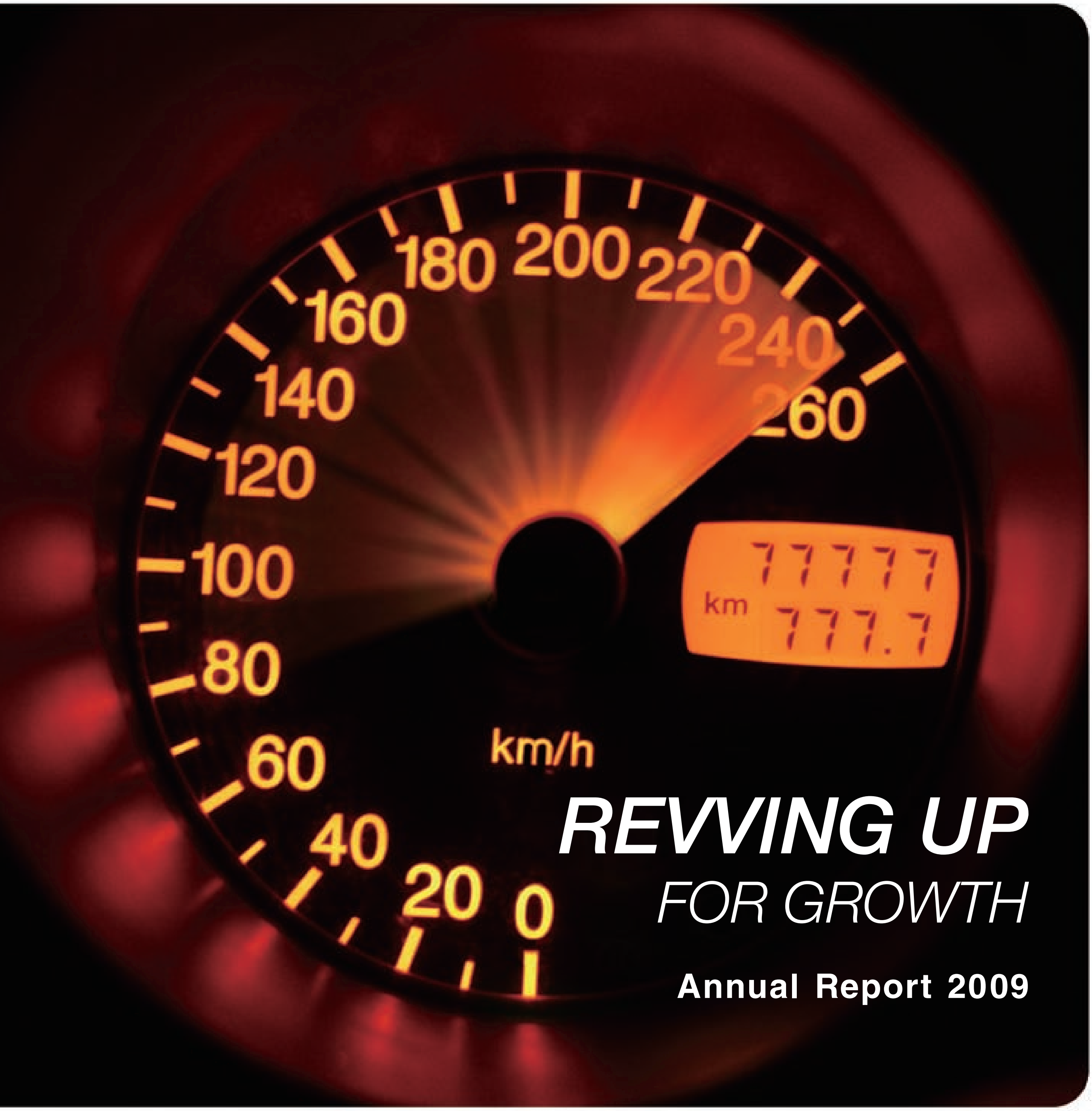
SHANGHAI ZENDAI
上海証大房地產有限公司

SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 00755



REVVING UP
FOR GROWTH

Annual Report 2009

Corporate development strategy

Shanghai Zendai is a comprehensive real estate value creator engaged in real estate development, property development, property operations, property management and property-related finance activities. For the decade ahead, the Company will devote itself in the following during the first five years: brand development of the Thumb project, a residential and commercial integrated community, and Mandarin Palace villas; brand building of the Himalayas project, an urban integrated commercial property; hotels and resorts development; product improvement; brands figuring; and scale expansion. For the remaining five years, it will strive to be a first-rate property operator in China through optimizing property services and strengthening property-related finance activities.

CONTENTS

BOARD AND COMMITTEES

BOARD

Executive Directors

Mr. Ma Chengliang *(Chairman)*
Mr. Wang Fujie
Mr. Dai Zhikang
Mr. Zhu Nansong
Mr. Fang Bin
Ms. Zhou Yan
Mr. Wu Yang
Mr. Tang Jian

Non-executive Directors

Mr. Wang Zhe
Mr. Zhang Hua
Mr. Liu Zhiwei

Independent Non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Dr. Tse Hiu Tung, Sheldon

COMMITTEES

Executive Committee

Mr. Ma Chengliang *(Chairman)*
Mr. Wang Fujie *(Vice Chairman)*
Mr. Dai Zhikang
Mr. Zhu Nansong
Mr. Fang Bin
Ms. Zhou Yan
Mr. Wu Yang
Mr. Tang Jian

Strategic Decisions Committee

Mr. Lo Mun Lam, Raymond *(Chairman)**
Mr. Ma Chengliang *(Vice Chairman)*
Mr. Fang Bin
Mr. Wang Zhe

Review Committee

Dr. Tse Hiu Tung, Sheldon *(Chairman)**
Mr. Zhu Nansong *(Vice Chairman)*
Mr. Tang Jian
Mr. Zhang Hua

Human Resources Committee

Mr. Lai Chik Fan *(Chairman)**
Mr. Wang Fujie *(Vice Chairman)*
Mr. Wu Yang
Ms. Zhou Yan

* Independent non-executive Directors

MAP OF LOCATIONS OF PROPERTY PROJECTS

Being a diversified property development company in China, the Group has been focusing on development, investment and management in respect of residential and commercial properties in China. The Group is currently developing real estate projects in three regions, i.e. the north of China, Shanghai and its surrounding area, as well as Hainan, across 12 cities.


Haimen "Multiflora Garden" Town Villas


"Zendai Ideal City" Multi-Storey Residential Buildings in Changchun

Residential Projects

"Valley International" Villas in Jilin

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Commerce Area of Project in Zhujiajiao, Qingpu District, Shanghai (architectural visualization)

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(architectural visualization)

Zendai Thumb Plaza in Shanghai


Shanghai Wu Dao Kou Financial Centre


Shanghai Wu Dao Kou Financial Centre


Radisson Hotel
Pudong, Shanghai

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(architectural visualization)

Shanghai Himalayas Center (architectural visualization)

Shanghai Himalayas Center

Shanghai Himalayas Center (architectural visualization)

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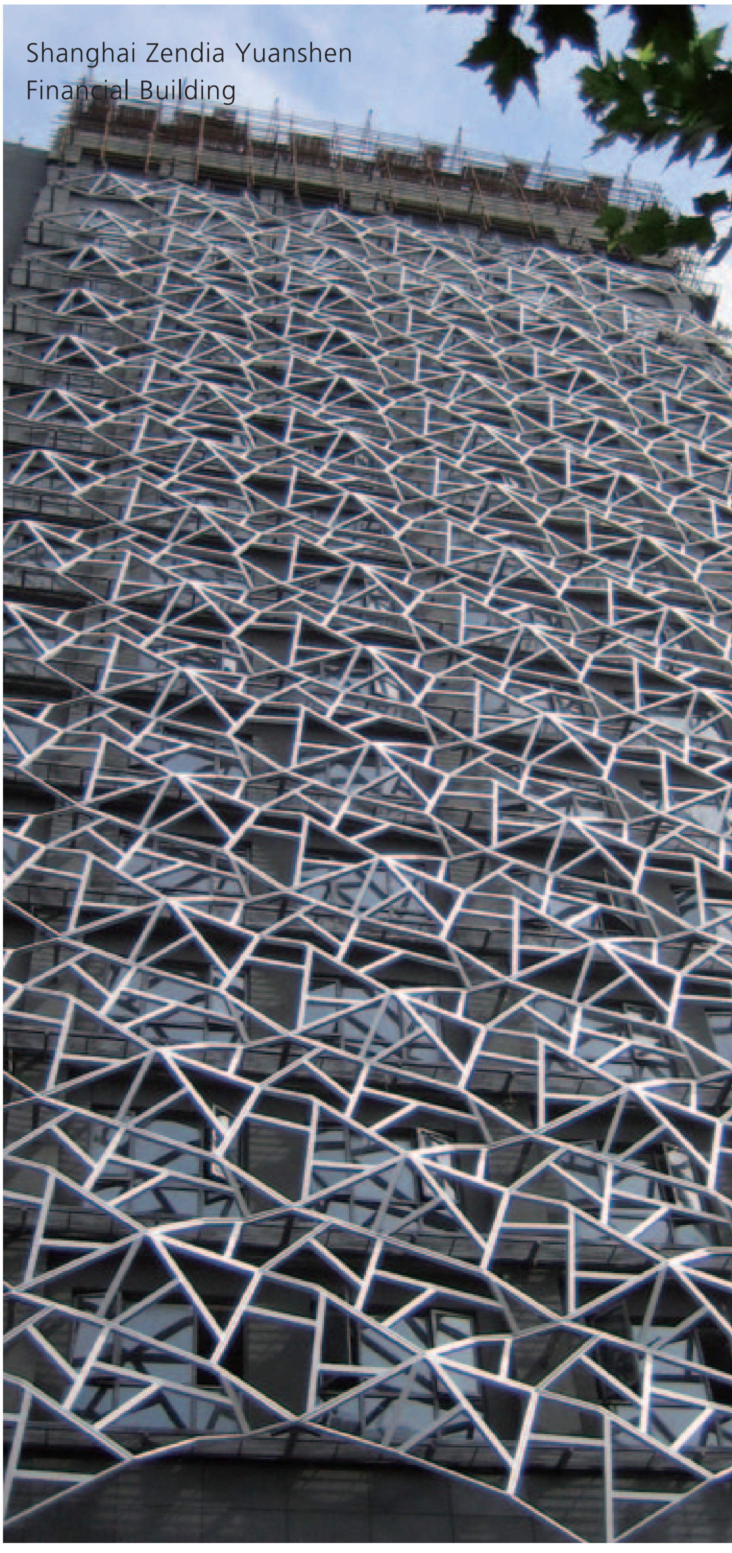
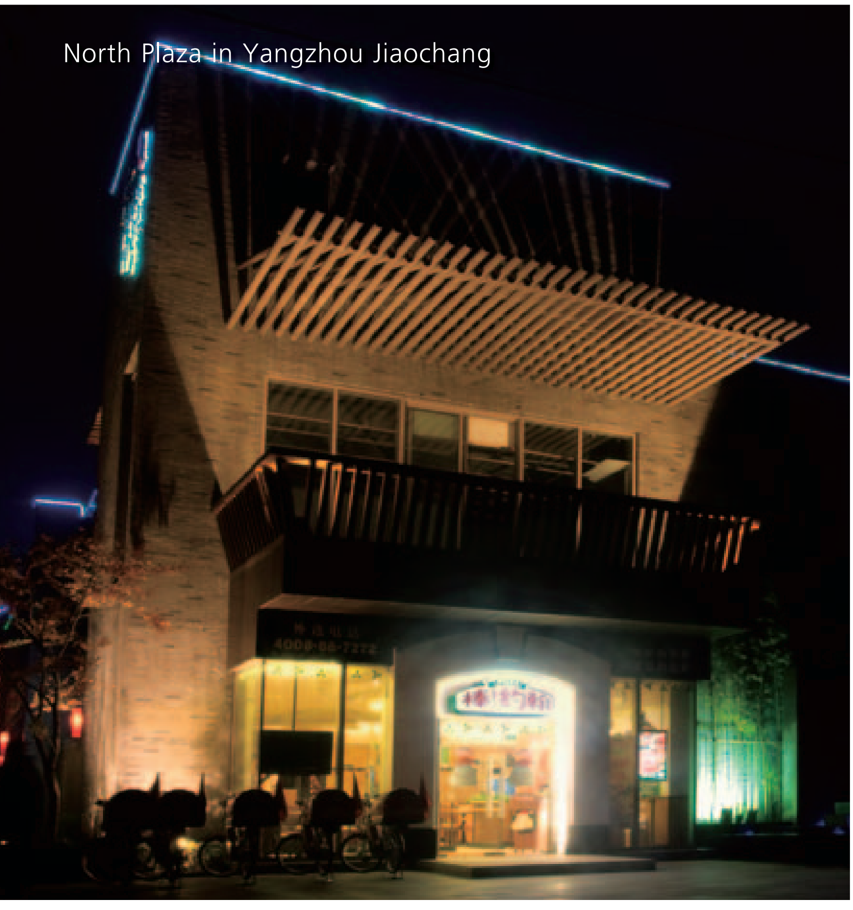
An Overall Look of 8-1 Land Parcel Base in the Bund, Shanghai

Yangzhou Jiaochang Courtyard



Shanghai Zendia Yuanshen Financial Building



North Plaza in Yangzhou Jiaochang

PRINCIPAL BANKERS

Standard Chartered Bank
Citic Ka Wah Bank Limited
Bank of China
Hua Xia Bank
Shanghai Pudong Development Bank
Agricultural Bank of China

SOLICITORS

Hong Kong

K&L Gates
44th Floor
Ediuburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Bermuda

Appleby
8th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

REGISTERED OFFICE

Canon's Court
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Bermuda

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AUDITOR

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Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Tso Shiu Kei Vincent

QUALIFIED ACCOUNTANT

Mr. Wong Ngan Hung

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 26, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

FINANCIAL RESULTS

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 (the "period" or "year under review").

During the year under review, turnover of the Group amounted to approximately HK$2,162,092,000, an increase of 10% against approximately HK$1,968,603,000 last year. Profit attributable to shareholders of the Company (the "Shareholders") increased by approximately 33% to approximately HK$421,262,000 as compared with approximately HK$317,359,000 last year. Basic earnings per share of shares of the Company (the "Share") were HK4.1 cents (2008: HK3.7 cents). The Group's turnover and profit for the year were mainly the results of:

- delivery of office buildings in "Wu Dao Kou Financial Center", Shanghai
- delivery of villas in the premium residential project "Mandarin Palace", Shanghai
- delivery of residential properties in "Zendai Quantland", Shanghai
- delivery of residential properties in Haimen, Changchun and Jilin
- revaluation gains on investment properties

DIVIDEND

The Directors recommended a final dividend of 0.34 cent per Share for the year ended 31 December 2009 (2008: nil).

BUSINESS REVIEW

During the year under review, the global financial economy was bogged down by the financial crisis in the United States of America (the "US"). However, benefiting from the proactive fiscal policies (highlighted by the RMB4 trillion stimulus package) of the government of the People's Republic of China (the "PRC" or "China") and moderate monetary policies, the impact on China's property sector was greatly relieved. Signs of recovery emerged in the second quarter of 2009 with both the transaction volume and price of properties rising notably since the third quarter. As a result, the Group was able to roll out residential and commercial properties which had delivered satisfactory performance riding on the rising trend.

The strategic acquisition of the entire interest in Giant Hope Investments Limited ("Giant Hope") in July 2008 had provided the Group with several premium integrated property projects and land, including 100% interest in the Radisson Hotel Pudong, Shanghai, 90% interest in a plot of land in Qingpu District, Shanghai, additional retail shop and car parking space in Zendai Thumb Plaza in Shanghai and the increment of the Group's interest in Qingdao Shangshi International Plaza, Shandong Province to 45%. These efforts subsequently strengthened the Group's position as an integrated property developer, improved its overall competitiveness and provided it with a wider income stream, which was reflected in the Group's results in 2009. The Group has also adopted prudent strategies. In particular, the Group formed a joint venture with Shanghai Media & Entertainment Group ("SMEG") through its wholly-owned subsidiary Shanghai Zendai Real Estate Company Limited ("Shanghai Zendai Land") to acquire and develop two parcels of land in Nantong city, Jiangsu Province, the PRC. Acquisition and development carried out by the joint venture will boost the Group's new projects and land reserves while expanding its business coverage.

ADJUSTMENTS TO MANAGEMENT STRUCTURE

During the period under review, based on its own regional development focuses, projects and land reserve, as well as its business nature, the Group has set up four management centres, Shanghai region management centre, Northern region management centre, Southern region management centre and Hong Kong region management centre. The management structure has also changed to the present 3 levels from its original 2 levels, which the headquarters taking charge of each regional management centre which in turn takes charge of their respective project companies. The Group believes that this structural adjustment is beneficial to the development of projects, the management of projects and the execution of its development target and strategy.

COMMERCIAL PROPERTY PROJECTS

Shanghai

Wu Dao Kou Financial Centre

"Wu Dao Kou Financial Centre", a grade A commercial project of the Group in Pudong, Shanghai comprises a south tower and a north tower, with a total salable area of 83,265 square metres. The south tower, with a total floor area of 25,865 square metres, was acquired by Evergreen Group of Taiwan as its Asia Pacific headquarters and was delivered in 2008; while the north tower, which had a total floor area of 57,400 square metres together with its ancillary commercial space, which 31,784 square metres sold as of 31 December 2009, among which 31,470 square metres were delivered (with 14,343 square metres delivered during the period). The contract value, totaling RMB498,900,000 (equivalent to approximately HK$565,300,000) was recognised as turnover.

Zendai Cube Tower

"Zendai Cube Tower", another grade A office building of the Group, comprises office and commercial spaces with a total floor area of 33,149 square metres. As at 31 December 2009, a cumulative floor area of 30,704 square metres was sold, among which 30,475 square metres in total were delivered, and 1,949 square metres were delivered during the period. A contract value totaling RMB73,300,000 (equivalent to approximately HK$83,100,000) was recognised as turnover.

Zendai Thumb Plaza

After the acquisition of Giant Hope in 2008, the area of retail shops in "Zendai Thumb Plaza" owned by the Group increased to 47,382 square metres and 447 underground car parking spaces were secured. Zendai Thumb Plaza is a modern integrated commercial complex in a prime location near Century Park and the Lujiazui financial district. As at 31 December 2009, more than 90% of the commercial spaces in the plaza were leased. Rental income recognised during the period was RMB56,400,000 (equivalent to approximately HK$63,900,000).

Radisson Hotel Pudong

The acquisition of Giant Hope also added the five-star hotel Radisson Hotel Pudong in Zendai Thumb Plaza to the Group's portfolio. The 18-storey hotel has a gross floor area of 31,826 square metres and 361 guest rooms, a 4-storey ancillary building and one level of basement. It has been in operation since March 2006 and is managed under the "Radisson" brand by Carlson Companies. The average occupancy rate of the hotel was 62% in 2009. Total income of the hotel during the period was RMB95,500,000 (equivalent to approximately HK$108,200,000).

