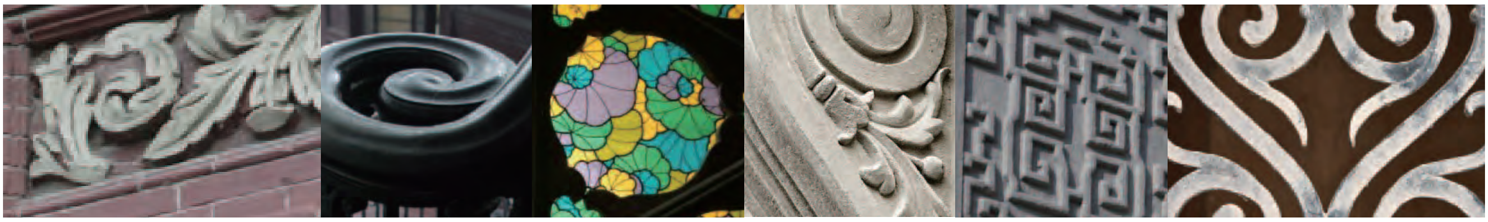
百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1168

2009 Annual Report



Sinolink Worldwide Holdings Limited

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei

Non-executive Directors
Law Sze Lai
Li Ningjun

Independent Non-executive Directors
Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Yaping
Tang Yui Man Francis

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Tian Jin
Xiang Bing
Xin Luo Lin *(Chairman)*

REMUNERATION COMMITTEE

Ou Yaping
Xiang Bing
Xin Luo Lin *(Chairman)*

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Telephone: (852) 2851 8811
Fascimile: (852) 2851 0970
Stock Code: 1168
Website: http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Jackson Woo & Associates
Norton Rose
Tsang, Chan & Wong
Woo, Kwan, Lee & Lo

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China, Shenzhen Branch
Bank of Hangzhou, Shenzhen Branch
China Construction Bank Corporation, Shenzhen Branch
China Merchants Bank, Shenzhen Branch
Industrial and Commercial Bank of China, Shenzhen Branch
Shenzhen Development Bank, Shenzhen Branch

Contents

Sinolink Worldwide Holdings Limited

(Stock Code: 1168.hk)

Property Development

- Sinolink Properties Ltd. 80%
  - Mangrove West Coast 65%
  - Sinolink Garden Phase V 100%
  - Ningguo Mansions 100%
- ROCKBUND 49%
- 35% (Mangrove West Coast)

Property Management

- Shenzhen Sinolink Property Management Co., Ltd. 80%

Chairman's Statement

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

Ou Yaping Chairman

BUSINESS REVIEW

For the year ended 31 December 2009, the Group's core businesses remained property development, investment and management. Turnover was HK$3,999 million and profit attributable to owners of the Group was HK$1,214 million. Basic earnings per share (the "Share") amounted to HK36.25 cents. The Board has recommended a final dividend of HK3.00 cents per Share in respect of the year ended 31 December 2009.

The international financial crisis originated from the United States sub-prime mortgage crisis has plunged the global economy into recession in 2008. In response to the turmoil, governments worldwide took joint and cohesive measures and achieved significant results. By the second half of 2009, positive changes were seen in the world economy, although the strength of recovery was still fragile. Many uncertainties remained as the world moved into 2010.

For China, 2009 was a year full of opportunities and challenges. With the financial crisis wreaking havoc, the world economy was sent into a tailspin. The Chinese government adopted macroeconomic stimulus policies in an effective manner and successfully curbed the Chinese economy from rapid decline. Investor and consumer confidence stabilized; its economy gradually recovered. The country has become the first to pull out of recession and regain sound economic strength.

Being an integral part of the economic stimulus in 2009, real estate investment played a major role in China's development strategy to drive economic growth. Spurred by various incentive policies, the Mainland's real estate sector swiftly rebounded with a vengeance. Not only were new record prices and newly crowned prime land lots regular events, volume sales also surged to high levels.

Amidst the sharp rise in transaction volume, housing supply was outstripped by demand in the market and inventory fell to record lows in most cities. Inflation expectation began to rise following the rapid rises of land and property prices as well as the rebound of exports. It is expected that the Chinese government will continue to launch various regulatory measures to tame property prices and control inflation.

Shenzhen's real estate market was robust in 2009, underlined by a serious shortage of supply versus demand and record high prices. During 2009, 6.9204 million square metres of commodity houses were sold, an increase of 58.18% over last year. By December, however, as new regulatory measures were gradually introduced, transaction volume began to weaken.

In Shanghai, commodity houses also showed a trend of overwhelming demand and soaring prices during 2009. Loose monetary policy greatly emboldened buyers' consumption confidence, whilst the uncertain macro-environment prompted investors to turn to real estate asset as a means of wealth preservation. Both ownership demand and investment demand were evoked simultaneously, leading to a shortage of supply in the commodity housing market. 18.86 million square metres of commodity houses were sold in Shanghai, representing a significant increase of 111.56% over the year, while the average transaction price reached record high.

Against this background of rapid recovery in real estate market, the Group achieved highly satisfactory results in property sales of *The Seasons* and *The Mangrove West Coast*, along with positive progress in other projects. *The Vi City*, the retail podium of Sinolink Garden Phase Five in Shenzhen, has completed construction and is set to commence operation in April 2010. *Sinolink Tower* is under construction as scheduled and is expected to be completed in 2011 and come into operation in 2012.

Most of the preserved and conserved heritage buildings of *Rockbund*, including Rockbund Art Museum, will commence operation in the World Expo which lasts from May to October 2010. During the World Expo period, various exhibitions and promotional activities in Rockbund are planned to be launched. *Rockbund* will radiate its history, culture and art value to the Shanghai citizens and World Expo visitors from all over the world, adding flare to the World Expo. *Ningguo Mansions*, another development project of the Group located at Xinjingzhen, Changning District in Shanghai, is now under planning and construction and expected to be completed by 2011.

INVESTMENT IN NEW PROJECT

During the past year, the Group has been working diligently on finding new projects for development and investment and increasing our land bank. We have made in-depth research and careful preparations, and have actively participated in various sourcing events for property projects granted by tenderings, public auctions or government listings in Beijing and Shanghai. Moreover, we have conducted serious discussions on joint development opportunities with other companies. Nonetheless, the Mainland's real estate market and land market were overheated in 2009. Competition was fierce and the prices of prime land lots were bid up to staggering levels, so much so that in some cases the land cost is more expensive than the price of regional second-hand property market. As such, we were eventually unable to acquire a satisfactory project within our budget.

With more macro-control policies being introduced, we expect the Mainland's overheated real estate market to cool down in 2010. As always, we will put more efforts into market expansion and seize every possible investment opportunities. In adhering to our development and operation strategies, the Group will strive for a breakthrough in market expansion.

PROSPECTS

In December 2009, the Central Economic Work Conference set the direction of China's economic works in 2010, namely that China, with her economy stabilizing and prospering, will focus on "making more efforts to promote the transformation of the economic development pattern". In a nutshell, "stability, development and adjustment" will be the basic tones for China's macroeconomic development in 2010, which will also apply to the real estate market in 2010. Real estate prices will be adjusted in 2010 as market development vis-à-vis government regulation and control, in order to gradually reduce the market risks in association with high housing prices.

The Group will continue to focus on high-end developments in first tier cities. Apart from enhancing our current projects' development, operation, management and marketing works, we will also keep abreast with the governing policies and development trends in the real estate market. We will strive to secure new investment projects through various ways to generate solid and long-term satisfactory returns for our shareholders.

APPRECIATION

The Group's results were attributed to the concerted efforts of the management and all staff. On behalf of the shareholders and my fellow board members, I would like to express my gratitude to all of them.

Ou Yaping
Chairman

Hong Kong, 8 April 2010

Chief Executive Officer's Report

"China's real estate market registered a rapid rebound in 2009, a year that also saw the re-start of macro-control policies. 2010 will be a year of vis-à-vis encounter between the market and the policies, as well as a year full of opportunities and challenges. We look forward to 2010 in earnest anticipation."

Tang Yui Man Francis Chief Executive Officer

BUSINESS REVIEW

Against the backdrop of the international financial crisis, the macroeconomic tightening and falling housing market, the Chinese government introduced a series of economic stimulus measures and real estate supportive policies to prevent deterioration of the economy. By March 2009, consumer confidence has fully recovered. Housing buyers resumed purchases, and prices began to pick up. Overall, the real estate market was robust in 2009, and was a pioneer in driving the economic rebound. "Tight supply" and "rising prices" have become catch phrases in China's real estate market during the year.

For the year ended 31 December 2009, the Group's turnover amounted to HK$3,999 million, an increase of 136.8% compared to the same period last year. Gross profit grew by 100.2% to HK$2,172 million. Profit attributable to owners of the Company increased by 254.0% to HK$1,214 million. Basic earnings per share were HK36.25 cents, up by 247.6% compared to the same period last year.

PROPERTY SALES

For the year ended 31 December 2009, the Group recorded a turnover of HK$3,871 million from property sales, an increase of 146.3% compared to the same period last year. The Group sold a total gross floor area ("GFA") of approximately 127,333 square metres during the year as compared to 52,511 square metres last year, representing an increase of 142.5%. Property sales for the year were derived from the sale of *The Mangrove West Coast* and *The Seasons*.

During the year, gross profit of property sales increased by 104.9% to HK$2,123 million compared to HK$1,036 million a year ago. *The Mangrove West Coast* sold a GFA of 50,669 square metres, an increase of 519.8% compared to the same period last year. The average selling price was RMB33,898 per square metre, representing a decrease of 30.1% compared to the same period last year due to selling of the lower floors. *The Seasons* sold a GFA of 76,664 square metres, an increase of 72.9%. The average selling price was RMB24,615 per square metre, up by 1.4% compared to the same period last year.

PROPERTY RENTAL

For the year ended 31 December 2009, total rental income was HK$22 million, representing an increase of 2.2% compared to the same period last year.

On 21 August 2009, a marketing conference for *The Vi City* featuring various brands was successfully held in The Mangrove West Coast Clubhouse. Subsequent leasing of *The Vi City* has been progressing smoothly. *The Vi City* is positioned as a lifestyle shopping center focusing on major themes including fashion, family and cuisine. Of the tenant-mix, food outlets will account for 30%, retail for 50%, and other complementary facilities (including cinemas) for 20%.

As at 31 December 2009, *The Vi City* has entered into tenancy agreements for 72% of its available space, drawing in more than 104 corporations and retailers as tenants including MCL Cinema, Starbucks, and Fundoland. *The Vi City* is scheduled to be officially opened in April 2010.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2009, the Group has the following properties under development:

(1) The hotel and office complex of Sinolink Garden Phase Five, *Sinolink Tower*, located in Luowu district in Shenzhen, has a GFA of 50,000 square metres. The property is under construction and is expected to be completed by 2011 and commence operation in 2012.

(2) *Rockbund*, located on the Bund in Shanghai, is a joint development project with the Rockefeller Group International Inc. The project has a total site area of 18,000 square metres and total GFA of 94,080 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and cultural facilities. This development project is currently under restoration and pre-construction works and most of the preserved heritage buildings will be launched into the market to coincide with the Shanghai World Expo in 2010.

(3) A new parcel of land in Shanghai located at Changning District is presently under planning and pre-construction works. It is one of the most accessible areas in the municipality of Shanghai and one of the luxury residential districts in Shanghai. The land is situated in a low density neighbourhood with luxury residential properties developed in the area, and is conveniently located being approximately 10 minutes from the Hongqiao airport and approximately 30 minutes from the city centre by car.

To be named *Ningguo Mansions*, this 13,599.6 square metre site with a plot ratio of 1.0 at Kaifong 240 of Changning District will be designed by the British architecture design company, David Chipperfield Architects for the construction and decoration design of the project. *Ningguo Mansions* obtained approval for project design on 29 December 2009 and the advanced design has also been completed. Civil works are scheduled to be completed by 2010, and application for pre-sale permits is planned by the end of 2010.

