Shun Ho Technology Holdings Limited

順豪科技控股有限公司

(Stock Code 股份代號: 219)

ANNUAL REPORT 2009

二零零九年年報

Contents

Corporate Information

Executive Directors
Mr. William Cheng Kai Man *(Chairman)*
Mr. Albert Hui Wing Ho

Non-Executive Director
Madam Mabel Lui Fung Mei Yee

Independent Non-Executive Directors
Mr. Vincent Kwok Chi Sun
Mr. Chan Kim Fai
Mr. Hui Kin Hing

Company Secretary
Mr. Huen Po Wah

Auditor
Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Solicitors
DLA Piper
17th Floor, Edinburgh Tower
15 Queen's Road
Central, Hong Kong

Woo, Kwan, Lee & Lo
26th Floor, Jardine House
1 Connaught Place
Hong Kong

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited

Registered Office
3rd Floor, Shun Ho Tower
24-30 Ice House Street
Central, Hong Kong

Share Registrars
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: 2980 1333

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shun Ho Technology Holdings Limited (the "Company") will be held at 5th Floor, Ramada Hong Kong Hotel, 308 Des Voeux Road West, Hong Kong on Thursday, the 3rd day of June, 2010 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2009.

2. (1) To re-elect retiring Directors; and

   (2) to authorise the Board to fix the remuneration of the Directors.

3. To re-appoint Auditor and to authorise the Board to fix their remuneration.

By Order of the Board

HUEN Po Wah
Secretary

Hong Kong, 29th April, 2010

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and a proxy so appointed shall also have the same rights as the member to speak at the meeting. A proxy need not be a member of the Company.

2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

3. The Register of Members of the Company will be closed from Monday, 31st May, 2010 to Thursday, 3rd June, 2010, both dates inclusive, during which period no share transfers will be effected. In order to determine the identity of members who are entitled to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 28th May, 2010.

4. With regard to item no.2(1) of this notice, details of retiring Directors proposed for re-election are set out below:

   (a) Mr. Albert HUI Wing Ho, aged 47, was appointed to the Board in 1990. He is also an executive director of Magnificent Estates Limited, a subsidiary of the Company and Shun Ho Resources Holdings Limited, the immediate holding company of the Company. Shares of both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering. He is also a director of a number of subsidiaries of the Company. Save as disclosed above, Mr. Albert HUI Wing Ho did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

   There is no service contract between Mr. Albert HUI Wing Ho and the Company. He has no fixed term of service with the Company and will be subject to the rotational retirement and re-election requirements at annual general meetings pursuant to the Articles of Association of the Company. The Director's fee payable to Mr. Albert HUI Wing Ho as executive Director is determined by shareholders in annual general meeting. At the annual general meeting of the Company held on 5th June, 2009, it was approved that the Director's fee for the year ended 31 December 2009 be determined by the Board. Mr. Albert HUI Wing Ho did not receive Director's fee and other emoluments paid to Mr. Albert HUI Wing Ho for the year ended 31 December 2009 was determined at HK$286,000 with reference to his duties and responsibility with the Company, the Company's performance and current market situation. Save as disclosed above, Mr. Albert HUI Wing Ho is and was not connected with any Directors, senior management or substantial or controlling Shareholders of the Company. As at the date of this notice, Mr. Albert HUI Wing Ho did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

   (b) Mr. CHAN Kim Fai ACCA, CPA (Practising), aged 50, was appointed to the Board in 2004. He is also an independent non-executive director of Magnificent Estates Limited, a subsidiary of the Company and Shun Ho Resources Holdings Limited, the immediate holding company of the Company. Shares of both companies are listed on the Stock Exchange. He holds a bachelor degree in science from The Chinese University of Hong Kong. He has extensive experience in accounting, corporate finance and financial management. He is a partner of Ivan Chan & Co, CPA. Save as disclosed above, Mr. CHAN Kim Fai did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

There is no service contract between Mr. CHAN Kim Fai and the Company. He has no fixed term of service with the Company and will be subject to the rotational retirement and re-election requirements at annual general meetings pursuant to the Articles of Association of the Company. The Director's fee payable to Mr. CHAN Kim Fai as independent non-executive Director is determined by shareholders in annual general meeting. At the annual general meeting of the Company held on 5th June, 2009, it was approved that the Director's fee for the year ended 31 December 2009 be determined by the Board. The Director's fee paid to Mr. CHAN Kim Fai for the Company was determined at HK$33,000 for the year ended 31 December 2009 with reference to his duties and responsibility with the Company, the Company's performance and current market situation. Save as disclosed above, Mr. CHAN Kim Fai is and was not connected with any Directors, senior management or substantial or controlling Shareholders of the Company.

As at the date of this notice, Mr. CHAN Kim Fai did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, both Mr. Albert HUI Wing Ho and Mr. CHAN Kim Fai have confirmed that there are no other matters relating to their re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

5. As at the date of this notice, the executive Directors of the Company are Mr. William CHENG Kai Man and Mr. Albert HUI Wing Ho; the non-executive Director of the Company is Madam Mabel LUI FUNG Mei Yee; and the independent non-executive Directors of the Company are Mr. Vincent KWOK Chi Sun, Mr. CHAN Kim Fai and Mr. HUI Kin Hing.

I present to the shareholders my report on the results and operations of Shun Ho Technology Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December, 2009.

RESULTS

The Group's audited consolidated profit for the year ended 31st December, 2009 amounted to HK$144,388,000 (2008: HK$128,401,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2009 (2008: Nil).

In view of the substantial construction costs outlay for 2010 to 2011, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

BOOK CLOSURE

The register of members will be closed from Monday, 31st May, 2010 to Thursday, 3rd June, 2010, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Thursday, 3rd June, 2010, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 28th May, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiaries, Magnificent Estates Limited ("Magnificent Estates"), continued with its operations of property investment, development and operation of hotels.

- For the year ended 31st December, 2009, the Group's income was mostly derived from the aggregate of income from operation of hotels and properties rental income.

  The income from operation of hotels decreased by 22% to HK$162 million (2008: HK$207 million). Despite continuous high occupancy, the decrease of hotel turnover for the whole year was due to lower room rates and loss of business travelers suffering from the global recession which affected Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

  The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK$87 million (2008: HK$78 million). The growth was derived from 633 King's Road. At the date of this report, it provided an annual rental income of HK$71 million (excluding rates and management fee). However, rental income was affected by the demolition of Swire & Maclaine House.

  Other income amounted to HK$15.2 million (2008: HK$15.5 million) which was mostly property management fee income of HK$14 million (2008: HK$14 million).

- Overall service costs for the Group for the year was HK$95 million (2008: HK$110 million), which HK$94 million (2008: HK$104 million) was for the hotel operations including food and beverage and costs of sales and HK$1 million (2008: HK$6 million) was for leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

  Other expenses were property management of HK$12 million (2008: HK$11 million).

  Administrative expenses for corporate office including directors' fees, salaries for executive staff and employees, rental, marketing and office expenses for the year was HK$18 million (2008: HK$19 million).

- At 31st December, 2009, the overall debt was HK$1,107 million (2008: HK$1,118 million). Gearing ratio was approximately 35% (2008: 37%) in terms of bank borrowings of HK$1,043 million (2008: HK$1,044 million) and HK$64 million (2008: HK$74 million) was advance from shareholders against funds employed of HK$3,168 million (2008: HK$3,034 million).

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal.

- For the year under review, the investment properties such as Shun Ho Tower and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau remained fully let. It is expected that the rental revenue from these properties will have modest increase in 2010.

  As at the date of this report, the leasing of the grade A office building at 633 King's Road achieved HK$71 million (excluding rates and management fee) per annum. The management envisages the office building will have modest rental increase in 2010 as most leases are due for renewal.

  For the year under review, there was no significant property being disposed of. The houses at Gold Coast, New Territories are already available for leasing and rental income.

- For the year under review, the hotel market experienced major difficulties such as global financial turmoils and the flu epidemic, the turnover for the four hotels was amounted to HK$162 million, decreased by 22%.

  In the coming year, it is envisaged that the hotel business would be improving due to the recovery of world economy thus more business travelling. The leisure travelling continues to improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely. The management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

  Nos. 239 -251 Queen's Road West Hotel Development

  A 435 rooms hotel development has been approved by the relevant authorities. Foundation work was completed. Superstructure construction contract has been awarded. The recent commencement of the Western MTR Line will improve future value of this property significantly.

  Nos. 338 -346 Queen's Road West Hotel Development

  A 214 serviced apartments hotel development is approved to be built. Foundation contract was already awarded. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. The recent commencement of the Western MTR Line will improve future value of this property significantly.

  Nos. 19-23 Austin Avenue, Tsimshatsui

  Approval has been obtained to increase from 300 rooms to 400 rooms hotel development. Foundation piling was completed. Commencement of superstructure construction is expected to begin this Autumn.

  Nos. 30-40 Bowrington Road, Causeway Bay

  A 265 rooms hotel development has been approved by the relevant authorities. Superstructure construction is in progress and completion expected in Summer 2010. The new hotel will be named as the Best Western Hotel, Causeway Bay.

In 2008, the Group increased its holdings in Magnificent Estates from 50.07% to 56.71%, and subscribed for the convertible bonds of Magnificent Estates for HK$477 million at HK$0.16 per share, upon full conversion of the bonds, the Group will increase its holding in Magnificent Estates to 71.09%.

During the financial year under review, efforts have already made by the Group to lower the Group's staffing level. Administrative and operating expenses have successfully been lowered by 8%.

Looking ahead, significant lowering of bank lending rate from 4% to 0.05%, before bank's interest spreads, will reduce the Group's interest expenses.

Looking ahead, the management expects 2010 will be a much improved year for hotel operation. The hotels occupancy remain high because of the increasing leisure travelling from the PRC and their further visa relaxation. The hotels room rates will increase due to the return of higher yield commercial travellers because of the global economic recovery. The first three months of 2010 of the hotels revenue have increased by 10% compared with last year 2009. With the signs of many global economic recovery, the world's economic activities should resume normal at later part of this year. Thus, the management expects higher yield commercial travellers will return in trade fair seasons that will compliment the already busy leisure travelling market which will result in room rates and revenue recovery.

The improving hotel business will help to increase the Group's overall turnover.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase since most leases are due for renewal in 2010/2011.

The slowdown of economic demands and lower inflation have helped to control operating costs and most importantly the lowering of construction costs for the four hotel developments.

The low interest rate environment and tight land supply government policy back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point. The conservative 18% debt ratio ensures the Group's stability over any further unforeseeable global financial turmoils.

The management will continue to adopt a conservative approach and to make best endeavour to complete the construction of the four new hotels in Hong Kong to substantially increase the earning base and value for the Group. In view of the substantial construction costs outlay for 2010 to 2011, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 9th April, 2010

Directors' Profiles

Mr. William CHENG Kai Man, *Executive Director*
Aged 48. Appointed to the Board in 1990. He is also a director of Shun Ho Resources Holdings Limited ("Shun Ho Resources") which is the Company's holding company and Magnificent Estates Limited ("Magnificent") which is the Company's subsidiary. He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering and a master's degree in structural engineering. He is a director of Mercury Fast Limited ("Mercury") and Omnico Company Inc., both of which are substantial shareholders of the Company.

