certain cash deposits and investments with an aggregate carrying amount of approximately HK$202,049,000 (2008: HK$161,992,000).

The carrying amounts and fair value of the Group's non-current borrowings are as follows:

	Carrying amounts		Fair value	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Floating rate bank loans	**601,260**	558,255	**575,543**	513,992

The fair value of non-current borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

30. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and is not repayable within one year.

31. DEFERRED TAX LIABILITIES

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

Group

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	**5,657**	**399,651**	**34,046**	**439,354**
Deferred tax charged to the statement of comprehensive income during the year *(note 10)*	**837**	**155,394**	**–**	**156,231**
At 31 December 2009	**6,494**	**555,045**	**34,046**	**595,585**
At 1 January 2008	5,158	399,651	34,046	438,855
Effect on opening deferred tax changes in rates *(note 10)*	(295)	–	–	(295)
Deferred tax charged to the statement of comprehensive income during the year *(note 10)*	794	–	–	794
At 31 December 2008	5,657	399,651	34,046	439,354

The Group has tax losses arising in Hong Kong of approximately HK$198,823,000 (2008: HK$194,110,000) that are available indefinitely 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.

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 jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2009, there was no significant unrecognised deferred tax liability (2008: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

Shares

	Number of shares		Value	
	2009	2008	**2009**	2008
			HK$'000	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	50,000,000,000	**500,000**	500,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**4,180,371,092**	4,180,371,092	**41,804**	41,804

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 33 to the financial statements.

33. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, other employees, adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group. The Scheme became effective on 27 June 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of securities available for issue under the Scheme is 400,052,632, which is equivalent to 10% of the issued share capital of the Company as at the date of adoption of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's share at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

33. SHARE OPTION SCHEMES *(continued)*

The exercise price of the share options is determinable by the board of directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options have been granted, exercised, lapsed or cancelled since the establishment of the Scheme.

34. 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.

(b) Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2008	39,116	802,254	69,432	910,802
Total comprehensive income for the year	–	–	473	473
Interim 2008 dividend	–	–	(12,541)	(12,541)
Proposed final 2008 dividend	–	–	(18,812)	(18,812)
At 31 December 2008 and 1 January 2009	39,116	802,254	38,552	879,922
Total comprehensive income for the year	–	–	485	485
Interim 2009 dividend	–	–	(12,541)	(12,541)
Proposed final 2009 dividend	–	–	(20,902)	(20,902)
At 31 December 2009	39,116	802,254	5,594	846,964

The contributed surplus of the Company originally arose as a result of the Group reorganisation in preparation for the public listing of the Company's shares and warrants on the Stock Exchange in 1998 and represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the shares of the Company issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus may be distributed to the Company's shareholders under certain circumstances.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash inflow from operating activities:

	2009	2008
	HK$'000	*HK$'000*
Profit before tax	**693,617**	143,465
Adjustments for:		
Finance costs	**6,826**	22,642
Fair value gains on investment properties	**(512,521)**	(134,407)
Interest income	**(4,644)**	(11,677)
Dividend income from listed investments	**(3,361)**	(4,396)
Depreciation	**3,554**	3,722
Recognition of prepaid land lease payments	**9**	9
Fair value (gains)/losses, net:		
Available-for-sale investments (transfer from equity on disposal)	**–**	1,205
Equity-linked notes	**(15,632)**	20,171
Equity investments at fair value through profit or loss	**(24,627)**	55,804
Derivative financial instruments	**(20,947)**	21,222
Impairment of available-for-sale investments	**–**	3,842
Impairment of trade receivables	**473**	–
Gain on disposal of items of property, plant and equipment	**(24,906)**	(19,607)
Loss on disposal of investment properties	**18,849**	18,385
PRC indirect taxes	**5,213**	35,465
	121,903	155,845
Decrease/(increase) in equity-linked notes	**27,300**	(9,115)
Decrease in inventories	**595**	224
Decrease in trade receivables	**202**	910
Decrease in prepayments, deposits and other receivables	**18,242**	9,256
Increase in equity investments at fair value through profit or loss	**(77,431)**	(19,506)
Increase in trade payables	**564**	44
Increase in other payables and accruals	**11,712**	4,210
Decrease in deposits received	**(730)**	(898)
Cash generated from operations	**102,357**	140,970
Interest received	**3,120**	4,637
Dividend received from listed investments	**3,361**	4,396
Hong Kong profits tax paid	**(2,084)**	(1,585)
PRC taxes paid	**(15,469)**	(45,515)
Net cash flows from operating activities	**91,285**	102,903