MAJOR ASSOCIATE

The Group's major associate, Rockefeller Group Asia Pacific, Inc., recorded positive results during the year under review and contributed HK$387 million to the Group's profit as compared to the contributed loss of HK$147 million to the Group in prior year. The significant growth in the Group's share of results in associate was due to the increase in fair value of the associate's investment properties under construction or development. With the application of the amendment to HKAS 40, the associate's investment properties under construction or development, which was originally stated at cost, was required to be measured at fair value and has resulted in an increase in the Group's share of results of the associate.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group's property management division. For the year ended 31 December 2009, the Group recorded revenue from other businesses of HK$106 million, representing an increase of 10.9% compared to the same period last year.

PROSPECTS

China's real estate market on the whole is expected to develop stably with healthy adjustments in 2010. From the macroeconomic perspective, the Chinese economy is improving and gaining further momentum to sustain growth. From the policies perspective, the central government has resolved to maintain a stable and continual macroeconomic policy and to continue implementing an active fiscal policy and a moderately loose monetary policy. From the market perspective, with demand being strong and inventory staying at historic lows, it is believed that market risks are not significant. Based on these perspectives, sustainable growth should be seen in China's real estate market. The series of government macro-control policies being introduced may lead to short-term adjustments and volatility in the market. However, we remain fully confident about the outlook of China's real estate development.

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings increased from HK$388 million as at 31 December 2008 to HK$1,167 million as at 31 December 2009. The total borrowings as at 31 December 2009 included bank loans of HK$758 million and liability component of the convertible bonds of HK$409 million. New banking facilities and loans amounting to HK$50 million and RMB450 million were obtained while loans amounted to HK$50 million and RMB124 million were repaid. Gearing ratio as at 31 December 2009, calculated on the basis of total borrowings over shareholders' equity was 19.2% as compared to 8.8% as at 31 December 2008. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing these loans have a carrying value of HK$407 million as at 31 December 2009. The borrowings of the Group are denominated in RMB and HKD. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rates movement on the Group.

The Group's cash and cash equivalents amounted to HK$5,396 million (including pledged deposits) as at 31 December 2009 and are mostly denominated in RMB, HKD and USD.

CONVERTIBLE BONDS

On 13 June 2009, the Company entered into a placing agreement ("Placing Agreement") with an independent placing agent ("Placing Agent") by which the Company has agreed to appoint the Placing Agent to procure, on a best-efforts basis, subscription of the convertible bonds of the Company ("Convertible Bonds") subject to and upon the terms and conditions contained in the Placing Agreement and the shareholders' approval as detailed in the Company's circular dated 25 June 2009. The Placing Agreement, the creation and issue of the Convertible Bonds and the increase in the authorized share capital of the Company from HK$480 million divided into 4,800 million ordinary shares with a par value of HK$0.10 each to HK$600 million divided into 6,000 million shares were approved by the shareholders of the Company in a special general meeting on 13 July 2009.

The Convertible Bonds are convertible into the new shares of the Company ("Share(s)") at a conversion price of HK$1.10 per Share and may be converted at any time from the issue date up to the third anniversary of the date of allotment and issue of the relevant amount the Convertible Bonds to the relevant placees. The maximum principal amount of the face value of the Convertible Bonds amounted to HK$500 million. All the conditions precedent to completion of the Placing Agreement were fulfilled on 28 September 2009 and the Convertible Bonds in the principal amount of HK$500 million were issued and successfully placed to not less than 6 placees on the same date.

Pursuant to Hong Kong Accounting Standards, the Convertible Bonds issued by the Company should be valued based on the market fair value. By reference to professional valuations conducted by an independent valuer, a fair value loss of HK$217 million was recognised by the Group for the year on the change in fair value of the Convertible Bonds.

PLACING OF SHARES

On 9 October 2009, the Company and UBS AG entered into a placing agreement pursuant to which 290,106,000 Shares were placed at HK$1.87 per Share which represents a discount of approximately 8.3% to the closing price per Share quoted on the Stock Exchange on 9 October 2009 and a discount of approximately 6.5% over the average closing price of HK$2.00 per Share quoted on the Stock Exchange on the last five trading days. The Company intends to use the estimated net proceeds of approximately HK$525 million as working capital of the Company.

COMMITMENTS

As at 31 December 2009, the Group has commitments in respect of the properties under development on stock of properties and capital commitment in respect of properties under constructions amounted to HK$123 million and HK$483 million respectively; and committed funding to investment projects amounted to HK$78 million.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK$107 million.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend for the year ended 31 December 2009 of HK$0.03 per Share (2008: HK$0.02) of HK$0.10 each in the capital of the Company amounting to not less than HK$106,233,000 to shareholders whose names appear on the register of members of the Company on Tuesday, 1 June 2010. Upon approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Tuesday, 1 June 2010, the final dividend will be paid on or before Monday, 14 June 2010.

The register of members of the Company will be closed from Wednesday, 26 May 2010 to Tuesday, 1 June 2010, both days inclusive, during which period no share transfer will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 May 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group employed approximately 1,006 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SHARES

During the year, the Company repurchased 25,182,000 shares on the Stock Exchange at an aggregate consideration of HK$36,313,400. All of the shares were subsequently cancelled.

Month of repurchase	Number of shares repurchased	Price per Share Highest	Price per Share Lowest	Aggregate consideration paid
		HK$	HK$	HK$
November 2009	25,182,000	1.48	1.41	36,313,400

The reason for the repurchases of shares was for the enhancement of shareholder value in the long term.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2009 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

Tang Yui Man Francis
Chief Executive Officer

Hong Kong, 8 April 2010

Rockbund Shanghai

Directors and Officers

(From left to right) Tang Yui Man Francis, Chen Wei, Xin Luo Lin, Li Ningjun, Ou Yaping, Law Sze Lai, Xiang Bing, Tian Jin

EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 48, was appointed as the chairman and an executive director of the Company in December 1997. Mr. Ou is a member of remuneration committee of the Company, the founder and the indirect substantial shareholder of the Group. He is also the chairman and the executive director of Enerchina Holdings Limited ("Enerchina") and executive director of Towngas China Company Limited ("Towngas China"), both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC and is also the vice chairman of the board and a part-time professor of that institute. Mr. Ou was previously employed by a number of trading companies and investment companies in the PRC and Hong Kong. Mr. Ou has over 24 years of experience in investing, trading and corporate management. He is responsible for the overall business development, management and strategic development of the Group. He is also a director of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Pursuant to the service agreement and supplemental agreement entered into between Mr. Ou and the Company on 31 March 2008 and 2 January 2009 respectively, Mr. Ou was appointed for a specific term of three years from 1 April 2008 and is subject to retirement and re-election provisions of Bye-laws and he is entitled to an annual salary and housing allowance of HK$5,360,008 and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Tang Yui Man Francis, aged 47, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002. He is also an executive director of Enerchina and an alternate director to Mr. Ou Yaping of Towngas China, both companies are listed on the Stock Exchange. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Pursuant to a service agreement entered into between Mr. Tang and the Company on 19 March 2010, Mr. Tang was appointed for a specific term of three years from 19 March 2010 and is subject to retirement and re-election provisions of Bye-laws and he is entitled to an annual salary of HK$2,398,045 and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Chen Wei, aged 48, was appointed as an executive director of the Company in December 1997. He is also an executive director and the chief executive officer of Enerchina, a company listed on the Stock Exchange. Mr. Chen holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Chen was previously employed by a number of large organisations and has over 24 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He resigned as an executive director of Towngas China which listed on the Stock Exchange effective from 31 December 2009. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

Pursuant to a service agreement and supplemental agreement entered into between Mr. Chen and the Company on 31 March 2008 and 15 January 2010, Mr. Chen was appointed for a specific term of three years from 1 April 2008 and is subject to retirement and re-election provisions of Bye-laws and he is entitled to an annual salary of HK$600,040 and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Law Sze Lai, aged 67, was appointed as an executive director of the Company in December 1997 and redesignated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 22 years of experience in property development. Mr. Law joined the Group in 1992. Save as disclosed above, Mr. Law has not held any directorship in other listed public companies in the past three years.

Mr. Law is appointed for a term of one year and is subject to retirement and re-election provisions of Bye-laws and he is entitled to an annual salary of HK$1,400,000 and discretionary year-end bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Li Ningjun, aged, 45, has been appointed as executive director of the Company in September 2007 and redesignated as a non-executive director on 8 June 2009. He is also a director of Sinolink Properties Limited and the chief executive officer of Shanghai Bund de Rockefeller Group Master Development Co. Ltd. Mr. Li holds a Master Degree of Civil Engineering and Construction in Changsha Railway University (now known as Central South University) and a Master Degree of Business Administration from China Europe International Business School. He joined the Group in 1995 as a director of sales and marketing, a director of planning and development, and deputy general manger of Sinolink Properties Limited. Mr. Li has over 18 years of experience in the field of property design and development, construction management, cost management, sales and marketing, business and strategic planning. Save as disclosed above, Mr. Li has not held any directorship in other listed public companies in the past three years.

Pursuant to a service agreement entered into between Mr. Li and the Company on 4 January 2010, Mr. Li was appointed for a term of one year and is subject to retirement and re-election provisions of Bye-laws and he is entitled to an annual salary of RMB840,000 which is determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 52, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the COO of Asia Operations, Morningstar Inc., CEO of Morningstar Asia Ltd, and Chairman of Morningstar China. Before joining Morningstar Inc., he was the Lecturer of Hunan University, Visiting Professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University. Save as disclosed above, Mr. Tian has not held any directorship in other listed public companies in the past three years.

Mr. Tian is appointed for a term of one year and is subject to retirement and re-election provisions of Bye-laws. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Mr. Tian is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Dr. Xiang Bing, aged 48, was appointed as the independent non-executive director of the Company in December 2008. He is also the member of audit committee and remuneration committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. He has over 10 years of teaching experience in the academic field. Dr. Xiang is currently the founding dean and professor of the Cheung Kong Graduate School of Business（長江商學院）. He is the independent non-executive director and members of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, Enerchina, HC International, Inc. and Longfor Properties Co., Ltd. (appointed on 1 November 2009); the independent non-executive director and chairman of remuneration committee of Little Sheep Group Limited; the independent non-executive director and chairman of audit committee and remuneration committee and member of nomination committee of Peak Sport Products Co., Limited (appointed on 8 September 2009), all of which are companies listed on the Stock Exchange. Dr. Xiang is also the independent non-executive director and members of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd. and an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, both are listed on New York Stock Exchange and the independent non-executive director and members of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq. He is independent non-executive director of E Fund Management Co., Ltd and independent non-executive director and members of audit committee and Strategic committee and chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd. with effect from 13 August 2009, both companies listed on the Shenzhen Stock Exchange. He was a director of Jutal Offshore Oil Services Limited (for the period from 30 March 2006 to 30 May 2008), a company listed on the Stock Exchange, the director of Shenzhen Terca Technology Co., Ltd.（深圳市特爾佳科技股份有限公司）, TCL Corporation（TCL集團股份有限公司）, Shaanxi Qinchuan Machine Development Co., Ltd.（陝西秦川機械發展股份有限公司）and Guangdong Midea Electric Appliances Co. Ltd.（廣東美的電器股份有限公司）, all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd.（武漢健民藥業集團股份有限公司）, a company listed on the Shanghai Stock Exchange. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Dr. Xiang is appointed for a term of one year and is subject to retirement and re-election provisions of Bye-laws. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Dr. Xiang is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Xin Luo Lin, aged 61, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee of the Company. Mr. Xin postgraduated from the Peking University in the PRC and is the Justice of Peace in New South Wales of Australia. Mr. Xin is also an independent non-executive director of Enerchina, independent non-executive director, member of audit committee and member of remuneration committee of Central China Real Estate Limited effective from 1 March 2010, both are listed public company on the Stock Exchange, a director of Mori Denki Mfg. Co., Ltd., a listed public company on the Tokyo Stock Exchange and a director and Vice Chairman of Oriental Technologies Investment Limited, a listed public company on the Australian Stock Exchange. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

Mr. Xin is appointed for a term of one year and is subject to retirement and re-election provisions of Bye-laws. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Mr. Xin is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

CHIEF FINANCIAL OFFICER

Mr. Li Fujun, aged 47. He holds a Bachelor of Engineering degree from Tsinghua University and a Master of Economics degree from the University of International Business and Economics. Mr. Li is a CFA Charter holder. He has over 18 years of experience in project evaluation and strategic planning, investment analysis and engineering work, as well as project management and investment. Mr. Li joined the Sinolink Group in May 1994. He was appointed as Chief Financial Officer of Sinolink Worldwide Holdings Limited in October 2007.