Zendai Yuanshen Financial Building

"Zendai Yuanshen Financial Building" of the Group, located in Pudong, Shanghai, has a total saleable area of approximately 47,400 square metres. It is comprised of a 17-storey office building with two additional floors of commercial spaces, two 18-storey serviced apartments with the first floor serving as commercial areas, and two floors underground serving for entertainment and leisure-related purposes and used as car park. "Zendai Yuanshen Financial Building" was completed at the end of 2009. The office building is being planned for sale.

Parcel of Land in Qingpu District

Through the acquisition of Giant Hope, the Group secured 90% interest in a parcel of land in the tourist site of Zhujiajiao Town, Qingpu District, Shanghai. Together with the 10% interest in the land it already owned, the Group has now secured the entire interest in this approximately 140,099-square-metre land. It is intended that the land will be developed as an integrated project comprising mid- to high-end service type apartments, retail shops, a hotel and club house. Construction of the project with an estimated gross floor area of approximately 121,000 square metres will commence in the second half of 2010.

Himalayas Center

"Himalayas Center" is an integrated commercial property project owned as to 45% by the Group. It is located on Fangdian Road, Pudong New Area, near the Shanghai New International Expo Center, Century Park, Metro Line 2's Long Yang Road Station and Shanghai Meglev Train Station. The project occupies an area of 28,893 square metres with a total gross floor area of approximately 164,500 square metres. It is intended to be developed into a high-end complex with a hotel, a shopping centre, an office building, a theater and an art centre. Construction is expected to be completed in phases between September 2010 and late 2011. The hotel section (with a total gross floor area of approximately 75,088 square metres) will have 388 guest rooms. It will commence operation in September 2010 to accommodate visitors for the World Expo in Shanghai which starts in May 2010.

Other Cities

Qingdao "Zendai Thumb Plaza"

When the Group's acquisition of Giant Hope was completed in July 2008, a wholly-owned subsidiary of Giant Hope was in the process of applying for transfer of the land use rights of another site in Lao Shan District, Qingdao City, Shandong Province, the PRC. The relevant transfer was completed in February 2009. The approximately 40,000-square-metre site is located northwest to the junction of Haier Road and Tongan Road, and is intended to be developed into an integrated project named Qingdao "Zendai Thumb Plaza". The project will comprise retail shops, a hotel, serviced apartments and a conference centre with a gross floor area of approximately 181,700 square metres. The project commenced in November 2009 and is expected to be completed in the first half of 2012.

A Parcel of Land in Lao Shan District, Qingdao City

The Giant Hope acquisition brought to the Group 25% interest in another parcel of land in Lao Shan District of Qingdao City, Shandong Province. Together with the 20% interest in the land it already owned, the Group now has an aggregate of 45% interest. This approximately 43,613-square-metre site in south-western Lao Shan District of Qingdao City is bounded by Hongkong Road to its south and Songling Road to its west. The site is intended for development of an integrated project named "Qingdao Shangshi International Plaza" which comprises apartments, service type apartments and an underground car park. The project with total gross floor area of approximately 143,000 square metres will be constructed in phases. Phase I consists of five 28- to 30-storey high-end residential buildings, with a gross floor area of approximately 84,310 square metres. It is expected to be completed and delivered in the first quarter of 2010. The pre-sale of the residential units started in late May of 2009 and 56,977 square metres had been sold as of 31 December 2009, generating RMB1,490,500,000 (approximately HK$1,688,800,000) in terms of total contract value. Other parts of the project are still under planning stage.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City. The project has a total saleable area of approximately 81,200 square metres, including a cultural sightseeing area and a commercial district. It will be developed in two phases. Phase I will have 12 blocks and 243 units, which will be reserved for leasing, with a gross area of approximately 20,089 square metres. Construction of phase I was completed in the third quarter of 2009. As at 31 December 2009, the contracted leased area was 11,221 square metres. Trial operation commenced in January 2010 while planning of phase II is underway.

Haikou Project

The Group owns a project under development with a gross floor area of approximately 73,000 square metres and a parcel of land of approximately 7,745 square meters in Haikou City, Hainan Province. The project under development named "Hainan Zendai Wu Dao Kou Financial Centre" will have a total saleable office space of approximately 55,214 square metres. Construction of the project began in the first quarter of 2009. By now, main structures have been topped out and the wall construction is in progress. Pre-sale is scheduled to start in the second quarter of 2010 with delivery expected to take place in the first quarter of 2011. Another parcel of land of approximately 7,745 square metres is intended for sale.

A Parcel of Land in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan which has a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layout and concrete design are currently on the drawing board.

"Zhongke Langfang Technology Valley" in Langfang City

The Group and Shan Shan Investment Holdings Co., Limited ("Shan Shan Investment") are jointly developing the "Zhongke Langfang Technology Valley" in Langfang City, Hebei Province. The project has a total site area of approximately 3,100,000 square metres, around 30% of which will be used for development of commercial properties. The project aspires to become a technology research and development centre resembling the Silicon Valley in the US. Construction of infrastructure is already underway. The strategic cooperation will allow the Group to gain a foothold and seize further business opportunities in the Bohai Rim.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, one of which is designated for commercial use, with a total site area of approximately 45,718 square metres. The other, with a total site area of approximately 103,750 square metres, is intended to be developed into a residential project. Development planning for the two sites is underway.

Land Parcels in Nantong City, Jiangsu

The Group has formed a joint venture with SMEG through its wholly-owned subsidiary Shanghai Zendai Land to acquire and develop two parcels of land in Nantong City, Jiangsu Province, the PRC in December 2009. The total site area of the land parcels is 281,912 square metres. Shanghai Zendai Land will assume a leading role in the management of the project. The joint venture will have a registered capital of RMB100,000,000 and will be owned in equal share by Shanghai Zendai Land and SMEG (or their respective subsidiaries).

The two parcels of land are located in the southern part of Chongchuan District in Nantong City, Jiangsu Province and is adjacent to the east side of Langshan Scenic Region, one of the major tourist sites in Jiangsu Province, and is within close proximity to the major commercial and government administration districts of Nantong City. A number of high-end entertainment facilities and a golf course have been installed in this area. This part of Chongchuan District is expected to be developed into a prestigious commercial area and residential community in Nantong City. Land parcel one, with a total gross floor area of approximately 128,567 square metres, will be developed into a large scale commercial project using Shanghai Zendai Thumb Plaza as a model. Land parcel two, with total gross floor area of approximately 75,000 square metres, is intended to be developed into a high end residential project. Planning for the design of the two land parcels is in progress.

RESIDENTIAL PROJECTS

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, is comprised of 54 villas with a total saleable area of approximately 39,696 square metres. As at 31 December 2009, a cumulative 45 villas with total saleable area of 32,355 square metres had been sold, generating RMB1,533,800,000 (equivalent to approximately HK$1,737,800,000) of total contract value for the Group. During the period, seven villas with total saleable area of 4,891 square metres were sold, with a total contract value of RMB370,900,000. Six villas with area of 4,340 square metres had been delivered and total contract value of RMB310,900,000 (equivalent to approximately HK$352,300,000) had been recorded in the period.

Zendai Yuanshen Financial Building – Zendai Quantland

"Zendai Yuanshen Financial Building" is located in Pudong, Shanghai. It has a total saleable area of approximately 47,400 square metres, which is planned to be developed into an office building of 17 floors with two levels of commercial spaces and two 18-storey serviced apartment blocks with the ground floor as commercial spaces. In addition, there will be two levels of underground space for entertainment and leisure-related uses and car parking space. The "Zendai Quantland" residential units in Zendai Yuanshen Financial Building have a total saleable area of approximately 22,100 square metres. Construction of the ancillary commercial spaces was completed at the end of 2009 and the pre-sale commenced in January 2009. Approximately 19,623 square metres were sold for a total contract value of RMB542,600,000 (equivalent to approximately HK$614,800,000). During the period, 13,650 square metres were delivered and a total contract value of RMB369,200,000 (equivalent to approximately HK$418,300,000) was recognised as turnover.

Other Cities

"Valley International" in Jilin

Occupying a 191,100-square-metre site, the total saleable area of the residential project "Valley International" is approximately 202,000 square metres. The project will be developed in four phases.

"楓林別墅", the first phase of the project, comprises 118 town houses and 11 villas with saleable area of 39,252 square metres. As at 31 December 2009, a cumulative 116 town houses and seven villas with total saleable area of 36,464 square metres were sold, generating RMB153,200,000 (equivalent to approximately HK$173,600,000) of total contract value. All of these were delivered, among which 1,760 square metres carrying a total contract value of RMB13,300,000 (equivalent to approximately HK$15,100,000) was recognised as turnover during the period.

The second phase of the project will comprise four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities in aggregate, with saleable area of approximately 83,348 square metres (79,543 square metres of which will be for residential use and 3,805 square metres will be for commercial use). Construction of the 11 buildings will take place and be delivered in three batches as scheduled:

Construction of the first batch, comprising four low-rise blocks with 209 residential units and ancillary commercial units of saleable area 22,987 square metres was completed in late 2008 and will be delivered in the second half of 2010. Sale of the units commenced in November 2007 and as at 31 December 2009, a cumulative 197 residential units with a total saleable area of 21,447 square metres had been sold, generating RMB76,263,000 (equivalent to approximately HK$86,400,000) in contract value. During the period under review, a total of 145 units with total saleable area of approximately 16,371 square metres were sold, generating RMB56,800,000 (equivalent to approximately HK$64,400,000) of total contract value;

Construction of the second batch, comprising five high-rise blocks and providing 250 residential units with saleable area of 42,258 square metres, commenced in the third quarter of last year. It is expected to be completed and delivered in late 2010. Pre-sale started in October 2009. As at 31 December 2009, 18 units with a total saleable area of 2,610 square metres had been sold, generating RMB12,100,000 (equivalent to approximately HK$13,700,000) in contract value; and

The third batch will comprise two high-rise blocks with 44 residential units of saleable area of approximately 14,298 square metres. Construction has commenced in the second quarter of 2009. Pre-sale of the units will commence in the second quarter of 2010 and the units will be delivered in the fourth quarter of 2010.

The third phase of the project will provide 117 villas and town houses with saleable area of approximately 44,500 square metres. Construction has started in May 2008 and it is expected to be completed in the second quarter of 2010. Pre-sale has begun in October 2008. As at 31 December 2009, 81 units with total saleable area of 30,436 square metres were sold, generating a total contract value of RMB164,300,000 (equivalent to approximately HK$186,500,000) for the Group. During the period under review, saleable area of approximately 23,845 square metres was sold, generating RMB128,800,000 (equivalent to approximately HK$145,900,000) of contract value.

Specific planning is still under progress for phase four of the project. It will offer villas with saleable area of approximately 34,920 square metres.

"Zendai Ideal City" in Changchun

Located in Changchun, "Zendai Ideal City" will be comprised of residential properties and ancillary commercial spaces on a 308,800-square-metre site, with total saleable area of 413,000 square metres. The project is being constructed in five phases. The first phase will have a total saleable area of approximately 111,500 square metres on an approximately 77,300-square-metre site, comprising 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,210 units and related ancillary commercial facilities. Construction was completed in October 2009. As at 31 December 2009, 1,175 residential units with total saleable area of 102,983 square metres in the first phase were sold, generating a total contract value of RMB348,300,000 (equivalent to approximately HK$394,600,000). During the period under review, the Group delivered 378 residential units with area of 28,458 square metres and contract value of RMB95,800,000 (equivalent to approximately HK$108,500,000) was recognised as turnover.

The second phase of the project will be developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 115,200 square metres. Pre-sale of the multi-storey residential buildings and six 9 to 11-storey high-rise residential buildings of 91,745 square metres has commenced in the first quarter of 2009. An area of approximately 54,740 square metres was sold during the period, bringing a total contract value of RMB202,400,000 (equivalent to approximately HK$229,300,000). The units will be delivered in August 2010. Presale of units in another four 15-storey high-rise residential buildings has commenced in the first quarter of 2010 and units will be delivered in the fourth quarter of 2010. Other developments are still under planning stage.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres.

The first parcel has an area of 577,336 square metres and will be developed into two parts. "Zendai-Dong Zhou Mansion", the first part of the parcel, is being developed in three phases with Phase I offering 52 villas with saleable area of approximately 17,457 square metres. As at 31 December 2009, a cumulative 43 units with a total saleable area of 14,666 square metres were sold, generating RMB69,400,000 (equivalent to approximately HK$78,600,000) of contract value. Two blocks with area of 763 square metres were sold during the period, generating a total contractual value of RMB4,880,000 (equivalent to approximately HK$5,530,000). During the period under review, the Group delivered two units with area of 763 square metres and recognised from them a total contract sum of RMB4,880,000 (equivalent to approximately HK$5,530,000). Phases II and III of the "Zendai-Dong Zhou Mansion" are still in planning stage. "Multiflora Garden", on the second part of the parcel of land, will be developed in two phases into an integrated residential area comprising low-density town houses. Phase I offered 212 units with saleable area of approximately 57,500 square metres. As at 31 December 2009, a cumulative 160 units with a total saleable area of 41,933 square metres were sold, generating a total contract value of RMB189,400,000 (equivalent to approximately HK$214,600,000). During the period under review, the Group delivered 65 units of 16,592 square metres and recognised their contract sum of RMB76,100,000 (equivalent to approximately HK$86,200,000) as turnover.

The second parcel with an area of approximately 811,536 square metres will be developed into residential properties in phases. The construction of the first phase, "清華園生態花園洋房", with area of approximately 43,551 square metres and saleable area of approximately 65,400 square metres, has commenced and pre-sale of units will start in the first quarter of 2010. Other parts of development are under planning.

Huzhou in Zhejiang Province

The Group owns a parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province. The project with a total gross floor area of approximately 119,000 square metres will be developed into a project with residential properties and ancillary commercial spaces. Specific planning of the project is underway.

PROSPECTS

The central government of the PRC (the "Central Government") has initiated adjustments to the policies on macro-economy in late 2009 to rein the easy credit so as to prevent formation of a potential bubble in the property market. Policies were launched to suppress property speculation and land hoarding by developers, which is expected to calm down the soaring property market in the PRC. Uncertainties in foreign markets may cause short term instability in the property market. However, the prosperous economy and rising living standards in the PRC, on top of a speedy urbanisation continue to power a huge demand for properties. These positive factors, together with a close monitor and flexibility in adjusting economic control measures by the Central Government to avoid fluctuation in the property market, provide us with the confidence that the PRC property market will maintain its healthy development as a whole in 2010. The 2010 World Expo is to be held in Shanghai and the Central Government determines to continue boosting the development of value-added services and manufacturing sectors in Shanghai, transforming the city into an international financial hub and maritime logistics centre. These developments are all favorable factors for Shanghai's long-term economic development and bring a bright prospect to its real estate market.

In February 2010, the Group succeeded in its bid for the land parcel of 外灘國際金融中心(8-1) (the "Land Parcel") in Shanghai. On 14 March, 2010, the Group signed the definitive land grant contract. This acquisition is a milestone in the history of the Group's development. The Land Parcel is located at the Bund in the dynamic Huangpu District and is located between Yu Garden and the Shiliupu EXPO Pier, the prestigious central financial and commercial area within Shanghai. The Land Parcel offers a panoramic view from the bank of the Huangpu River, the Shanghai World Financial Center and Jin Mao Tower in Pudong district. It is designated for integrated office, commercial, financial and cultural use. The Land Parcel has a total site area of 45,471.9 square metres with the total gross floor area in the planned above-ground spaces covering approximately 270,000 square metres and an additional 100,000 square metres of underground spaces. Upon completion of the development, the total gross floor area of office and commercial units above-ground spaces is expected to be greater than 70% and 15% of the developed area respectively. With highly promising development potential, the Land Parcel will not only boost the Group's land reserve in Shanghai, but consolidate its leading position as a major integrated real estate developer. It will also enhance the Group's profitability. Based on its successful track record in developing large-scale office and commercial complex, the Group is confident of launching a landmark project in Shanghai on the Land Parcel.

The Group has set a 10-year development strategy. In the first five years, it will focus on the brand development of the "Zendai Thumb Plaza" residential and commercial complex, the "Mandarin Palace" premium residential project and the "Himalayas Center" integrated commercial property series. The Group will replicate the successful experience thereby gained in similar projects in second and third-tier cities as well as coastal areas, while boosting its brand recognition and business scale through focusing on providing quality products. In the next five years, the Group will focus on enhancing its real estate business and expanding into property-related finance activities, with an aim to become a leading property developer in the PRC.

In addition, the Group will strive to quickly adapt to trends within the dynamic property market, and accelerate project development and sales for faster return on capital and investment while initiating and facilitating the development of new projects. While adhering to an aggressive yet prudent development strategy leveraging its strengths and advantages on its brand name, it will continue to explore potential investment opportunities in districts with promising prospects for development potential, and thus generate better returns for shareholders.

REVIEW OF OPERATIONS

The results of the Group for the year under review was satisfactory. The turnover and profit for the period were mainly attributable to sales and delivery of office units of Wu Dao Kou Financial Centre, villas of Mandarin Palace, residential units in Zendai Quantland, Zendai Ideal City and revaluation surplus of investment properties. During the year under review, the Group continued to offer both residential and commercial properties for sale. For commercial projects, they were office premises in Zendai Cube Tower and Wu Dao Kou Financial Centre. In respect of residential projects, they were villas in Mandarin Palace, apartments in Zendai Quantland, villas and detached houses in Haimen, villas and apartments in Jilin and apartments in Changchun.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

As at 31 December 2009 the Group had a healthy financial position with net assets increased from approximately HK$3,300 million in 2008 to approximately HK$3,784 million. Net current assets amounted to approximately HK$3,373 million (2008: approximately HK$2,850 million) with current ratio of approximately 2.13 times (2008: 2.12 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2009, the Group had consolidated bank loans of approximately HK$1,391 million in which HK$282 million was repayable within one year and HK$1,109 million was repayable more than one year. As at 31 December 2009, the Group's bank balances and cash were approximately HK$600 million. The gearing ratio of the Group increased from 0.69 times in 2008 to 0.70 times in 2009 (basis: total of amounts due to related companies, bank loans, notes payable and convertible notes divided by Shareholders' funds).

SEGMENT INFORMATION

Sales of properties

The turnover of this segment for the year amounted to HK$1,881,965,000 (2008: HK$1,802,650,000) and remained stable.

Travel and related business

The turnover of this segment for the year reached approximately HK$8,874,000 (2008: HK$11,832,000).

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$163,102,000 (2008: HK$94,681,000). The increase was due to the fact that income from the investment properties, management and agency services companies acquired in July 2008 was fully booked in 2009.

Hotel operations

The turnover of this segment for the year was HK$108,151,000 (2008: 59,440,000). The increase was due to the fact that income from Radisson Hotel acquired in 2008 was fully booked in 2009.

FOREIGN CURRENCY EXPOSURES

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES

As at 31 December 2009, the Group employed approximately 1,110 employees (2008: 1,150 employees) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

MAJOR ACQUISITION

In December 2009, the Group cooperated with Shanghai Media & Entertainment Group ("SMEG") to form a joint venture company to acquire and develop two parcels of land in Nantong city, Jiangsu Province in the PRC. The two parcels of land have a total site area of 281,912 square metres and the cost is RMB532,812,508.20.

CHARGE ON ASSETS

As at 31 December 2009, the Group's hotel buildings, investment properties and properties for development and sales of approximately HK$348 million, HK$1,333 million and HK$1,323 million respectively had been pledged to banks to secure bank loans granted to the Group.