Mr. Albert HUI Wing Ho, *Executive Director*
Aged 47. Appointed to the Board in 1989. He is also a director of Shun Ho Resources and Magnificent. He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor' degree in civil engineering.

Madam Mabel LUI FUNG Mei Yee, *Non-Executive Director*
Aged 58. Solicitor and Notary Public. Appointed to the Board in 1999. She is also a non-executive director of Shun Ho Resources and Magnificent. She is a partner of DLA Piper.

Mr. Vincent KWOK Chi Sun, *Independent Non-Executive Director*
Aged 47. ACA (Aust), CPA (Practising). Appointed to the Board in 1999. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He is a partner of Vincent Kwok & Co..

Mr. CHAN Kim Fai, *Independent Non-Executive Director*
Aged 50. ACCA, CPA (Practising). Appointed to the Board in 2004. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He holds a bachelor's degree in science from The Chinese University of Hong Kong. He has extensive experience in accounting, corporate finance and financial management. He is a partner of Ivan Chan & Co, CPA.

Mr. HUI Kin Hing, *Independent Non-Executive Director*
Aged 42 ACCA, CPA (Practising) Appointed to the Board in 2005. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He holds a master's degree in business administration. He runs a firm of Titus K. H. Hui. He has extensive experience in accounting, corporate finance and financial management.

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control and transparency and accountability to all shareholders.

CODE OF BEST PRACTICE AND CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's Articles of Association have been amended on 27th May, 2005 to provide that all Directors shall retire on such manner of rotation as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), i.e. once every three years. Prior to such amendment, the Company's Articles of Association provided that one-third of the Directors (including Non-executive Directors) should retire by rotation at the annual general meeting of the Company.

The Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which has become effective for accounting periods commencing on or after 1st January, 2005. During the year, the Company has applied the principles and complied with all code provisions and to certain extent of the recommended best practices of the Code on CG Practices except the following:

Code Provision A.2.1

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William CHENG Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It will also facilitate the planning and execution of the Company's strategy and is hence, for the interests of the Company and its shareholders.

Code Provision A.4.1

Non-executive directors of the Company have no set term of office but retire from office on a rotational basis at least once every three years. Amendment to the articles of association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 27th May, 2005 whereby every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code on CG Practices.

Board Composition and Board Practices

The Board of Directors ("Board") of the Company is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value.

The Listing Rules require every listed issuer 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. As at 31st December, 2009 the Board of the Company comprises a total of six Directors, with two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. All the Independent Non-Executive Directors have appropriate professional qualifications, or accounting or related financial management expertise.

None of the Directors has or maintained any financial, business, family or other material/relevant relationship with any of the other Directors.

Each of the Independent Non-executive Directors 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.

All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association and the Code on CG Practices. Review will be made regularly of 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 Directors' biographical information is set out on page 8.

The positions of the Chairman of the Board ("Chairman") and the Chief Executive Officer are not held by separate individuals pursuant to the reasons given above.

The Board is responsible for establishing the strategic direction of the Group; setting objectives and business development plans; monitoring the performance of the senior management and assuming responsibility for corporate governance.

The management, under the leadership of the Chief Executive Officer, is responsible for implementing the strategies and plans established by the Board; and submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of the Board's responsibilities.

All Directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group.

The Board meets regularly and held four meetings in 2009 and the attendance of each director is set out below:

	Number of board meetings attended in 2009	Attendance rate
Executive Directors		
William Cheng Kai Man (Chairman)	4/4	100%
Albert Hui Wing Ho	4/4	100%
Non-executive Directors		
Mabel Lui Fung Mei Yee	2/4	50%
David Cheng Kai Ho (Resigned on 20th March, 2009)	0/0	0%
Independent Non-executive Directors		
Vincent Kwok Chi Sun	2/4	50%
Chan Kim Fai	2/4	50%
Hui Kin Hing	2/4	50%

According to the Articles of Association of the Company, the Board has the power to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board will consider and assess the qualification, ability and potential contribution of candidates for directorships on the Board.

Regular Board meetings of the year are scheduled in advance to give all Directors an opportunity to attend. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

Board papers are circulated not less than three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The Company Secretary or his assistant and the Qualified Accountant shall attend all regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. The Company Secretary or his assistant shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings.

Each newly appointed Director is provided with a package of orientation materials setting out the duties and responsibilities of Directors under the Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. Orientation meeting with newly appointed Director will be held for briefing on business and operations of the Company. Updates are provided to Directors when necessary to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have complied with the required standard set out in the Model Code for the year ended 31st December, 2009.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

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

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 16.

AUDITOR'S REMUNERATION

For the year ended 31st December, 2009, the Auditor of the Company received approximately HK$1.8 million for audit service and HK$0.2 million for tax and consultancy services.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee ("Audit Committee") in 1995 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants). In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised on 20th April, 2005 and 14th April, 2009 in terms substantially the same as the provisions set out in the Code on CG Practices.

The principal duties of the Audit Committee include the review of the Group's financial controls and internal control and risk management, review of the Group's financial information (half-yearly and annual results) and review of the relationship with the Auditor of the Company. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee held two meetings in 2009, the attendance of each member is set out below:

	Number of Audit Committee meetings attended in 2009	Attendance rate
Vincent Kwok Chi Sun	2/2	100%
Chan Kim Fai	2/2	100%
Hui Kin Hing	2/2	100%

The scope of work done by the Audit Committee during the year under review includes the following:

- reviewed and recommended the Board to approve the audit fee proposal for year 2009;
- reviewed the interim report and the interim results announcement for the six months ended 30th June, 2009;
- reviewed the audit plan for year 2009 to assess the general scope of audit work; and
- reviewed the audited accounts and final results announcement for year 2008.

The existing Audit Committee of the Company comprises three Independent Non-executive Directors, namely, Mr. Vincent Kwok Chi Sun (Chairman of the Audit Committee), Mr. Chan Kim Fai and Mr. Hui Kin Hing.

The Group's annual report for the year ended 31st December, 2009 has been reviewed by the Audit Committee.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

Internal Audit adopts a risk and control based audit approach. The annual work plan is directed to monitor compliance with internal control procedures focusing on those areas of the Group's activities with the greatest perceived risk.

The Board has conducted a review of the effectiveness of the system of internal control of the Group and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions and their training programmes and budget on an annual basis. The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders, customers and employees, and the Group's assets.

REMUNERATION COMMITTEE

According to the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 20th April, 2005. The existing Remuneration Committee comprises the Chairman of the Company Mr. William Cheng Kai Man (Chairman of the Remuneration Committee) and two Independent Non-executive Directors, namely, Mr. Vincent Kwok Chi Sun and Mr. Chan Kim Fai. No meeting was held by the Remuneration Committee in 2009.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about their proposals relating to remuneration of executive directors and have access to professional advice if considered necessary.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors: (i) printed copies of corporate communication, (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) briefing meetings with analysts from investment sectors are set up from time to time on updated performance information of the Group, and (iv) the Company's Registrars serve the shareholders respecting all share registration matters.

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the Company's principal subsidiaries are set out in note 33 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2009 are set out in the consolidated statement of comprehensive income on page 17.

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31st December, 2009 (2008: Nil).

SHARE CAPITAL

Details of the share capital of the Company are set out in note 25 to the consolidated financial statements. There were no movements in the share capital of the Company during the year.

RESERVES

Movements during the year in the reserves of the Group are set out on page 21 and the Company are set out in note 26 to the consolidated financial statements.

The Company's reserves available for distribution to shareholders at 31st December, 2009 comprised its retained profits of HK$566,344,000 (2008: HK$553,398,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2009. The revaluation gave rise to an increase of approximately HK$70 million has been credited to the consolidated statement of comprehensive income.

Details of these and other movements during the year in the investment properties of the Group are shown in note 15 to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT

During the year, development expenditure of approximately HK$101 million were incurred on property under development.

Details of these and other movements during the year in the property under development of the Group are set out in note 16 to the consolidated financial statements.

BORROWINGS

An analysis of the repayment schedule of bank loans is set out in note 24 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of it subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

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

Executive directors
Mr. William Cheng Kai Man
Mr. Albert Hui Wing Ho

Non-executive directors
Ms. Mabel Lui Fung Mei Yee
Mr. Vincent Kwok Chi Sun*
Mr. Chan Kim Fai*
Mr. Hui Kin Hing*
Mr. David Cheng Kai Ho (resigned on 20th March, 2009)

* *independent non-executive directors*

In accordance with the provisions of the Company's Articles of Association, Mr. Hui Wing Ho, Albert and Mr. Chan Kim Fai shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each of the non-executive directors is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

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

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

DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 31st December, 2009, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

The Company

Name of director	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled	Corporate	350,742,682 *(Note)*	65.31

Note:

Omnico Company Inc., Trillion Resources Limited and Mercury Fast Limited beneficially owned 282,419,937 shares of the Company (the "Shares"), 183,235 Shares and 68,139,510 Shares respectively, representing 52.58%, 0.03% and 12.69% respectively of the issued share capital of the Company. Mr. William Cheng Kai Man has controlling interests in these companies.

Associated corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of shares/ underlying shares held	Approximate % of shareholding
William Cheng Kai Man	Magnificent Estates Limited *(Note 1)*	Interest of controlled corporations	Corporate	3,382,465,406 *(Note 4)* 2,978,198,581 *(Note 5)*	71.09 *(Note 6&7)*
William Cheng Kai Man	Shun Ho Resources Holdings Limited *(Note 2)*	Interest of controlled corporations	Corporate	216,608,825	71.20
William Cheng Kai Man	Trillion Resources Limited *(Note 3)*	Beneficial owner	Personal	1	100

Notes:

1. Magnificent Estates Limited ("Magnificent"), the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Shun Ho Resources Holdings Limited, the Company's holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources Limited, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.
4. The Company beneficially owned 2,709,729,423 shares of Magnificent ("Magnificent Shares")(45.43%) and was taken to be interested in 395,656,000 Magnificent Shares (6.63%) held by Good Taylor Limited, 273,579,983 Magnificent Shares (4.59%) held by South Point Investments Limited and 3,500,000 Magnificent Shares (0.06%) held by Shun Ho Technology Developments Limited, representing a total of 3,382,465,406 Magnificent Shares (56.71%). Mr. William Cheng Kai Man has controlling interest in those companies.
5. The Company and Mr. William Cheng Kai Man were deemed to have interest in 2,978,198,581 units of convertible bonds of Magnificent held by Fastgrow Engineering & Construction Company Limited.
6. This represents the percentage of interests to the enlarged issued share capital of Magnificent on the assumption that the convertible bonds have been fully converted into Magnificent Shares as at 31st December, 2009 (i.e. 8,947,051,324 Magnificent Shares).
7. The aggregate of Magnificent Shares (i.e. 3,382,465,406) and the underlying Magnificent Shares (i.e. 2,978,198,581) represents 106.64% to the total issued share capital of Magnificent as at 31st December, 2009 (i.e. 5,964,700,883 Magnificent Shares).

Share Options

The Company and any of its associated corporations do not have any share option scheme during the year.