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 41 and 18 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement on page 55 of the annual report.

No interim dividend (2008: HK$0.03 per share) was paid to the shareholders during the year.

A final dividend of HK$0.03 per Share (2008: HK$0.02 per Share), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company ("AGM").

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 59 to 60.

The Company's reserves available for distribution to shareholders at 31 December 2009, amounted to HK$871,921,000 (2008: HK$688,528,000).

FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 31 December 2009 is set out on pages 133 to 134.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei

Non-executive Directors:

Law Sze Lai
Li Ningjun *(Re-designated from Executive Director to Non-executive Director on 8 June 2009)*

Independent Non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-laws 87(1) and (2) of the Bye-laws, Mr. Chen Wei, Mr. Law Sze Lai and Mr. Tian Jin shall retire by rotation at the forthcoming AGM and, being eligible, would offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

At 31 December 2009, the interests and short positions of the Directors and chief executive of the Company in shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares

Name of Directors	Capacity	Interest in Shares: Personal interest	Interest in Shares: Corporate interest	Interest in Shares: Family interest	Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company at 31.12.2009
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	11,250,000	24,750,000	0.69%
Law Sze Lai	Beneficial owner	9,345,500	–	–	9,345,500	9,675,000	19,020,500	0.53%
Li Ningjun	Beneficial Owner	4,000,000	–	–	4,000,000	8,375,000	12,375,000	0.35%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,560,845,250 (Note)	7,285,410	1,568,130,660	–	1,568,130,660	44.01%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	22,500,000	43,875,000	1.23%
Tian Jin	Beneficial owner	–	–	–	–	5,175,000	5,175,000	0.15%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,925,000	2,925,000	0.08%

Note: These 1,560,845,250 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Details of the Directors' interests in share options granted by the Company are set out under the heading "Directors' rights to acquire Shares or debentures of the Company and associated corporation" below.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Interest in options to subscribe for Shares

Pursuant to the Company's share option scheme, the Company has granted to certain Directors of the Company options to subscribe for the Shares, details of which as at 31 December 2009 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK$	Number of Shares subject to outstanding options at 1.1.2009	Granted during the year	Exercised during the year	Number of Shares subject to outstanding options at 31.12.2009	Approximate percentage of issued share capital of the Company at 31.12.2009
Chen Wei	12.02.2007	01.01.2009 – 23.05.2012	1.778	3,375,000	–	–	3,375,000	0.09%
	12.02.2007	01.07.2009 – 23.05.2012	1.778	3,375,000	–	–	3,375,000	0.09%
	12.02.2007	01.01.2010 – 23.05.2012	1.778	2,250,000	–	–	2,250,000	0.06%
	12.02.2007	01.07.2010 – 23.05.2012	1.778	2,250,000	–	–	2,250,000	0.06%
Law Sze Lai	13.01.2005	30.06.2006 – 24.05.2012	1.001	2,700,000	–	–	2,700,000	0.08%
	13.01.2005	31.12.2006 – 24.05.2012	1.001	3,600,000	–	–	3,600,000	0.10%
	12.02.2007	01.01.2009 – 23.05.2012	1.778	1,012,500	–	–	1,012,500	0.03%
	12.02.2007	01.07.2009 – 23.05.2012	1.778	1,012,500	–	–	1,012,500	0.03%
	12.02.2007	01.01.2010 – 23.05.2012	1.778	675,000	–	–	675,000	0.02%
	12.02.2007	01.07.2010 – 23.05.2012	1.778	675,000	–	–	675,000	0.02%
Li Ningjun	13.01.2005	31.12.2006 – 24.05.2012	1.001	500,000	–	–	500,000	0.01%
	06.02.2007	01.01.2009 – 23.05.2012	1.778	2,362,500	–	–	2,362,500	0.07%
	06.02.2007	01.07.2009 – 23.05.2012	1.778	2,362,500	–	–	2,362,500	0.07%
	06.02.2007	01.01.2010 – 23.05.2012	1.778	1,575,000	–	–	1,575,000	0.04%
	06.02.2007	01.07.2010 – 23.05.2012	1.778	1,575,000	–	–	1,575,000	0.04%

Name of Directors	Date of grant	Exercise period	Exercise price HK$	Number of Shares subject to outstanding options at 1.1.2009	Granted during the year	Exercised during the year	Number of Shares subject to outstanding options at 31.12.2009	Approximate percentage of issued share capital of the Company at 31.12.2009
Tang Yui Man Francis	12.02.2007	01.01.2009 – 23.05.2012	1.778	6,750,000	–	–	6,750,000	0.19%
	12.02.2007	01.07.2009 – 23.05.2012	1.778	6,750,000	–	–	6,750,000	0.19%
	12.02.2007	01.01.2010 – 23.05.2012	1.778	4,500,000	–	–	4,500,000	0.13%
	12.02.2007	01.07.2010 – 23.05.2012	1.778	4,500,000	–	–	4,500,000	0.13%
Tian Jin	22.01.2006	31.12.2006 – 24.05.2012	2.107	675,000	–	–	675,000	0.02%
	22.01.2006	30.06.2007 – 24.05.2012	2.107	675,000	–	–	675,000	0.02%
	22.01.2006	31.12.2007 – 24.05.2012	2.107	900,000	–	–	900,000	0.03%
	12.02.2007	01.01.2009 – 23.05.2012	1.778	877,500	–	–	877,500	0.02%
	12.02.2007	01.07.2009 – 23.05.2012	1.778	877,500	–	–	877,500	0.02%
	12.02.2007	01.01.2010 – 23.05.2012	1.778	585,000	–	–	585,000	0.02%
	12.02.2007	01.07.2010 – 23.05.2012	1.778	585,000	–	–	585,000	0.02%
Xin Luo Lin	13.01.2005	31.12.2005 – 24.05.2012	1.001	675,000	–	675,000	–	–
	13.01.2005	30.06.2006 – 24.05.2012	1.001	675,000	–	675,000	–	–
	13.01.2005	31.12.2006 – 24.05.2012	1.001	900,000	–	900,000	–	–
	12.02.2007	01.01.2009 – 23.05.2012	1.778	877,500	–	–	877,500	0.02%
	12.02.2007	01.07.2009 – 23.05.2012	1.778	877,500	–	–	877,500	0.02%
	12.02.2007	01.01.2010 – 23.05.2012	1.778	585,000	–	–	585,000	0.02%
	12.02.2007	01.07.2010 – 23.05.2012	1.778	585,000	–	–	585,000	0.02%

Notes:

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

2. These options represent personal interest held by the Directors as beneficial owners.

3. During the year, 2,250,000 options were exercised by a Director, no options were granted by the Directors and no options held by the Directors were lapsed or cancelled.

Other than the share option as disclosed under the heading of "Share Option Scheme of the Company" below, at no time during the period was the Company, its holding company, or any or its subsidiaries or fellow 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, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a share option scheme approved by shareholders of the Company at a special general meeting held on 24 May 2002 (the "Existing Scheme"), share options may be granted to Directors and employees of the Company or its subsidiaries for recognition of their contributions to the Group. The exercise price of the share options will be determined at the highest of (i) the average of closing prices on the Stock Exchange on the five trading days immediately preceding on the date of grant; (ii) the closing price of the Shares on the Stock Exchange on the date of grant; or (iii) the nominal value of the Shares. The share options granted must be taken up within 28 days from the date of grant.

At 31 December 2009, a total of 132,600,000 Shares (representing approximately 3.74% of the existing issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the Existing Scheme and a total of 328,599,792 Shares, as refreshed at the annual general meeting on 20 May 2008, (representing approximately 9.28% of the existing issued share capital of the Company as at the date of this annual reports) may be issued upon exercise of all options which may be granted under the Existing Scheme.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant.

The total number of Shares in respect of which options may be granted under the Existing Scheme are not permitted to exceed 10% of the Shares in issue at the date of approval of the Existing Scheme ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares in respect of which options may be granted under the Existing Scheme and any other share option schemes of the Company must not exceeded 10% of the shares in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares in respect of which options may be granted to any participant (who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares at the date of each grant, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable by participants on the grant of an option.

The Existing Scheme has a life of 10 years from 24 May 2002.

Additional information in relation to the Company's share option schemes are set out is note 35 to the consolidated financial statements.

Details of specific categories of share options are as follows:

Option types	Date of grant	Exercise period	Exercise price HK$
2005 Options	13.01.2005	31.12.2005 – 24.05.2012	1.001
	13.01.2005	30.06.2006 – 24.05.2012	1.001
	13.01.2005	31.12.2006 – 24.05.2012	1.001
2006 Options	22.01.2006	31.12.2006 – 24.05.2012	2.107
	22.01.2006	30.06.2007 – 24.05.2012	2.107
	22.01.2006	31.12.2007 – 24.05.2012	2.107
2007A Options	06.02.2007	01.01.2009 – 23.05.2012	1.778
	06.02.2007	01.07.2009 – 23.05.2012	1.778
	06.02.2007	01.01.2010 – 23.05.2012	1.778
	06.02.2007	01.07.2010 – 23.05.2012	1.778
2007B Options	12.02.2007	01.01.2009 – 23.05.2012	1.778
	12.02.2007	01.07.2009 – 23.05.2012	1.778
	12.02.2007	01.01.2010 – 23.05.2012	1.778
	12.02.2007	01.07.2010 – 23.05.2012	1.778

The following table discloses movements in the Company's share options during the year:

	Option types	Outstanding at 1.1.2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2009
Category 1: Directors						
Chen Wei	2007B Options	11,250,000	–	–	–	11,250,000
Law Sze Lai	2005 Options	6,300,000	–	–	–	6,300,000
	2007B Options	3,375,000	–	–	–	3,375,000
Li Ningjun	2005 Options	500,000	–	–	–	500,000
	2007A Options	7,875,000	–	–	–	7,875,000
Tang Yui Man Francis	2007B Options	22,500,000	–	–	–	22,500,000
Tian Jin	2006 Options	2,250,000	–	–	–	2,250,000
	2007B Options	2,925,000	–	–	–	2,925,000
Xin Luo Lin	2005 Options	2,250,000	–	(2,250,000)	–	–
	2007B Options	2,925,000	–	–	–	2,925,000
Total for directors		62,150,000	–	(2,250,000)	–	59,900,000
Category 2: Employees						
	2005 Options	7,112,500	–	–	–	7,112,500
	2007A Options	73,462,500	–	(850,000)	(7,025,000)	65,587,500
Total for employees		80,575,000	–	(850,000)	(7,025,000)	72,700,000
Category 3: Other						
Davin A. Mackenzie	2005 Options	568,100	–	–	(568,100)	–
(Resigned as director in December 2008)	2007B Options	2,925,000	–	–	(2,925,000)	–
Total for other		3,493,100	–	–	(3,493,100)	–
Total for all categories		146,218,100	–	(3,100,000)	(10,518,100)	132,600,000

Notes:

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

2. The weighted average closing share price immediately before the date of exercise of share options was HK$1.91.

3. During the year, no options were granted or cancelled under the Existing Scheme.

4. During the year, 3,100,000 options were exercised and 10,518,100 options were lapsed under the Existing Scheme.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDER

At 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in Shares and underlying Shares

Name of shareholder(s)	Capacity	Interest in Shares	Approximate percentage of the Company's issued share capital at 31.12.2009
Asia Pacific	Beneficial owner	1,560,845,250 (Long) (Note)	43.81%

Note: The 1,560,845,250 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Save as disclosed above, as at 31 December 2009, the Company has not been notified of any other interests or short positions in the Shares and underlying Shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the following connected transactions / continuing connected transactions of the Company were entered into by the Group:

(a) Connected transactions

1. On 7 June 2009, Sinolink Properties Limited, a subsidiary of Sinolink Worldwide Holdings Limited, as vendor entered into two formal sale and purchase agreements with Ms. Cheung Loi Ping, the wife of Mr. Ou Yaping (the Chairman and executive director of Sinolink), as purchaser in relation to the sale and purchase of two residential unit at The Seasons, Sinolink Garden Phase Five, Shenzhen, PRC which is part of the residential development project of Sinolink for a total consideration of RMB8,180,046 (approximately HK$9,276,000) (the "S&P Agreements").