ENVIRONMENTAL PROTECTION AND DEVELOPMENT OF A LOW CARBON ECONOMY

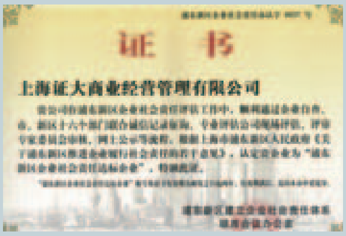
Amidst the global climate changes, the development of a low-carbon economy becomes a major issue of every government. In the course of development and operation, the Group adheres to its policy of environmental protection, taking resources and environmental protection and sustainable development as its responsibility to the society that cannot be shirked, and fulfills such responsibility. The Group also calls for jointly building environmental protection facilities through charitable activities to purify the environment and protect the community and the interests of other citizens.

To welcome the 2010 Shanghai World Expo which highlights the theme of a green World Expo, Mr. Dai Zhikang (an executive Director), as Chairman of East China Segment of the Society of Entrepreneurs & Ecology (SEE), discussed the topics including "the trend of the global green construction industry", "sustainable design and construction" and "green communities" and shared the topic of the opportunities and challenges of the green construction markets around the world with all executive directors of SEE in the gathering of the East China Executive Directors of SEE held in Shanghai in August 2009. He hoped more entrepreneurs to join the SEE to commit to charitable activities and environmental protection activities.

Mr. Dai Zhikang appealed more people to join the group for environmental protection and green ecology protection when he was making the speech in the gathering of the East China Executive Directors of SEE.

ENVIRONMENTAL PROTECTION AND DEVELOPMENT OF A LOW CARBON ECONOMY *(Continued)*

上海証大商業經營管理公司, a wholly-owned subsidiary of the Company, passed the evaluation and assessment of up to 65 indicators and was awarded a certificate of the "Corporate Social Responsibility Standard Enterprise in Pudong New Area" in March 2009.



The Dujiangyan Youai School ("都江堰友愛學校"), the first domestic nine-year compulsory education school featured with barrier-free facilities and disability and health integration, which was built with the donation support from the Group, held the opening ceremony on 1 September 2009.

PARTICIPATION IN CHARITABLE ACTIVITIES

The Group, on the basis of its own development, always focuses on the education in the poor and laggard areas. We help local residents to develop education and addresses problems which are unable to be settled by local government due to funding difficulties, through charity activities. Meanwhile, supporting employment and encouraging university students to set career objectives and thereby creating more positive values is another social responsibility of the Group to fulfill. Through this way, it demonstrates the value philosophy of Zendai to the young generation in a more intensive manner.

The Group founded Haimen Zendai Secondary School ("海門市証大中學"), a high-level international secondary school, through the powerful collaboration with Haimen Middle School ("海門中學"), a century-old prestigious middle school in Jiangsu Province. This move could not only further magnify the effect of prestigious schools and meet the growing and urgent demand of the people for quality education resources, but also help the government to resolve the tasks of compulsory education of the minor in the new city zone of Haimen and to address the schooling issues of the children of the residents in the new city zone to meet their desire on elite schools and improve the education quality and accelerate the economic and social development of Haimen.

The campus of Haimen Zendai Secondary School, invested by the Group, was officially opened on 1 September 2009.

PARTICIPATION IN CHARITABLE ACTIVITIES *(Continued)*

In July 2009, the Group offered internship program for in-school doctor students, master students and bachelor students from Renmin University of China, Tsinghua University, Fudan University, Tongji University and some other universities, providing excellent university students with a favorable environment to approach the society, know enterprises, and discover themselves.

Dai Zhikang, the Executive Director, presided the opening ceremony for the first session of Zendai Intership Program oriented toward excellent Students.

STAFF GROWTH AND TEAM ACTIVITIES

The Group always concerns about staff's development, physical and mental health, and encourages them to grow with the Company. In particular, besides providing our staff with a series of training programs and individual development classes, the Group also organized team activities to improve their cooperative and interactive skills as well as their physical fitness.

In June 2009, our Shanghai Headquarter organized a team building activity under the theme of "Shape Our Motivation, Show Our Excellence (磨意志 展風采)" in the beautiful Dongshan in Suzhou.

A. EXECUTIVE DIRECTORS

Mr. Ma Chengliang ("Mr. Ma"), aged 52, was appointed as an executive Director and chairman of the Company in April 2009. He is also chairman of Shanghai Zendai Land, a subsidiary of the Company. Mr. Ma graduated from Shanghai Normal University in 1980 and obtained his master's degree in economics and doctorate degree in business administration from Fudan University in 1993 and 2004 respectively. He also received his master's degree in business administration from the School of Management, University of Arizona, the US in 2006. Prior to joining the Company, Mr. Ma served and held several executive positions and directorships in Shanghai Industrial Investment (Holdings) Co. Limited (上海實業（集團）有限公司) and its subsidiaries for more than ten years.

Mr. Wang Fujie ("Mr. Wang"), aged 55, was appointed as an executive Director and vice chairman of the Company in February 2010. Mr. Wang graduated from the economics and management school of Tianjin University with a master of business administration degree. Having worked for various governmental bodies, departments and local governments of the PRC for over 30 years in the past, Mr. Wang is experienced in management and administration. He once served as deputy director of Hainan Branch, Xinhua News Agency, director of Hebei Branch, Xinhua News Agency, director general of Culture Office of Hebei Province, mayor of Langfang Municipal People's Government, Hebei Province, deputy director of General Office of the Ministry of Agriculture and spokesman of the Ministry of Agriculture of the State. He was also a representative of the ninth session of the National People's Congress of the PRC from 1998 to 2002.

Mr. Dai Zhikang ("Mr. Dai"), aged 45, who joined the Group in March 2002, is an executive Director. He is also the founder and chairman of Shanghai Zendai Investment Group (上海証大投資集團) ("Zendai Group"). He graduated from Renmin University of China with a bachelor's degree in economics (finance). He is also a postgraduate of the Graduate School of the People's Bank of China. He founded Zendai Group in 1994, and subsequently restructured the group and became its founder and chairman in 1998. Mr. Dai is a director of Giant Glory Assets Limited, which was interested in 1,948,170,000 Shares as at 31 December 2009, representing approximately 18.72% of the issued share capital of the Company as at 31 December 2009. Giant Glory Assets Limited was also interested in 85% of the issued share capital of Jointex Investment Holdings Limited, a substantial Shareholder which was interested in approximately 28.17% of the issued share capital of the Company as at 31 December 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Zhu Nansong ("Mr. Zhu"), aged 43, was an executive Director from May 2003 to October 2005. Mr. Zhu was re-appointed as an executive Director in January 2009. Mr. Zhu graduated from Renmin University of China and Graduate School of the People's Bank of China. Mr. Zhu also obtained a doctorate degree in philosophy from Fudan University. Mr. Zhu was interested in 50,000,000 Shares as at 31 December 2009, representing approximately 0.48% of the issued share capital of the Company. He was also interested in 15% of the issued share capital of Jointex Investment Holdings Limited, a substantial Shareholder interested in approximately 28.17% of the issued share capital of the Company as at as at 31 December 2009.

Mr. Fang Bin ("Mr. Fang"), aged 36, who joined the board of Directors (the "Board") in October 2005, is an executive Director and chief executive officer of the Company and is currently a director and president of Shanghai Zendai Land, a subsidiary of the Company. Mr. Fang also serves as a director of Shanghai Zendai Delta Land Company Limited (上海証大三角洲置業有限公司), Shanghai Tianhai Company Limited (上海天海有限責任公司), Shanghai Zendai Thumb Real Estate Company Limited (上海証大大拇指置業有限公司), Shanghai Hengjin Real Estate Development Company Limited (上海恒錦房地產發展有限公司), Shanghai Zendai Travel and Commercial Investment Company Limited (上海証大商業旅遊投資發展有限公司) and Changchun Zendai Real Estate Company Limited (長春証大置業有限公司), all being wholly-owned subsidiaries of the Company. Mr. Fang obtained a master's degree of engineering in urban planning from Tong Ji University, the PRC, in 1997. Mr. Fang has over nine years of experience in the real estate industry in the PRC.

Mr. Tang Jian ("Mr. Tang"), aged 33, who joined the Board in May 2003 and is an executive Director and was appointed as the authorised representative of the Company in June 2003. Mr. Tang obtained a bachelor's degree from Shanghai University of Finance and Economics specialising in finance and once worked for the Bank of Shanghai. Mr. Tang is responsible for the business management and corporate governance of the Group and has more than nine years of experience in this field. Mr. Tang is a director of Giant Glory Assets Limited, which was interested in 1,948,170,000 Shares, representing approximately 18.72% of the issued share capital of the Company as at 31 December 2009.

Ms. Zhou Yan ("Ms. Zhou"), aged 42, was appointed as an executive Director in January 2009 and is also director of Shanghai Zendai Land, Shanghai Zendai Delta Land Company Limited (上海証大三角洲置業有限公司), Shanghai Tianhai Company Limited (上海天海有限責任公司), Shanghai Zendai Wu Dou Kuo Property Development Company Limited (上海証大五道口房地產開發有限公司), Shanghai Zendai Commercial Operation Management Co., Ltd (上海証大商業經營管理有限公司) and Shanghai Zendai Travel and Commercial Investment Company Limited (上海証大商業旅遊投資發展有限公司), all being wholly-owned subsidiaries of the Company. Ms. Zhou received a bachelor's degree in arts from the School of Literature of Shanghai University (a branch of the Fudan University), and a master's degree in business studies from Massey University of New Zealand in 2000. Ms. Zhou has more than 7 years of sales experience in various property development companies in the PRC.

Mr. Wu Yang ("Mr. Wu"), aged 44, was appointed as an executive Director in January 2009 and is also director of Qingdao Zendai Commercial Investment Co., Ltd (青島証大商業旅遊投資發展有限公司), Jilin City Zendai Hua Cheng Real Estate Development Co., Ltd. (吉林市証大華城房地產開發有限公司), Changchun Zendai Real Estate Company Limited (長春証大置業有限公司), and Ordos City Zendai Property Development Limited (鄂爾多斯市証大房地產開發有限公司), all being wholly-owned subsidiaries of the Company. In addition, Mr. Wu is also director of Shanghai Zendai Land, a wholly-owned subsidiary of the Company. Mr. Wu received a bachelor's degree in construction from Shengyang Radio and Television University in 1987, and holds a master's degree in industrial economics from Capital University of Economics and Business. Mr. Wu has over 13 years of experience in the property development business.

B. NON-EXECUTIVE DIRECTORS

Mr. Zhang Hua ("Mr. Zhang"), aged 45, was appointed as a non-executive Director in February 2010. He is also president and an executive director of Shanghai Forte Land Ltd. ("Forte Land"). Forte Land is the holding company of China Alliance Properties Limited, which in turn was interested in approximately 8.47% of the issued share capital of the Company as at 31 December 2009. Mr. Zhang obtained a bachelor's degree in management from Tong Ji University in July 2003, and was qualified as a national registered property valuer and an engineer in May 1998 and July 1992 respectively.

Mr. Wang Zhe ("Mr. Wang"), aged 39, was appointed as an executive Director in January 2009 and was redesignated as a non-executive Director in February 2010. He is also an executive director and vice president of Forte Land. Mr. Wang received a bachelor's degree in world economics from Fudan University in 1992, and a master's degree in international finance from the international economics faculty of Fudan University in 1999. Mr. Wang was titled as an economist in 1997.

Mr. Liu Zhiwei ("Mr. Liu"), aged 42, is appointed as a non-executive Director in February 2010. Mr. Liu is an entrepreneur and is currently chairman of Shenzhen Chunda Investment Co. Ltd. (深圳市淳大投資有限公司) and vice chairman of Xi'an International Trust Co., Ltd. (西安國際信託有限公司). Mr. Liu obtained a bachelor's degree in industrial management engineering from Zhe Jiang University in 1989. He continued to study in the Graduate School of the People's Bank of China between 1989 and 1992 and received a master's degree in international finance. In 2007, he obtained a doctorate degree in law from Hunan University. Mr. Liu has over 15 years of experience in finance, securities investment and the capital markets. He once served as general manager and chairman of Xin Jiang Hui-tong (Group) Co., Ltd. (新疆滙通（集團）股份有限公司), general manager of the merger and acquisition department of Guosen Securities Co., Ltd. and general manager of the investment banking department of Great Wall Securities Co., Ltd. His wholly-owned company Grand Link Finance Limited was interested in 400,000,000 Shares, representing 3.24% of the issued share capital of the Company.

C. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Mun Lam, Raymond ("Mr. Lo"), aged 57, who joined the Board in 2002, is the principal of an investment and corporate finance firm with offices in London and Hong Kong. As a chartered accountant of London, he was licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for engaging in the Type 6 (advising on corporate finance) activity. He has extensive expertise and experience in international corporate finance, merger & acquisition, cross-border direct investment and hedge fund investment, focusing on lifestyle, real estate and hospitality sectors. He held directorship and strategist positions with multinational financial and international emerging companies. In addition to serving the Company, he currently serves as non-executive chairman of Luk Fook Holdings Limited (stock code: 0590), and as non-executive director of Asian Capital Resources (Holdings) Limited (stock code: 8025), the issued shares of both companies are listed on the Stock Exchange and the Growth Enterprise Market of the Stock Exchange respectively. He graduated from University of Wisconsin-Madison and held post-graduate degrees and professional qualifications in accounting, law, finance, real estate and hospitality sectors, focusing on research of corporate finance.

Mr. Lai Chik Fan, Raymond ("Mr. Lai"), aged 61, who joined the Board in 2004, was born in China and was educated in Hong Kong and the US. As an investment banker with over 30 years of experience in the industry, he is known for his knowledge, integrity and vast experience in the areas of investment banking and international equity sales and distribution. Mr. Lai is currently a managing director of AR Evans Capital Limited. In the past, he once worked for a number of investment banks, including Koffman Financial Holdings Limited, Paine Webber Hong Kong Limited, Merrill Lynch Asia Ltd, Smith Barney (Hong Kong) Ltd, and Chin Tung Securities Ltd. Mr. Lai serves as a director for a number of listed companies in Hong Kong. He was a non-executive director of China Medical and Bio Science Ltd (listed on the Growth Enterprise Market of the Stock Exchange) but resigned in July 2007. On 10 August 2007, he was appointed as an executive director of China Golden Development Holdings Ltd. (listed on the Main Board), and subsequently resigned in October 2008.

Dr. Tse Hiu Tung, Sheldon ("Dr. Tse"), aged 45, who joined the Board in October 2005, is a partner at a law firm in Hong Kong providing corporate and commercial legal services and has over 16 years of experience in corporate finance, mergers and acquisitions, private equity, joint ventures and compliance matters of the business in the PRC. Dr. Tse was authorised to practise law in Hong Kong, England and Wales and the PRC. He graduated with a bachelor's degree in laws from Zhongshan University in Guangzhou in 1986. Dr. Tse obtained a master's degree in laws and a doctorate degree in philosophy from the University of London, the United Kingdom in 1989 and 1993 respectively. He was appointed as a member of the arbitrators' panel of the Guangzhou Arbitration Commission and a China-appointed attesting officer, and is also a member of the Hong Kong Securities Institute.

D. COMPANY SECRETARY

Mr. Tso Shiu Kei, Vincent ("Mr. Tso"), aged 43, is a solicitor practising in Hong Kong and a partner of K&L Gates. He has extensive experience in corporate finance, corporate supervision and China practice in Hong Kong. Mr. Tso obtained a bachelor's degree in laws and a bachelor's degree in commerce from the University of Queensland, Australia. He was qualified as a solicitor in Australia in 1992 and was then admitted as a solicitor of the Supreme Court of Hong Kong in 1994.

The directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are principally engaging in property development business, property investments, management and agency services, hotel operations and provision of travel related services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on pages 52 to 53. The Directors recommend the payment of a final dividend of HK0.34 cent per share, totalling HK42,472,482 in respect of the year ended 31 December 2009.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 160.

SHARE CAPITAL

Details of movement in the share capital on the Company are set out in note 43(a) to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year 2009 are set out in the consolidated statement of changes in equity and note 44 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year 2009 are set out in note 17 to the financial statements.

PROPERTIES UNDER DEVELOPMENT AND FOR SALES

Details of properties under development and for sales of the Group for the year are set out pages 15 to 23 of the annual report.

DIRECTORS

The Directors during the year 2009 and up to the date of this report were as follows:

Executive Directors

Mr. Ma Chengliang (Chairman) (appointed on 28 April 2009)
Mr. Wang Fujie (appointed on 5 February 2010)
Mr. Dai Zhikang
Mr. Zhu Nansong (appointed on 21 January 2009)
Mr. Fang Bin
Mr. Tang Jian
Ms. Zhou Yan (appointed on 21 January 2009)
Mr. Wu Yang (appointed on 21 January 2009)
Mr. Zhang Wei (resigned on 21 January 2009)
Mr. Lu Puling (resigned on 21 January 2009)
Mr. Wang Xiangang (resigned on 21 January 2009)
Mr. Ye Wenbin (resigned on 21 January 2009)

Non-executive Directors

Mr. Wang Zhe (appointed as executive Director on 21 January 2009 but re-designated as non-executive Director on 5 February 2010)
Mr. Zhang Hua (appointed on 5 February 2010)
Mr. Liu Zhiwei (appointed on 5 February 2010)

Independent non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Dr. Tse Hiu Tung, Sheldon

According to bye-laws of the Company, Mr. Zhu Nansong, Mr. Wu Yang, Mr. Wang Fujie, Mr. Zhang Hua, Mr. Liu Zhiwei, Mr. Lai Chik Fan and Mr. Tse Hiu Tung, Sheldon shall retire from office by rotation and then be eligible for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

As at 31 December 2009, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, are set out below:

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Ma Chengliang	100,000,000 (L)	Beneficial owner	0.96%
Mr. Dai Zhikang	6,334,070,000 (L)	Interests of controlled corporations *(Note)*	60.85%
Mr. Zhu Nansong	50,000,000 (L)	Beneficial owner	0.48%
Mr. Fang Bin	55,000,000 (L)	Beneficial owner	0.53%
Mr. Tang Jian	15,000,000 (L)	Beneficial owner	0.14%
Mr. Wu Yang	30,000,000 (L)	Beneficial owner	0.29%
Ms. Zhou Yan	10,000,000 (L)	Beneficial owner	0.01%

(L) *denotes long position*

Note: Mr. Dai was deemed to be interested in an aggregate of 6,334,070,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Dorsing Star Limited and Shanghai Zendai Investment Development (Hong Kong) Company Limited, respectively, as follows:

(a) 1,948,170,000 Shares were held by Giant Glory Assets Limited in which is wholly-owned by Mr. Dai;

(b) 2,932,000,000 Shares were held by Jointex Investment Holdings Limited in which is owned as to 85% by Giant Glory Assets Limited;

(c) 1,000,000,000 Shares were held by Dorsing Star Limited which is wholly owned by Master Faith Group Limited. All shares of Master Faith Group Limited are held by DBS Trustee H.K. (Jersey) Limited in its capacity as trustee of the DLD Trust, the beneficiaries of which include Liu Qiong Yu and Dai Mo Cao, both are family members of Mr. Dai. Mr. Dai is the settlor of the DLD Trust and therefore is deemed to be interested in the 1,000,000,000 Shares held by Dorsing Star Limited.