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 31st December, 2009, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with certain related parties, details of which are set out in notes 10 and 32 to the consolidated financial statements.

In addition, the Company and its subsidiaries had the following transactions with Magnificent group of companies:

(i) A property owned by a subsidiary of the Company was let to Magnificent. The net rental received from Magnificent for the year, which was mutually agreed, amounted to HK$1,200,000.

(ii) During the year, the Company made unsecured advances to Magnificent and its subsidiary which carry interest chargeable at HIBOR plus 1% per annum and are repayable on demand. At 31st December, 2009, such advances amounted to HK$55,141,000 remained outstanding. Interest receivable by the Company on such advances amounted to a total of HK$605,000 in respect of the year.

(iii) During the year, expenses amounted to HK$1,706,000 were payable by the Company to Magnificent for administrative services provided by Magnificent on a cost reimbursement basis.

Save as disclosed herein:

(i) no contracts of significance subsisted at any time during the year to which the Company or any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly; and

(ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Amongst the directors who held office during the year, Mr. William Cheng Kai Man was indirectly interested in the share capital of Shun Ho Resources, Magnificent and the Company.

In the opinion of the directors not having an interest in those transactions, those transactions were carried out in the ordinary course of the Group's business on normal commercial terms.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 10% in aggregate of the Group's total purchases and sales respectively.

None of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest customers or suppliers.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2009, the following persons (not being directors or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	68,139,510	12.69
Magnificent Estates Limited ("Magnificent") *(Note 1)*	Interest of controlled corporation	68,139,510	12.69
Omnico Company Inc. ("Omnico") *(Note 2)*	Beneficial owner and interest of controlled corporation	350,559,447	65.27
Shun Ho Resources Holdings Limited ("Shun Ho Resources") *(Note 3)*	Interest of controlled corporation	350,742,682	65.31
Trillion Resources Limited ("Trillion") *(Note 3)*	Interest of controlled corporation	350,742,682	65.31
Liza Lee Pui Ling *(Note 4)*	Interest of spouse	350,742,682	65.31

Notes:

1. Mercury was a wholly-owned subsidiary of Magnificent.

2. Omnico beneficially owned 282,419,937 shares of the Company (the "Shares") and was taken to be interested in 68,139,510 Shares held by Mercury which was owned as to 100% by Magnificent, which was in turn owned as to 56.71% (or 71.09% on the assumption that the convertible bonds of Magnificent have been fully converted into shares in Magnificent as at 31st December, 2009) by the Company, which was in turn directly and indirectly owned as to 65.27% by Omnico.

3. Omnico was wholly-owned by Shun Ho Resources, which was in turn directly and indirectly owned as to 71.20% by Trillion, which was in turn wholly-owned by Mr. William Cheng Kai Man. So, Shun Ho Resources and Trillion were taken to be interested in 350,742,682 Shares by virtue of their direct and indirect interests in Omnico and another subsidiary.

4. Madam Liza Lee Pui Ling was deemed to be interested in 350,742,682 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.

Save as disclosed above, there was no person, other than a director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and with the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

A resolution to re-appoint Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

William CHENG Kai Man
Chairman

Hong Kong, 9th April, 2010

Deloitte.
德勤

TO THE SHAREHOLDERS OF
SHUN HO TECHNOLOGY HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Shun Ho Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 69 which comprise the consolidated and Company's statements of financial position as at 31st December, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
9th April, 2010

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Revenue	*5*	**249,506**	286,191
Cost of sales		**(3,818)**	(4,164)
Other service costs		**(91,327)**	(105,805)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(28,094)**	(27,979)
Gross profit		**126,267**	148,243
Increase in fair value of investment properties	*15*	**70,210**	24,804
Other income	*7*	**15,186**	15,532
Gain (loss) on fair value changes of investments held for trading		**6**	(114)
Administrative expenses			
– Depreciation		**(4,956)**	(4,789)
– Others		**(17,627)**	(19,378)
		(22,583)	(24,167)
Other expenses	*7*	**(12,314)**	(11,351)
Finance costs	*8*	**(8,423)**	(17,680)
Profit before taxation	*9*	**168,349**	135,267
Income tax expense	*11*	**(23,961)**	(6,866)
Profit for the year		**144,388**	128,401
Other comprehensive expense			
Exchange differences arising on translation of foreign operations		**5,332**	2,980
Fair value loss on available-for-sale investments		**(25,667)**	(26,918)
		(20,335)	(23,938)
Total comprehensive income for the year		**124,053**	104,463
Profit for the year attributable to:			
Owners of the Company		**84,129**	69,754
Non-controlling interests		**60,259**	58,647
		144,388	128,401
Total comprehensive income attributable to:			
Owners of the Company		**74,165**	59,070
Non-controlling interests		**49,888**	45,393
		124,053	104,463
		HK cents	*HK cents*
Earnings per share	*12*		
Basic		**18.4**	15.3
Diluted		**18.4**	15.3

Consolidated Statement of Financial Position

At 31st December, 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**395,070**	418,522
Prepaid lease payments for land	*14*	**1,288,440**	1,301,432
Investment properties	*15*	**1,987,790**	1,917,580
Property under development	*16*	**843,299**	741,914
Available-for-sale investments	*18*	**53,366**	79,033
Deposit on acquisition of property, plant and equipment		**–**	167
		4,567,965	4,458,648
CURRENT ASSETS			
Inventories		**647**	814
Properties held for sale		**21,650**	21,650
Investments held for trading	*18*	**7**	1
Prepaid lease payments for land	*14*	**12,383**	12,409
Trade and other receivables	*19*	**11,262**	18,890
Other deposits and prepayments		**4,570**	5,398
Tax recoverable		**3,301**	3,197
Amount due from a shareholder	*32(a)*	**29**	28
Pledged bank deposits	*21*	**110**	110
Time deposits	*21*	**–**	2,500
Bank balances and cash	*21*	**36,731**	19,917
		90,690	84,914
Assets classified as held for sale	*22*	**4,853**	–
		95,543	84,914
CURRENT LIABILITIES			
Trade and other payables	*23*	**24,667**	42,465
Rental and other deposits received		**12,709**	4,053
Advance from a shareholder	*32(b)*	**2,721**	13,854
Advance from ultimate holding company	*32(d)*	**60,917**	60,427
Tax liabilities		**10,355**	7,321
Bank loans	*24*	**567,425**	181,914
		678,794	310,034
Liabilities associates with assets classified as held for sale	*22*	**353**	–
		679,147	310,034

Consolidated Statement of Financial Position *(Continued)*

At 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
NET CURRENT LIABILITIES		**(583,604)**	(225,120)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,984,361**	4,233,528
CAPITAL AND RESERVES			
Share capital	25	**268,538**	268,538
Share premium and reserves		**1,774,952**	1,690,797
Equity attributable to owners of the Company		**2,043,490**	1,959,335
Non-controlling interests		**1,124,746**	1,074,858
		3,168,236	3,034,193
NON-CURRENT LIABILITIES			
Rental deposits received		**18,102**	26,055
Bank loans	24	**476,000**	862,425
Deferred tax liabilities	27	**322,023**	310,855
		816,125	1,199,335
		3,984,361	4,233,528

The consolidated financial statements on pages 17 to 69 were approved and authorised for issue by the Board of Directors on 9th April, 2010 and are signed on its behalf by:

Albert HUI Wing Ho
Director

William CHENG Kai Man
Director

Statement of Financial Position

At 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*17*	**372,031**	363,277
Amounts due from subsidiaries	*17*	**532,227**	549,478
		904,258	912,755
CURRENT ASSETS			
Other receivables		**–**	2
Prepayments		**193**	189
Amounts due from subsidiaries	*17*	**55,140**	45,408
Tax recoverable		**1,770**	1,594
Bank balances and cash	*21*	**324**	238
		57,427	47,431
CURRENT LIABILITIES			
Other payables		**1,102**	1,398
Advance from a shareholder	*32(b)*	**2,721**	13,854
Amounts due to subsidiaries	*20*	**29**	47
		3,852	15,299
NET CURRENT ASSETS		**53,575**	32,132
TOTAL ASSETS LESS CURRENT LIABILITIES		**957,833**	944,887
CAPITAL AND RESERVES			
Share capital	*25*	**268,538**	268,538
Share premium and reserves	*26*	**689,295**	696,349
		957,833	944,887

Albert HUI Wing Ho
Director

William CHENG Kai Man
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2009

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note (a))*	Property revaluation reserve HK$'000 *(Note (b))*	Securities revaluation reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Own shares held by a subsidiary HK$'000 *(Note (c))*	Other reserve HK$'000 *(Note (d))*	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st January, 2008	268,538	118,800	4,181	50,186	30,945	263	2,799	1,293,531	(14,573)	–	1,754,670	1,198,121	2,952,791
Profit for the year	–	–	–	–	–	–	–	69,754	–	–	69,754	58,647	128,401
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	1,133	–	–	–	1,133	1,847	2,980
Fair value loss on available-for-sale investments	–	–	–	–	(11,817)	–	–	–	–	–	(11,817)	(15,101)	(26,918)
Total comprehensive (expense) income for the year	–	–	–	–	(11,817)	–	1,133	69,754	–	–	59,070	45,393	104,463
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(7,147)	(7,147)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	145,625	145,625	(161,509)	(15,884)
Expense in increasing authorised share capital	–	(30)	–	–	–	–	–	–	–	–	(30)	–	(30)
At 31st December, 2008	268,538	118,770	4,181	50,186	19,128	263	3,932	1,363,285	(14,573)	145,625	1,959,335	1,074,858	3,034,193
Profit for the year	–	–	–	–	–	–	–	84,129	–	–	84,129	60,259	144,388
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	3,023	–	–	–	3,023	2,309	5,332
Fair value loss on available-for-sale investments	–	–	–	–	(12,987)	–	–	–	–	–	(12,987)	(12,680)	(25,667)
Total comprehensive (expense) income for the year	–	–	–	–	(12,987)	–	3,023	84,129	–	–	74,165	49,888	124,053
Disposal of own shares held by a subsidiary	–	–	–	–	158	–	–	7,530	2,302	–	9,990	–	9,990
At 31st December, 2009	**268,538**	**118,770**	**4,181**	**50,186**	**6,299**	**263**	**6,955**	**1,454,944**	**(12,271)**	**145,625**	**2,043,490**	**1,124,746**	**3,168,236**

Notes:

(a) The capital reserve was created by capital reduction of the Company on 28th June, 1988.

(b) The property revaluation reserve is frozen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained profits when the relevant property is disposed of.

(c) The own shares held by a subsidiary represents the carrying amount of shares in the Company held by an entity at the time the entity became a subsidiary of the Company.