   Ms. Cheung is a connected person of Sinolink under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, the transactions constitute the connected transactions of Sinolink under Chapter 14A of the Listing Rules. As the S&P Agreements are on normal commercial terms and the total consideration are less than 2.5% of each of the appropriate percentage ratios calculated in accordance with the Listing Rules, the S&P Agreements are only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and are exempted from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules. The Company had accordingly published an announcement in respect of the Connected Transactions dated 9 June 2009.

2. The related party transactions (with the exception of the remuneration paid to key management personnel and note 34(a) to the consolidated financial statements) set out in note 34 to the consolidated financial statements constitute connected transactions under Rule 14A of the Listing Rules and are exempt from reporting, announcement and independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

Save as disclosed above, there were no transactions which need to be disclosed as connected transaction pursuant to Chapter 14A of the Rules Governing the Listing of Securities of the Stock Exchange.

(b) Continuing connected transactions

On 19 May 2008, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from Sinolink Worldwide Holdings Limited and its subsidiaries, for a fixed term of three years from 1 April 2008 to 31 March 2011 (the "Master Agreement"). The annual cap amount for each of the financial years ended/ending 31 December 2008, 2009, 2010 and 2011 are HK$3,750,000, HK$5,000,000, HK$5,000,000 and HK$1,250,000 respectively. The total amount of the transactions as at 31 December 2009 was HK$3,378,000.

As at the date of this report, Enerchina and the Company are owned as to approximately 35.57% and 44.08% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and Sinolink, Enerchina and Sinolink are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transaction (the "Continuing Connected Transactions") for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Master Agreement calculated on an annual basis with aggregation of the consideration under a License Agreement dated 2 January 2008 entered into between Sinolink and a wholly owned subsidiary of the Company are more than 0.1% and less than 2.5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the Listing Rules, the Master Agreement is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the Continuing Connected Transactions dated 19 May 2008.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of directors. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.37 of the Listing Rules and the report of the auditor and have confirmed that the transactions have been entered into by the Company in the ordinary and usual course of its business; on terms no less favorable than terms available from/to independent third parties; and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2009, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

A proforma combined balance sheet of the associated companies as at 31 December 2009 is presented as follows:

	HK$'000
Non-current assets	2,942,340
Current assets	404,757
Current liabilities	(50,211)
Non-current liabilities	(2,996,075)
Net assets	300,811

DONATIONS

During the year the Group made charitable and other donations amounting to HK$5,363,000.

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 9% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 16% of the Group's total purchases.

During the year, the Group's largest customer accounted for approximately 1% of the Group's total sales and the Group's largest five customers accounted for 3% of the Group's total sales.

None of the Directors, their associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

During the year, the Company repurchased 25,182,000 Shares on the Stock Exchange at an aggregate consideration of HK$36,313,400. All of the shares were subsequently cancelled.

Month of repurchase	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate Consideration Paid
		HK$	HK$	HK$
November 2009	25,182,000	1.48	1.41	36,313,400

The reason for the repurchases of Shares was for the enhancement of shareholder value in the long term.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 35 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" as set out above.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2009 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Ou Yaping
Chairman

Hong Kong, 8 April 2010

CODE ON CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules as its own code on corporate governance practices since 2005.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

STATEMENT OF COMPLIANCE

The Company has complied with the code provisions as set out in the Code during the year ended 31 December 2009.

BOARD OF DIRECTORS

Composition

As the date of this report, the board of directors of the Company (the "Board") comprises 8 members (each member of the Board, a "Director"). Mr. Ou Yaping acts as Chairman of the Board, whereas Mr. Tang Yui Man Francis acts as Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Law Sze Lai and Mr. Li Ningjun. The Company has three Independent Non-executive Directors, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and expertise. Mr. Li Ningjun re-designated from an Executive Director to a Non-executive Director on 8 June 2009.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 22 to 28 of this Annual Report.

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

There is no relationship (including financial, business, family or other material relationship) between any members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board) of the Company and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of 1 year from 1 January 2010 to 31 December 2010 subject to retirement by rotation and re-election in accordance with the Bye-laws, except for (i) Dr. Xiang Bing, whose term of office is for a period of 1 year and 16 days from 16 December 2009 to 31 December 2010 subject to retirement by rotation and re-election in accordance with the Bye-laws; and (ii) Mr. Li Ningjun, whose term of office is for a period of 1 year from 8 June 2009 to 7 June 2010 subject to retirement by rotation and re-election in accordance with the Bye-laws .

Functions

The Board, headed by the Chairman, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, the Chief Executive Officer's working guides, the Bye-laws and the rules governing the meetings of shareholders of the Company.

The executive Directors are responsible for day-to-day management of the Company's operations. The executive Directors conduct regular meetings with the senior management of the Company and its subsidiaries (collectively the "Group", at which operational issues and financial performance are evaluated.

The Company considers that internal controls system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management are reviewed by the Board on a periodic basis.

There are established procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses.

The Bye-laws states the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the year 2009, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and 17 board meetings convened as necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. Details of individual attendance of Directors are set out below:

	No. of meetings attended
Executive Directors	
Ou Yaping *(Chairman)*	21
Tang Yui Man Francis *(Chief Executive Officer)*	20
Chen Wei	9
Non-executive Directors	
Law Sze Lai	6
Li Ningjun	7
Independent Non-executive Directors	
Tian Jin	7
Xiang Bing	8
Xin Luo Lin	8

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Ou Yaping, remains separate from that of the Chief Executive Officer, Mr. Tang Yui Man Francis. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development.

The Chief Executive Officer, assisted by other Executive Directors, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings and focusing on business strategy, operational issues and financial performance;

- active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

- monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

- consideration of misuse of corporate assets and abuse of related party transactions; and

- ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Board Committees

A number of committees of the Board, including the Audit Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises one Executive Director, being Mr. Ou Yaping, and two Independent Non- executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include the reviewing and considering the Company's remuneration policy for Directors and senior management, the determining of remuneration packages for Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and making recommendations relating to remuneration of Non-executive Directors.

During the year 2009, the Remuneration Committee:

- reviewed the remuneration policy for 2009/2010;
- reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors and management year-end bonus; and
- reviewed and approved the service agreement of an Executive Director.

The Remuneration Committee held 3 meetings during 2009 with individual attendance as follows:

Members of Remuneration Committee

	No. of meetings attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	3
Ou Yaping	3
Xiang Bing	3

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

Audit Committee

As at the date of this report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee has complied with the Code which is posted on the website of the Company at www.sinolinkhk.com.

During the year 2009, the Audit Committee:

- reviewed the financial statements for the year ended 31 December 2008 and for the six months ended 30 June 2009;
- reviewed the effectiveness of the internal control system and risk management;
- reviewed the external auditor's findings; and
- reviewed and approved remuneration of auditor for financial year of 2008 and re-appointment of external auditor.

The Audit Committee held 3 meetings during the year 2009 with individual attendance as follows:

Members of Audit Committee

	No. of meetings attended
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	3

Nomination of Directors

The Board has not established a nomination committee. According to the Bye-laws, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. In assessing the nomination of new Directors, the Board will take into account the candidate's qualifications, ability and potential contribution to the Company. Therefore, nomination will be made by members of the Board based on the need of the Company and the expertise and the experience of individual candidate.

During the year 2009, the Board considered the re-designation of Mr. Li Ningjun from an Executive Director to a Non-executive Director of the Company. The re-designation was approved by the Directors at its meeting with the present of Mr. Ou Yaping and Mr. Tang Yui Man Francis.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2009, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to price-sensitive information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2009. Deloitte also reviewed the 2009 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2009 amounted to HK$1,650,000. Non-audit services fees charged by Deloitte are as follows:

	Fee
	HK$
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2009	380,000

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

SHAREHOLDERS COMMUNICATION

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure its shareholders are kept well informed of key business imperatives. Procedures for demanding a poll are explained by the chairman of the meeting at the general meetings of the Company.

At the 2009 Annual General Meeting, a resolution was proposed by the Chairman in respect of each separate issue itemized on the agenda, including re-election of Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates attended the 2009 Annual General Meeting and answered questions from shareholders.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the Auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 53 to 54.

Deloitte.
德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 129, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, 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 disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of 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 90 of the Bermuda Companies Act, 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 Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 April 2010

Consolidated Income Statement

For the year ended 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Turnover	5	**3,999,178**	1,688,807
Cost of sales		**(1,827,224)**	(603,918)
Gross profit		**2,171,954**	1,084,889
Other income	6	**106,763**	179,307
Selling expenses		**(88,236)**	(46,300)
Administrative expenses		**(111,074)**	(120,971)
Other expenses	7	**(8,105)**	(9,263)
Increase (decrease) in fair value of investment properties	17	**29,975**	(67,234)
Change in fair value of derivatives component of convertible bonds		**(216,990)**	–
Changes in fair value of investments held for trading		**(13,608)**	(83,623)
Share of results of associates		**386,681**	(146,546)
Finance costs	8	**(9,756)**	(4,899)
Profit before taxation	9	**2,247,604**	785,360
Taxation	12	**(821,011)**	(351,675)
Profit for the year		**1,426,593**	433,685
Attributable to:			
Owners of the Company		**1,213,800**	342,874
Minority interests		**212,793**	90,811
		1,426,593	433,685
		HK cents	HK cents
Earnings per share	14		
Basic		**36.25**	10.43
Diluted		**36.23**	10.43

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Profit for the year	**1,426,593**	433,685
Other comprehensive income		
Exchange differences arising on translation	**3,935**	188,047
Share of translation reserve of associates	**627**	18,896
Other comprehensive income for the year	**4,562**	206,943
Total comprehensive income for the year	**1,431,155**	640,628
Total comprehensive income attributable to:		
Owners of the Company	**1,217,678**	521,392
Minority interests	**213,477**	119,236
	1,431,155	640,628

Consolidated Statement of Financial Position

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	15	**75,878**	49,180
Prepaid lease payments	16	**114,068**	5,367
Investment properties	17	**978,323**	863,812
Interests in associates	18	**91,931**	–
Available-for-sale investments	19	**1,261**	1,261
Loan receivable	20	**2,159,198**	1,793,870
		3,420,659	2,713,490
Current assets			
Stock of properties	21	**1,440,723**	2,617,453
Trade receivables, deposits and prepayments	22	**101,368**	84,737
Prepaid lease payments	16	**1,970**	94
Amounts due from associates	23	**37,096**	36,540
Investments held for trading	24	**327,401**	6,909
Pledged bank deposits	25	**17,864**	11,524
Bank balances and cash	25	**5,377,691**	2,015,916
		7,304,113	4,773,173
Current liabilities			
Trade payables, deposits received and accrued charges	26	**1,046,385**	986,102
Taxation payable		**1,280,063**	1,053,051
Borrowings – amount due within one year	27	**440,522**	140,167
Convertible bonds	28	**702,827**	–
		3,469,797	2,179,320
Net current assets		**3,834,316**	2,593,853
Total assets less current liabilities		**7,254,975**	5,307,343