(d) 453,900,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is owned as to 60% by Mr. Dai.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO on or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2009.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

No Director retiring and eligible for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS', SUPERVISORS AND SENIOR EXECUTIVES' EMOLUMENTS

Details of the Directors', supervisors' and senior management's emoluments are set out in notes 11 and 50(f) to the financial statements. The Group's general policy on remuneration is to maintain fair and competitive packages based on industry practice and market conditions. The following factors are considered when determining the remuneration packages of executive Directors:

- Business needs;
- The Group's results and performance;
- Appraisal of individual contributions to results of the Group;
- Changes in market conditions such as demand and supply.

Furthermore, the Company has adopted a share option scheme as a long term incentive scheme to all eligible staff of the Group.

SHARE OPTIONS

Details of the share option scheme adopted by the Company are set out in note 43(d) to the financial statements. On 12 November 2009, the Company granted share options to subscribe for up to a total of 158,000,000 ordinary shares of HK$0.02 each to certain individuals.

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

	Number of Options					
	Outstanding at beginning of year	Granted during year	Exercised during year	Cancelled during year	Outstanding at end of year	Exercisable period
Directors						
Mr. Ma Chengliang	–	20,000,000	–	–	20,000,000	12 November 2010 – 11 November 2013
	–	15,000,000	–	–	15,000,000	12 November 2011 – 11 November 2013
	–	15,000,000	–	–	15,000,000	12 November 2012 – 11 November 2013
	–	50,000,000	–	–	50,000,000	
Mr. Wu Yang	–	12,000,000	–	–	12,000,000	12 November 2010 – 11 November 2013
	–	9,000,000	–	–	9,000,000	12 November 2011 – 11 November 2013
	–	9,000,000	–	–	9,000,000	12 November 2012 – 11 November 2013
	–	30,000,000	–	–	30,000,000	
Ms. Zhou Yan	–	5,000,000	–	–	5,000,000	12 November 2010 – 11 November 2013
	–	5,000,000	–	–	5,000,000	12 November 2011 – 11 November 2013
	–	10,000,000	–	–	10,000,000	
Mr. Fang Bin	–	5,000,000	–	–	5,000,000	12 November 2010 – 11 November 2013
Mr. Tang Jian	–	5,000,000	–	–	5,000,000	12 November 2010 – 11 November 2013
Total	**–**	**100,000,000**	**–**	**–**	**100,000,000**	
Employees	–	8,000,000	–	–	8,000,000	12 May 2010 – 11 November 2013
	–	40,000,000	–	–	40,000,000	12 November 2010 – 11 November 2013
	–	10,000,000	–	–	10,000,000	12 November 2011 – 11 November 2013
Total	**–**	**58,000,000**	**–**	**–**	**58,000,000**	
Non-Employees	265,833,333	–	(133,333,333)	–	132,500,000	23 February 2008 – 22 February 2010
Total	**265,833,333**	**158,000,000**	**(133,333,333)**	**–**	**290,500,000**	

The closing price of the Company's shares immediately before 12 November 2009, the date of grant of the 2009 options, was HK$0.385.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme set out in note 43(d) to the financial statements, at no time during the year 2009 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding company or any of its subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year 2009 or any time during the year 2009.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that during the year 2009 and up to the date of this report, Mr. Dai Zhikang held directorships in Shanghai Zendai Investment Development Company Limited, and/or its subsidiaries (collectively referred to as the "Zendai Group"), which are also engaged in property development and related business. As the board of directors of the Group operates independently from the boards of Zendai Group, the Group operates its business independently or, and at arm's length from, the business of Zendai Group.

PERSONS HAVING 5% OR MORE INTERESTS

As at 31 December 2009, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of company	Nature of interests	Number of shares interested	Approximate percentage of the issued share capital
Giant Glory Assets Limited *(Note 1)*	The Company	Beneficial owner	1,948,170,000 Shares (L)	18.72%
Jointex Investment Holdings Limited *(Note 1)*	The Company	Beneficial owner	2,932,000,000 Share (L)	28.17%
Shanghai Zendai Investment Development (Hong Kong) Company Limited *(Note 1)*	The Company	Beneficial owner	453,900,000	4.36%
Dorsing Star Limited *(Note 1)*	The Company	Beneficial owner	1,000,000,000 Shares (L)	9.61%
Liu Qiong Yu *(Note 1)*	The Company	Beneficiary of a trust	1,000,000,000 Shares (L)	9.61%
Dai Mo Cao *(Note 1)*	The Company	Beneficiary of a trust	1,000,000,000 Shares (L)	9.61%
Master Faith Group Limited *(Note 1)*	The Company	Interests of controlled corporation	1,000,000,000 Shares (L)	9.61%
DBS Trustee H.K. (Jersey) Limited *(Note 1)*	The Company	Trustee	1,000,000,000 Shares (L)	9.61%
China Alliance Properties Limited *(Note 2)*	The Company	Beneficial owner	881,815,000 Shares (L)	8.47%
Shanghai Forte Land Co., Ltd. *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%

Name	Name of company	Nature of interests	Number of shares interested	Approximate percentage of the issued share capital
Shanghai Fosun High Technology (Group) Company Limited *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%
Fosun International Limited *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%
Fosun Holdings Limited *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%
Fosun International Holdings Limited *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%
Guo Guangchang *(Note 2)*	The Company	Interests of controlled corporation	881,815,000 Shares (L)	8.47%

(L) denotes long position

Notes:

1. These Shares are the same as the deemed interest of Mr. Dai as referred to in the note under the section headed "Directors' interests" in shares or debentures above.

2. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 78.24% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which has 49.03% control of Shanghai Fosun Pharmaceutical (Group) Company Limited, which has 100% control of Shanghai Fosun Pharmaceutical Development Co. Ltd., which has 10.56% control of Shanghai Forte Land Co. Ltd. Shanghai Fosun High Technology (Group) Company Limited has a further 47.12% control of Shanghai Fortei Land Co., Limited, which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at 31 December 2009, no persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Bermuda.

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

During the year, the Company repurchased 15,200,000 of its own shares on the Stock Exchange of Hong Kong Limited for cancellation at the aggregate price of HK$4,198,000. The repurchases were made for the benefit of the equity holders to enhance the earnings per share of the Group.

Details of the repurchase of senior loan notes are disclosed in note 38 to the financial statements.

Except for the above, neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year 2009, the Group's sales to the five largest customers accounted for 37% of the Group's turnover for the year, of which the largest customer accounted for 24% of the Group's turnover for the year. During the year 2009, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 6% and 20% respectively, of the Group's total purchases for the year. None of the Directors, their associates or any shareholders of the Company which to the knowledge of the Directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered that the independent non-executive Directors to be independent.

SUBSEQUENT EVENTS

(a) On 7 January 2010, the Company entered into subscription agreements with China Alliance Properties Limited ("China Alliance") and Grand Link Finance Limited ("Grand Link"), whereby China Alliance and Grand Link will subscribe for 1,550,000,000 and 400,000,000 new ordinary shares of the Company respectively at HK$0.31 per share, raising approximately HK$604,500,000 to fund future property acquisitions in the PRC.

(b) On 1 February 2010, the Group succeeded in the bid for acquisition of a land parcel with a site area of 45,471.9 square metres in Shanghai from Shanghai Huangpu District Bureau of Planning and Land Resources, a PRC Governmental Bureau in charge of management of the land resources in Shanghai, the PRC, at an aggregate price of RMB9,220,000,000. On 14 March 2010, the Group signed the definitive land grant contract.

(c) On 28 February 2010, a share option holder, which was a former holder of the Company's convertible notes, exercised the remaining 132,500,000 share options to subscribe for 132,500,000 ordinary shares of the Company at HK$0.24 per share with a total consideration of HK$31,800,000.

AUDITOR

BDO McCabe Lo Limited has changed its name to BDO Limited. Accordingly, the auditor's report is now signed under the new name. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

PUBLIC FLOAT

Based on information that in publicly available to the Company and within the knowledge of the Directors as at 25 March 2010, being the latest practicable date prior to the issue of this report, there was sufficient public float for the Shares.

On behalf of the Board
Ma Chengliang
Director
25 March 2010

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the year ended 31 December 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, the Directors had complied with the required standard set out in the Model Code during the year ended 31 December 2009.

BOARD OF DIRECTORS

The composition of the Board for the year ended 31 December 2009 was as follows:

Executive Directors

Mr. Ma Chengliang (appointed as chairman and Director on 28 April 2009)
Mr. Dai Zhikang (resigned as chairman on 28 April 2009)
Mr. Fang Bin
Mr. Zhu Nansong (appointed on 21 January 2009)
Mr. Wu Yang (appointed on 21 January 2009)
Ms. Zhou Yan (appointed on 21 January 2009)
Mr. Tang Jian
Mr. Wang Zhe (appointed on 21 January 2009)
Mr. Zhang Wei (resigned on 21 January 2009)
Mr. Lu Puling (resigned on 21 January 2009)
Mr. Wang Xiangang (resigned on 21 January 2009)
Mr. Ye Wenbin (resigned on 21 January 2009)

Mr. Wang Fujie was appointed as an executive Director and vice chairman of the Company on 5 February 2010. Mr. Zhang Hua and Mr. Liu Zhiwei were appointed as non-executive Directors and Mr. Wang Zhe was re-designated as a non-executive Director, all effective from 5 February 2010.

Independent non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Dr. Tse Hiu Tung, Sheldon

For the year ended 31 December 2009, 9 Board meetings were held, among which Mr. Dai Zhikang attended 2 Board meetings, Mr. Fang Bin attended 9 Board meetings, Mr. Zhang Wei attended 1 Board meeting, Mr. Lu Puling attended 1 Board meeting, Mr. Wang Xiangang attended 1 Board meeting, Mr. Tang Jian attended 8 Board meetings and Mr. Ye Wenbin attended 1 Board meeting, Mr. Lai Chik Fan attended 4 Board meetings, Mr. Lo Mun Lam, Raymond attended 4 Board meetings and Dr. Tse Hiu Tung, Sheldon attended 4 Board meetings. The independent non-executive Directors were appointed for a fixed term of 2 years, with Mr. Lo Mun Lam, Raymond and Mr. Lai Chik Fan's term commencing from 1 January 2009 and Dr. Tse Hiu Tung, Sheldon's term commencing from 14 October 2009. The Board was responsible for making overall strategic decisions, financial matters and equity related transactions such as acquisitions. The management will handle and execute the decisions made by the Board and oversee the day-to-day management of the Group under the supervision of Mr. Fang Bin, the Company's chief executive officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Company is Mr. Ma Chengliang and the chief executive officer of the Company is Mr. Fang Bin. The roles of the chairman and chief executive officer are segregated and are not exercised by the same individual. Mr. Ma Chengliang was responsible for overseeing the management of the Board whereas Mr. Fang Bin was responsible for overseeing the day-to-day management of the Group's business and the implementation of the policies decided by the Board.

NEW COMMITTEES UNDER THE BOARD

In line with good corporate governance practices, the Company has set up several new committees, i.e. the executive committee, the strategic decisions committee, the review committee and the human resources committee in January 2010, with respective major duties and responsibilities as below:

Executive Committee

The committee is responsible for the execution of the Board's resolutions and strengthens their actual execution, so as to enable the Board to better manage the significant decisions, key projects and major events of the Company.

Strategic Decisions Committee

The committee is responsible for formulating the planning of medium and long-term strategic development, annual investment plans and feasibility analyse on key projects of the Company, which are submitted to the Board for review. Based on the review results, the committee issues a review report for revising such planning or investment plans.

Review Committee

The committee is responsible for the internal audits, reviewing the soundness of the inter-Group control, and reports to the audit committee and the Board for improvement.

Human Resources Committee

The committee is responsible for formulating the remuneration packages and significant adjustment proposals for company structure and reports to the Remuneration Committee and the Board for review.

REMUNERATION OF DIRECTORS

The Remuneration Committee was responsible for, among others, review on the remuneration of Directors and was responsible for approving any change to existing remuneration package made available to the Directors. The remuneration committee consists of Mr. Tang Jian, Mr. Lai Chik Fan, Mr. Lo Mun Lam, Raymond and Dr. Tse Hiu Tung, Sheldon with Mr. Lo Mun Lam, Raymond being the chairman. The remuneration committee held two meetings during the year to discuss and approve the revised remuneration package of any of the Directors.

NOMINATION OF DIRECTORS

Candidates for proposed appointment of Directors were first nominated by one of the executive Directors and were assessed according to their work experience and academic achievements in the past. For the year ended 31 December 2009, two meetings were held by the Board in relation to nomination of Directors.

AUDITOR’S REMUNERATION

As regards audit services provided to the Company, the remuneration made to the auditors was assessed according to the complexity, time required and prevailing market conditions. During the year ended 31 December 2009, the Group had engaged its auditor to provide non-audit service to the Company in respect of the interim review of the Company’s results for the 6 months ended 30 June 2009. The fee paid for such service was HK$390,000.

AUDIT COMMITTEE

The audit committee comprised of Mr. Lai Chik Fan, Mr. Lo Mun Lam, Raymond and Dr. Tse Hiu Tung, Sheldon with Mr. Lo Mun Lam, Raymond being the chairman. Its duties were, among others, to review adequacy of the Company's policies and procedures regarding internal controls, to review the relationship between the Company and its auditors and to review the Group's financial statements. During the year ended 31 December 2009, the audit committee held 2 meetings, at which all of Mr. Lai Chik Fan, Mr. Lo Mun Lam, Raymond and Dr. Tse Hiu Tung, Sheldon attended. During the aforesaid meetings, members of the audit committee reviewed the financial results and reports, financial and internal controls of the Company and had thorough discussions with the auditor regarding the work performed. The Company's annual results for the year ended 31 December 2009 has been reviewed by the audit committee.

GENERAL

The Directors acknowledge their responsibility for preparing the accounts contained herein. The reporting responsibilities of BDO Limited, the auditor of the Group are stated in the auditor's report on pages 50 to 51 of this report. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Board has conducted a review of the effectiveness of the system of internal control of the Group. There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of the external auditor.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
OF SHANGHAI ZENDAI PROPERTY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shanghai Zendai Property Limited (the "Company") set out on pages 52 to 159, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made 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 financial statements are free from material misstatement.

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

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

Opinion

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

BDO Limited
Certified Public Accountants

Wong Chi Wai, Vincent
Practising Certificate Number P04945

Hong Kong, 25 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	7	2,162,092	1,968,603
Cost of sales		(1,305,299)	(989,193)
Gross profit		856,793	979,410
Other income and gains	8	78,923	65,760
Distribution costs		(58,811)	(36,015)
Administrative expenses		(203,663)	(174,666)
Reversal of impairment loss/(impairment loss) on property, plant and equipment	17	16,590	(60,990)
Reversal of impairment loss/(impairment loss) on payment for leasehold land held for own use under operating leases	20	10,293	(97,298)
Change in fair value of investment properties	18	275,851	(169,018)
Reversal of write-down/(write-down) of property under development	26	50,237	(48,708)
Impairment loss on goodwill	21	(580)	(32,492)
Change in fair value of financial assets at fair value through profit or loss		8,904	(73,919)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	48(b)	–	371,875
Gain on deemed disposal of a subsidiary	49(a)	–	127,986
Share of results of associates	23	(25,950)	44,793
Share of results of a jointly controlled entity		–	(779)
Finance costs	12	(171,133)	(191,938)
Profit before tax expenses	9	837,454	704,001
Tax expenses	13	(387,133)	(399,413)
Profit for the year		450,321	304,588
Other comprehensive income			
Exchange differences arising on translation of foreign operations		24,848	116,351
Release of other revaluation reserve on disposal of properties for sales		(40,664)	(58,731)
Tax expenses related to release of other revaluation reserve		6,100	8,810
Other comprehensive income for the year, net of tax		(9,716)	66,430
Total comprehensive income for the year		440,605	371,018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Profit/(loss) for the year attributable to:			
– Owners of the Company		**421,262**	317,359
– Minority interests		**29,059**	(12,771)
		450,321	304,588
Total comprehensive income attributable to:			
– Owners of the Company		**410,012**	415,305
– Minority interests		**30,593**	(44,287)
		440,605	371,018
Earnings per share	*16*		
– Basic		**HK4.1 cents**	HK3.7 cents
– Diluted		**HK4.1 cents**	HK3.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	**379,356**	372,127
Investment properties	18	**1,686,900**	1,211,852
Payment for leasehold land held for own use under operating leases	20	**539,639**	544,149
Goodwill	21	**145,605**	144,949
Interests in associates	23	**544,525**	568,064
Available-for-sale investments	25	**14,765**	14,765
Other receivable	28	**62,776**	–
Total non-current assets		**3,373,566**	2,855,906
Current assets			
Properties under development and for sales	26	**4,714,268**	4,639,429
Inventories	27	**1,119**	1,154
Trade and other receivables	28	**167,811**	210,301
Deposits for property development	29	**685,716**	436
Financial assets at fair value through profit or loss	30	**46,992**	21,582
Available-for-sale investments	25	**567**	9,271
Amounts due from associates	23	**68,131**	51,764
Amounts due from related companies	31	**12,731**	27,572
Tax prepayment	39	**27,459**	13,058
Cash and cash equivalents		**599,949**	384,405
		6,324,743	5,358,972
Assets classified as held for sale	32	**19,704**	28,281
Total current assets		**6,344,447**	5,387,253
Total assets		**9,718,013**	8,243,159
Current liabilities			
Trade and other payables	33	**732,577**	574,689
Receipts in advance from customers		**828,487**	788,748
Amounts due to related companies	34	**5,018**	62
Amount due to a minority owner of a subsidiary	35	**53,016**	13,939
Bank loans	36	**282,014**	325,359
Tax payable	39	**1,070,653**	834,063
Total current liabilities		**2,971,765**	2,536,860
Net current assets		**3,372,682**	2,850,393
Total assets less current liabilities		**6,746,248**	5,706,299

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank loans	36	**1,108,580**	689,739
Senior loan notes	38	**1,065,908**	1,112,497
Deferred tax liabilities	40	**665,140**	604,021
Other payables	33	**122,397**	–
Total non-current liabilities		**2,962,025**	2,406,257
Total liabilities		**5,933,790**	4,943,117
TOTAL NET ASSETS		**3,784,223**	3,300,042
Capital and reserves attributable to owners of the Company			
Share capital	43(a)	**208,188**	205,825
Reserves		**3,383,648**	2,926,386
Equity attributable to owners of the Company		**3,591,836**	3,132,211
Minority interests		**192,387**	167,831
TOTAL EQUITY		**3,784,223**	3,300,042

On behalf of the Board

Tang Jian
Director

Ma Chengliang
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	*17*	**42**	45
Investments in subsidiaries	*47*	**1,002,716**	1,002,716
Total non-current assets		**1,002,758**	1,002,761
Current assets			
Other receivables	*28*	**917**	530
Amounts due from subsidiaries	*47*	**2,301,064**	1,951,673
Cash and cash equivalents		**68,089**	26,041
Total current assets		**2,370,070**	1,978,244
Total assets		**3,372,828**	2,981,005
Current liabilities			
Other payables	*33*	**32,606**	90,807
Amounts due to subsidiaries	*47*	**318,995**	320,344
Total current liabilities		**351,601**	411,151
Net current assets		**2,018,469**	1,567,093
Total assets less current liabilities		**3,021,227**	2,569,854
Non-current liabilities			
Senior loan notes	*38*	**1,151,396**	1,143,697
Total liabilities		**1,502,997**	1,554,848
TOTAL NET ASSETS		**1,869,831**	1,426,157
Capital and reserves attributable to owners of the Company			
Share capital	*43(a)*	**208,188**	205,825
Reserves	*44*	**1,661,643**	1,220,332
TOTAL EQUITY		**1,869,831**	1,426,157