(d) The other reserve was resulted from the acquisition of additional interest in a subsidiary and represented the difference between the acquisition cost and the attributable additional interest in the carrying amounts of assets and liabilities of the subsidiary.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2009

	2009 *HK$'000*	2008 *HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	**168,349**	135,267
Adjustments for:		
Interest income from bank deposits	**(45)**	(233)
Finance costs	**8,423**	17,680
(Gain) loss on fair value changes of investments held for trading	**(6)**	114
Increase in fair value of investment properties	**(70,210)**	(24,804)
Gain on disposal of properties held for sale	**(458)**	–
Gain on disposal of property, plant and equipment	**–**	(371)
Depreciation of property, plant and equipment	**21,011**	20,703
Release of prepaid lease payments for land	**12,039**	12,065
Operating cash flows before movements in working capital	**139,103**	160,421
Decrease (increase) in inventories	**167**	(125)
Increase in properties held for sale	**–**	(116)
Decrease (increase) in trade and other receivables	**7,615**	(2,007)
Decrease (increase) in other deposits and prepayments	**828**	(638)
Decrease in investments held for trading	**–**	20,583
Increase in amount due from a shareholder	**1**	1
(Decrease) increase in trade and other payables	**(17,789)**	686
Increase in rental and other deposits received	**703**	8,619
Cash generated from operations	**130,628**	187,424
Hong Kong Profits Tax paid	**(7,499)**	(14,305)
Income tax of elsewhere paid	**(2,021)**	(1,772)
Interest from bank deposits received	**45**	233
NET CASH FROM OPERATING ACTIVITIES	**121,153**	171,580
INVESTING ACTIVITIES		
Expenditure on property under development	**(84,142)**	(44,536)
Acquisition of properties held for sale	**(4,108)**	–
Acquisition of property, plant and equipment	**(2,240)**	(3,617)
Proceeds from disposal of properties held for sale	**4,566**	–
Decrease (increase) in time deposits	**2,500**	(2,500)
Proceeds from disposal of property, plant and equipment	**8**	850
Acquisition of a subsidiary *(Note 36)*	**–**	(198,000)
Prepaid lease payments made	**–**	(89,186)
Acquisition of additional interest in a subsidiary	**–**	(15,884)
Addition of investment properties	**–**	(2,994)
Deposit for acquisition of property, plant and equipment	**–**	(167)
NET CASH USED IN INVESTING ACTIVITIES	**(83,416)**	(356,034)

Consolidated Statement Of Cash Flows *(Continued)*

For the year ended 31st December, 2009

	2009	2008
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Interest paid	**(18,523)**	(28,818)
Repayment of advance from a shareholder	**(11,283)**	(1,253)
Repayments of bank loans	**(914)**	(133,025)
Repayments of advance from ultimate holding company	**(214)**	59,000
Proceed from disposal of treasury shares	**9,990**	–
New bank loans raised	**–**	302,860
Dividend paid to non-controlling shareholders	**–**	(7,147)
Proceed from issuing mandatorily convertible bond	**–**	664
Expense for increasing authorised share capital	**–**	(30)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(20,944)**	192,251
NET INCREASE IN CASH AND CASH EQUIVALENTS	**16,793**	7,797
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**19,917**	12,242
Effects of foreign exchange rate changes	**21**	(122)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**36,731**	19,917
Represented by bank balances and cash	**36,731**	19,917

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The principal activities of the Group are the investment and operation of hotels, property investment, property development, securities investment and trading, and treasury investment.

The Company's immediate holding company is Omnico Company Inc., a wholly-owned subsidiary of Shun Ho Resources Holdings Limited ("Shun Ho Resources") which is a public limited company incorporated in Hong Kong whose shares are listed on the Hong Kong Stock Exchange. The directors consider the Company's ultimate holding company to be Trillion Resources Limited, an international business company incorporated in the British Virgin Islands (the "BVI").

The address of the registered office and principal place of business of the Company is 3rd Floor, Shun Ho Tower, 24 – 30 Ice House Street, Central, Hong Kong.

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

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

In the current year, the Group and the Company have applied the following new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

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

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (revised 2007) *"Presentation of Financial Statements"*

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

HKFRS 8 *"Operating Segments"*

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 6). However, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

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

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group and the Company have not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

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

1 Effective for annual periods beginning on or after 1st July, 2009
2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 and1st January, 2010, as appropriate
3 Effective for annual periods beginning on or after 1st January, 2010
4 Effective for annual periods beginning on or after 1st February, 2010
5 Effective for annual periods beginning on or after 1st July, 2010
6 Effective for annual periods beginning on or after 1st January, 2011
7 Effective for annual periods beginning on or after 1st January, 2013

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

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

In addition, as part of *"Improvements to HKFRSs"* issued in 2009, HKAS 17 *"Leases"* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The significant accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination.

Profit or loss and each item of income and expense recognised directly in equity are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

Magnificent Estates Limited ("Magnificent") became a subsidiary of the Company in 2001. On consolidation, the shares in the Company held by a subsidiary of Magnificent have been accounted for using the treasury stock method whereby consolidated shareholders' equity is reduced by the carrying amount of the shares in the Company held by the said subsidiary at the date when Magnificent became a subsidiary of the Company. On disposal of the shares in the Company held by the said subsidiary, the difference between the sale consideration and the carrying amount of the shares disposed of together with the related securities revaluation reserve are recognised in retained profits.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounting for in accordance with relevant HKFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *"Income Taxes"* and HKAS 19 *"Employee Benefits"* respectively; and

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 *"Share-based Payment"*; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Changes in the Group's controlling interest in subsidiary

Any increases or decreases in ownership interests in the Group's subsidiaries, that do not result in change of control, are accounted for as equity transactions between equity holders, with no impact on profit or loss. The difference between the acquisition cost and the attributable equity interest in the carrying amounts of assets and liabilities acquired is dealt with in equity under other reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

Revenue from the operation of hotels and building management services are recognised when services are rendered.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

Revenue from sale of properties held for sale in the ordinary course of business is recognised when the respective properties have been delivered to the buyers.

Payments received from the purchasers prior to this stage are recorded as pre-sale deposits and presented as current liabilities.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

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

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure (except for transfer from investment properties to property, plant and equipment and property under development described below). Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. Transfer from investment property to property under development will be made where there is a change in use, evidenced by the commencement of redevelopment for the purpose of owner occupation. For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting are determined by reference to its fair value at the date of change in use. Property interests held under operating lease previously classified as an investment property and accounted for as if it were a finance lease shall continue to account for the lease as a finance lease, even if subsequent event changes the nature of the property interest so that it is no longer classified as investment property.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including land and building held for use in the supply of services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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

When the leasehold land and buildings are in the course of development for production or administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Property under development, which represents buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investments in subsidiaries

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

Properties held for sale

Completed properties held for sale are carried at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised and other direct attributable expenses. Net realisable value, representing the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, is determined by management based on prevailing market conditions.

Inventories

Inventories, representing inventories of food and beverages, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment loss tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the profit or loss immediately.

Financial instruments

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

Financial assets

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

Effective interest method

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

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

Financial assets at FVTPL

Financial assets at FVTPL comprise financial assets held for trading. A financial asset is classified as held for trading if:

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

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, other deposits, amount due from a shareholder, amounts due from subsidiaries, pledged bank deposits, time deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

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

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

Impairment of financial assets

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

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

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including trade and other payables, other deposits received, advance from a shareholder, advance from ultimate holding company, amounts due to subsidiaries and bank loans) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Leasing

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

The Group as lessor

Rental income from operating lease, included rentals invoiced in advance from properties let under operating leases, is recognised in profit or loss on a straight-line basis over the terms of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

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

Leasehold land and building

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

However, for transfer from investment properties to property, plant and equipment, the Group shall continue to account for the lease as a finance lease, even if a subsequent event changes the nature of the lessee's property interest so that it is no longer classified as investment property.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

Borrowing costs

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

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

Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme (the "MPF") and other defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying the entity's accounting policies

The following are the key assumptions concerning the future, and other key sources of estimate on 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.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value of investment properties situated in Hong Kong, the valuers have used direct comparison method which involves estimates with reference to current market conditions as at the end of the reporting period. In relying on those valuation reports, the directors of the Company have exercised their judgments and are satisfied that the methods of valuations are reflective of the current market conditions.

Impairment assessment of available-for-sale investments

For the Group's investment in Shun Ho Resources of HK$52,586,000 (2008: HK$78,253,000), the management takes into consideration of their financial position at the end of the reporting period, the sustainability of its dividend, the liquidity of its shares and observable data such as net asset value per share of Shun Ho Resources which is in excess of the Group's cost of investment. Based on these considerations, the Group concluded that no objective evidence exists as at 31st December, 2009 that the investment in Shun Ho Resources is impaired.

Taxation

At 31st December, 2009, a deferred tax asset of HK$12,132,000 in relation to unused tax losses has been recognised as set out in note 27. No deferred tax asset has been recognised on the remaining tax losses of HK$31,948,000 as it is not probable that taxable profit will be available against which the tax losses can be utilised. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group and the Company is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and borrower. If the financial positions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

5. REVENUE

Revenue represents the aggregate of income from operation of hotels, property rental, interest from debt securities and dividend, and is analysed as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Income from operation of hotels	**162,397**	207,135
Property rental	**87,109**	78,345
Interest from debt securities	**–**	671
Dividend	**–**	40
	249,506	286,191

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "*Operating Segments*" with effect from 1st January, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, "*Segment Reporting*") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis of the operation of the Group's businesses, including hospitality services, property investment, securities investment and trading and property development. However, information reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment specifically focuses on the performance of each hotel for hospitality services, each investment property for property investment operation and each hotel property under development. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

1. Hospitality services – Ramada Hotel Kowloon
2. Hospitality services – Ramada Hong Kong Hotel
3. Hospitality services – Best Western Hotel Taipa, Macau
4. Hospitality services – Magnificent International Hotel, Shanghai
5. Property investment – 633 King's Road
6. Property investment – Shun Ho Tower
7. Property investment – 19-23 Austin Avenue *(Note)*
8. Property investment – Shops
9. Securities investment and trading
10. Property development – 239 – 251 Queen's Road West
11. Property development – 19 -23 Austin Avenue *(Note)*
12. Property development – 30 – 40 Bowrington Road
13. Property development – 338 – 346 Queen's Road West

Note: In prior year, the property situated at 19-23 Austin Avenue previously held as investment properties was transferred to the balance of property under development for the re-development into a hotel.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	Year ended		Year ended	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**162,397**	207,135	**40,430**	75,429
– Ramada Hotel Kowloon	**49,095**	61,504	**5,262**	14,362
– Ramada Hong Kong Hotel	**60,994**	80,294	**22,262**	37,731
– Best Western Hotel Taipa, Macau	**38,213**	45,004	**12,767**	18,451
– Magnificent International Hotel, Shanghai	**14,095**	20,333	**139**	4,885
Property investment	**87,109**	78,345	**156,047**	96,907
– 633 King's Road	**61,264**	48,514	**80,223**	72,021
– Shun Ho Tower	**16,952**	14,364	**51,631**	23,181
– 19-23 Austin Avenue *(Note)*	**–**	5,635	**–**	8,073
– Shops	**8,893**	9,832	**24,193**	(6,368)
Securities investment and trading	**–**	711	**6**	597
Property development	**–**	–	**–**	–
– 239 -251 Queen's Road West	**–**	–	**–**	–
– 19 – 23 Austin Avenue *(Note)*	**–**	–	**–**	–
– 30 – 40 Bowrington Road	**–**	–	**–**	–
– 338 – 346 Queen's Road West	**–**	–	**–**	–
	249,506	286,191	**196,483**	172,933
Other income			**15,186**	15,532
Other expenses			**(12,314)**	(11,351)
Unallocated administration costs and directors' salaries			**(22,583)**	(24,167)
Finance costs			**(8,423)**	(17,680)
Profit before taxation			**168,349**	135,267

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. The adoption of HKFR 8 has not changed the basis of measurement of segment revenue and segment profit. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administration costs, directors' salaries, other income and other expenses that are not directly related to core business and finance costs. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2008: Nil).