36. CORPORATE GUARANTEES

At 31 December 2009, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK$554,749,000 (2008: HK$538,249,000), of which HK$446,455,000 (2008: HK$479,943,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

37. OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties and properties held for sale (notes 16 and 21 to the financial statements, respectively) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of these leases generally require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**95,402**	110,190
In the second to fifth years, inclusive	**35,626**	37,016
	131,028	147,206

38. COMMITMENTS

In addition to the operating lease commitments detailed in note 37 above, the Group had the following capital commitments in respect of investment properties at the end of the reporting period:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Contracted, but not provided for	**2,617**	403

39. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(i) A subsidiary sold finished goods of approximately HK$197,000 (2008: HK$3,360,000) to and purchased raw materials and equipment parts of nil (2008: HK$52,000) from a related company of Alpha Japan Limited ("Alpha Japan"), the minority shareholder of a subsidiary of the Group. These transactions were based on published prices and conditions normally offered by the Group to third party customers in the ordinary course of business of the Group (in respect of the sales), and offered by a related company of Alpha Japan to its third party customers (in respect of the purchases).

(b) Compensation of key management personnel of the Group:

	2009	2008
	HK$'000	*HK$'000*
Short term employee benefits	**4,932**	5,346
Post-employment benefits	**72**	84
Total compensation paid to key management personnel	**5,004**	5,430

Further details of directors' emoluments are included in note 8 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2009

Financial assets

	Group			
	Financial assets at fair value through profit or loss – held for trading	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	–	–	46,818	46,818
Trade receivables	–	7,092	–	7,092
Financial assets included in prepayments, deposits and other receivables	–	5,642	–	5,642
Equity investments at fair value through profit or loss	160,043	–	–	160,043
Derivative financial instruments	76	–	–	76
Pledged deposits	–	76,847	–	76,847
Cash and cash equivalents	–	241,905	–	241,905
	160,119	331,486	46,818	538,423

40. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2009

Financial liabilities

	Group		
	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortised cost**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	–	1,991	1,991
Financial liabilities included in other payables and accruals	–	135,452	135,452
Deposits received	–	45,313	45,313
Derivative financial instruments	351	–	351
Interest-bearing bank and other borrowings	–	693,016	693,016
Due to a director	–	24,380	24,380
	351	900,152	900,503

40. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2008

Financial assets

	Group				
	Financial assets at fair value through profit or loss				
	– designated as such upon initial recognition	– held for trading	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	–	–	–	38,572	38,572
Equity-linked notes	11,668	–	–	–	11,668
Trade receivables	–	–	7,767	–	7,767
Financial assets included in prepayments, deposits and other receivables	–	–	6,604	–	6,604
Equity investments at fair value through profit or loss	–	57,985	–	–	57,985
Pledged deposits	–	–	133,202	–	133,202
Cash and cash equivalents	–	–	136,210	–	136,210
	11,668	57,985	283,783	38,572	392,008

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	–	1,427	1,427
Financial liabilities included in other payables and accruals	–	123,162	123,162
Deposits received	–	46,043	46,043
Derivative financial instruments	21,222	–	21,222
Interest-bearing bank and other borrowings	–	730,836	730,836
Due to a director	–	33,610	33,610
	21,222	935,078	956,300

41. 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)

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	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investments:				
Debt investments	**–**	**46,818**	**–**	**46,818**
Equity investments at fair value through profit or loss	**160,043**	**–**	**–**	**160,043**
Derivative financial instruments	**–**	**76**	**–**	**76**
	160,043	**46,894**	**–**	**206,937**

Liabilities measured at fair value as at 31 December 2009:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Derivative financial instruments	**–**	**351**	**–**	**351**

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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and the sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policy in relation to derivatives are set out in note 28 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

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 before tax (through the impact on floating rate borrowings) and the Group's equity.