On behalf of the Board

Tang Jian
Director

Ma Chengliang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2009

	Share capital *(Note 43(a))* HK$'000	Share premium *(Note 44 (a))* HK$'000	Capital redemption reserve HK$'000	Contributed surplus *(Note 44(b))* HK$'000	Special capital reserve *(Note 44(c))* HK$'000	Statutory surplus reserve HK$'000	Convertible notes reserve *(Note 44 (d))* HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve *(Note)* HK$'000	Equity attributable to owners of the Company HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008	140,075	627,269	1,074	157,315	68,541	56,190	825	817,829	146,555	111,026	2,126,699	402,826	2,529,525
Total comprehensive income	–	–	–	–	–	–	–	317,359	147,867	(49,921)	415,305	(44,287)	371,018
Issue of shares	66,880	635,360	–	–	–	–	–	–	–	–	702,240	–	702,240
Cancellation upon repurchase of own shares	(1,130)	(4,118)	–	–	–	–	–	–	–	–	(5,248)	–	(5,248)
Transaction costs attributable to repurchase of shares	–	(67)	–	–	–	–	–	–	–	–	(67)	–	(67)
Revaluation of properties for development and sales arising from business combination	–	–	–	–	–	–	–	–	–	19,619	19,619	–	19,619
Distribution to minority owner	–	–	–	–	–	–	–	–	–	–	–	(94,571)	(94,571)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	159,287	159,287
Further acquisition of subsidiaries *(Note 48(d)(iii), (iv), (v) and (vi))*	–	–	–	–	–	–	–	(126,337)	–	–	(126,337)	(278,010)	(404,347)
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	420,981	420,981
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(398,395)	(398,395)
Release of reserve*	–	–	–	–	–	–	(825)	825	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	85,303	–	(85,303)	–	–	–	–	–
At 31 December 2008	205,825	1,258,444	1,074	157,315	68,541	141,493	–	924,373	294,422	80,724	3,132,211	167,831	3,300,042

* Since the convertible notes have matured and been repaid, the equity component (i.e. option to convert the debt into share capital) was therefore released and the reserve was transferred to retained profits. Details of the movement in convertible notes are set out in note 37 to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2009

	Share capital *(Note 43 (a))* HK$'000	Share premium *(Note 44 (a))* HK$'000	Capital redemption reserve HK$'000	Contributed surplus *(Note 44(b))* HK$'000	Special capital reserve *(Note 44(c))* HK$'000	Statutory surplus reserve HK$'000	Share option reserve *(Note 44(e))* HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve *(Note)* HK$'000	Equity attributable to owners of the Company HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2009	205,825	1,258,444	1,074	157,315	68,541	141,493	–	924,373	294,422	80,724	3,132,211	167,831	3,300,042
Total comprehensive income	–	–	–	–	–	–	–	421,262	23,314	(34,564)	410,012	30,593	440,605
Cancellation upon repurchase of own shares	(304)	(3,894)	–	–	–	–	–	–	–	–	(4,198)	–	(4,198)
Transaction costs attributable to repurchase of shares	–	(28)	–	–	–	–	–	–	–	–	(28)	–	(28)
Equity settled share–based transactions *(Note 43(d))*	–	–	–	–	–	–	21,908	–	–	–	21,908	–	21,908
Exercise of share options *(Note 43(b))*	2,667	29,333	–	–	–	–	–	–	–	–	32,000	–	32,000
Further acquisition of subsidiaries *(Note 48(d) (i) and (ii))*	–	–	–	–	–	–	–	(69)	–	–	(69)	(6,037)	(6,106)
Transfer to statutory surplus reserve	–	–	–	–	–	104,628	–	(104,628)	–	–	–	–	–
At 31 December 2009	208,188	1,283,855	1,074	157,315	68,541	246,121	21,908	1,240,938	317,736	46,160	3,591,836	192,387	3,784,223

Note: Other revaluation reserve arises from the revaluation of properties for sales upon acquisition of additional interest in associates. The reserve will be released to profit or loss on the disposal of relevant properties.

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Profit before tax expenses		**837,454**	704,001
Adjustments for:			
Interest income		**(3,372)**	(11,113)
Finance costs	*12*	**171,133**	191,938
Dividend income		**–**	(629)
Depreciation of property, plant and equipment		**19,397**	7,935
Amortisation of payment for leasehold land held for own use under operating leases		**16,525**	13,107
(Reversal of impairment loss)/impairment loss on property, plant and equipment	*17*	**(16,590)**	60,990
(Reversal of impairment loss)/impairment loss on payment for leasehold land held for own use under operating leases		**(10,293)**	97,298
Change in fair value of investment properties	*18*	**(275,851)**	169,018
(Reversal of write–down)/write–down of property under development		**(50,237)**	48,708
Impairment loss on goodwill	*21*	**580**	32,492
Change in fair value of financial assets at fair value through profit or loss		**(8,904)**	73,919
Share of results of associates		**25,950**	(44,793)
Share of results of a jointly controlled entity		**–**	779
Equity settled share–based payment expenses		**21,908**	–
Written off of property, plant and equipment		**423**	1,206
Release of other revaluation reserve on disposal of properties		**(34,564)**	(49,921)
Waiver of partial consideration on acquisition of subsidiaries		**(20,437)**	–
(Gain)/loss on disposal of financial assets at fair value through profit or loss		**(5,623)**	5,354
Gain on disposal of available-for-sales investment		**(795)**	(137)
Gain on repurchase of senior loan notes	*38*	**(17,846)**	(17,784)
Gain on disposal of assets classified as held for sale		**–**	(18,548)
Gain on disposal of a subsidiary	*49(b)*	**–**	(798)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	*48(b)*	**–**	(371,875)
Gain on deemed disposal of a subsidiary	*49(a)*	**–**	(127,986)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Operating profit before working capital changes		**648,858**	763,161
Decrease/(increase) in trade and other receivables		**21,782**	(39,230)
Decrease in properties under development and for sales		**54,568**	29,845
Increase in deposits for property development		**(685,279)**	–
Decrease in inventories		**39**	–
Increase in amounts due from associates		**(16,203)**	(51,764)
Decrease in amounts due from related companies		**14,929**	18,743
Decrease in amount due from a minority owner of a subsidiary		**–**	961
Increase/(decrease) in trade and other payables		**119,737**	(168,962)
Increase/(decrease) in receipts in advance from customers		**3,188**	(340,432)
Increase in amounts due to related companies		**4,956**	40,111
Increase/(decrease) in amount due to a minority owner of a subsidiary		**39,033**	(35,528)
Cash generated from operations		**205,608**	216,905
Interest received		**3,372**	11,113
Interest paid		**(191,445)**	(194,815)
Income taxes paid		**(114,475)**	(246,947)
Net cash used in operating activities		**(96,940)**	(213,744)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	*48(a), (b) and (c)*	**(5,945)**	(173,043)
Acquisition of additional interests in subsidiaries	*48(d)*	**(6,106)**	(404,347)
Purchase of available-for-sale investments		**(125)**	–
Purchase of property, plant and equipment		**(9,070)**	(7,432)
Purchase of financial assets at fair value through profit or loss		**(33,496)**	(14,831)
Proceeds from disposal of financial assets at fair value through profit or loss		**22,613**	17,560

	Notes	2009 HK$'000	2008 HK$'000
Proceeds from disposal of assets classified as held for sale		**8,667**	47,969
Proceeds from disposal of available-for-sale investment		**6,024**	1,648
Proceeds from disposal of investment properties		**–**	7,040
Deemed disposal of a subsidiary, net of cash disposed of	*49(a)*	**–**	(80,708)
Disposal of a subsidiary, net of cash disposed of	*49(b)*	**–**	798
Acquisition of additional interest in an associate	*50(e)*	**–**	(17,499)
Dividends received		**–**	629
Capital injection to an associate		**–**	(85,472)
Net cash used in investing activities		**(17,438)**	(707,688)
Financing activities			
Increase in bank loans		**975,388**	91,578
Repayment of bank loans		**(648,243)**	(392,837)
Proceeds from exercise of share options		**32,000**	–
Consideration paid for repurchase of shares		**(4,198)**	(5,248)
Expenses paid for repurchase of shares		**(28)**	(67)
Consideration paid for repurchase of senior loan notes		**(36,442)**	(13,416)
Contribution by a minority owner of a subsidiary		**–**	420,981
Distribution to minority owner of a subsidiary		**–**	(94,571)
Repayment of convertible notes		**–**	(64,894)
Net cash flows from/(used in) financing activities		**318,477**	(58,474)
Net increase/(decrease) in cash and cash equivalents		**204,099**	(979,906)
Cash and cash equivalents at beginning of year	53	**384,405**	1,327,861
Effect of foreign exchange rate changes		**11,445**	36,450
Cash and cash equivalents at end of year	53	**599,949**	384,405

1. GENERAL

Shanghai Zendai Property Limited ("The Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamitton HM 12, Bermuda and principal place of business is at Unit 6108, 61/F, The Centre, 99 Queen's Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 47. The Group comprises the Company and all its subsidiaries.

Its parent and the ultimate holding company is Giant Glory Assets Limited, a private limited company incorporated in the British Virgin Islands.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) The Group has adopted the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and 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) – Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Interpretation 18	Transfers of Assets from Customers

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) *(Continued)*

The adoption of the above new and revised HKFRSs had no material effect on the reported results or financial position of the Group for the current or prior reporting periods, except for the following:

- HKFRS 8, 'Operating Segments' replaces HKAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. Due to the adoption of HKFRS 8 during the current year, certain comparative amounts have been reclassified to conform with current year's presentation.

- HKAS 1 (Revised), 'Presentation of Financial Statements' affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transactions with non–owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity".

- As a result of the adoption of the HKFRS 7 (Amendments), the consolidated financial statements include expanded disclosures about the fair value measurement of the financial instruments, categorising these fair value measurements into a three–level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- As a result of amendments to HKAS 40, 'Investment Property', investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously, such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group applied the amendments prospectively from 1 January 2009 as permitted by the amendments and does not have any investment property under construction at the end of reporting period, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Potential impact arising on HKFRSs not yet effective

The following new and revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
Amendments to HKAS 32	Classification of Rights Issues [4]
Amendment to HKAS 39	Eligible Hedged Items [1]
Amendments to HKFRS 2	Share–based Payment – Group Cash–settled Share–based Payment Transactions [3]
Amendment to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirements [6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]
HKAS 24 (Revised)	Related Party Disclosures [6]
HKFRS 9	Financial Instruments [7]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] 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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Potential impact arising on HKFRSs not yet effective *(Continued)*

HKAS 27 (revised), 'Consolidated and Separate Financial Statements' – effective from 1 July 2009. The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re–measured to fair value, and a gain or loss is recognised in profit or loss. As the Group had already adopted such approach in the past, this revised standard is not expected to have any material impact on the Group's or Company's financial statements.

HKFRS 3 (revised), 'Business Combinations' continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re–measure through profit or loss. There is a choice on an acquisition–by –acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition–related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to the business combinations from 1 January 2010.

The Group is in the process of making an assessment of the potential impact of other new and revised HKFRSs and the directors so far concluded that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. The functional currency of the Company is HK$. The board of directors considered that it is more appropriate to present the financial statements in HK$ as the shares of the Company are listed on the Stock Exchange.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter–company transactions and balances between group companies are eliminated in full in preparing the consolidated financial statements.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

Minority interests represent the portion of the net assets of subsidiaries attributable to equity interests that are not owned directly or indirectly through subsidiaries, by the Company. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with minority interests as transactions with owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recognised in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recognised in equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying values are adjusted for the Group's share of the post–acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test by comparing its carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income as share of results of associates.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as a separate asset with any impairment in carrying value being recognised in profit or loss.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re–assessment.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash–generating units that are expected to benefit from the synergies of the acquisition. A cash–generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash–generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash–generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight–line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Hotel buildings	Lower of underlying land lease term or 50 years
Motor vehicles	5 years
Leasehold improvements	5 years
Furniture and equipment	5 years

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation and not occupied by the Group or held for sale in the ordinary course of business. Investment properties are stated at fair value unless they are still in the course of construction or development at the reporting period end and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal is recognised in profit or loss.

(g) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up–front payments to acquire long–term interests in lessee-occupied properties. These payments are stated at cost less impairment and are amortised over the period of the lease on a straight–line basis as an expense.

(h) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight–line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight–line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight–line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expenses, over the terms of the leases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss: These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables: These assets are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale assets: These assets are non–derivative financial assets that are designated as available for sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(i) Financial assets (continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty;
- a significant or prolonged decline in the fair value of an investment in an equity instruments below its cost; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset 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.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

For available-for-sale assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(iii) Financial liabilities

The Group's financial liabilities including trade and other payables, amounts due to related companies, amount due to a minority owner of a subsidiary, bank borrowings and the senior loan notes, are initially recognised at fair value, net of directly attributable costs incurred for the acquisition or issue of the financial liabilities and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in the profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled 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 classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to retained profits. Where the option remains unexercised at the expiry dates, the balance stated in convertible notes reserve will be released to the retained profits. No gain or loss is recognised upon conversion or expiration of the option.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

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

(vii) Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre–existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Properties under development and for sale

Completed properties and properties under development held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determined by prevailing market conditions.

(k) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Non-current assets held for sale

Non-current assets are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets are not depreciated.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition

Income from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreements. Deposits and installments received from forward sales of properties are carried in the statement of financial position under current liabilities.

Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when services are rendered.

Rental income under operating leases is recognised on a straight–line basis over the term of the relevant leases.

Income from building management services is recognised when the services are rendered.

Income from travel and related services is recognised when the services are rendered.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised as it accrues using the effective interest method.

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non–assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profits (provided they are not part of a business combinations), deferred tax is recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income taxes *(Continued)*

Income taxes are recognised in profit or loss except when they relate to items directly recognised to other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non–monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non–monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long–term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Foreign currency *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

(p) Employee benefits

(i) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non–market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Share based payments *(Continued)*

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash–settled share based payments, a liability is recognised at the fair value of the goods or services received.

The attributable equity amount recognised in the share option reserve is transferred to share premium account and retained profits when the options are exercised and expire respectively.

(r) Impairment of non–financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- payment for leasehold land held for own use under operating leases; and
- investments in subsidiaries and associates.

If the recoverable amount (i.e. the greater of fair value less costs to sell and value in use) 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 an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non–occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Critical judgments in applying accounting policies

(i) Classification of investment properties

The Group has temporarily rent out certain office units which are not classified as investment properties because it is not the Group's intention to hold them in the long–term for capital appreciation or rental income. Accordingly, they are continuously accounted for as properties for sales.

(ii) Impairment loss on loans and receivable

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectibility and aging analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty

(i) Impairment of non–financial assets other than goodwill

The Group conducts impairment reviews of assets when events of changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its fair value less cost to sell or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates are applied in determining these future cash flows and the discount rate.

(ii) Estimated impairment loss on goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associated company or jointly controlled entity at the date of acquisition. Goodwill is recorded as a separate asset or, as applicable, included within investments in associate and jointly controlled entity.

The Group tests annually whether goodwill has suffered any impairment in accordance with accounting policies stated in note 4(d) to the financial statements. Determining whether goodwill is impaired requires an estimation of the value in use of the cash–generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash–generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2009, the carrying amount of goodwill is HK$145,605,000 (2008: HK$144,949,000), net of accumulated impairment losses of HK$33,072,000 (2008: HK$32,492,000). Details of the impairment test is disclosed in note 22 to the financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(iii) Provision for properties under development and for sales

The Group assesses the recoverable amounts of properties under development and for sales according to their forecast net realisable value, taking into account costs to completion based on budget and past experience and net sales value based on prevailing and expected market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of estimation.

(iv) Land appreciation taxes ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on appreciation of land value, being the proceeds of sales of properties less deductible expenditure including sales charges, borrowing costs and all property development expenditure.

The Group is subject to LAT in the People's Republic of China, other than Hong Kong and Macau (the "PRC") which has been included in tax expenses of the Group. However, the implementation of these tax varies amongst various PRC provinces and the Group has not finalised its LAT returns with various local tax bureaus. Accordingly, significant estimation is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions; sales of properties, hotel operations, properties rental, management and agency services and provision of travel and related services.

6. SEGMENT REPORTING *(Continued)*

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

(a) Business segments

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue from external sales	**1,881,965**	1,802,650	**108,151**	59,440	**163,102**	94,681	**8,874**	11,832	**2,162,092**	1,968,603
Reportable segment profit/(loss) before tax expenses	**675,359**	1,236,496	**28,204**	(156,619)	**317,047**	(113,929)	**(207)**	87	**1,020,403**	966,035
Other information										
Interest income	**2,734**	7,627	**84**	104	**506**	467	**–**	2	**3,324**	8,200
Depreciation of property, plant and equipment	**3,022**	3,427	**15,301**	4,015	**1,031**	450	**43**	43	**19,397**	7,935
Amortisation of payment for leasehold land held for own use under operating leases	**–**	–	**16,525**	13,107	**–**	–	**–**	–	**16,525**	13,107
Reversal of impairment loss/(impairment loss) on property, plant and equipment	**–**	–	**16,590**	(60,990)	**–**	–	**–**	–	**16,590**	(60,990)
Reversal of impairment loss/(impairment loss) on payment for leasehold land held for own use under operating leases	**–**	–	**10,293**	(97,298)	**–**	–	**–**	–	**10,293**	(97,298)
Change in fair value of investment properties	**–**	–	**–**	–	**275,851**	(169,018)	**–**	–	**275,851**	(169,018)
Reversal of write–down/(write–down) of property under development	**50,237**	(48,708)	**–**	–	**–**	–	**–**	–	**50,237**	(48,708)
Share of results of associates	**(25,950)**	44,793	**–**	–	**–**	–	**–**	–	**(25,950)**	44,793
Share of results of a jointly controlled entity	**–**	(779)	**–**	–	**–**	–	**–**	–	**–**	(779)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**–**	371,875	**–**	–	**–**	–	**–**	–	**–**	371,875
Gain on deemed disposal of a subsidiary	**–**	127,986	**–**	–	**–**	–	**–**	–	**–**	127,986
Waiver of partial consideration on acquisition of subsidiaries	**20,437**	–	**–**	–	**–**	–	**–**	–	**20,437**	–
Written off of property, plant and equipment	**183**	306	**–**	605	**240**	295	**–**	–	**423**	1,206
Gain on disposal of assets classified as held for sale	**–**	18,548	**–**	–	**–**	–	**–**	–	**–**	18,548
Impairment of goodwill	**(580)**	(32,492)	**–**	–	**–**	–	**–**	–	**(580)**	(32,492)
Reportable segment assets	**6,883,799**	5,962,840	**909,204**	906,794	**1,822,799**	1,307,123	**2,487**	2,563	**9,618,289**	8,179,320
Expenditures for reportable segment non-current assets	**6,901**	5,123	**177**	833	**1,992**	1,476	**–**	–	**9,070**	7,432
Reportable segment liabilities	**3,031,256**	2,368,174	**183,916**	170,223	**448,942**	339,161	**2,137**	2,005	**3,666,251**	2,879,563

6. SEGMENT REPORTING *(Continued)*

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Profit before tax expenses	Group 2009 HK$'000	Group 2008 HK$'000
Reportable segment profit before tax expenses	**1,020,403**	966,035
Interest income	**48**	2,913
Other revenue	**19**	2
Dividend income from financial assets at fair value through profit or loss	**–**	629
Gain on disposal of available-for-sale investments	**–**	136
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**5,623**	(5,354)
Gain on repurchase of senior loan notes	**17,846**	17,784
Change in fair value of financial assets at fair value through profit or loss	**8,904**	(73,919)
Finance costs	**(171,133)**	(191,938)
Unallocated head office and corporate expenses	**(44,256)**	(12,287)
Profit before tax expenses	**837,454**	704,001

Assets	Group 2009 HK$'000	Group 2008 HK$'000
Reportable segment assets	**9,618,289**	8,179,320
Available-for-sale investments	**14,709**	14,709
Financial assets at fair value through profit or loss	**14,101**	21,582
Unallocated head office and corporate assets	**70,914**	27,548
Total assets	**9,718,013**	8,243,159

6. SEGMENT REPORTING *(Continued)*

(b) Reconciliation of reportable segment profit or loss, assets and liabilities *(Continued)*

	Group	
Liabilities	**2009**	2008
	HK$'000	HK$'000
Reportable segment liabilities	**3,666,251**	2,879,563
Borrowings	**2,252,838**	2,048,454
Unallocated head office and corporate liabilities	**14,701**	15,100
Total liabilities	**5,933,790**	4,943,117

(c) Geographical segment

The Group's operations are principally located in Hong Kong and the PRC. Group administration is carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market and analysis of total assets and capital expenditure by the geographical area in which the assets are located.