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2009	2008
	HK$'000	*HK$'000*
Segment assets		
Hospitality services	**896,417**	919,968
– Ramada Hotel Kowloon	**318,998**	333,078
– Ramada Hong Kong Hotel	**348,849**	355,841
– Best Western Hotel Taipa, Macau	**137,656**	141,695
– Magnificent International Hotel, Shanghai	**90,914**	89,354
Property investment	**1,993,190**	1,929,400
– 633 King's Road	**1,315,099**	1,301,095
– Shun Ho Tower	**395,890**	361,404
– Shops	**282,201**	266,901
Securities investment and trading	**53,411**	79,073
Property development	**1,545,438**	1,450,420
– 239-251 Queen's Road West	**351,528**	336,059
– 19-23 Austin Avenue *(Note)*	**690,113**	646,437
– 30-40 Bowrington Road	**297,771**	265,357
– 338-346 Queen's Road West	**206,026**	202,567
	4,488,456	4,378,861
Unallocated assets	**171,751**	161,504
	4,660,207	4,540,365

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

	2009 HK$'000	2008 HK$'000
Segment liabilities		
Hospitality services	**15,322**	14,460
– Ramada Hotel Kowloon	**4,953**	3,947
– Ramada Hong Kong Hotel	**4,622**	4,389
– Best Western Hotel Taipa, Macau	**4,420**	4,593
– Magnificent International Hotel, Shanghai	**1,327**	1,531
Property investment	**27,764**	34,467
– 633 King's Road	**22,248**	28,287
– Shun Ho Tower	**5,516**	6,180
– Shops	**–**	–
Securities investment and trading	**12**	2
Property development	**5,693**	7,884
– 239-251 Queen's Road West	**592**	4,215
– 19-23 Austin Avenue *(Note)*	**1,475**	884
– 30-40 Bowrington Road	**3,626**	2,785
– 338-346 Queen's Road West	**–**	–
	48,791	56,813
Unallocated liabilities	**1,443,180**	1,449,359
	1,491,971	1,506,172

Note: In prior year, the property situated at 19-23 Austin Avenue previously held under investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

The adoption of HKFRS 8 has not changed the basis of measurement of segment assets and liabilities. For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group head office's corporate assets, deposit for acquisition of corporate property, plant and equipment, and assets classified as held for sale; and

- all liabilities are allocated to reportable segments other than the Group head office's corporate liabilities, bank loans, deferred tax liabilities and liabilities associated with assets classified as held for sale.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

	Depreciation of property, plant and equipment and release of prepaid lease payments for land Year ended		Addition to non-current assets *(Note 2)* Year ended		Increase (decrease) in fair value of investment properties Year ended		Fair value changes of investment held for trading Year ended	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Hospitality services	**28,056**	27,942	**595**	2,767	**–**	–	**–**	–
– Ramada Hotel Kowloon	**12,886**	12,902	**60**	1,768	**–**	–	**–**	–
– Ramada Hong Kong Hotel	**7,068**	7,010	**27**	574	**–**	–	**–**	–
– Best Western Hotel Taipa, Macau	**4,245**	4,520	**11**	224	**–**	–	**–**	–
– Magnificent International Hotel, Shanghai	**3,857**	3,510	**497**	201	**–**	–	**–**	–
Property investment	**38**	37	**40**	2,994	**70,210**	24,804	**–**	–
– 633 King's Road	**38**	37	**40**	2,994	**20,000**	29,133	**–**	–
– Shun Ho Tower	**–**	–	**–**	–	**34,910**	9,330	**–**	–
– 19-23 Austin Avenue *(Note 1)*	**–**	–	**–**	–	**–**	2,541	**–**	–
– Shops	**–**	–	**–**	–	**15,300**	(16,200)	**–**	–
Securities investment and trading	**–**	–	**–**	–	**–**	–	**6**	(114)
Property development	**–**	–	**101,385**	152,841	**–**	–	**–**	–
– 239-251 Queen's Road West	**–**	–	**15,778**	113,878	**–**	–	**–**	–
– 19-23 Austin Avenue *(Note 1)*	**–**	–	**43,865**	7,636	**–**	–	**–**	–
– 30-40 Bowrington Road	**–**	–	**38,049**	26,737	**–**	–	**–**	–
– 338-346 Queen's Road West	**–**	–	**3,693**	4,590	**–**	–	**–**	–
	28,094	27,979	**102,020**	158,602	**70,210**	24,804	**6**	(114)

Notes:

1. In prior year, the property situated at 19-23 Austin Avenue previously held under investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

2. Additions to non-current assets excluded available-for-sale investments and deposit for acquisition of corporate property, plant and equipment.

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong, Macau and the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue primarily by geographical markets based on location of assets:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**194,763**	218,419
Macau	**40,648**	47,439
The PRC	**14,095**	20,333
	249,506	286,191

Note: Sales reported above represents revenue generated from external customers.

The following is an analysis of the Group's non-current assets by geographical location of the assets:

	Non-current assets	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**4,161,772**	4,032,890
Macau	**263,383**	259,217
The PRC	**89,444**	87,508
	4,514,599	4,379,615

Note: Non-current assets excluded available-for-sale investments.

Information about major customers

The five largest customers accounted for less than 10% of the Group's total revenue for both years.

Revenue from major services and investments

Analysis of the Group's revenue from its major services and investments are set out in note 5.

7. OTHER INCOME/OTHER EXPENSES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Other income comprises:		
Gain on disposal of properties held for sale	**458**	–
Gain on disposal of property, plant and equipment	**–**	371
Management fee income for the provision of property management services	**14,392**	13,942
Interest on bank deposits	**45**	233
Others	**291**	986
	15,186	15,532

Other expenses represent costs incurred for the provision of property management services.

8. FINANCE COSTS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Interests on:		
Bank loans wholly repayable within five years	**18,489**	28,818
Advance from ultimate holding company wholly repayable within five years *(note 32 (d))*	**704**	1,427
Advance from a shareholder wholly repayable within five years *(note 32 (b))*	**150**	451
Other	**34**	7
	19,377	30,703
Less: amount capitalised in property under development	**(10,954)**	(13,023)
	8,423	17,680

9. PROFIT BEFORE TAXATION

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**2,096**	2,096
Staff costs including directors' emoluments	**63,940**	67,399
Depreciation of property, plant and equipment	**21,011**	20,703
Release of prepaid lease payments for land	**18,328**	18,161
Less: amount capitalised and included in property under development	**(6,289)**	(6,096)
	12,039	12,065
Operating lease rental in respect of rented premises and equipment	**198**	211
Gross rental income from investment properties	**(87,109)**	(78,345)
Less: Direct operating expenses from investment properties that generated rental income during the year	**1,272**	6,242
	(85,837)	(72,103)

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the Company's directors are as follows:

	Year ended 31st December, 2009				
	Directors' fees *HK$'000*	**Basic salaries, allowances and benefits-in-kind** *HK$'000*	**Performance related incentive payments** *HK$'000*	**Contributions to retirement benefits schemes** *HK$'000*	**Total** *HK$'000*
Mr. William Cheng Kai Man	**–**	**3,238**	**646**	**12**	**3,896**
Mr. Albert Hui Wing Ho	**–**	**1,333**	**206**	**12**	**1,551**
Madam Mabel Lui Fung Mei Yee	**33**	**–**	**–**	**–**	**33**
Mr. Vincent Kwok Chi Sun	**67**	**–**	**–**	**–**	**67**
Mr. Chan Kim Fai	**67**	**–**	**–**	**–**	**67**
Mr. Hui Kin Hing	**67**	**–**	**–**	**–**	**67**
Mr. David Cheng Kai Ho (resigned on 20th March, 2009)	**–**	**–**	**–**	**–**	**–**
	234	**4,571**	**852**	**24**	**5,681**

	Year ended 31st December, 2008				
	Directors' fees *HK$'000*	Basic salaries, allowances and benefits-in-kind *HK$'000*	Performance related incentive payments *HK$'000*	Contributions to retirement benefits schemes *HK$'000*	Total *HK$'000*
Mr. William Cheng Kai Man	–	3,183	611	12	3,806
Mr. Albert Hui Wing Ho	–	1,306	459	12	1,777
Madam Mabel Lui Fung Mei Yee	33	–	–	–	33
Mr. Vincent Kwok Chi Sun	67	–	–	–	67
Mr. Chan Kim Fai	67	–	–	–	67
Mr. Hui Kin Hing	67	–	–	–	67
Mr. David Cheng Kai Ho	–	–	–	–	–
	234	4,489	1,070	24	5,817

No directors waived any emoluments in the years ended 31st December, 2009 and 31st December, 2008.

The performance related incentive payments payable to the executive directors are determined based on the performance of the individual directors.

During the years ended 31st December, 2009 and 31st December, 2008, no emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals in the Group with the highest emoluments, two (2008: two) were directors of the Company, whose emoluments are included above. The emoluments of the remaining three individuals (2008: three individuals), whose emoluments are individually below HK$1,000,000, are as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits-in-kind	**1,905**	1,881
Contributions to retirement benefits schemes	**36**	36
Performance related incentive payments	**571**	645
	2,512	2,562

11. INCOME TAX EXPENSE

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	**11,468**	11,292
The PRC	**–**	1,010
Other jurisdiction	**1,030**	1,712
	12,498	14,014
Overprovision in prior years		
Hong Kong	**(49)**	(487)
Other jurisdiction	**–**	(255)
	(49)	(742)
Deferred tax *(note 27)*		
Current year	**11,512**	11,724
Attributable to a change in tax rate	**–**	(18,130)
	11,512	(6,406)
	23,961	6,866

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

11. INCOME TAX EXPENSE *(Continued)*

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui【2008】No. 1, starting from 1st January, 2008, 10% withholding income tax will be imposed on dividends related to profits earned by the companies established in the PRC in the calendar year 2008 onwards, being declared to their foreign shareholders pursuant to Articles 3 and 6 of the Enterprise Income Tax Law, and Article 17 of the Implementation Rules of Enterprise Income Tax Law. Deferred tax liabilities on the temporary differences attributable to the undistributed profits earned by the Group's PRC subsidiary of HK$237,000 (2008: HK$270,000) were provided as at 31st December, 2009.