		Group	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
		HK$'000	*HK$'000*
2009			
Hong Kong dollar	**50**	**(101)**	**–**
United States dollar	**50**	**(97)**	**–**
Hong Kong dollar	**(50)**	**101**	**–**
United States dollar	**(50)**	**97**	**–**
2008			
Hong Kong dollar	50	(111)	–
United States dollar	50	(86)	–
Hong Kong dollar	(50)	111	–
United States dollar	(50)	86	–

* Excluding retained profits

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 57% (2008: 83%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst almost 59% (2008: 66%) of costs are denominated in the units' functional currency. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transactions locally. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in Renminbi, United States dollar and Japanese Yen exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in foreign currency rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	%	*HK$'000*	*HK$'000*
2009			
If Hong Kong dollar weakens against United States dollar	**(5)**	**4,146**	**6,187**
If Hong Kong dollar strengthens against United States dollar	**5**	**(4,146)**	**(6,187)**
If Hong Kong dollar weakens against Japanese Yen	**(5)**	**134**	**–**
If Hong Kong dollar strengthens against Japanese Yen	**5**	**(134)**	**–**
2008			
If Hong Kong dollar weakens against United States dollar	(5)	687	1,895
If Hong Kong dollar strengthens against United States dollar	5	(687)	(1,895)
If Hong Kong dollar weakens against Japanese Yen	(5)	248	–
If Hong Kong dollar strengthens against Japanese Yen	5	(248)	–

* Excluding retained profits

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise pledged deposits, cash and cash equivalents, available-for-sale financial investments, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customers bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash, bank loans and other interest-bearing loans.

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	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	–	33,637	58,119	578,817	22,443	693,016
Trade payables	–	1,991	–	–	–	1,991
Other payables and accruals	135,452	–	–	–	–	135,452
Deposits received	45,313	–	–	–	–	45,313
	180,765	35,628	58,119	578,817	22,443	875,772

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Group

	2008					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	–	61,408	111,173	530,022	28,233	730,836
Trade payables	–	1,427	–	–	–	1,427
Other payables and accruals	123,162	–	–	–	–	123,162
Deposits received	46,043	–	–	–	–	46,043
	169,205	62,835	111,173	530,022	28,233	901,468

The Group has entered into several forward agreements to sale/purchase certain listed equity investments at a fixed price over a 12-month period from the date of the agreements. According to the agreements, the sale/purchase commitments of the Group will be terminated when the market price of the equity investments drops/rises to a pre-determined price level. As at the end of the reporting period, the aggregate maximum sale/purchase commitments of the Group under the agreements were approximately HK$5,085,000/Nil (2008: Approximately Nil/HK$36,179,000).

Equity 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 listed equity securities classified as equity investments at fair value through profit or loss as at 31 December 2009. The Group's listed investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, 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	**21,872**	**22,944/ 11,345**	14,387	27,616/ 11,016

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk *(continued)*

The following table demonstrates the sensitivity to every 10% change 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 at the end of the reporting period.

	Carrying amount of equity investments	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	HK$'000	*HK$'000*	*HK$'000*
2009			
Investments listed in Hong Kong and overseas			
– Held for trading	**160,043**	**16,004/**	**–**
		(16,004)	**–**
2008			
Investments listed in Hong Kong and overseas			
– Held for trading	57,985	5,799/	–
		(5,799)	–

* Excluding retained profits

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain 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 light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The Group monitors capital using a debt-to-equity ratio, which is interest-bearing bank and other borrowings divided by the shareholders' equity. The debt-to-equity ratios as at the ends of the reporting periods were as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
Interest-bearing bank and other borrowings	**693,016**	730,836
Equity attributable to owners of the Company	**2,299,750**	1,872,522
Debt-to-equity ratio	**30.13%**	39.03%

43. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of new and revised HKFRS during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 9 April 2010.