	Revenue from external customers		Expenditure on non-current assets	
Group	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**2,153,218**	1,956,771	**9,056**	7,414
Hong Kong	**8,874**	11,832	**14**	18
	2,162,092	1,968,603	**9,070**	7,432

6. SEGMENT REPORTING *(Continued)*

(d) Information about major customers

Revenue from customers of the sales of properties segment in the PRC contributing over 10% of total turnover of the Group is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Customer A	**521,274**	–
Customer B	**–**	543,274
Customer C	**–**	253,994
Customer D	**–**	244,974

7. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
Turnover	**2009**	2008
	HK$'000	HK$'000
Sales of properties	**1,881,965**	1,802,650
Hotel operations:		
Room rentals	**80,152**	44,204
Food and beverage sales	**23,772**	13,639
Rendering of ancillary services	**4,227**	1,597
Properties rental, management and agency income	**163,102**	94,681
Travel and related services	**8,874**	11,832
	2,162,092	1,968,603

8. OTHER INCOME AND GAINS

	Group	
	2009	2008
	HK$'000	HK$'000
Bank interest income	**3,372**	11,113
Gain on repurchase of senior loan notes *(Note 38)*	**17,846**	17,784
Rental income *(note)*	**22,526**	–
Government grants	**4,840**	7,358
Waiver of partial consideration on acquisition of subsidiaries	**20,437**	–
Gain on disposal of financial assets at fair value through profit or loss	**5,623**	–
Gain on disposal of available-for-sale investment	**795**	137
Gain on disposal of assets classified as held for sale	**–**	18,548
Forfeited deposits from customers	**–**	2,202
Gain on disposal of a subsidiary	**–**	798
Dividend income from listed equity securities	**–**	629
Others	**3,484**	7,191
	78,923	65,760

Note:

Rental income was derived from certain office units included in properties for sales, which the Group intends to sell subject to the tenancy agreements.

9. PROFIT BEFORE TAX EXPENSES

Profit before tax expenses is arrived at after charging:

	Group	
	2009	2008
	HK$'000	HK$'000
Cost of sales	**1,305,299**	989,193
Staff costs *(Note 10)*	**105,578**	71,076
Depreciation of property, plant and equipment	**19,397**	7,935
Amortisation of payment for leasehold land held for own use under operating leases	**16,525**	13,107
Auditor's remuneration	**1,655**	2,706
Written off of property, plant and equipment	**423**	1,206
Share of tax of associates (included in share of results of associates)	**353**	546
Exchange losses, net	**806**	9,787
Direct operating expenses from investment properties that generated rental income during the year	**35,847**	8,315
Loss on disposal of financial assets at fair value through profit or loss	**–**	5,354

10. STAFF COSTS

	Group	
	2009	2008
	HK$'000	HK$'000
Staff costs (including directors) comprise:		
Wages and salaries	**70,169**	58,205
Contributions to defined contribution retirement plans	**13,501**	12,871
Equity settled share–based payment expenses *(Note 43(d))*	**21,908**	–
	105,578	71,076

11. DIRECTORS' EMOLUMENTS

(a) Directors' remuneration

Details of directors' remuneration are as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payment expense HK$'000	Contribution to retirement benefits schemes HK$'000	Total 2009 HK$'000
Executive directors:					
Mr. Dai Zhikang	–	1,079	–	12	1,091
Mr. Tang Jian	–	767	670	71	1,508
Mr. Fang Bin	–	1,251	670	59	1,980
Mr. Ma Chengliang (i)	–	2,250	7,264	53	9,567
Mr. Zhu Nansong (ii)	–	–	–	–	–
Mr. Wu Yang (ii)	–	1,095	4,358	59	5,512
Ms. Zhou Yan (ii)	–	598	1,340	54	1,992
Mr. Wang Zhe (ii)	–	–	–	–	–
Mr. Zhang Wei (iii)	–	436	–	10	446
Mr. Wang Xiangang (iii)	–	903	–	59	962
Mr. Ye Wenbin (iii)	–	693	–	59	752
Independent non-executive directors:					
Mr. Lai Chik Fan	120	–	–	–	120
Mr. Lo Mun Lam, Raymond	120	–	–	–	120
Mr. Tse Hi Tang, Sheldon	120	–	–	–	120
Total	360	9,072	14,302	436	24,170

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

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

11. DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

	Fees HK$'000	Salaries and other benefits HK$'000	Contribution to retirement benefits schemes HK$'000	Total 2008 HK$'000
Executive directors:				
Mr. Dai Zhikang	–	1,079	12	1,091
Mr. Tang Jian	–	1,690	60	1,750
Mr. Fang Bin	–	1,166	48	1,214
Mr. Zhang Wei (iii)	–	1,080	48	1,128
Mr. Wang Xiangang (iii)	–	920	48	968
Mr. Ye Wenbin (iii)	–	728	48	776
Independent non–executive directors:				
Mr. Lai Chik Fan	120	–	–	120
Mr. Lo Mun Lam, Raymond	120	–	–	120
Mr. Tse Hi Tang, Sheldon	120	–	–	120
Total	360	6,663	264	7,287

(i) The director was appointed on 28 April 2009.

(ii) The directors were appointed on 21 January 2009.

(iii) The directors resigned with effect from 21 January 2009.

(b) The five highest paid individuals

In the years ended 31 December 2009 and 2008, the five highest paid individuals were all directors of the Company, and their respective remuneration are disclosed in Note 11(a).

12. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**65,967**	73,593
Interest on bank loans repayable after five years	**15,060**	3,642
Interest on convertible notes	**–**	580
Interest on senior loan notes *(Note 38)*	**110,418**	117,000
Amortisation of issue costs of senior loan notes *(Note 38)*	**7,699**	7,699
Less: amount capitalised in properties under development	**(28,011)**	(10,576)
	171,133	191,938

Borrowing costs capitalised during the year, are calculated by applying a capitalisation rate of 7.5% (2008: 8.9%) to expenditure on qualifying assets.

13. TAX EXPENSES

The amount of tax expenses/(credit) in the consolidated statement of comprehensive income represents:

	Group	
	2009	2008
	HK$'000	HK$'000
Current tax – PRC Enterprise Income Tax		
– tax for the year	**172,909**	114,738
– (over)/under provision in respect of prior years	**(14,151)**	729
	158,758	115,467
Current tax – LAT		
– tax for the year	**187,942**	328,783
– tax attributable to sales of properties in prior years	**(12,643)**	–
	175,299	328,783
Deferred tax *(Note 40)*		
– current year	**53,076**	(81,953)
– effect of change in tax rate	**–**	37,116
	53,076	(44,837)
	387,133	399,413

13. TAX EXPENSES *(Continued)*

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2009 and 2008.

PRC Enterprise Income Tax

PRC subsidiaries are subject to PRC Enterprise Income Tax at rate ranging from 20% to 25% (2008: 18% to 25%).

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five–year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the year ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

Profits of other subsidiaries established in the PRC are subject to an income tax of 25%, which is unified to both domestic enterprises and foreign–invested enterprises.

Pursuant to the new PRC tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors effective from 1 January 2008. However, a 5% withholding tax will be levied on dividends declared to Hong Kong investor under the tax treaty arrangement between PRC and Hong Kong. Further to the issuance of Guofa (2007) No. 39, the Ministry of Finance and the State Administration of Taxation released notice Caishui (2008) No. 1 on 22 February 2008, stating that the distributions of the pre–2008 earnings of a foreign invested enterprise to a foreign investor in 2008 or later will be exempted from any withholding taxes.

13. TAX EXPENSES *(Continued)*

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Profit before tax expenses	**837,454**	704,001
Tax calculated at the PRC profits tax rate of 25%(2008: 25%)	**209,364**	176,000
Tax effect of share of results of associates	**6,488**	(11,198)
Tax effect of share of results of a jointly controlled entity	**–**	195
Lower tax rates for specific entities in the PRC	**(31,687)**	(50,029)
Effect of different tax rates of subsidiaries operating in jurisdictions other than the PRC	**8,670**	(16,900)
Tax effect of expenses not deductible for tax purposes	**25,852**	55,129
Tax effect of revenue and gains not taxable for tax purposes	**(41,695)**	(107,265)
Tax effect of tax losses not recognised	**4,393**	11,490
Utilisation of tax losses previously not recognised	**(2,450)**	(2,677)
Effect on opening deferred tax balances resulting from the change in applicable tax rate	**–**	37,116
Provision of withholding tax on dividend	**47,050**	26,194
(Over)/under provision in respect of prior years	**(14,151)**	729
	211,834	118,784
LAT	**219,193**	328,783
Tax effect of LAT deductible for calculation of income tax purpose	**(43,894)**	(48,154)
	175,299	280,629
Tax expenses	**387,133**	399,413

14. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders includes an amount of HK$393,992,000 (2008: loss of HK$177,190,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

	Group	
	2009	2008
	HK$'000	HK$'000
Final, proposed – HK0.34 cent (2008: HK Nil cent) per share	**42,472**	–

At a meeting held on 25 March 2010, the directors recommended a final dividend of HK0.34 cent per ordinary share. The proposed final dividend in respect of the year ended 31 December 2009 is calculated based on 12,491,906,515 shares in issue as at the date of these financial statements. Such dividend is to be approved by the shareholders at the Company's forthcoming Annual General Meeting. It is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

16. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
	HK$'000	HK$'000
Profit attributable to owners of the Company	**421,262**	317,359
Weighted average number of ordinary shares in issue (thousands)	**10,291,374**	8,589,830
Basic earnings per share (HK cents per share)	**4.1**	3.7

16. EARNINGS PER SHARE *(Continued)*

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of shares in issue during the year after adjusting for interest on convertible notes (net of deferred tax) and the number of dilutive potential ordinary shares on convertible notes issued and share options granted.

	2009	2008
	HK$'000	HK$'000
Profit attributable to owners of the Company	**421,262**	317,359
Adjustments for interest on convertible notes	**–**	580
Profit attributable to owners for diluted earnings per share	**421,262**	317,939
Weighted average number of ordinary shares in issue (thousands)	**10,291,374**	8,589,830
Effect of dilutive potential ordinary shares on convertible notes (thousands)	**–**	39,329
Effect of dilutive potential ordinary shares on share options (thousands)	**11,809**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**10,303,183**	8,629,159
Diluted earnings per share (HK cents per share)	**4.1**	3.7

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2009					
Cost					
At 1 January 2009	405,316	14,288	535	29,554	449,693
Exchange differences	1,289	154	1	173	1,617
Additions	–	1,022	18	8,030	9,070
Acquired through business combinations *(note 48(a))*	–	89	–	120	209
Written off	–	(396)	(319)	(691)	(1,406)
At 31 December 2009	406,605	15,157	235	37,186	459,183
Accumulated depreciation and impairment					
At 1 January 2009	64,221	7,030	250	6,065	77,566
Exchange differences	198	128	–	111	437
Provided for the year	10,359	2,240	36	6,762	19,397
Reversal of impairment loss *(note)*	(16,590)	–	–	–	(16,590)
Eliminated on written off	–	(285)	(124)	(574)	(983)
At 31 December 2009	58,188	9,113	162	12,364	79,827

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

Group

	Hotel buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2008					
Cost					
At 1 January 2008	–	8,480	518	12,149	21,147
Exchange differences	(2,212)	602	17	650	(943)
Additions	–	3,029	–	4,403	7,432
Acquired through business combinations *(note 48(b))*	407,528	3,089	–	16,511	427,128
Written off	–	(338)	–	(2,963)	(3,301)
Disposal of a subsidiary *(note 49(a))*	–	(574)	–	(1,196)	(1,770)
At 31 December 2008	405,316	14,288	535	29,554	449,693
Accumulated depreciation and impairment					
At 1 January 2008	–	4,497	207	3,621	8,325
Exchange differences	1,820	459	7	358	2,644
Provided for the year	1,411	2,409	36	4,079	7,935
Impairment loss	60,990	–	–	–	60,990
Eliminated on written off	–	(293)	–	(1,802)	(2,095)
Disposal of a subsidiary *(note 49(a))*	–	(42)	–	(191)	(233)
At 31 December 2008	64,221	7,030	250	6,065	77,566
Net book values					
At 31 December 2009	**348,417**	**6,044**	**73**	**24,822**	**379,356**
At 31 December 2008	341,095	7,258	285	23,489	372,127

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

Hotel buildings are pledged to a bank to secure a bank loan granted to the Group (Note 36).

Note:

During the year ended 31 December 2009, reversal of impairment loss of approximately HK$16,590,000 (2008: impairment loss of HK$60,990,000) in respect of hotel building was recognised in the profit or loss, which was determined with reference to a valuation as determined by qualified valuers, DTZ Debenham Tie Leung Limited, an independent firm of surveyors. The valuation was arrived at by considering the capitalised net earnings to be derived from the hotel operation.

Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2009			
Cost			
At 1 January 2009	**37**	**303**	**340**
Additions	**–**	**14**	**14**
At 31 December 2009	**37**	**317**	**354**
Accumulated depreciation			
At 1 January 2009	**37**	**258**	**295**
Provided for the year	**–**	**17**	**17**
At 31 December 2009	**37**	**275**	**312**
2008			
Cost			
At 1 January 2008	37	284	321
Additions	–	19	19
At 31 December 2008	37	303	340
Accumulated depreciation			
At 1 January 2008	36	236	272
Provided for the year	1	22	23
At 31 December 2008	37	258	295
Net book values			
At 31 December 2009	**–**	**42**	**42**
At 31 December 2008	–	45	45

18. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	HK$'000
Fair value		
At beginning of year	**1,211,852**	955,107
Exchange difference	**4,155**	26,845
Acquired through business combinations *(Note 48(b))*	**–**	434,239
Transfer from properties under development and for sales *(Note)*	**195,042**	–
Disposed of during the year	**–**	(7,040)
Transfer to non-current assets held for sales *(Note 32)*	**–**	(28,281)
Change in fair value	**275,851**	(169,018)
At end of the year	**1,686,900**	1,211,852

Note:

During the year, the Group changed its intention from holding the retail shops of its commercial project in Yangzhou as properties under development and for sales to investment properties. Therefore, the carrying amount of the retail shops was transferred to investment properties and measured at fair value at the date of re-classification.

19. ANALYSIS OF INVESTMENT PROPERTIES

(a) The analysis of the carrying amount of investment properties is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Lands and buildings held in the PRC:		
– Long lease	**12,476**	11,871
– Medium–term lease	**1,332,653**	1,199,981
– Short lease	**341,771**	–
	1,686,900	1,211,852

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) Investment properties with carrying amount of HK$1,287,601,000 (2008: HK$848,935,000) and HK$399,299,000 (2008: HK$362,917,000) were revalued at 31 December 2009 at a valuation by qualified valuers, Jones Lang LaSalle Sallmanns Limited and DTZ Debenham Tie Leung Limited, independent firms of surveyors respectively. The valuations were arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

(c) Investment properties with carrying amount of HK$1,332,653,000 (2008: HK$1,003,399,000) are pledged to banks to secure bank loans granted to the Group (Note 36).

(d) Gross rental income from investment properties amounted to HK$65,137,000 (2008: HK$55,048,000).

20. PAYMENT FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payment for leasehold land held for own use under operating leases.

	Group	
	2009	2008
	HK$'000	HK$'000
Land in the PRC		
– Medium–term lease	**539,639**	544,149

During the year ended 31 December 2009, reversal of impairment loss of approximately HK$10,293,000 (2008: impairment loss of HK$97,298,000) in respect of the leasehold land held for own use under operating leases had been recognised in the statement of comprehensive income, which was determined with reference to a valuation as determined by qualified valuers, DTZ Debenham Tie Leung Limited, an independent firm of surveyors. The valuation was arrived at by considering the capitalised net earnings to be derived from the hotel operation.

21. GOODWILL

	Group HK$'000
At 1 January 2008	172,281
Exchange differences	5,160
Impairment loss	(32,492)
At 31 December 2008	144,949
Exchange differences	246
Impairment loss	(580)
Arising from business combinations *(Note 48(a))*	990
At 31 December 2009	**145,605**

22. IMPAIRMENT TESTING ON GOODWILL

Goodwill acquired through certain business combinations has been allocated to five major cash generating units for impairment testing.

The cash–generating units are property development projects of subsidiaries and located in the city of Chengdu, Jiaxing, Qingdao and Shanghai, respectively, and are either currently available for sale or will be available for sale in the forthcoming five years.

The recoverable amounts for the cash–generating units have been determined based on a value–in–use calculation using cash flow projections based on forecasts covering a five–year period. The discount rate applied to the cash flow projections is 11% (2008: 11%) per annum.

22. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

The carrying amount of goodwill as at 31 December 2009 allocated to each of the five cash–generating units is as follows:

	2009	2008
	HK$'000	HK$'000
Sales of properties:		
– 上海証大三角洲置業有限公司	**33,810**	33,709
– Lanrich International Limited	**65,417**	65,417
– 上海恒錦房地產開發有限公司	**45,388**	45,245
– 成都山水置業有限公司	**990**	–
– 嘉興市東方名家房地產開發有限公司	**–**	578
	145,605	144,949

The management has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill:

- Selling prices – The market prices of the comparable properties nearby
- Construction costs – The estimated costs including infrastructure costs to complete the property development projects
- Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units
- Price inflation – The basis used to determine the value assigned to selling price inflation is the forecast price indices of 3% – 4% per annum which is consistent with industry trend

The values assigned to key assumptions are based on historical experiences, current market condition, approved budgets and forecasts and consistent with external information sources.