Consolidated Statement of Financial Position

At 31 December 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Borrowings – amount due after one year	27	**317,821**	247,392
Deferred taxation	29	**102,320**	89,049
		420,141	336,441
		6,834,834	4,970,902
Capital and reserves			
Share capital	30	**356,311**	328,600
Reserves		**5,712,970**	4,067,525
Equity attributable to owners of the Company		**6,069,281**	4,396,125
Minority interests		**765,553**	574,777
		6,834,834	4,970,902

The consolidated financial statements on pages 55 to 129 were approved and authorised for issue by the Board of Directors on 8 April 2010 and are signed on its behalf by:

Ou Yaping
CHAIRMAN

Tang Yui Man Francis
CHIEF EXECUTIVE OFFICER

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000 (note 31)	Contributed surplus HK$'000 (note 31)	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008	328,555	1,368,776	265,292	27,266	57,312	367,782	1,649,096	4,064,079	478,013	4,542,092
Profit for the year	–	–	–	–	–	–	342,874	342,874	90,811	433,685
Other comprehensive income for the year	–	–	178,518	–	–	–	–	178,518	28,425	206,943
Total comprehensive income for the year	–	–	178,518	–	–	–	342,874	521,392	119,236	640,628
Issue of shares on the exercise of share options	45	545	–	(140)	–	–	–	450	–	450
Recognition of equity-settled share-based payments	–	–	–	23,794	–	–	–	23,794	–	23,794
Dividends	–	–	–	–	–	–	(213,590)	(213,590)	–	(213,590)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	(22,472)	(22,472)
At 31 December 2008	328,600	1,369,321	443,810	50,920	57,312	367,782	1,778,380	4,396,125	574,777	4,970,902

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000 (note 31)	Contributed surplus HK$'000 (note 31)	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2009	328,600	1,369,321	443,810	50,920	57,312	367,782	1,778,380	4,396,125	574,777	4,970,902
Profit for the year	–	–	–	–	–	–	1,213,800	1,213,800	212,793	1,426,593
Other comprehensive income for the year	–	–	3,878	–	–	–	–	3,878	684	4,562
Total comprehensive income for the year	–	–	3,878	–	–	–	1,213,800	1,217,678	213,477	1,431,155
Issue of shares in placing and subscription arrangement	29,010	513,489	–	–	–	–	–	542,499	–	542,499
Issue of shares on conversion of convertible bonds	909	15,211	–	–	–	–	–	16,120	–	16,120
Issue of shares on the exercise of share options	310	4,549	–	(1,096)	–	–	–	3,763	–	3,763
Repurchases of shares	(2,518)	(33,795)	–	–	–	–	–	(36,313)	–	(36,313)
Expenses incurred in connection with issue of shares	–	(17,040)	–	–	–	–	–	(17,040)	–	(17,040)
Recognition of equity-settled share-based payments	–	–	–	12,169	–	–	–	12,169	–	12,169
Transfers	–	–	–	–	31,120	–	(31,120)	–	–	–
Dividends	–	–	–	–	–	–	(65,720)	(65,720)	–	(65,720)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	(22,701)	(22,701)
At 31 December 2009	356,311	1,851,735	447,688	61,993	88,432	367,782	2,895,340	6,069,281	765,553	6,834,834

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**2,247,604**	785,360
Adjustments for:		
Share of results of associates	**(386,681)**	146,546
Depreciation of property, plant and equipment	**5,804**	7,695
Release of prepaid lease payments	**94**	93
Share-based payment expenses	**12,169**	23,794
Interest income	**(102,653)**	(171,155)
Interest expenses	**9,756**	4,899
(Increase) decrease in fair value of investment properties	**(29,975)**	67,234
Change in fair value of derivative components of convertible bonds	**216,990**	–
Gain on disposal of property, plant and equipment	**(451)**	(347)
Gain on disposal of available-for-sale investments	**(10)**	–
Change in fair value of investments held for trading	**13,608**	–
Operating cash flows before movements in working capital	**1,986,255**	864,119
Decrease (increase) in stock of properties	**1,037,067**	(284,620)
(Increase) decrease in trade receivables, deposits and prepayments	**(16,535)**	70,044
(Increase) decrease in investments held for trading	**(334,100)**	83,623
Increase in trade payables, deposits received and accrued charges	**59,162**	263,695
Cash generated from operations	**2,731,849**	996,861
Taxation paid	**(582,025)**	(161,155)
NET CASH FROM OPERATING ACTIVITIES	**2,149,824**	835,706

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES		
Interest received	**32,702**	28,594
Advances to associates	**(515)**	(238,848)
Purchase of property, plant and equipment	**(32,940)**	(8,042)
Development costs paid for investment properties under construction	**(20,453)**	–
Increase in pledged bank deposits	**(6,327)**	(5,119)
Proceeds from disposal of property, plant and equipment	**941**	436
Purchase of available-for-sale investments	**–**	(250)
Proceeds from disposal of available-for-sale investments	**10**	–
NET CASH USED IN INVESTING ACTIVITIES	**(26,582)**	(223,229)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**546,262**	450
New bank loans raised	**560,783**	263,379
Proceeds from convertible bonds	**495,000**	–
Dividends paid to minority shareholders of subsidiaries	**(22,701)**	(22,472)
Repayment of bank loans	**(190,326)**	(544,754)
Dividends paid	**(65,720)**	(213,590)
Repurchase of shares	**(36,313)**	–
Interest paid	**(33,931)**	(59,574)
Expenses paid in connection with issue of shares	**(17,040)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**1,236,014**	(576,561)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,359,256**	35,916
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,015,916**	1,852,956
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,519**	127,044
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	**5,377,691**	2,015,916

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, and most of its investors are located in Hong Kong.

The principal activities of the Group are property development, property management and property investment.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

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 for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure

HKAS 1 (Revised 2007) presentation of financial statements

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

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.

New and revised HKFRSs affecting the reporting results

Amendments to HKAS 40 investment property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of properties under construction were accounted for separately in an associate of the Group which is principally engaged in property development and property investment. The associate has investment properties under construction. The application of the amendment to HKAS 40 has resulted in an increase in the Group's share of results of the associate by HK$472 million. The increase is attributable to an increase in fair value of the associate's investment properties under construction or development (net of related tax) of HK$472 million that has been recognised in the Group's consolidated income statement for the year ended 31 December 2009.

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosure[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right 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 (Amendments)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instrument[5]

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

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

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

Recognition of revenue

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

Sales of properties

Revenue from the sale of properties is recognised in the consolidated income statement when the respective properties have been completed and delivered to the buyers.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition of revenue *(Continued)*

Rental income

Rental income is recognised on a straight-line basis over the period of the relevant leases.

Service income

Service income including property management services and other services is recognised when services are provided.

Interest income

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

Dividend income

Dividend income from investments (including financial assets at fair value through profit or loss) is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction) 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 other than properties under construction over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Leasehold land and buildings under construction for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for 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. 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).

Investment properties

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

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Starting from 1 January 2009, investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

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 basis except for those that are classified and accounted for as investment properties under the fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Stock of properties

Stock of properties includes properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The properties under development are stated at the lower of cost and net realisable value.

The Group transfers properties from inventories to investment properties when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party.

The Group transfers the leasehold land component included in stock of properties to prepaid lease payment when there is a change of intention from holding the leasehold land for development of properties held for sales to future owner-occupied or other purposes.

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 as expense 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 as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL are mainly those classified as investments 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.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan receivable, trade and other receivables, amounts due from associates, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated equity investments held for an identified long term purpose as available-for-sale investments. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of 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.

Objective evidence of impairment could include:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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 and other 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 or other 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 losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Other financial liabilities

Other financial liabilities including bank and other borrowings, trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds contains liability component, conversion and early redemption option derivatives.

Convertible bonds issued by the Group that contain both liability and conversion and early redemption option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and conversion and early redemption option components in proportion to their relative fair values. Transaction costs relating to the conversion and early redemption option derivatives is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities 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. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and 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 deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits costs

Payments to defined contribution retirement benefit schemes, state-managed retirement plans and Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered service entitling them to contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors of the Company are required to make various estimates based on past experience, expectations of the future and other information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Loan and receivables

Note 3 describes that loan and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The Group has a loan receivable (see note 20) which represents shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai and amounts due from associates (see note 23) represent advances to associates which will be recoverable within 12 months. The recoverability of these amounts is dependent on the cashflow to be generated from the property development and property investment project. Where the actual future cash flows are less than expected, an impairment loss may arise.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Loan and receivables *(Continued)*

In making the estimates, management considered detailed procedures are in place to monitor this risk as a significant proportion of the Group's working capital is devoted to loan receivable and amounts due from associates. In determining whether an impairment for loan receivable and amounts due from associates is required, the management studied the development status of the property development and property investment project and the expected market price and the future rental income of the properties in order to estimate the recoverability of the loan receivable and the amounts due from associates. As at 31 December 2009, the carrying amount of loan receivable (note 20) and amounts due from associates are HK$2,159,198,000 (2008: HK$1,793,870,000) and HK$37,096,000 (2008: HK$36,540,000) respectively.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions and assumptions made on the investment properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation is reflective of the current market conditions and the Group's latest development proposal on the investment properties under construction and the associate's property investment project. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the Group's interests in associates in connection with the associate's property investment project and the corresponding adjustments to the amount of gain or loss of the Group's investment properties and the Group's share of results of associates reported in the consolidated income statement.

Fair value of derivatives

As described in note 28, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market price and historical stock price volatilities of the Company adjusted for specific features of the instrument.

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising on sales of properties, property management income and rental income, after deducting discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2009 HK$'000	2008 HK$'000
Sales of properties	**3,871,426**	1,571,992
Property management income	**72,157**	62,271
Rental income	**21,726**	21,252
Other service income	**33,869**	33,292
	3,999,178	1,688,807

(B) Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into the following divisions – property development, property management, property investment and others. These divisions are the basis on which the Group reports its primary segment information.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Segment information *(Continued)*

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

For the year ended 31 December 2009

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER						
External sales	3,871,426	72,157	21,726	33,869	–	3,999,178
Inter-segment sales	–	–	–	2,043	(2,043)	–
	3,871,426	72,157	21,726	35,912	(2,043)	3,999,178
RESULT						
Segment result	1,978,799	3,492	49,694	15,942	–	2,047,927
Other income						106,763
Unallocated corporate expenses						(53,413)
Change in fair value of derivatives component of convertible bonds						(216,990)
Changes in fair value of investments held for trading						(13,608)
Share of results of associates						386,681
Finance costs						(9,756)
Profit before taxation						2,247,604
Taxation						(821,011)
Profit for the year						1,426,593

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Segment information *(Continued)*

For the year ended 31 December 2008

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER						
External sales	1,571,992	62,271	21,252	33,292	–	1,688,807
Inter-segment sales	–	–	–	2,022	(2,022)	–
	1,571,992	62,271	21,252	35,314	(2,022)	1,688,807
RESULT						
Segment result	895,054	2,355	(48,602)	28,104	–	876,911
Other income						179,307
Unallocated corporate expenses						(35,790)
Changes in fair value of investments held for trading						(83,623)
Share of results of associates						(146,546)
Finance costs						(4,899)
Profit before taxation						785,360
Taxation						(351,675)
Profit for the year						433,685

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, investment revenue and finance costs. This is the measure reported to Chief Executive Officer ("CEO"), the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Segment information *(Continued)*

Inter-segment sales are charged at prevailing market prices.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CEO for review.

Over 90% of the Group's turnover for both years is generated from the People's Republic of China (the "PRC") (place of domicile of the group entities that derive turnover) and substantially all the Group's non-current assets other than financial instruments (loan receivable from an associate and available-for-sale investments) were also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group for each of the year ended 31 December 2009 or 2008.

6. OTHER INCOME

Other income mainly comprises:

	2009	2008
	HK$'000	HK$'000
Interest income on:		
– bank deposits	**32,567**	27,244
– loan receivable	**69,951**	142,561
– amounts due from associates	**135**	1,350
Gain on disposal of property, plant and equipment, net	**451**	347

7. OTHER EXPENSES

Other expenses mainly comprise:

	2009 HK$'000	2008 HK$'000
Donations	**5,363**	8,419

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on:		
– bank borrowings wholly repayable within five years	**32,077**	59,574
– bank borrowings not wholly repayable within five years	**1,854**	–
Effective interest expense on convertible bonds	**6,957**	–
	40,888	59,574
Less: Amount capitalised to properties under development for sale	**(31,132)**	(54,675)
	9,756	4,899

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.0% (2008: 7.4%) to expenditure on qualifying assets.