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Purpose	Group's effective holding	GFA (sq.ft.)	GFA attributable to the Group (sq.ft.)	Lease Term
1	G/F., Block 1B, Pine Villas, Nos. 118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, N.T., Hong Kong	Residential	100%	1,833	1,833	For a residual term up to 30 June 2047
2	Flat B, 7/F., Rose Mansion, No. 1 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	Residential	100%	890	890	150 years from 25 December 1898
3	Multifield Centre, No. 426 Shanghai Street, Yau Ma Tei, Kowloon, Hong Kong	Commercial	100%	46,351	46,351	150 years from 25 December 1887
4	G/F., 1/F.-3/F., 5/F., Air-conditioning Plant Room on 6/F., Unit 01 on 7/F., Units 01 to 03 and 05 to 10 on 20th and 21st Floor and the roof, Multifield Plaza, Nos. 3-7A Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	Commercial	100%	64,709	64,709	150 years from 25 December 1898
5	Multifield House, No. 54 Wong Chuk Hang Road, Aberdeen, Hong Kong	Industrial/ Commercial	100%	62,992	62,992	75 years from 10 May 1965 renewable for a further term of 75 years

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GFA (sq.ft.)	GFA attributable to the Group (sq.ft.)	Lease Term
6	Offices 1 to 3,5,6,21 to 23 and 25 to 28 on 20/F., Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Aberdeen, Hong Kong	Commercial	100%	11,438	11,438	A term from 17 December 1991 to 30 June 2047
7	Flat B on 9/F of Tower 5 and Cark Park No. 53 on Car Park Level 3, Residence Bel Air, Island South, 28 Bel-Air Avenue, Hong Kong	Residential	100%	1,682	1,682	50 years from 22 May 2000
8	Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 2nd and 14th Floor and Car Parking Spaces Nos. 1-14 and 10-21, Blue Box Factory Building, No. 25 Hing Wo Street, Aberdeen, Hong Kong	Industrial	100%	76,500	76,500	75 years from 23 March 1970 renewable for a further term of 75 years
9	9 units and 4 carpark spaces in Block B, Versailles de Shanghai, Lane 3, No. 123 Fahuazhen, Changning District, Shanghai, the PRC	Service Apartment	63.06%	13,057	8,234	66 years from 3 June 1996 to 7 October 2062
10	Windsor Park, No. 2279 Hongqiao Road, Changning District, Shanghai, the PRC	Service Apartment	46.20%	178,956	82,678	68 years from 26 July 1994 to 7 November 2062
11	Units A to F on Level 16, Tower II, Innotect Tower, No. 168 Nanjing Road, Heping District, Tianjin, the PRC	Residential	100%	8,620	8,620	A term from 25 July 1992 to 24 July 2062

PROPERTY PORTFOLIO OF THE GROUP (CONT'D)

No.	Property	Purpose	Group's effective holding	GFA (sq.ft.)	GFA attributable to the Group (sq.ft.)	Lease Term
12	Units 806, 807 & 808 on Level 8, Super Ocean Finance Centre, No. 2067 Yanan West Road, Changning District, Shanghai, the PRC	Commercial	100%	4,670	4,670	A term from 22 January 1997 to 7 March 2043
13	Level 1 and 2, Block B, Versailles de Shanghai, Lane 3, No. 123 Fahuazhen Road, Changning District, Shanghai, the PRC	Commercial	63.06%	6,276	3,958	70 years from 8 October 1992 to 7 October 2062
14	Windsor Court, No. 2290 Hongqiao Road, Changning District, Shanghai, the PRC	Service Apartment	100%	189,518	189,518	A term from 5 April 1997 to 7 November 2062
15	Windsor Place, No. 2018 Jianhe Road, Changning District Shanghai, the PRC	Service Apartment	62.02%	448,753	278,317	70 years from 23 June 1997 to 22 June 2067
16	The land located at Santaishi Road/ Gangqian Road, Qianshan District, Zhuhai City, the PRC	Commercial	100%	475,446	475,446	50 years from 2 January 1994 to 1 January 2044
17	The land located at Zhufeng Road Jingan Town, Doumen District, Zhuhai City, the PRC	Commercial, exhibition centre and hotel	100%	1,215,600	1,215,600	40-50 years from 28 December 2008 to 27 December 2048 and 2058 respectively
				2,807,291	2,533,436	