The carrying values of goodwill were tested for impairment as at 31 December 2009 and 2008. The results of the tests indicated that impairment charge of HK$580,000 (2008: HK$32,492,000) was necessary and was recognised in profit or loss in current year.

23. INTERESTS IN ASSOCIATES

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**544,525**	568,064
Loans to associates *(note)*	**68,131**	51,764
	612,656	619,828

Note: The loans are unsecured, interest-free, repayable on demand and included in the current assets.

The investments are unlisted equity interests and details of the Group's associates at 31 December 2009 are as follows:

Name	Form of Business structure	Place of establishment and operations	Paid–up registered capital	Percentage of ownership interest	Principal activities
上海証大喜瑪拉雅置業有限公司	Corporation	The PRC	RMB633,630,000	45%	Property development in the PRC
中科廊坊科技谷有限公司	Corporation	The PRC	RMB200,000,000	30%	Property development in the PRC
青島上實地產有限公司 *(Note 24)*	Corporation	The PRC	US$3,620,000	45%	Property development in the PRC

23. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

	2009	2008
	HK$'000	HK$'000
Total assets	**4,727,224**	2,832,837
Total liabilities	**(3,088,388)**	(1,144,660)
Net assets	**1,638,836**	1,688,177
Group's share of net assets of associates	**544,525**	568,064
Total revenue	**–**	–
Total loss for the year	**(49,862)**	(15,734)
Group's share of results of the associates for the year	**(25,950)**	(882)
Excess of the Group's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**–**	45,675

24. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**–**	–

The Group had a 25% interest in a jointly controlled entity, 青島上實地產有限公司 which was accounted for using the equity method for the year ended 31 December 2007. In 2008, additional 20% equity interest was acquired through the acquisition of Giant Hope Investment Limited as disclosed in note 48(b) and therefore the carrying amount of HK$119,293,000 was re-classified as investment in associate during the year ended 31 December 2008 due to amendment of the entity's memorandum of association which entitled the Group to exercise significant influence on 青島上實地產有限公司.

The summarised financial information in respect of the Group's jointly controlled entity is set out below:

	Group	
	2009	2008
	HK$'000	HK$'000
Non-current assets	**–**	–
Current assets	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Net assets	**–**	–
Income	**–**	1,796
Expenses	**–**	(800)
Profit for the year	**–**	996
Group's share of loss of the jointly controlled entity from January to June 2008	**–**	(779)

25. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Unlisted equity interests, at cost *(note (a))*	**14,765**	18,383
Investment funds, at fair value *(note (b))*	**567**	5,653
	15,332	24,036

	Group	
	2009	2008
	HK$'000	HK$'000
Analysed for reporting purpose as:		
Non-current assets	**14,765**	14,765
Current assets	**567**	9,271
	15,332	24,036

Notes:

(a)(i) The balance included an investment cost of HK$14,765,000 (2008: HK$14,765,000) in two (2008: two) private entities established in the PRC and were classified under non-current assets. They are measured at cost less any impairment at each end of reporting period because the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(a)(ii) As at 31 December 2008, the balance included an investment cost of HK$3,618,000 (RMB3,200,000) of 40% equity interest in a private limited liability company incorporated in the PRC.

The investment cost of RMB3,200,000 was not classified as investment in associate under HKAS 28 "Investment in Associates" at 31 December 2008 as the directors believe that the Group was not able to exercise significant influence over the financial and operational decision of the investee. The investment cost was classified as available-for-sale financial assets under HKAS 39 "Financial Instruments: Recognition and Measurement" under current assets.

During the year ended 31 December 2009, the Group further acquired the remaining equity interests in that company as detailed in note 48(a). Such investment cost formed part of the investment in a subsidiary.

(b) These funds are operated by the Agricultural Bank of China, according to the funds prospectus, these funds were invested in listed and unlisted securities in the PRC and other commodities contracts. The expected return to these funds ranging from 4% to 9% as estimated by the issuers.

26. PROPERTIES UNDER DEVELOPMENT AND FOR SALES

	Group	
	2009	2008
	HK$'000	HK$'000
Properties		
– Under development	**2,984,574**	3,483,114
– For sales	**1,729,694**	1,156,315
	4,714,268	4,639,429

An impairment loss of HK$48,708,000 recognised in prior years against the carrying value of properties under development and for sales is reversed in the year. The reversal of impairment loss of HK$50,237,000 after adjustment for foreign exchange rate change is due to an increase in the estimated net realisable value of certain properties as a result of a recovery of global economy.

Properties under development and for sales with carrying amount of HK$1,322,803,000 (2008: HK$1,005,661,000) are pledged to banks to secure bank loans (note 36) granted to the Group.

Accumulated finance costs of approximately HK$112,174,000 (2008:HK$102,526,000) were capitalised in the properties under development and for sales.

Properties under development and for sales which are expected to be recovered in more than twelve months after the end of reporting period are classified under current assets as they are expected to be realised in the Group's normal operating cycle. The amounts of properties under development and for sales that are expected by management to be realised after more than twelve months after the end of reporting period are HK$1,808,830,000 (2008: HK$2,260,672,000).

27. INVENTORIES

	Group	
	2009	2008
	HK$'000	HK$'000
Food, beverage and low value consumables	**1,119**	1,154

28. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables *(note a)*	**40,279**	37,186	**–**	–
Deposits	**40,630**	73,177	**454**	478
Prepayments	**35,303**	38,858	**463**	52
Other receivables *(note b)*	**114,375**	61,080	**–**	–
	230,587	210,301	**917**	530
Less: other receivable included in non-current assets *(note c)*	**(62,776)**	–	**–**	–
	167,811	210,301	**917**	530

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

28. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current *(i)*	**22,428**	28,308
Less than 1 month past due	**11,182**	3,936
1 to 3 months past due	**2,139**	14
More than 3 months but less than 12 months past due	**346**	1,615
More than 12 months past due	**4,184**	3,313
Amount past due at end of reporting period but not impaired *(ii)*	**17,851**	8,878
	40,279	37,186

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$17,851,000 (2008: HK$8,878,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 4(i)(ii).

(b) The balances were neither past due nor impaired except that in the course of recovery of a deposit of HK$22,434,000 (2008: HK$22,612,000) for proposed acquisition of a subsidiary, the Group has taken possession of cash and cash equivalents and certain residential properties amounting to HK$20,737,000 (2008: HK$20,612,000) as collateral assets through court proceedings.

(c) In order to promote the development of the educational infrastructure nearby the Group's property development project in Haimen, the PRC, the Group had entered into a co–operation agreement with a local third party in 2007 whereby the Group was solely responsible to construct a secondary school and the third party will manage the operation of the school for 20 years from the date of completion of the construction of the school. The costs of construction will be compensated by the third party by paying annual lease payments (due in December each year) to the Group for 20 years which amounted to RMB90,000,000. The first annual lease payment was due in December 2009. The carrying amount of the receivable represents the expected cash flows from the leases receivable discounted at the effective interest rate at the time of recognition of the receivable less payments received, if any, up to the end of the reporting period.

29. DEPOSITS FOR PROPERTY DEVELOPMENT

	Group 2009 HK$'000	Group 2008 HK$'000
Deposits for acquisition of land use rights in the PRC	**676,360**	–
Prepayments to property construction contractors	**9,356**	436
	685,716	436

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2009 HK$'000	Group 2008 HK$'000
Held for trading		
– Equity securities listed in Hong Kong at market value	**14,101**	21,582
– Equity securities listed in the PRC at market value	**32,891**	–
	46,992	21,582

31. AMOUNTS DUE FROM RELATED COMPANIES

Loans advanced by the Group:

Name of related companies	Directors having beneficial interests	Group 2009 HK$'000	Group 2008 HK$'000	Maximum amount outstanding during the year HK$'000
Zendai Investment Development Limited	Dai Zhikang	**12,718**	12,660	12,718
上海証大投資發展有限公司	Dai Zhikang	**3**	5,812	12,660
青島凱倫投資咨詢有限公司	Dai Zhikang	**–**	9,045	9,045
上海証大現代藝術館	Dai Zhikang	**10**	55	55
		12,731	27,572	

The amounts are unsecured, interest-free, repayable on demand and in non-trading nature.

32. ASSETS CLASSIFIED AS HELD FOR SALE

In 2008, the Group entered into agreements to sell certain investment properties at a consideration of RMB25,015,000 (approximately HK$28,281,000). The carrying amount of the investment properties transferred to assets classified as held for sale was RMB25,015,000 (approximately HK$28,281,000). During the year ended 31 December 2009, the Group delivered one of these properties at a consideration of RMB7,562,000 (approximately HK$8,577,000) to a buyer. The remaining properties with aggregate carrying value of HK$19,704,000 will be delivered in 2010.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors *(a)*	**466,593**	286,451	**–**	–
Other payables and accruals	**388,381**	288,238	**32,606**	90,807
	854,974	574,689	**32,606**	90,807
Less: other payable included in non-current liabilities *(b)*	**(122,397)**	–	**–**	–
	732,577	574,689	**32,606**	90,807

33. TRADE AND OTHER PAYABLES *(Continued)*

(a) The ageing analysis of trade payables at the end of reporting period is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current or less than 1 month	**3,050**	430
1 – 3 months	**287,780**	78,297
More than 3 months but less than 12 months	**20,271**	28,364
More than 12 months	**109,897**	144,212
	420,998	251,303
Retention money	**45,595**	35,148
	466,593	286,451

The trade payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

(b) The other payable represents consideration for acquisition of land use rights amounting to RMB360,000,000 payable to an independent third party. The balance is repayable in 38 years, starting from February 2009. The carrying value of the payable represents the expected cash flows from settlement of the payable of RMB122,397,000 after discounted at the effective interest rate of 6% per annum prevailing at the time of recognition of the payable after settlement made up to the end of the reporting period.

34. AMOUNTS DUE TO RELATED COMPANIES

The amounts were unsecured, interest-free, repayable on demand and in non-trading nature. The Company's director, Mr. Dai Zhikang, has beneficial interests in these related companies.

35. AMOUNT DUE TO A MINORITY OWNER OF A SUBSIDIARY

The amount was unsecured, interest-free, repayable on demand and in non-trading nature.

36. BANK LOANS

	Group	
	2009	2008
	HK$'000	HK$'000
Secured *(note)*	**1,390,594**	1,015,098

At the end of reporting period, total current and non-current bank loans were repayable as follows:

Bank loans repayable:		
Within one year	**282,014**	325,359
More than one year, but not exceeding two years	**201,975**	116,164
More than two years, but not exceeding five years	**450,544**	357,344
After five years	**456,061**	216,231
	1,390,594	1,015,098
Less: Amount due within one year included in current liabilities	**(282,014)**	(325,359)
Amount due after one year	**1,108,580**	689,739

Note:

The bank loans are secured by the Group's hotel building (Note 17), investment properties (Note 18) and properties under development and for sales (Note 26). Corporate guarantees were given to banks for certain of bank loans by a related company, which is beneficially owned by Mr. Dai Zhikang, a director and shareholder of the Company.

37. CONVERTIBLE NOTES

Pursuant to a subscription agreement dated 1 February 2005 made between Value Partners Limited and the Company, the convertible notes in the principal amount of HK$80,000,000 with interest bearing were issued by the Company.

The interest was payable semi-annually in arrears at specified interest rates on the principal amount outstanding from time to time accruing from the date of issue of the convertible notes on a daily basis. The specified interest rates were 4.75% per annum in the first year, 5% per annum in the second year and 5.25% per annum in the third year from 24 February 2005, the date of issue of the convertible notes.

The convertible notes were, at the option of the holder, convertible in the period from the date after three months from 24 February 2005 to 23 February 2008 inclusive, into fully paid ordinary shares of the Company with a par value of HK$0.02 per share, at an initial conversion price of HK$0.24 per share, subject to adjustment under certain events.

Interest expense on the convertible notes was calculated using the effective interest method by applying the effective interest rate of 5.5% per annum to the liability component.

The convertible notes initially recognised in the statement of financial position were as follows:

	Group and Company
	Convertible notes due 2008 HK$'000
Face value of convertible notes issued	80,000
Equity component	(1,034)
Liability component on initial recognition	78,966

37. CONVERTIBLE NOTES *(Continued)*

The movements of liability component of convertible notes were as follows:

	Group and Company
	Convertible notes due 2008
	HK$'000
Liability component at 1 January 2008	64,894
Interest expenses *(Note 12)*	580
Interest paid	(580)
Repaid during the year	(64,894)
Liability component at 31 December 2008 and 2009	–

The fair value of the liability component were determined at the issuance of the convertible notes. The fair value of the liability component was calculated using a market interest rate for equivalent non-convertible notes. The residual amount, representing the value of the equity component, was included in shareholders' equity (convertible notes reserve). The convertible notes reserve was transferred to retained profits when the convertible notes were repaid by cash on 21 February 2008.

38. SENIOR LOAN NOTES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Carrying amount as at 1 January	**1,112,497**	1,135,998	**1,143,697**	1,135,998
Amortisation of issue costs *(Note 12)*	**7,699**	7,699	**7,699**	7,699
Senior loan notes repurchased by a subsidiary	**(54,288)**	(31,200)	**–**	–
Carrying amount as at 31 December	**1,065,908**	1,112,497	**1,151,396**	1,143,697

On 6 June 2007, the Company issued senior loan notes (the "Notes") of US$150 million with maturity date on 6 June 2012. The Notes carry interest at 10% per annum and is payable semi-annually in arrears on 6 June and 6 December of each year, beginning on 6 December 2007. The Notes are secured by corporate guarantees of certain subsidiaries of the Company and listed on the Singapore Exchange Securities Trading Limited.

During the year ended 31 December 2009, the Group through a subsidiary partially repurchased the Notes in the principal amount of US$6,960,000 (2008: US$4,000,000) at a total consideration of US$4,672,000 (2008: US$1,700,000). The gain of HK$17,846,000 (2008: HK$17,784,000) (Note 8) on repurchase was recognised in profit or loss.

39. TAX PREPAYMENT/PAYABLE

	Group	
	2009	2008
	HK$'000	HK$'000
Tax prepayment		
PRC Enterprise Income Tax prepayments	**18,241**	8,831
LAT prepayment	**9,218**	4,227
	27,459	13,058

	Group	
	2009	2008
	HK$'000	HK$'000
Tax payable		
PRC Enterprise Income Tax payable	**71,985**	5,016
LAT provision *(note)*	**998,668**	829,047
	1,070,653	834,063

Note:

The Group is subject to LAT in the PRC. However, the implementation of these tax varies amongst various PRC cities and the Group has not finalised its LAT returns with various local tax bureaus.

The Group prepaid 1% to 2% of the proceeds from sale and pre-sale of the properties. On 28 December 2006, the PRC State Administration of Taxation issued a circular, which took effect on 1 February 2007 to request real estate developers to settle the final LAT payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been pre-sold or sold. Local tax bureaus, including the Shanghai tax bureau, are required to issue local implementation in detail. In order to minimise the uncertainties in the accounts due to exposure to the additional LAT liabilities, the Group has provided for LAT fully in accordance with the requirements of State Administration of Taxation even though detailed implementation rules and procedures have not yet been issued by the relevant local tax bureaus.

40. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the current and prior years were as follows:

	Group				
	Revaluation of property, plant and equipment HK$'000	Revaluation of investment properties HK$'000	Revaluation of properties for sale HK$'000	Withholding tax on dividend HK$'000	Total HK$'000
At 1 January 2008	–	43,760	214,447	–	258,207
Exchange differences	(2,235)	(883)	11,676	724	9,282
Charge/(credit) to statement of comprehensive income for the year *(Note 13)*	(39,572)	(40,910)	(27,665)	26,194	(81,953)
Effect of change in tax rate *(Note 13)*	–	–	37,116	–	37,116
Arising from acquisitions of subsidiaries *(Note 48(b))*	199,186	82,083	100,100	–	381,369
At 31 December 2008	**157,379**	**84,050**	**335,674**	**26,918**	**604,021**
Exchange differences	**631**	**361**	**1,020**	**111**	**2,123**
Charge/(credit) to statement of comprehensive income for the year *(Note 13)*	**9,012**	**68,344**	**(71,330)**	**47,050**	**53,076**
Arising from acquisitions of subsidiaries *(Note 48(a))*	**–**	**–**	**5,920**	**–**	**5,920**
At 31 December 2009	**167,022**	**152,755**	**271,284**	**74,079**	**665,140**

40. DEFERRED TAX LIABILITIES *(Continued)*

A deferred tax asset has not been recognised for the following temporary differences:

	Group	
	2009	2008
	HK$'000	HK$'000
Unused tax losses	**18,383**	21,452
Other deductible temporary differences	**–**	10,778
	18,383	32,230

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax loss of HK$Nil (2008: HK$30,840,000) was disallowed by Inland Revenue Department of Hong Kong in 2009 and the tax losses of HK$11,108,000 (2008: HK$8,627,000) can be carried forward indefinitely and the tax losses of HK$7,275,000 (2008: HK$12,825,000) will expire in five years' time. No deferred tax asset has been recognised in relation to other deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed through its operations to the following risks from its use of financial instruments:

- Market risks (Interest rate risk, Foreign exchange risk and Equity price risk)
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board of Directors. Certain risks are managed centrally, while others are managed locally following guidelines stipulated by the central management. The policy for each of the above risks is described in more detail below.

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

Market risks

(a) Interest rate risk

The Group has exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings which carry at prevailing market interest rates.

The Group's interest rate risk relates primarily to its fixed and floating interest rate bank borrowings subject to negotiation on annual basis (see note 36). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Company's convertible notes and senior loan notes were issued at fixed rate and do not expose the Company to fair value interest rate risk.

Interest rate profile

The following table details interest rates analysis that the management of the Group evaluates their interest rate risk.

	Group				Company			
	2009 Effective interest rate (%)	**HK$'000**	2008 Effective interest rate (%)	HK$'000	**2009 Effective interest rate (%)**	**HK$'000**	2008 Effective interest rate (%)	HK$'000
Financial liabilities								
Fixed rate borrowings								
– Bank loans	**7.32%**	**497,902**	7.41%	672,357	**–**	**–**	–	–
– Senior loan notes	**10%**	**1,065,908**	10.00%	1,112,497	**10%**	**1,151,396**	10%	1,143,697
Floating rate borrowings								
– Bank loans	**6.16%**	**892,692**	6.57%	342,741	**–**	**–**	–	–
Financial assets								
Floating rate financial assets								
– Cash and cash equivalents	**0.56%**	**599,949**	2.72%	384,405	**0.07%**	**68,089**	2.72%	26,041

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

Market risks *(Continued)*

(a) *Interest rate risk* *(Continued)*

Sensitivity analysis

At the respective end of reporting periods, if lending interest rates set by the People's Bank of China had been increased/decreased by 100 basis points and all other variables were held constant, the Group's profit would decrease/increase by approximately HK$1,142,000 (2008: HK$1,034,000) for the year ended 31 December 2009.

(b) *Foreign exchange risk*

Foreign exchange risk arises when individual company enters into transactions denominated in a currency other than their functional currency.