9. PROFIT BEFORE TAXATION

	2009 HK$'000	2008 HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs including directors' remuneration	**90,717**	87,060
Share-based payments	**12,169**	23,794
Total staff cost	**102,886**	110,854
Auditor's remuneration	**1,650**	1,460
Stock of properties recognised as cost of sales	**1,748,126**	536,203
Depreciation of property, plant and equipment	**5,804**	7,695
Operating lease rentals in respect of land and buildings	**3,381**	3,729
Release of prepaid lease payments	**94**	93
and after crediting:		
Rental income, net of outgoings of approximately HK$2,007,000 (2008: HK$2,621,000)	**19,719**	18,631

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2008: 9) directors were as follows:

	Year ended 31 December 2009								
	Mr. Ou Yaping HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Li Ningjun HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees	–	–	–	–	–	250	250	250	750
Other emoluments									
Salaries and other benefits	5,443	2,398	786	1,461	840	–	–	–	10,928
Bonuses	–	100	400	–	–	–	–	–	500
Retirement benefits scheme contributions	42	12	42	29	37	–	–	–	162
Share-based payments	–	2,418	1,210	363	868	314	314	–	5,487
Total emoluments	5,485	4,928	2,438	1,853	1,745	564	564	250	17,827

	Year ended 31 December 2008									
	Mr. Ou Yaping HK$'000	Mr. Tang Yui Man Francis HK$'000	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Li Ningjun HK$'000	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Mr. Davin A. MacKenzie HK$'000	Total HK$'000
Fees	–	–	–	–	–	250	250	11	250	761
Other emoluments										
Salaries and other benefits	5,370	1,898	457	1,500	944	–	–	–	–	10,169
Bonuses	1,302	1,190	100	–	–	–	–	–	–	2,592
Retirement benefits scheme contributions	42	12	32	29	12	–	–	–	–	127
Share-based payments	–	3,869	1,935	581	1,389	503	503	–	503	9,283
Total emoluments	6,714	6,969	2,524	2,110	2,345	753	753	11	753	22,932

Note: The bonuses are determined with reference to the operating results, individual performance and comparable market statistic during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any remunerations for the year ended 31 December 2009 and 2008.

11. EMPLOYEES' EMOLUMENTS

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

	2009 **HK$'000**	2008 HK$'000
Salaries and other emoluments benefits	**2,172**	2,238
Bonuses	**43**	425
Retirement benefits scheme contributions	**42**	12
	2,257	2,675

Note: The bonuses are determined with reference to the operating results, individual performance and comparable market statistic during the year.

During the year, no remunerations was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. TAXATION

	2009 **HK$'000**	2008 HK$'000
The charge comprises:		
Hong Kong Profits Tax	**–**	1,123
PRC Enterprise Income Tax		
– current year	**348,188**	136,007
– Under(over)provision in prior years	**35,856**	(298)
PRC land appreciation tax	**423,798**	227,157
	807,842	363,989
Deferred taxation (note 29)	**13,169**	(12,314)
	821,011	351,675

12. TAXATION *(Continued)*

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the year. Hong Kong Profits Tax in prior year was calculated at 16.5% of the estimated assessable profit for that year.

Taxation for subsidiaries of the Group which were established and principally operated in the Shenzhen Special Economic Zone is calculated at the rate of 20% (2008: 18%) of its assessable profits for the year ended 31 December 2009 according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

In addition, PRC land appreciation tax ("LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards sales of properties where contracts were signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

12. TAXATION *(Continued)*

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2009	2008
	HK$'000	HK$'000
Profit before taxation	**2,247,604**	785,360
Tax at the applicable tax rate of 20% (2008: 18%) (Note)	**449,521**	141,365
Tax effect of expenses that are not deductible for tax purposes	**48,312**	16,805
Tax effect of income that is not taxable for tax purpose	**(14,980)**	(31,184)
Tax effect of share of results of associates	**(77,336)**	26,378
Land appreciation tax	**423,798**	227,157
Tax effect of land appreciation tax deductible for tax purposes	**(51,079)**	(28,934)
Tax effect on deferred tax liabilities recognised at different tax rate	**1,499**	(4,706)
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**5,675**	4,494
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,500)**	(1,635)
Tax effect of tax losses not recognised	**2,245**	2,713
Tax effect of utilisation of tax losses not previously recognised	**–**	(480)
Under(over)provision of taxation in prior years	**35,856**	(298)
Taxation for the year	**821,011**	351,675

Note: The tax rate of 20% for the year ended 31 December 2009 (2008: 18%) represents PRC Enterprise Income Tax which is applicable to most of the Group's operations in the PRC.

13. DIVIDENDS

	2009	2008
	HK$'000	HK$'000
Dividends recognised as distribution during the year:		
2008 final of HK$0.020 (2008: 2007 final of HK$0.035) per share	**65,720**	115,010
2009 interim of nil (2008: HK$0.030) per share	**–**	98,580
	65,720	213,590

Note: The final dividend of HK$0.03 per share totalling not less than HK$106,233,000 in respect of the financial year ended 31 December 2009 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	HK$'000
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	**1,213,800**	342,874

14. EARNINGS PER SHARE *(Continued)*

	Number of shares	
	2009	2008
Weighted average number of shares for the purpose of basic earnings per share	**3,348,379,352**	3,285,964,727
Effect of dilutive potential shares:		
Share options	**1,581,029**	874,503
Weighted average number of shares for the purpose of diluted earnings per share	**3,349,960,381**	3,286,839,230

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in an increase in earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Property under construction HK$'000	Total HK$'000
COST					
At 1 January 2008	64,281	35,608	12,014	–	111,903
Currency realignment	3,936	1,998	610	–	6,544
Additions	859	1,626	5,557	–	8,042
Disposals	–	(631)	(1,574)	–	(2,205)
At 31 December 2008	69,076	38,601	16,607	–	124,284
Currency realignment	78	40	16	–	134
Additions	1,087	589	586	30,678	32,940
Disposals	–	(2,434)	(4,007)	–	(6,441)
At 31 December 2009	70,241	36,796	13,202	30,678	150,917
DEPRECIATION AND AMORTISATION					
At 1 January 2008	29,721	30,702	5,300	–	65,723
Currency realignment	1,694	1,869	239	–	3,802
Provided for the year	2,537	1,859	3,299	–	7,695
Eliminated on disposals	–	(590)	(1,526)	–	(2,116)
At 31 December 2008	33,952	33,840	7,312	–	75,104
Currency realignment	36	38	8	–	82
Provided for the year	1,746	1,070	2,988	–	5,804
Eliminated on disposals	–	(2,371)	(3,580)	–	(5,951)
At 31 December 2009	35,734	32,577	6,728	–	75,039
CARRYING VALUES					
At 31 December 2009	34,507	4,219	6,474	30,678	75,878
At 31 December 2008	35,124	4,761	9,295	–	49,180

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

The carrying amount of the Group's leasehold land and buildings comprises properties situated in the PRC held under:

	2009 **HK$'000**	2008 HK$'000
Long leases	**34,507**	35,124

The above items of property, plant and equipment are depreciated on a straight line basis after taking into account of their estimated residual value, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease and 50 years
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

16. PREPAID LEASE PAYMENTS

	2009 **HK$'000**	2008 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Long leases	**116,038**	5,461
Analysed for reporting purposes:		
Non-current assets	**114,068**	5,367
Current assets	**1,970**	94
	116,038	5,461

17. INVESTMENT PROPERTIES

	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
FAIR VALUE			
At 1 January 2008	877,298	–	877,298
Exchange realignment	53,748	–	53,748
Decrease in fair value of investment properties	(67,234)	–	(67,234)
At 31 December 2008	863,812	–	863,812
Exchange realignment	982	–	982
Transfer from stock of properties	63,101	–	63,101
Construction costs incurred	–	20,453	20,453
Increase in fair value of investment properties	29,975	–	29,975
At 31 December 2009	957,870	20,453	978,323

The fair value of the Group's investment properties at 31 December 2009 and 2008 have been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and have appropriate qualifications. The valuation of investment properties was arrived at by reference to market evidence of transaction prices for similar properties.

Stock of completed properties were transferred to investment properties when there was commencement of an operating lease to another party. The difference between the fair value of the property at the end of the reporting period and its previous carrying amount are recognised in profit or loss.

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

17. INVESTMENT PROPERTIES *(Continued)*

The investment properties are held under long leases and are situated in the PRC.

At 31 December 2009, the Group's investment properties with a carrying value of HK$389,330,000 (2008: HK$388,889,000) were pledged to secure general banking facilities granted to the Group.

18. INTERESTS IN ASSOCIATES

	2009 **HK$'000**	2008 HK$'000
Cost of investment in associates		
Unlisted	**4**	4
Share of post-acquisition results and reserves	**91,927**	(295,381)
Carrying amount (loss in excess of cost of investment)	**91,931**	(295,377)
Less: Loss absorbed in carrying amount of loan receivable (note 20)	**–**	295,377
	91,931	–

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

Name of associate	**Place of establishment and form of business structure**	**Principal place of operation**	**Percentage of equity interest attributable to the Group 2009**	**Percentage of equity interest attributable to the Group** 2008	**Principal activities**
Rockefeller Group Asia Pacific, Inc.	BVI – limited liability company	Hong Kong	**49%**	49%	Investment holding
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	PRC – equity interest venture	PRC	**44.57%**	44.57%	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	**44.57%**	–	Property management

18. INTERESTS IN ASSOCIATES *(Continued)*

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

Summarised financial information (after adjustments for unrealised profits) in respect of the Group's associates is set out below:

	2009 **HK$'000**	2008 HK$'000
Total assets	**3,231,586**	1,702,406
Total liabilities	**(3,046,286)**	(2,367,342)
Net assets (liabilities)	**185,300**	(664,936)
Group's share of net assets (liabilities) of associates	**91,931**	(295,377)
Loss allocated in excess of cost of investment (note 20)	**–**	295,377
	91,931	–
Revenue	**–**	–
Profit (loss) for the year	**823,777**	(288,274)
Group's share of profit (loss) of associates for the year	**386,681**	(146,546)

19. AVAILABLE-FOR-SALE INVESTMENTS

	2009 HK$'000	2008 HK$'000
Debentures, at cost	**1,261**	1,261
Unlisted shares in Hong Kong, at cost	**–**	75,000
	1,261	76,261
Less: Impairment loss recognised	**–**	(75,000)
	1,261	1,261

Investments in unlisted equity securities issued by a private entity incorporated in Hong Kong were measured at cost less impairment and has been disposed during the year.

20. LOAN RECEIVABLE

	2009 HK$'000	2008 HK$'000
Shareholder's loan receivable	**2,159,198**	2,089,247
Less: Loss allocated in excess of cost of investment (note 18)	**–**	(295,377)
	2,159,198	1,793,870

Note:

The amount represents shareholder's loan receivable from the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment of the Group in RGAP. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimates of the timing of such receipts. The loan receivable including principal and interest is unsecured and not repayable in the foreseeable future.

The Group has reviewed the carrying amount of loan receivable and considered that this amount is fully recoverable by reference to the present value of the estimated future cash flows discounted using the effective interest rate computed at initial recognition. The directors consider that the fair value of loan receivable at the end of the reporting period approximates to the carrying amount.

21. STOCK OF PROPERTIES

	2009	2008
	HK$'000	HK$'000
Properties under development	**675,163**	475,454
Stock of properties held for sale	**765,560**	2,141,999
	1,440,723	2,617,453

Stock of properties were stated at cost. Included in the stock of properties is interest capitalised of HK$49,886,000 (2008: HK$145,330,000).