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Profit before taxation	**168,349**	135,267
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**27,778**	22,319
Tax effect of expenses not deductible for tax purpose	**1,043**	2,961
Tax effect of income not taxable for tax purpose	**(284)**	(322)
Overprovision in prior years	**(49)**	(742)
Tax effect of tax losses not recognised	**3,182**	1,719
Utilisation of tax losses previously not recognised	**(3,324)**	(3,380)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,727)**	(174)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**–**	(18,130)
Deferred tax liabilities arising on undistributed profits of PRC subsidiary from 1st January, 2008 onwards	**(33)**	270
Others	**(1,625)**	2,345
Taxation charge	**23,961**	6,866

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$84,129,000 (2008: HK$69,754,000) and on 457,486,000 (2008: 456,117,000) shares in issue during the year. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

As disclosed in note 37, any outstanding mandatory convertible bonds ("Bonds") are mandatorily convertible into ordinary shares of Magnificent Estates Limited on 13th April 2011 (the maturity date). For the years ended 31st December, 2009 and 2008, the computation of diluted earnings per share has not assumed into the effect of mandatory conversion of the Bonds which would result in an increase in earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Hotel buildings	Furniture, fixtures and equipment	Motor vehicles and vessels	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP					
COST					
At 1st January, 2008	48,685	385,879	39,034	17,016	490,614
Exchange realignment	–	4,165	347	–	4,512
Additions	–	–	2,175	1,442	3,617
Transferred from investment properties *(note a)*	7,927	–	–	–	7,927
Disposals	–	–	–	(898)	(898)
At 31st December, 2008	56,612	390,044	41,556	17,560	505,772
Additions	1,717	–	690	–	2,407
Transferred to assets classified as held for sale	(5,170)	–	–	–	(5,170)
Disposals	–	–	(10)	–	(10)
At 31st December, 2009	**53,159**	**390,044**	**42,236**	**17,560**	**502,999**
DEPRECIATION					
At 1st January, 2008	2,204	36,479	21,546	5,619	65,848
Exchange realignment	–	875	243	–	1,118
Provided for the year	1,394	8,480	7,823	3,006	20,703
Eliminated on disposals	–	–	–	(419)	(419)
At 31st December, 2008	3,598	45,834	29,612	8,206	87,250
Provided for the year	1,447	8,755	7,790	3,019	21,011
Transfer to assets classified as held for sale	(330)	–	–	–	(330)
Eliminated on disposals	–	–	(2)	–	(2)
At 31st December, 2009	**4,715**	**54,589**	**37,400**	**11,225**	**107,929**
CARRYING AMOUNTS					
At 31st December, 2009	**48,444**	**335,455**	**4,836**	**6,335**	**395,070**
At 31st December, 2008	53,014	344,210	11,944	9,354	418,522

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

Notes:

(a) Following the change in use of certain investment properties of the Group during the year ended 31st December, 2008, such properties with a carrying amount of HK$7,927,000, being the fair value of the properties at the date of reclassification, have been reclassified to property, plant and equipment. The fair value of such investment properties at the date of transfer was determined by Dudley Surveyors Limited. The valuation was arrived at by reference to market evidence of transaction prices of similar properties in similar location and condition under the prevailing market conditions.

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

Hotel buildings and land and buildings	50 years or over the remaining term of land lease, whichever is the shorter
Furniture, fixtures and equipment	20% – 33%
Motor vehicles and vessels	20%

(c) Land and buildings are situated on land in Hong Kong on long leases.

(d) An analysis of the carrying amounts of the Group's hotel buildings, which are situated on leasehold land, is set out below:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
In Hong Kong		
On long leases	**130,516**	133,456
Under medium-term leases	**43,888**	45,463
In Macau under medium-term leases	**105,974**	108,623
In the PRC under medium-term leases	**55,077**	56,668
	335,455	344,210

14. PREPAID LEASE PAYMENTS FOR LAND

The prepaid lease payments comprise:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Land in Hong Kong on		
Long leases	**752,244**	753,630
Medium-term leases	**486,895**	502,334
	1,239,139	1,255,964
Land in Macau on medium-term leases	**27,607**	28,297
Land in the PRC on medium-term leases	**34,077**	29,580
	1,300,823	1,313,841
Analysed for reporting purposes as:		
Non-current asset	**1,288,440**	1,301,432
Current asset	**12,383**	12,409
	1,300,823	1,313,841

15. INVESTMENT PROPERTIES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
FAIR VALUE		
At the beginning of the year	**1,917,580**	2,536,250
Additions	**–**	2,994
Transferred to property, plant and equipment *(note 13(a))*	**–**	(7,927)
Transferred to property under development *(note 16)*	**–**	(638,541)
Increase in fair value recognised in profit or loss	**70,210**	24,804
At the end of the year	**1,987,790**	1,917,580

An analysis of the Group's investment properties is as follows:

	2009	2008
	HK$' 000	*HK$'000*
Land and buildings in Hong Kong on land held:		
On long leases	**1,741,090**	1,684,680
Under medium-term leases	**116,600**	111,200
Land and buildings in Macau held under medium-term leases	**130,100**	121,700
	1,987,790	1,917,580

In prior year, an investment property of the Group was transferred to property under development upon the change in use from rental and capital appreciation to hotel operation purpose. The fair value of the transferred property at the date of transfer was determined by reference to a valuation carried out by Dudley Surveyors Limited. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value of the Group's investment properties at 31st December, 2009 has been arrived at on the basis of a valuation carried out on that date by Dudley Surveyors Limited, an independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation report on these properties is signed by a director of Dudley Surveyors Limited who is a member of The Hong Kong Institute of Surveyors ("HKIS"), and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing property market conditions.

All of the Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties of the Group with an aggregate carrying amount of approximately HK$1,988 million (2008: HK$1,918 million) were rented out under operating leases at the end of the reporting period.

16. PROPERTY UNDER DEVELOPMENT

	THE GROUP	
	2009	2008
	HK$' 000	*HK$'000*
At cost		
At the beginning of the year	**741,914**	39,718
Additions	**101,385**	63,655
Transferred from investment properties *(note 15)*	**–**	638,541
At the end of the year	**843,299**	741,914

Included in the carrying amount of the property under development at the end of the year are interest expenses of HK$28,805,000 (2008: HK$17,851,000) capitalised. The Group's property under development is situated in Hong Kong on long leases and is mainly held for hotel redevelopment purpose.

17. INVESTMENTS IN/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2009	2008
	HK$'000	*HK$'000*
INVESTMENTS IN SUBSIDIARIES		
Cost		
Shares listed in Hong Kong	**330,222**	330,222
Unlisted shares, at cost	**41,809**	33,055
	372,031	363,277
Market value of listed shares	**411,879**	222,198
AMOUNTS DUE FROM SUBSIDIARIES		
Amounts due from subsidiaries	**591,534**	599,053
Less: Impairment loss recognised	**(4,167)**	(4,167)
	587,367	594,886
Analysed for reporting purposes as:		
Non-current asset	**532,227**	549,478
Current asset	**55,140**	45,408
	587,367	594,886

17. INVESTMENTS IN/AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

The amounts due from subsidiaries are interest-free and unsecured with no fixed repayment terms. In the opinion of the directors, the amounts other than amount repayable within one year of HK$55,140,000 (2008; HK$45,408,000) and have been included in the current assets, will not be repayable within the next twelve months from the end of the reporting period, accordingly are classified as non-current. The interest-free amount is measured at amortised cost using the effective interest method, less any identified impairment losses. The carrying amounts of these amounts due from subsidiaries at 31st December, 2009 are reduced by HK$8.8 million (2008: HK$15.4 million), with a corresponding increase in investments in subsidiaries as deemed contribution by the Company to these subsidiaries. The effective interest rate on the amounts due from subsidiaries in respect of the year is 1.2% (2008: 2.9%) per annum.

Particulars regarding the principal subsidiaries at 31st December, 2009 and 31st December, 2008 are set out in note 33.

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING

	THE GROUP			
	Available-for-sale investments Non-current		**Investments held for trading Current**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity securities at fair value *(note a)*	**52,586**	78,253	**7**	1
Unlisted equity investments *(note b)*	**780**	780	**–**	–
	53,366	79,033	**7**	1

Notes:

(a) The fair value of listed securities is determined by reference to quoted market bid price from the Hong Kong Stock Exchange.

The Group's non-current equity securities listed in Hong Kong include approximately 20.57% (2008: 20.57%) interest in Shun Ho Resources, which is a public company incorporated and listed in Hong Kong. The principal activities of Shun Ho Resources and its subsidiaries are investment and operation of hotels, property investment, property development, securities investment and trading, and treasury investment.

The Company is a subsidiary of Shun Ho Resources. Under the Hong Kong Companies Ordinance, members of the Group who are shareholders of Shun Ho Resources have no right to vote at its meetings. The directors are of the opinion that the Group is not in a position to exercise significant influence over Shun Ho Resources, the results of Shun Ho Resources have therefore not been accounted for on an equity basis.

(b) The unlisted equity investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

19. TRADE AND OTHER RECEIVABLES

Except for a credit period of 30 to 60 days granted to travel agencies and customers of the hotels, the Group does not allow any credit period to customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Not yet due	**3,729**	9,494
0 – 30 days	**5,556**	6,772
31 – 60 days	**960**	634
Over 60 days	**6**	96
	10,251	16,996

Analysed for reporting as:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**10,251**	16,996
Other receivables	**1,011**	1,894
	11,262	18,890

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits. 91% (2008: 96%) of the trade receivables are neither past due nor impaired, and no impairment has been made to these trade receivables, as the directors believe that the amounts are with good credit quality.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$966,000 (2008: HK$730,000) which are past due at the reporting date for which the Group has not provided for impairment loss, by taking into account the past default experience. The Group does not hold any collateral over these balances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors of the Company believe that there is no further credit provision required.

Aging of trade receivables which are past due but not impaired:

	2009	2008
	HK$'000	*HK$'000*
31-60 days	**960**	634
Over 60 days	**6**	96
Total	**966**	730

20. AMOUNTS DUE TO SUBSIDIARIES

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

21. PLEDGED BANK DEPOSITS/TIME DEPOSITS/BANK BALANCES AND CASH

THE GROUP

The pledged bank deposits carry interest at prevailing deposit interest rate at 0.01% (2008: 0.01% to 1%) per annum and represent deposits pledged to a bank to secure short-term banking facilities granted to the Group.

Time deposits in prior year carried fixed interest which range from 0.475% to 0.70% per annum.

Bank balances carry interest at prevailing deposit interest rates ranging from 0.001% to 0.01% (2008: 0.01% to 1.5%) per annum.

THE COMPANY

Bank balances carry interest at prevailing deposit interest rate at 0.001% (2008: 0.01% to 1.5%) per annum.

22. ASSETS CLASSIFIED AS HELD FOR SALE

On 15th June, 2009, Shun Ho Construction (Holdings) Limited, a subsidiary of the Group, entered into an agreement with an independent third party for the disposal of the entire issued share capital of City Wealth Limited ("City Wealth"), its wholly-owned subsidiary, together with the shareholder's loan of City Wealth due to Magnificent Estates Limited for an aggregate consideration of HK$4,500,000 (the "Disposal"). The principal activity of City Wealth is holding a property in Hong Kong. The Disposal is expected to be completed on or before 30th June, 2010.

Upon completion of the Disposal, it is estimated that the proceeds of the Disposal would exceed the carrying amount of the net assets, accordingly, no impairment loss has been recognised on the assets which was classified as assets held for sale at 31st December, 2009.

The major classes of assets and liabilities of City Wealth classified as held for sale are as follows:

	2009
	HK$'000
Property, plant and equipment	**4,840**
Trade and other receivables	**13**
Total assets classified as held for sale	**4,853**
Trade and other payables	**(9)**
Deferred taxation	**(344)**
Total liabilities associated with assets classified as held for sale	**(353)**

23. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**7,826**	8,522
31 – 60 days	**1,237**	633
Over 60 days	**369**	6,488
	9,432	15,643

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Analysed for reporting as:		
Trade payables	**9,432**	15,643
Other payables	**15,235**	26,822
	24,667	42,465

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

24. BANK LOANS

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Secured		
Bank loans	**1,043,425**	1,044,339
Carrying amount repayable:		
On demand or within one year	**567,425**	181,914
More than one year, but not exceeding two years	**476,000**	763,425
More than two years, but not more than five years	**–**	99,000
	1,043,425	1,044,339
Less: Amounts due within one year shown under current liabilities	**(567,425)**	(181,914)
	476,000	862,425

All the Group's bank loans are floating-rate borrowings, which carry interests at HIBOR plus 0.65% to 1.2% in respect of both years presented. The bank loans are secured over certain of the Group's properties. Interest rates on the Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate is 1% (2008: 2.9%) per annum.

At the end of the reporting period, the undrawn bank loan facilities of the Group amounted to an aggregate of approximately HK$397 million (2008: HK$450 million).

25. SHARE CAPITAL

	Number of shares		Nominal value	
	2009	2008	**2009**	2008
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.5 each				
Authorised:				
At the beginning of the year	**1,400,000**	640,000	**700,000**	320,000
Addition during the year	**–**	760,000	**–**	380,000
At the end of the year	**1,400,000**	1,400,000	**700,000**	700,000
Issued and fully paid				
At the beginning and the end of the year	**537,077**	537,077	**268,538**	268,538

Pursuant to an ordinary resolution approved on the members' meeting held on 30th May 2008, the authorised share capital of the Company was increased from HK$320,000,000 to HK$700,000,000 by the creation of an additional 760,000,000 shares of HK$0.5 each, which rank pari passu with the then existing shares in all respects.

At 31st December, 2008 and 31st December, 2009, the Company's 68,140,000 (2008: 80,960,000) issued shares with an aggregate nominal value of HK$34,070,000 (2008: HK$40,480,000) were held by a subsidiary of Magnificent. In accordance with the Hong Kong Companies Ordinance, members of the Group who are shareholders of the Company have no right to vote at meetings of the Company.

26. SHARE PREMIUM AND RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY				
At 1st January, 2008	118,800	4,181	535,279	658,260
Share issue expense	(30)	–	–	(30)
Profit for the year	–	–	18,119	18,119
At 31st December, 2008	118,770	4,181	553,398	676,349
Profit for the year	–	–	12,946	12,946
At 31st December, 2009	**118,770**	**4,181**	**566,344**	**689,295**

27. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the current and prior reporting periods.

THE GROUP

	Business combination HK$'000	Fair value of investment properties HK$'000	Accelerated tax depreciation HK$'000	Withholding tax HK$'000	Tax losses HK$'000	Total HK$'000
At 1st January, 2008	121,003	190,224	13,545	–	(7,511)	317,261
Charge (credit) to profit or loss	1,043	4,093	11,908	270	(5,590)	11,724
Effect of change in tax rate	(6,914)	(10,871)	(774)	–	429	(18,130)
At 31st December, 2008	115,132	183,446	24,679	270	(12,672)	310,855
Charge (credit) to profit or loss	(952)	11,585	372	(33)	540	11,512
Transfer to liabilities associated with assets classified as held for sale	–	–	(344)	–	–	(344)
At 31st December, 2009	**114,180**	**195,031**	**24,707**	**237**	**(12,132)**	**322,023**

At the end of the reporting period, the Group had unused tax losses of HK$105,481,000 (2008: HK$109,608,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$73,533,000 (2008: HK$76,799,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$31,948,000 (2008: HK$32,809,000) due to the unpredictability of future profit streams. All the unrecognised tax losses may be carried forward indefinitely.

28. PROJECT/CAPITAL COMMITMENTS

At the end of the reporting period, the Group had outstanding commitments contracted for but not provided in the consolidated financial statements in respect of the following:

		2009	2008
		HK$'000	*HK$'000*
(a)	Property development expenditure	**123,416**	12,958
(b)	Acquisition of property, plant and equipment	**–**	1,503

The Company had no material commitments at the end of the reporting period.

29. OPERATING LEASE COMMITMENTS

The Group as lessor

Rental income from investment properties earned during the year amounted to HK$87,109,000 (2008: HK$78,345,000). The properties under leases have committed tenants for one to five years from the end of the reporting period without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**83,419**	85,604
More than one year but not more than five years	**21,986**	87,095
	105,405	172,699

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year amounted to HK$8,000 (2008: HK$25,000).

Other than as disclosed above, the Group and the Company had no material lease commitments outstanding at the end of the reporting period.

30. PLEDGE OF ASSETS

At the end of the reporting period, the bank loan facilities of the Group were secured by the following:

(a) prepaid lease payments for land, investment properties, property under development and property, plant and equipment of the Group with carrying amounts of HK$1,045 million (2008: HK$1,083 million), HK$1,462 million (2008: HK$1,435 million), HK$843 million (2008: HK$742 million) and HK$174 million (2008: HK$180 million), respectively;

(b) assignment of the Group's rentals and hotel revenue respectively; and

(c) bank deposits with a carrying amount of HK$110,000 (2008: HK$110,000).

31. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$12,000 per annum of each individual employee) to the scheme, which contribution is matched by employees.

The employees of the Company's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make the specified contributions.

The contributions paid and payable to the schemes by the Group in respect of the year which were charged to profit or loss amounted to HK$1,652,000 (2008: HK$1,777,000). The forfeited contributions under the Group's defined contribution retirement scheme is not significant for the year.

32. RELATED PARTY TRANSACTIONS

Other than those disclosed in respective notes to the consolidated financial statements, the Group and the Company had the following transactions and balances with related parties during the year:

	2009	2008
	HK$'000	*HK$'000*
THE GROUP		
Shun Ho Resources Holdings Limited and its subsidiaries		
Corporate management fee income for administrative facilities provided	**100**	100
Amount due to the Group at the end of the year *(note a)*	**29**	28
Interest expenses on advance due by the Group *(note b)*	**150**	451
Amount due by the Group at the end of the year *(note b)*	**2,721**	13,854
Compensation of key management personnel *(note c)*	**5,681**	5,817

	2009	2008
	HK$'000	*HK$'000*
THE COMPANY		
Shun Ho Resources		
Interest expenses on advance due by the Company	**150**	451
Advance due by the Company at the end of the year *(note b)*	**2,721**	13,854

Notes:

(a) The amounts are unsecured, interest-free and the directors expect that the amounts will be recoverable within the next 12 months from the end of the reporting period.

(b) During the year, the holding company, Shun Ho Resources, made unsecured short-term advances to the Company which carry interest chargeable at HIBOR plus 1% (i.e. 1.2% (2008: 1.2%)) per annum.

(c) Compensation of key management personnel

The remuneration of directors which are also the key management personnel of the Group during the year was as follows:

	2009	2008
	HK$'000	*HK$'000*
Short-term benefits	**5,657**	5,793
Post-employment benefits	**24**	24
	5,681	5,817

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

(d) The amount is unsecured, carries interest at HIBOR plus 1% and repayable on demand. The effective interest rate is 1.2% (2008: 1.2%) per annum.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

All the principal subsidiaries are incorporated and operating principally in Hong Kong except otherwise indicated. None of the subsidiaries had any debt securities outstanding at 31st December, 2009 or at any time during the year.

	Paid up issued ordinary share/registered capital		Proportion of nominal value of issued ordinary share/registered capital held by				
			2009		2008		
Name of subsidiary	Number of shares	Par value	Company %	Subsidiary %	Company %	Subsidiary %	Principal activities
Babenna Limited	2	HK$10	–	100	–	100	Investment holding
Beautiful Sky Investment Limited	2	HK$1	–	100	–	100	Property development
Bontique Hotel Limited (formerly known as Shun Ho Real Estate Limited)	2	HK$1	–	100	–	100	Property development
City Wealth Limited	2	HK$1	–	100	–	100	Property investment
Claymont Services Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Good Taylor Limited	2	HK$1	100	–	100	–	Investment holding
Grand-Invest & Development Company Limited *(ii)*	100,000	MOP$1	–	100	–	100	Hotel investment and operation
Himson Enterprises Limited	2	HK$1	–	100	–	100	Property development
Himson Enterprises Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Hotel Taipa Limited	2	HK$10	–	100	–	100	Property investment
Houston Venture Limited	2	HK$1	–	100	–	100	Property investment
Houston Venture Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Joes River Limited	2	HK$1	–	100	–	100	Property trading
Longham Investment Limited	2	HK$1	–	100	–	100	Investment holding
Longham Investment Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Magnificent Estates Limited	5,964,700,883	HK$0.01	45.4	11.31	45.4	11.31	Investment holding and provision of management services
Magnificent International Hotel Limited	2	HK$1	–	100	–	100	Hotel investment and operation
Mercury Fast Limited	2	HK$1	–	100	–	100	Securities dealings, property investment and investment holding
New Champion Developments Limited *(i)*	1	US$1	–	100	–	100	Vessel leasing
Noblesse International Limited *(i)*	1	US$1	100	–	100	–	Property investment
Shanghai Shun Ho (Lands Development) Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Shanghai Shun Ho Property Development Co., Ltd. *(iii)*	Registered capital	US$4,950,000	–	100	–	100	Hotel investment and operation
Shun Ho Capital Properties Limited *(i)*	1	US$1	–	100	–	100	Investment holding
Shun Ho (Lands Development) Limited *(i)*	10	US$1	100	–	100	–	Investment holding
Shun Ho Construction (Holdings) Limited	2	HK$10	–	100	–	100	Investment holding
Sino Money Investments Limited	10,000	HK$1	–	100	–	100	Property development
South Point Investments Limited *(i)*	1	US$1	100	–	100	–	Investment holding
Tennyland Limited	2	HK$10	–	100	–	100	Property investment
Trans-Profit Limited	1,000,000	HK$1	–	100	–	100	Property investment
United Assets Company Limited	2,000,000	HK$1	–	100	–	100	Hotel investment and operations and investment holding

(i) Incorporated in the British Virgin Islands and operating in Hong Kong.
(ii) Incorporated and operating in Macau
(iii) Sino foreign co-operative joint venture established and operating principally in the PRC

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The directors are of the opinion that a complete list of the subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes advances from a shareholder and ultimate holding company disclosed in note 32(b) and (d) and bank loans disclosed in note 24 (net of bank balances and cash) and equity attributable to owners of the Company, comprising issued capital, reserves and retained profits as disclosed in the consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Currently, the management uses long term funding to finance its acquisition of investment properties, expenditure on prepaid lease payments and property under development to minimise the finance costs. The Group will balance its overall capital structure through the payment of dividends, as well as the issue of new debt or the redemption of existing debt.

There are no significant changes on the Group's approach to capital risk management during the year.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**50,439**	43,330
Investments held for trading	**7**	1
Available-for-sale investments	**53,366**	79,033
	103,812	122,364
Financial liabilities		
Amortised cost	**1,121,518**	1,149,766

	THE COMPANY	
	2009	2008
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**587,691**	595,126
Financial liabilities		
Amortised cost	**3,852**	15,299

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The management of the Group and the Company monitors and manages the financial risks relating to the operations of the Group through the monitoring procedures. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group and the Company do not enter into derivative financial instruments for hedging or speculative purpose.