The stock of properties were located in the PRC under long lease. Properties under development of HK$675,163,000 (2008: HK$475,454,000) represent the carrying value of the properties expected to be completed and available for sale after twelve months from the end of the reporting period which are classified under current asset as it is expected to be realised in the Group's normal operating cycle.

22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from 0 to 60 days to its trade customers. Included in trade receivables, deposits and prepayments are trade receivables of HK$1,909,000 (2008: HK$1,451,000), the aged analysis of which is as follows:

	2009	2008
	HK$'000	HK$'000
Aged:		
0 to 90 days	**1,393**	1,141
91 to 180 days	**348**	285
Over 181 days	**168**	25
	1,909	1,451

22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables, deposits and prepayments are debtors with aggregate carrying amount of HK$980,000 (2008: HK$690,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

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

	2009	2008
	HK$'000	HK$'000
60-90 days	**464**	380
91-180 days	**348**	285
Over 181 days	**168**	25
	980	690

The Group has not provided fully for all receivables over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

23. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates are unsecured and recoverable within 12 months. Other than an amount of HK$5,329,000 (2009: nil) due from the associate which bears fixed interest at 20% per annum, the remaining amounts are interest-free.

24. INVESTMENTS HELD FOR TRADING

	2009	2008
	HK$'000	HK$'000
FAIR VALUE		
Investments held for trading include:		
– Equity securities listed in Hong Kong	**240,797**	6,909
– Unlisted managed investment fund	**86,604**	–
	327,401	6,909

The fair value of the above listed securities was determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

The fair value of the investments in unlisted managed investment fund, which are redeemable and issuable at the net asset value as defined in the fund's constitution documents, is measured by reference to the net assets value provided by the financial institution which is the administrator of the investment fund.

25. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The deposits have been pledged to secure short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of the relevant bank borrowings.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 1.98% (2008: 0.01% to 3.85%) per annum. The fair values of the Group's bank balances and cash and pledged bank deposit at 31 December 2009 approximate to their carrying amounts.

26. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade payables, deposits received and accrued charges are trade payables of HK$391,166,000 (31.12.2008: HK$465,447,000), receipt in advance from property sales of HK$492,497,000 (31.12.2008: HK$65,325,000) and consideration payable for acquisition of land of nil (31.12.2008: HK$334,694,000).

The following is an aged analysis of trade payables at the end of the reporting period:

	2009	2008
	HK$'000	HK$'000
Aged:		
0 to 90 days	**265,970**	326,122
91 to 180 days	**15,468**	1,450
181 to 360 days	**5,601**	13,195
Over 360 days	**104,127**	124,680
	391,166	465,447

27. BORROWINGS

	2009 HK$'000	2008 HK$'000
Bank loans – secured	**147,560**	204,082
Bank loans – unsecured	**610,783**	183,477
	758,343	387,559
Carrying amount repayable:		
On demand or within one year	**440,522**	140,167
More than one year but not exceeding two years	**56,754**	156,689
More than two years but not exceeding five years	**170,261**	90,703
Over five years	**90,806**	–
	758,343	387,559
Less: Amount due within one year shown under current liabilities	**(440,522)**	(140,167)
Amount due after one year	**317,821**	247,392

Note: At 31 December 2009, the amount of borrowings of the Group includes an amount of HK$100,000,000 (2008: HK$100,000,000) which carries interest at Hong Kong Interbank Offer Rate plus 1.9% per annum. The remaining borrowings are arranged at benchmark interest rate as stipulated by the People's Bank of China. The interest rates during the year for these loans range from 5.31% to 7.83% (2008: 5.45% to 7.83%) per annum.

The ranges of effective interest rates of the borrowings are also equal to contracted interest rates.

28. CONVERTIBLE BONDS

On 15 June 2009, the Company entered into a placing agreement ("Placing Agreement") with an independent placing agent by which the Company has agreed to appoint the placing agent to procure, on a best-efforts basis, subscription of the convertible bonds of the Company, with the maximum principal amount of HK$500,000,000, subject to and upon the terms and conditions contained in the Placing Agreement and the shareholders' approval. The Placing Agreement, the creation and issue of the convertible bonds are approved by the shareholders of the Company in a special general meeting on 13 July 2009.

On 28 September 2009 ("Issue Date"), the Company issued the three-year zero coupon convertible bonds at par with a nominal value of HK$500,000,000 to independent third parties. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 28 September 2012 ("Maturity Date") at a conversion price of HK$1.10 per ordinary share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

During the year, convertible bonds with a nominal value of HK$10,000,000 were converted by the bondholders into 9,090,908 ordinary shares at a conversion price of HK$1.10 per ordinary share. The weighted average share price at the date of exercise for the convertible bonds during the year was HK$1.975.

The convertible bonds contain two components, liability component and conversion and early redemption option derivatives component. The effective interest rate of the liability component is 7.01%. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The Company has right to redeem, in whole and not in part, the convertible bonds, at any time commencing from the Issue Date to Maturity Date, by giving the bondholders at least seven business days' prior notice at the redemption amount which is 100% of the principal amount of the outstanding convertible bonds as at the date of redemption.

Each of the bond holders may, at any time during the period commencing from the Issue Date, and expiring on the Maturity Date, request the Company to redeem, in whole or in part, the outstanding convertible bonds held by it.

28. CONVERTIBLE BONDS *(Continued)*

The movement of the liability component and conversion and early redemption option derivatives component of the convertible bonds for the year is set out as below:

		Carrying amount		
	Principal amount HK$'000	**Liability component** HK$'000	**Conversion and early redemption option derivatives** HK$'000	**Total** HK$'000
At 1 January 2009	–	–	–	–
Change in fair value of derivatives prior to issuance of convertible bonds	–	–	355,865	355,865
Issuance of convertible bonds (net of transaction cost)	500,000	409,755	85,245	495,000
At date of issuance	500,000	409,755	441,110	850,865
Interest charge	–	6,957	–	6,957
Change in fair value subsequent to issuance	–	–	(138,875)	(138,875)
Conversion during the year	(10,000)	(8,166)	(7,954)	(16,120)
At 31 December 2009	490,000	408,546	294,281	702,827

The change of fair value derivatives prior to the issuance of convertible bonds of the Company on 28 September 2009 was mainly due to the increase of share price of the Company.

28. CONVERTIBLE BONDS *(Continued)*

The estimate of the fair value of the conversion and early redemption option derivatives is measured based on the binomial option pricing model. Details of the assumptions of conversion and early redemption option derivatives are as follows:

Date of valuation	**31.12.2009**	**28.9.2009 (date of issue)**	**13.7.2009 (date of commitment)**
Share price (HK$)	1.480	1.940	1.240
Exercise price (HK$)	1.100	1.100	1.100
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial option pricing model)	43.81%	42.57%	42.56%
Maturity period	2.7 years	3.0 years	3.0 years
Conversion period	2.7 years	3.0 years	3.0 years

29. DEFERRED TAXATION

	Revaluation on investment properties HK$'000	**Undistributed profits of subsidiaries** HK$'000	**Total** HK$'000
At 1 January 2008	95,516	–	95,516
Currency realignment	5,847	–	5,847
(Credit) charge to consolidated income statement	(16,808)	4,494	(12,314)
At 31 December 2008	84,555	4,494	89,049
Currency realignment	97	5	102
Charge to consolidated income statement	7,494	5,675	13,169
At 31 December 2009	92,146	10,174	102,320

29. DEFERRED TAXATION *(Continued)*

At the end of the reporting period, the Group has estimated unused tax losses of HK$23,890,000 (2008: HK$10,284,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such tax losses may be carried forward indefinitely.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$1,269,000,000 (31 December 2008: HK$339,000,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2008 and 1 January 2009	4,800,000,000	480,000
Increase on 13 July 2009	1,200,000,000	120,000
At 31 December 2009	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2008	3,285,547,924	328,555
Issue of shares on the exercise of share options	450,000	45
At 1 January 2009	3,285,997,924	328,600
Issue of shares on the exercise of share options	3,100,000	310
Issue of shares on conversion of convertible bond	9,090,908	909
Issue of shares on the placing and subscription arrangements	290,106,000	29,010
Repurchase of shares	(25,182,000)	(2,518)
At 31 December 2009	3,563,112,832	356,311

Changes in the share capital of the Company during the year ended 31 December 2008 are as follows:

The Company allotted and issued a total of 450,000 shares of HK$0.10 each for cash at the exercise prices of HK$1.001 per share respectively as a result of exercise of share options.

30. SHARE CAPITAL *(Continued)*

Changes in the share capital of the Company during the current year are as follows:

(a) The Company allotted and issued a total of 2,250,000 and 850,000 shares of HK$0.10 each for cash at the exercise prices of HK$1.001 and HK$1.778 per share respectively as a result of exercise of share options.

(b) During the year, convertible bonds with nominal values of HK$10,000,000 were converted into 9,090,908 ordinary shares at a conversion price of HK$1.10 per ordinary share.

(c) Pursuant to a placing and subscription agreement entered by the Company on 9 October 2009, the Company allotted and issued 290,106,000 new shares of HK$0.10 each at subscription price of HK$1.87 per share to independent investors on 16 October 2009.

(d) During the year ended 31 December 2009, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid
November 2009	25,182,000	HK$1.480	HK$1.410	HK$36,313,000

The shares repurchased by the Company during the year was cancelled.

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

31. RESERVES

The contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

The general reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC, which are not available for distribution.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the borrowings and convertible bonds disclosed in notes 27 and 28, and equity attributable to owners of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009 **HK$'000**	2008 HK$'000
Financial assets		
Fair value through profit or loss		
Held for trading	**327,401**	6,909
Loans and receivables (including cash and cash equivalents)	**7,656,852**	3,887,673
Available-for-sale financial assets	**1,261**	1,261
Financial liabilities		
Amortised cost	**1,709,878**	1,293,072
Derivative instruments	**294,281**	–

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale equity investments, loan receivable, trade and other receivables, amounts due from associates, investments held for trading, pledged bank deposits, bank balance and cash, borrowings, convertible bonds and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management considers the Group does not expose to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). Other than the convertible bonds denominated in foreign currency in Hong Kong dollars, there were insignificant balances of financial assets and liabilities denominated in foreign currency at the consolidated statement of financial position. The 1% (2008: 5%) increase and decrease in RMB against the relevant foreign currencies is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A lower percentage is adopted in current year as fluctuation of Hong Kong dollars against Renminbi become more stable during the year. The management determined that there is insignificant effect to the profit or loss of the Group. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to fixed-rate loan receivables from associates (see note 20) and liability component of convertible bonds (see note 28) and cash flow interest rate risk in relation to bank balances and pledged bank deposits (see note 25) at prevailing market rates and variable-rate bank borrowings (see note 27). The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2009 would increase/decrease by HK$12,822,000 (2008: increase/decrease by HK$5,050,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances, pledge bank deposits and variable-rate bank borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate bank deposits.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities and unlisted managed investment fund. The Group has concentration risk on its investments held for trading which were mainly invest on property industry sector and has equity price risk on equity instruments quoted in the Stock Exchange and from a financial institution respectively. The Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In addition, the Group is required to estimate the fair value of the conversion and early redemption option derivatives in the convertible bonds at the end of the reporting period with changes in fair value to be recognised in the consolidated income statements as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes of the Company's share market price and share price volatility.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks and the Company's share price risk at the reporting date respectively.

If the prices of the respective equity instruments had been 10% higher/lower, profit after taxation for the year ended 31 December 2009 increase/decrease by HK$32,740,000 (2008: HK$691,000) as a result of the changes in fair value of investments held for trading.

If the Company's share price had been 10% higher/lower and all other variables were held constant, the Group's profit for the year (as a result of changes in fair value of derivatives component of convertible bonds) would decrease/increase by HK$53,256,000 (2008: nil) and HK$50,964,000 (2008: nil) respectively.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in note 37.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, amounts due from associates and loan receivable at the end of 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 credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Other than concentration of credit risk on loan receivable (note 20) and amounts due from associates (note 23) and unlisted managed investment fund (note 24) which are concentrated in one counter party with high credit-rating, the Group does not have any other significant concentration of credit risk. The Group has no significant concentration of credit risk on trade and other receivables, with exposure spread over a number of counterparties and customers. In respect of loan receivable and amounts due from associates, the management closely monitors the settlements and recoverability to ensure adequate impairment losses are recognised for irrecoverable debts.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

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

The Group relies on sale of properties and borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 1 year HK$'000	1 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009							
Trade and other payables	–	68,376	474,613	–	–	542,989	542,989
Convertible bonds (liability)	7.01%	490,000	–	–	–	490,000	408,546
Borrowings	5.38%	–	469,897	277,744	95,695	843,336	758,343
		558,376	944,510	277,744	95,695	1,876,325	1,709,878

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 1 year HK$'000	1 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008						
Trade and other payables	–	117,289	788,224	–	905,513	905,513
Borrowings	5.24%	–	161,501	267,597	429,098	387,559
		117,289	949,725	267,597	1,334,611	1,293,072

33. FINANCIAL INSTRUMENTS *(Continued)*

Fair value

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

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

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions; and

- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of option pricing models for optional derivatives.

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

Fair value measurements recognised in the statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements recognised in the statement of financial position *(Continued)*

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Listed equity securities	240,797	–	–	240,797
Unlisted managed investment funds	–	86,604	–	86,604
	240,797	86,604	–	327,401
Financial liabilities at FVTPL				
Conversion and early redemption option derivatives	–	–	294,281	294,281

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

Reconciliation of Level 3 fair value measurements of financial liabilities:

	Conversion and early redemption option derivatives HK$'000
At 1 January 2009	–
Issues	85,245
Settlements	(7,954)
Total gains or losses recognised in profit or loss	216,990
At 31 December 2009	294,281

33. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements recognised in the statement of financial position *(Continued)*

Of the total gains or losses for the year included in profit or loss, HK$216,990,000 relates to conversion and early redemption option derivatives at the end of the reporting period. Fair value gains or losses on the conversion and early redemption option derivatives are included in change in fair value of derivatives component of convertible bonds.

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year.

Name of related party	Nature of transaction	Notes	2009 HK$'000	2008 HK$'000
RGAP	Interest income on shareholder's loan	a	**69,951**	142,561
	Interest income on amounts due from associates	a	**135**	1,350
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	Project management fee income	a	**26,195**	23,925
Enerchina Holding Limited ("Enerchina")	Rental and other fees received	b	**3,378**	3,101
Ms. Cheung Loi Ping	Sales of properties	c	**9,276**	–
Skillful Assets Limited	Rental expenses	d	**–**	249

34. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(a) RGAP and Shanghai Rockefeller are associates of the Group.

(b) Enerchina is a related party to the Group as Mr. Ou Yaping, a director and a substantial shareholder of the Company is also a director and substantial shareholder of Enerchina.

(c) Ms. Cheung Loi Ping is the wife of Mr. Ou Yaping, a director and a substantial shareholder of the Company.

(d) Mr. Ou Yaping, a director and a substantial shareholder of the Company who is also a director and shareholder of Skillful Assets Limited.

The key management personnel are the directors and the five highest paid individuals of the Company. The details of the remuneration paid to them are set out in notes 10 and 11.

35. SHARE OPTIONS

The Company's share option schemes were adopted pursuant to the resolutions passed on 11 May 1998 (the "Sinolink Old Scheme") and on 24 May 2002 (the "Sinolink New Scheme") for providing incentives to directors and eligible employees. The Sinolink New Scheme will expire on 23 May 2012. The Sinolink Old Scheme was terminated on 24 May 2002. Under the Sinolink Old Scheme and the Sinolink New Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

35. SHARE OPTIONS *(Continued)*

Movements of the Company's share options held by employees (including directors) during the year were as follows:

	Number of share options					
	Outstanding at beginning of year	Granted during the year	Adjustment on bonus issue of shares	Exercised during the year	Lapsed during the year	Outstanding at end of year
For the year ended 31 December 2009	**146,218,100**	**–**	**–**	**(3,100,000)**	**(10,518,100)**	**132,600,000**
Exercisable at the end of the year						**86,025,000**
Weighted average exercise price	**1.694**	**N/A**	**N/A**	**1.214**	**1.736**	**1.702**
For the year ended 31 December 2008	151,618,100	–	–	(450,000)	(4,950,000)	146,218,100
Exercisable at the end of the year						18,980,600
Weighted average exercise price	1.695	N/A	N/A	1.001	1.778	1.694

35. SHARE OPTIONS *(Continued)*

Details of share options exercised during the year are as follows:

	2009	2008
Exercisable period	**31.12.2005 to 24.5.2012**	31.12.2006 to 24.5.2012
Exercise price	**HK$1.001 and HK$1.778**	HK$1.001
Aggregate issue proceeds	**HK$3,763,000**	HK$450,000

The weighted average share price at the date of exercise for share options during the year was HK$1.960. During the year ended 31 December 2008, the weighted average share price of the Company at the dates of exercise for the share options was HK$1.30.

The Group recognised total expenses of HK$12,169,000 (2008: HK$23,794,000) for the year ended 31 December 2009 in relation to share options granted by the Company.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

36. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a MPF Scheme for all its non-PRC employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to contributes 5% of relevant payroll costs with a maximum of HK$1,000 per employee to the MPF Scheme, which contribution is matched by the employee. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made contributions to the retirement benefits schemes amounted to HK$4,871,000 (2008: HK$3,451,000).

37. CONTINGENT LIABILITIES

	2009 **HK$'000**	2008 HK$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**106,622**	533,089

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant during both years and it is not probable that the counter parties would default on the relevant loans.

38. COMMITMENTS

	2009 **HK$'000**	2008 HK$'000
Commitments in respect of properties under development:		
– contracted for but not provided in the consolidated financial statements	**13,075**	183,578
– authorised but not contracted for	**110,355**	178,160
Committed funding to an investment fund	**77,500**	77,500
Capital commitments in respect of properties under constructions:		
– contracted for but not provided in the consolidated financial statements	**117,244**	–
– authorised but not contracted for	**366,098**	–

39. OPERATING LEASE COMMITMENTS

The Group as lessor

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

	2009 **HK$'000**	2008 HK$'000
Within one year	**34,299**	15,318
In the second to fifth year inclusive	**137,637**	57,188
Over five years	**109,796**	99,198
	281,732	171,704

The properties held have committed tenants for periods up to fifteen years after the end of the reporting period.

39. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessee

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

	2009	2008
	HK$'000	HK$'000
Within one year	**5,965**	6,211
In the second to fifth years inclusive	**1,516**	7,232
	7,481	13,443

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to five years.

40. PLEDGE OF ASSETS

At 31 December 2009, bank deposits of HK$17,864,000 (2008: HK$11,524,000) and investment properties with an aggregate carrying amount of HK$389,330,000 (2008: HK$388,889,000) were pledged to banks to secure general banking facilities granted to the Group. The fair values of pledged bank deposits at 31 December 2009 approximate to their carrying amounts.

41. LIST OF SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Cnhooray Internet Technology Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI	US$1	100%	–	Investment holding
Firstline Investment Limited	BVI	US$1	–	100%	Investment holding
Global Mark Investments Limited	BVI	US$1	–	100%	Investment holding
Knatwood Limited	BVI	US$1	–	100%	Investment holding
Leader Faith International Limited	BVI	US$1	100%	–	Investment holding
Link Capital Investments Limited	BVI	US$50,000	–	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	100%	–	Investment holding
Ocean Diamond Limited	BVI	US$50,000	–	100%	Investment holding
Real Achieve Limited	BVI	US$1	100%	–	Investment holding
Shanghai Sinolink Xijiao Property Development Co., Ltd. 上海百仕達西郊地產發展有限公司	PRC – Limited company	RMB190,000,000	–	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd. 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
深圳百仕達商業管理有限公司 (note)	PRC – Limited company	RMB1,000,000	–	80%	Dormant

41. LIST OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Shenzhen Sinolink Property Management Co., Ltd. 深圳百仕達物業管理有限公司	PRC – Foreign equity joint venture	RMB5,000,000	–	80%	Property management
Sinolink Assets Management Limited	BVI	HK$2	100%	–	Investment holdings
Sinolink LPG Development Limited	BVI	US$1	–	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	US$1	–	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Dormant
Sinolink Properties Limited 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development
Sinolink Shanghai Investment Ltd.	BVI	US$1	100%	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	–	Investment holdings

Note: The company was incorporated in 2009.

Except for the investment holding companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/ establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

Particulars of Major Properties

At 31 December 2009

PROPERTIES HELD FOR DEVELOPMENT/SALE

	Description	Type of use	GFA (M^2)	Effective % held	Stage of completion	Anticipated completion
1.	Sinolink Garden Phase V Part I Eastern District Taining Road, Taibai Road Buxin Road, Luowu District Shenzhen	Residential and commercial	43,280	80%	Completed	N/A
2.	Mangrove West Coast Land lot no. 7207-0026 Bin Hai Da Dao North Sha He Dong East, Nanshan Shenzhen	Residential	24,864	87%	Completed	N/A
3.	Land lot no. 240 of Xinjingzhen Changning District Shanghai	Residential	13,830	80%	Planning and designing	2011

PROPERTIES HELD FOR INVESTMENTS

	Property	Type of use	GFA (M^2)	Effective % held
1.	518 car parks at Residence Club House Phase 1 Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	16,500	80%
2.	Shops of the basement Phase 3 Sinolink Garden Taibai Road Luowu District Shenzhen	Shops	729	80%
3.	Shop unit Nos. 1,2, and 3 on level 1 and whole floor of level 2 Sinolink Ancillary Building No. 8 Dongxiao Road Luowu District Shenzhen	Shops	2,376	80%
4.	Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4 Sinolink Garden Taining Road Luowu District Shenzhen	Commercial	20,232	80%

PROPERTIES HELD FOR INVESTMENTS *(Continued)*

	Property	Type of use	GFA (M^2)	Effective % held
5.	4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	44,000	80%
6.	1,700 car parks at Residence Club House Mangrove West Coast Land lot no. 7207-0026 Bin Hai Da Dao North Sha He Dong East, Nanshan Shenzhen	Car parks	85,000	87%
7.	7 units of commercial podium Eastern District Phase 5, Sinolink Garden Taining Road, Luowu District Shenzhen	Shops	8,852	80%
8.	Office complex Phase 5, Sinolink Garden Taining Road, Luown District Shenzhen	Office	20,000	80%

	For the year ended 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	4,770,352	3,329,052	2,921,556	1,688,807	**3,999,178**
Profit before taxation	1,121,302	1,424,772	2,014,434	785,360	**2,247,604**
Taxation	(134,036)	(419,520)	(699,530)	(351,675)	**(821,011)**
Profit for the year	987,266	1,005,252	1,314,904	433,685	**1,426,593**
Attributable to:					
Owners of the Company	670,909	962,431	1,167,067	342,874	**1,213,800**
Minority interests	316,357	42,821	147,837	90,811	**212,793**
	987,266	1,005,252	1,314,904	433,685	**1,426,593**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Earnings per share					
Basic	25.26	30.21	35.95	10.43	**36.25**
Diluted	24.96	29.82	35.64	10.43	**36.23**

	As at 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	11,804,942	5,585,258	6,749,383	7,486,663	**10,724,772**
Total liabilities	(6,447,803)	(1,438,502)	(2,207,291)	(2,515,761)	**(3,889,938)**
	5,357,139	4,146,756	4,542,092	4,970,902	**6,834,834**
Equity attributable to owners of the Company	3,441,968	3,829,427	4,064,079	4,396,125	**6,069,281**
Equity component of convertible bonds of a listed subsidiary	48,350	–	–	–	**–**
Equity component of share option reserve of listed subsidiaries	20,717	–	–	–	**–**
Minority interests	1,846,104	317,329	478,013	574,777	**765,553**
	5,357,139	4,146,756	4,542,092	4,970,902	**6,834,834**