There has been no significant change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures.

(i) Foreign currency risk management

The Group is subject to foreign currency risk which is mainly attributable to the exposure on Hong Kong dollars in respect of an inter-company balance of a subsidiary operating in the PRC. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency sensitivity

THE GROUP

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables remain constant. The stated changes represent the management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. Results of the analysis as presented in the table below represent an aggregation of the effects on each of the group entities' profit or loss measured in the respective functional currencies. The analysis is performed on the same basis for 2008.

The following table indicates the approximate change in the Group's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group have significant exposure at the end of the reporting period.

THE GROUP

	2009		2008	
	Strength (weaken) in foreign currencies	**Effect on profit or (loss)** *HK$'000*	Strength (weaken) in foreign currencies	Effect on profit or (loss) *HK$'000*
Hong Kong dollars *(note)*	**5%**	**(404)**	5%	(588)
	(5%)	**404**	(5%)	588

Note: This is mainly attributable to the exposure on Hong Kong dollars in respect of an inter-company balance of a subsidiary operating in the PRC. This inter-company balance is eliminated on consolidation level.

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Foreign currency risk management (Continued)

Foreign currency sensitivity (Continued)

THE COMPANY

The Company has no significant foreign currency risks for both years.

(ii) Interest rate risk management

The Group and the Company are exposed to cash flow interest rate risk in relation to its pledged bank deposits, bank balances, advances from a shareholder and ultimate holding company and bank loans which are subject to floating interest rate. The Group and the Company currently do not have any interest rate hedging policy. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest rate exposure. The Group's interest rate risk is mainly concentrated on the fluctuation of HIBOR on advances from a shareholder and ultimate holding company and bank loans.

The Group is also subject to fair value interest rate risk as its time deposits is subject to fixed interest rate.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

THE GROUP

The sensitivity analysis for the Group below have been determined based on the exposure to interest rates for non-derivative instruments including floating-rate advances from ultimate holding company and a shareholder and bank loans at the end of the reporting period. For floating-rate financial instruments, the analysis is prepared assuming the amount of financial instruments are outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2009 would decrease/increase by HK$1,847,000 (2008: decrease/increase by HK$1,897,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

The effect on pledged bank deposits, time deposits and bank balances have not been taken into account in preparing the sensitivity analysis because the effect involved is not significant.

THE COMPANY

The Company has no significant interest rate risks for both years.

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Other price risks

The Group is exposed to other price risks arising from available-for-sale investments and investments held for trading.

Other price sensitivity

The sensitivity analysis below have been determined based on the exposure to other price risks at the reporting date. If the market price of the available-for-sale investments (excluding the available-for-sale investments carried at cost less impairment) and investments held for trading had been 10% higher/lower while all other variables were held constant:

- the impact of changes in fair value of investment held for trading for both years is insignificant.
- securities revaluation reserve for the year ended 31st December, 2009 would increase/decrease by HK$5,259,000 (2008: increase/decrease by HK$7,825,000) for the Group, principally as a result of the changes in fair value of available-for-sale listed equity securities.

The Company does not have other significant price risk exposure at the end of the reporting period.

(iv) Credit risk management

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the Company's statement of financial position, respectively.

The Group's credit risk is primarily attributable to trade receivables and other receivables. The Company's credit risk is primarily attributable to amounts due from subsidiaries. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The credit risk on pledged bank deposits, time deposits and bank balances is limited because the counterparties are a number of banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

The Group has no significant concentration of credit risk on trade and other receivables, with exposure spread over a number of counterparties and customers.

The Company has no significant concentration of credit risk on amounts due from subsidiaries, with exposure spread over a number of subsidiaries.

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) Liquidity risk management

The Group had net current liabilities of approximately HK$584 million at 31st December, 2009 which include bank loans and advance from ultimate holding company of approximately HK$567 million and HK$61 million, respectively. The directors of the Company closely monitor the cash flows of the Group and, upon maturity, would arrange the renewal and refinancing of the bank loans, where necessary, to enable the Group to carry on its operations in the foreseeable future. At the end of the reporting period, the available banking facilities of the Group amounted to approximately HK$1,440 million, which was utilised to the extent of approximately HK$1,043 million. In the opinion of the directors of the Company, the Group expects to renew the existing banking facilities on similar terms and conditions when the existing banking facilities of the Group mature. In this regard, the directors consider that the Group's liquidity risk is significantly reduced.

As the aggregate market value of the Group's investment properties, hotel properties, property under development, prepaid lease payments for land and properties held for sale is higher than the existing available banking facilities, the directors of the Company considered that additional banking facilities can be obtained upon the request of the Group by further pledge of the Group's assets. The directors consider that the amount of additional banking facilities which can be obtained by further pledge of the Group's assets exceed the amount of current liabilities of the Group. Accordingly, the directors of the Company are of the opinion that the Company's liquidity risk is minimal.

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

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) Liquidity risk management (Continued)

THE GROUP

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 -5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2009							
Non-interest bearing (others)	–	14,455	–	–	–	14,455	14,455
Variable interest rate instruments	1.02	64,807	1,729	573,601	480,293	1,120,430	1,107,063
		79,262	1,729	573,601	480,293	1,134,885	1,121,518
Non-interest bearing (rental deposits received)	–	556	–	10,615	18,102	29,273	29,273
		79,818	1,729	584,216	498,395	1,164,158	1,150,791

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 -5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2008							
Non-interest bearing (others)	–	31,146	–	–	–	31,146	31,146
Variable interest rate instruments	3.64	86,380	4,696	199,648	886,170	1,176,894	1,118,620
		117,526	4,696	199,648	886,170	1,208,040	1,149,766
Non-interest bearing (rental deposits received)	–	1,244	66	1,046	26,055	28,411	28,411
		118,770	4,762	200,694	912,225	1,236,451	1,178,177

The Company had net current assets of approximately HK$54 million at 31st December, 2009. The directors of the Company consider that sufficient internal financial resources can be obtained from its subsidiaries, and accordingly, the directors of the Company are of the opinion that the Company's liquidity risk is minimal.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) Liquidity risk management (Continued)

THE COMPANY

	Weighted average effective interest rate	**Less than 1 month**	**Total undiscounted cash flows**	**Carrying amount**
	%	***HK$'000***	***HK$'000***	***HK$'000***
2009				
Non-interest bearing	**–**	**1,131**	**1,131**	**1,131**
Variable interest rate instruments	**1.16**	**2,721**	**2,721**	**2,721**
		3,852	**3,852**	**3,852**

	Weighted average effective interest rate	Total Less than 1 month	undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
2008				
Non-interest bearing	–	1,445	1,445	1,445
Variable interest rate instruments	1.2	13,868	13,868	13,854
		15,313	15,313	15,299

(c) Fair values of financial instruments

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments as inputs.

Except as for certain available-for-sale investments which are stated at cost, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated and the Company's financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

All of the Group's financial instruments that are measured subsequent to initial recognition at fair value, including listed equity securities which are classified as available-for-sale financial assets and investments held for trading, amounting to HK$52,586,000 and HK$7,000, respectively are grouped under Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

36. ACQUISITION OF A SUBSIDIARY

On 21st May, 2008, a wholly-owned subsidiary of the Company, Babenna Limited, had entered into an agreement with Phoenix Asia Real Estate Investments L.P., Dennis Law Sau Yiu and Law Kwok Hung (the "Vendors") for the acquisition of the 100% equity interests in Sino Money Investments Limited ("Sino Money") for a consideration of HK$198,000,000. The acquisition was completed on 15th August, 2008. The major activity of Sino Money is holding a property located in Hong Kong and accordingly, the transaction has been accounted for as the acquisition of assets.

	HK$'000
Asset acquired:	
Prepaid lease payments for land	198,000
Total consideration satisfied by:	
Cash	198,000
Cash outflow arising on acquisition:	
Cash consideration paid	(198,000)

The contribution from Sino Money to the Group's profit for the period between the date of acquisition and the end of the reporting period of prior year is not significant.

37. NON-CASH TRANSACTION WITH A RELATED PARTY

On 1st August, 2008, Magnificent and the Company have entered into an underwriting agreement (the "Underwriting Agreement") whereby the Company agreed conditionally to accept or procure the acceptance of the Group's portion and to underwrite all the Bonds other than the Group's portion in relation to the rights issue.

On 14th October, 2008, Magnificent allotted the Bonds in the principal amount of HK$477,176,000 for a total of 2,982,350,441 units of the Bonds. The Group has subscribed for HK$238,945,000 for 1,493,404,703 units of the Bonds and had underwritten HK$237,567,000 for 1,484,793,878 units of the Bonds.

After allotment, the Group held 2,978,198,581 units of the Bonds, over 99% of the total issued Bonds. The total amount of HK$476,512,000 regarding the subscription and the underwriting of the Bonds was set off in full against the advance due from Magnificent to the Company.

Upon full conversion, the Group will hold an additional 2,978,198,581 shares in Magnificent.

Effective interest expense on the Bonds attributable to non-controlling interests for the year ended 31st December, 2009 is HK$34,000 (2008: HK$7,000).

Financial Summary

	For the year ended 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	HK$'000	*HK$'000*	***HK$'000***
CONSOLIDATED RESULTS					
Revenue	232,213	188,771	231,427	286,191	**249,506**
Operating profit	63,307	137,944	912,725	135,267	**168,349**
Share of losses of associates	(222)	(195)	(4)	–	**–**
Profit before taxation	63,085	137,749	912,721	135,267	**168,349**
Income tax credit (expense)	7,704	(23,361)	(174,649)	(6,866)	**(23,961)**
Profit before non-controlling interests	70,789	114,388	738,072	128,401	**144,388**
Non-controlling interests	(19,256)	(32,041)	(343,323)	(58,647)	**(60,259)**
Profit for the year	51,533	82,347	394,749	69,754	**84,129**

	As at 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	HK$'000	*HK$'000*	***HK$'000***
CONSOLIDATED NET ASSETS					
Property, plant and equipment	398,572	405,927	424,766	418,522	**395,070**
Prepaid lease payments for land	822,489	802,483	1,028,057	1,301,432	**1,288,440**
Investment properties	560,000	634,330	2,536,250	1,917,580	**1,987,790**
Property under development	85,927	234,897	39,718	741,914	**843,299**
Interests in associates	645	554	–	–	**–**
Other non current assets	30,829	33,333	110,647	79,200	**53,366**
Net current liabilities	(123,340)	(206,226)	(869,386)	(225,120)	**(583,604)**
Non current rental deposite received	–	–	–	(26,055)	**(18,102)**
Long term bank loans	–	–	–	(862,425)	**(476,000)**
Deferred tax liabilities	(142,047)	(156,212)	(317,261)	(310,855)	**(322,023)**
Non-controlling interests	(400,547)	(430,758)	(1,198,121)	(1,074,858)	**(1,124,746)**
Net assets	1,232,528	1,318,328	1,754,670	1,959,335	**2,043,490**