The Group and the Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group and the Company's cash and cash equivalents and senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective end of reporting periods are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Assets				
United States dollars ("USD")	**28,679**	22,817	**27,623**	21,799
Liabilities				
USD	**1,159,846**	1,112,497	**1,159,846**	1,143,697

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

Market risks *(Continued)*

(b) *Foreign exchange risk* *(Continued)*

Sensitivity analysis

The Company mainly exposes to the currency risk of USD, but the management does not expect there will be any significant movements in the USD/HK$ exchange rate as HK$ is pegged to USD. In this regard, the management does not consider the Company exposes to significant currency risk arising from USD.

The Group through its subsidiaries operating in the PRC mainly exposes to the currency risk of HK$ against RMB. The sensitivity analysis on foreign exchange risk includes monetary financial assets and liabilities that are denominated in HK$. The following table indicates the approximate effect on the profit after tax in the next accounting period in response to reasonably possible changes in HK$/RMB exchange rate to which the Group has significant exposure at the end of reporting period.

	Group	
	2009	2008
	HK$'000	HK$'000
Group	**Increase/(decrease) in profit**	
HK$ to RMB		
Appreciates by 4% (2008: 5%)	**(1,700)**	(3,884)
Depreciates by 4% (2008: 5%)	**1,700**	3,884

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

Market risks *(Continued)*

(c) *Equity price risk*

The Group is exposed to equity price risk on the financial assets at fair value through profit or loss (held for trading) (Note 30). When the Group has generated a significant amount of surplus cash, it will invest in listed investments to improve profitability. The Group's investments in the above are limited to equity instruments listed in Hong Kong and the PRC. The Group diversifies its investment portfolio to optimise the risk and return. The directors believe that the exposure to equity price risk from these activities is acceptable in the Group's circumstances.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks on investments at fair value through profit or loss at the end of reporting period.

If the prices of the respective equity instruments had been 5% higher/lower, the Group's profit for the year would increase/decrease by HK$1,871,000 (2008: HK$901,000) as a result of change in fair value of investments at fair value through profit or loss.

Liquidity risk

Internally generated cash flows, bank loans, senior loan notes and convertible notes are the general sources of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

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

Market risks *(Continued)*

(c) *Equity price risk* *(Continued)*

Liquidity risk *(Continued)*

The contractual maturities of financial liabilities are shown as below:

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2009						
Non–derivatives:						
Trade and other payables	**732,577**	**732,577**	**732,577**	**–**	**–**	**–**
Other payable (non-current)	**122,397**	**399,270**	**9,074**	**9,074**	**27,222**	**353,900**
Bank loans	**1,390,594**	**1,484,318**	**301,021**	**215,588**	**480,910**	**486,799**
Amounts due to related companies	**5,018**	**5,018**	**5,018**	**–**	**–**	**–**
Amount due to a minority owner of a subsidiary	**53,016**	**53,016**	**53,016**	**–**	**–**	**–**
Senior loan notes	**1,065,908**	**1,521,000**	**117,000**	**117,000**	**1,287,000**	**–**
	3,369,510	**4,195,199**	**1,217,706**	**341,662**	**1,795,132**	**840,699**

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008						
Non–derivatives:						
Trade and other payables	574,689	574,689	574,689	–	–	–
Bank loans	1,015,098	1,086,155	348,134	124,295	382,357	231,369
Amounts due to related companies	62	62	62	–	–	–
Amount due to minority owner of a subsidiary	13,939	13,939	13,939	–	–	–
Senior loan notes	1,112,497	1,638,000	117,000	117,000	1,404,000	–
	2,716,285	3,312,845	1,053,824	241,295	1,786,357	231,369

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

(c) *Equity price risk (Continued)*

Liquidity risk *(Continued)*

The Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2009						
Non–derivatives:						
Other payables	**32,606**	**32,606**	**32,606**	**–**	**–**	**–**
Amounts due to subsidiary	**318,995**	**318,995**	**318,995**	**–**	**–**	**–**
Senior loan notes	**1,151,396**	**1,521,000**	**117,000**	**117,000**	**1,287,000**	**–**
	1,502,997	**1,872,601**	**468,601**	**117,000**	**1,287,000**	**–**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008						
Non–derivatives:						
Other payables	90,807	90,807	90,807	–	–	–
Amounts due to subsidiary	320,344	320,344	320,344	–	–	–
Senior loan notes	1,143,697	1,638,000	117,000	117,000	1,404,000	–
	1,554,848	2,049,151	528,151	117,000	1,404,000	–

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2009 and 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and guarantees provided by the Group as disclosed in note 51. The Group has policies in place to determine credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spreading over a large number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with high credit–ratings assigned by international credit–rating agencies or state-owned banks in the PRC.

42. FINANCIAL INSTRUMENTS – CARRYING AMOUNT AND FAIR VALUE

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and trading on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

43. SHARE CAPITAL

(a) Authorised and issued share capital

	Company			
Authorised	**2009 Number**	**2009 HK$'000**	2008 Number	2008 HK$'000
Ordinary shares of HK$0.02 each *(note (i))*	**20,000,000,000**	**400,000**	20,000,000,000	400,000

Issued and fully paid	**2009 Number**	**2009 HK$'000**	2008 Number	2008 HK$'000
Ordinary shares of HK$0.02 each				
At beginning of the year	**10,291,273,182**	**205,825**	7,003,738,182	140,075
Other issues for acquisition of subsidiaries during the year *(note (ii))*	**–**	**–**	3,344,000,000	66,880
Cancellation upon repurchase of shares *(note (iii))*	**(15,200,000)**	**(304)**	(56,465,000)	(1,130)
Exercise of share options *(note (b))*	**133,333,333**	**2,667**	–	–
At end of the year	**10,409,406,515**	**208,188**	10,291,273,182	205,825

43. SHARE CAPITAL *(Continued)*

(a) Authorised and issued share capital *(Continued)*

Notes:

During the years ended 31 December 2009 and 2008, the following changes in the Company's authorised and issued share capital took place:

(i) In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the shares as detailed in note 48(b), on 29 April 2008 a resolution has passed in a shareholders' meeting to increase the authorised share capital of the Company from HK$200,000,000 divided into 10,000,000,000 shares to HK$400,000,000 divided into 20,000,000,000 shares by the creation of additional 10,000,000,000 new authorised shares.

(ii) On 10 July 2008, the Company issued 3,344,000,000 shares at HK$0.21 per share. The share capital increased by HK$66,880,000 and share premium of HK$635,360,000 was credited to the share premium reserve. The shares were issued in relation to the acquisition as detailed in note 48(b) to the financial statements.

(iii) The Company was authorised to repurchase its own shares not exceeding 10% of the aggregate nominal amount of its issued share capital. During the two years ended 31 December 2008 and 2009, the Company repurchased its shares on the Stock Exchange when the directors are of the view that the shares were significantly trading at a discount in order to enhance shareholders' value.

The details of repurchase of the Company's own ordinary shares on the Stock Exchange are as follows:

Month/year of repurchase	Number of ordinary shares of nominal value of HK$0.02 each repurchased	Consideration per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	HK$	HK$'000
July 2009	**15,200,000**	**0.2950**	**0.2650**	**4,198**
September 2008	2,910,000	0.1190	0.1170	341
October 2008	15,325,000	0.0990	0.0720	1,328
November 2008	31,730,000	0.0980	0.0840	2,961
December 2008	6,500,000	0.1000	0.0910	618
	56,465,000			5,248

43. SHARE CAPITAL *(Continued)*

(a) Authorised and issued share capital *(Continued)*

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the nominal value thereof. The premium paid and the related costs on repurchases of the shares of HK$3,922,000 (2008: HK$4,185,000) were charged to share premium.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

(b) Issued share options

The Company granted 265,833,333 share options to the subscriber of the convertible notes with exercise price of HK$0.24 per share, each share option is convertible into one ordinary share of the Company for the period from 23 February 2008 to 22 February 2010. Details of the convertible notes were disclosed in the announcement of the Company dated 2 February 2005.

On 11 December 2009, a total of 133,333,333 share options were exercised to subscribe for 133,333,333 ordinary shares of the Company at a total consideration of $32,000,000 of which $2,667,000 was credited to share capital and the balances of $29,333,000 was credited to the share premium account.

At 31 December 2009, 132,500,000 options remained outstanding. The options were exercised in full on 18 February 2010 as mentioned in note 52(c).

During the year ended 31 December 2009, the Company also granted options under its share options scheme to its employees as detailed in note 43(d).

43. SHARE CAPITAL *(Continued)*

(c) Capital management policy

The Group's primary objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debts as total debt (which includes trade and other payables, bank loans, amounts due to related companies, amount due to a minority owner of a subsidiary and senior loan notes plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the year, the Group's strategy, which was unchanged from 2008, was to maintain the net debt-to-adjusted capital ratio at the lower end of the range 70% to 80%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

43. SHARE CAPITAL *(Continued)*

(c) Capital management policy *(Continued)*

The net debt-to-adjusted capital ratio at 31 December 2009 and 2008 was calculated as follows:

	2009 HK$'000	2008 HK$'000
Current liabilities		
Trade and other payables	**732,577**	574,689
Bank loans	**282,014**	325,359
Amounts due to related companies	**5,018**	62
Amount due to a minority owner of a subsidiary	**53,016**	13,939
	1,072,625	914,049
Non-current liabilities		
Bank loans	**1,108,580**	689,739
Senior loan notes	**1,065,908**	1,112,497
Other payables	**122,397**	–
	2,296,885	1,802,236
Total debt	**3,369,510**	2,716,285
Add: Proposed dividends	**42,472**	–
Less: Cash and cash equivalents	**(599,949)**	(384,405)
Net debt	**2,812,033**	2,331,880
Total equity	**3,784,223**	3,300,042
Less: Proposed dividends	**(42,472)**	–
Adjusted capital	**3,741,751**	3,300,042
Net debt-to-adjusted capital ratio	**75%**	71%

43. SHARE CAPITAL *(Continued)*

(d) Share option scheme

The Company adopted a share option scheme on 18 July 2002 (the "Share Option Scheme"), for primary purpose of providing incentives to eligible participants. Details of the Share Option Scheme are as follows:

On 18 July 2002, the Company adopted the Share Option Scheme which will expire on 17 July 2012. Pursuant to the terms of the Share Option Scheme, the Company may grant options at a consideration of HK$1 to eligible participants (including directors, shareholders, eligible employees, suppliers and customers of the Company or its subsidiaries) to subscribe for shares in the Company. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share as quoted on the Stock Exchange on the date of grant, (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date on which the options are granted. Options granted should be accepted within 28 days from the date of offer.

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Company's shares in issue as at the date on which the relevant share option scheme has been adopted.

The Share Option Scheme may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

43. SHARE CAPITAL *(Continued)*

(d) Share option scheme *(Continued)*

Unless approved by the shareholders as set out herein, the total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12–month period must not exceed 1% of the Company's shares in issue. Where any further grant of options to a participant would result in the Company's shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12–month period up to and including the date of such further grant in aggregate exceeding 1% of the Company's shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of the Company's shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

During the year ended 31 December 2009, 14 options to subscribe for up to 158,000,000 ordinary shares of the Company were granted to the Company's employees and directors on 12 November 2009. The estimated fair value of the options granted on that date is approximately 21,908,000 (Note 10).

The fair value was calculated using Binominal Option Pricing Model. The inputs into the model were as follows:

Grant date	12 November 2009
Vesting date	12 November 2009
Grant date share price	HK$0.3850
Exercise price	HK$0.3850
Expected life	4 years
Expected volatility	69.03%
Expected dividend yield	0%
Risk–free interest rate	1.36%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

43. SHARE CAPITAL *(Continued)*

(d) Share option scheme *(Continued)*

The Group recognised the total expense of HK$21,908,000 which was included in staff costs for the year as set out in note 10, of which approximately HK$7,606,000 and HK$14,302,000 related to options granted to the Group's employees and directors of the Company respectively. The expense related to directors was included in emoluments as set out in note 11.

On 12 November 2009, the number of shares in respect of which options had been granted under the Share Option Scheme was 158,000,000 (2008: Nil), representing 1.5% (2008: Nil%) of the shares of the Company in issue at that date. Total consideration of HK$14 (2008: HK$ Nil) was received by the Company during the year ended 31 December 2009 on acceptance of the grants. The share options are fully vested upon issue.

The following table discloses the movements in such holdings during the year:

			Number of options			
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 January 2009	Granted during the year	Cancelled during the year	Outstanding at 31 December 2009
Options granted to directors						
12 November 2009	12 November 2010 – 11 November 2013	0.3850	–	47,000,000	–	47,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	–	29,000,000	–	29,000,000
12 November 2009	12 November 2012 – 11 November 2013	0.3850	–	24,000,000	–	24,000,000
			–	100,000,000	–	100,000,000
Options granted to employees						
12 November 2009	12 May 2010- 11 November 2013	0.3850	–	8,000,000	–	8,000,000
12 November 2009	12 November 2010 – 11 November 2013	0.3850	–	40,000,000	–	40,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	–	10,000,000	–	10,000,000
			–	58,000,000	–	58,000,000
			–	158,000,000	–	158,000,000

The details of options granted to other party and the number of options outstanding at the end of the reporting period were disclosed in note 43(b) to the financial statements.

44. RESERVES

Company	Share premium *(note (a))* HK$'000	Capital redemption reserve HK$'000	Contributed surplus *(note (b))* HK$'000	Special capital reserve *(note (c))* HK$'000	Convertible notes reserve *(note (d))* HK$'000	Share option reserve *(note (e))* HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1 January 2008	627,269	1,074	157,315	68,541	825	–	(88,677)	766,347
Issue of shares	635,360	–	–	–	–	–	–	635,360
Cancellation upon repurchase of shares	(4,118)	–	–	–	–	–	–	(4,118)
Transaction costs attributable to repurchase of own shares	(67)	–	–	–	–	–	–	(67)
Release of reserve*	–	–	–	–	(825)	–	825	–
Loss for the year	–	–	–	–	–	–	(177,190)	(177,190)
At 31 December 2008	1,258,444	1,074	157,315	68,541	–	–	(265,042)	1,220,332
Issue of shares	–	–	–	–	–	–	–	–
Cancellation upon repurchase of own shares	(3,894)	–	–	–	–	–	–	(3,894)
Transaction costs attributable to repurchase of shares	(28)	–	–	–	–	–	–	(28)
Equity settled share-based transactions	–	–	–	–	–	21,908	–	21,908
Exercise of share options	29,333	–	–	–	–	–	–	29,333
Profit for the year	–	–	–	–	–	–	393,992	393,992
At 31 December 2009	1,283,855	1,074	157,315	68,541	–	21,908	128,950	1,661,643

Notes:

(a) Amount subscribed for share capital in excess of nominal value.

(b) The Company's contributed surplus account represents the credit arising from the effect of share premium offset against accumulated losses in previous years.

(c) The special capital reserve of the Company represents the credit arising from the effect of reduction in share capital in previous years.

(d) The equity conversion component on issue for convertible notes (i.e. option to convert the debt into share capital).

(e) Cumulative expenses recognised on the granting of share options to the employees over the vesting period.

* Since the convertible notes have matured, the equity component (i.e. option to convert the debt into share capital) is therefore released and the reserve was transferred to accumulated losses. Details of the movement in convertible notes are set out in note 37 to the financial statements.

45. LEASES

Operating leases – lessee

The lease payments recognised as expenses are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Minimum lease payments	**39,302**	15,829	**1,732**	1,333

The total future minimum lease payments are due as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**34,091**	34,281	**798**	1,748
Later than one year and not later than five years	**110,540**	110,526	**–**	830
Later than five years	**26,517**	52,021	**–**	–
	171,148	196,828	**798**	2,578

Operating lease payments in respect of rented premises payable by the Group relate to certain commercial properties for sub-letting and certain of its office premises. Leases are usually negotiated for an average term of two to five years. Certain operating lease agreements in respect of the commercial properties for subletting last for 10 years and they are subject to contingent rent payments charged at 50% of the excess of monthly sublet income over the base rents as determined in the respective agreements, for the latter five years.

45. LEASES *(Continued)*

Operating leases – lessor

The Group's investment properties and certain properties for sales are leased to a number of tenants for leasing period from 10 to 20 years and from 1 to 3 years respectively.

The minimum rent receivable under non-cancellable operating leases are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Not later than one year	**96,943**	82,776
Later than one year and not later than five years	**254,298**	235,100
Later than five years	**252,525**	299,703
	603,766	617,579

46. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund (the "MPF") scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to profit or loss represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributes to a local Municipal Government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit scheme contributions arising from the PRC Municipal Government retirement scheme charged to profit or loss represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

47. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**1,002,716**	1,002,716
Amounts due from subsidiaries	**2,301,064**	1,951,673
Amounts due to subsidiaries	**(318,995)**	(320,344)

As at 31 December 2009 and 2008, the amounts due from/to subsidiaries are unsecured, interest free, repayable on demand and included in the Company's current assets and current liabilities respectively.

47. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2009 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid–up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
上海証大置業有限公司 *(note 2)*	The PRC	RMB820,000,000	–	100%	Property development in the PRC
上海証大三角洲置業有限公司 *(note 1, 2)*	The PRC	RMB400,000,000	–	100%	Property development in the PRC
上海証大五道口房地產開發有限公司 *(note 2)*	The PRC	RMB240,000,000	–	100%	Property development in the PRC
上海天海有限責任公司 *(note 2)*	The PRC	RMB80,000,000	–	100%	Property development in the PRC
上海証大商業旅遊投資發展有限公司 *(note 2)*	The PRC	RMB200,000,000	–	100%	Property Rental in the PRC
上海恒錦房地產發展有限公司 *(note 2)*	The PRC	RMB210,000,000	–	100%	Property development in the PRC
湖州湖東建設管理有限公司 *(note 2)*	The PRC	USD25,000,000	–	100%	Property development in the PRC
長春証大置業有限公司 *(note 2)*	The PRC	RMB60,000,000	–	95%	Property development in the PRC
揚州証大商旅發展有限公司 *(note 2)*	The PRC	RMB30,000,000	–	80%	Property development in the PRC

47. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
吉林市証大華城房地產開發有限公司 *(note 2)*	The PRC	RMB20,000,000	–	100%	Property development in the PRC
嘉興市東方名家房地產開發有限公司 *(note 2)*	The PRC	RMB10,000,000	–	100%	Property development in the PRC
海南新世界發展有限公司 *(note 2)*	The PRC	RMB120,000,000	–	100%	Property development in the PRC
海南華僑會館有限公司 *(note 2)*	The PRC	RMB10,000,000	–	100%	Property development in the PRC
成都山水置業有限公司 *(note 2)*	The PRC	RMB8,000,000	–	100%	Property development in the PRC
Wah Kong Travel Limited *(note 2)*	Hong Kong	HK$1,250,000	–	60%	Sales of air tickets and provision of travel related services in HK
海門証大濱江置業有限公司 *(note 1, 2)*	The PRC	USD49,600,000	–	100%	Property development in the PRC
上海証大西鎮房地產開發有限公司 *(note 2)*	The PRC	RMB30,000,000	–	100%	Property development in the PRC
上海証大商業經營有限公司 *(note 2)*	The PRC	RMB20,000,000	–	100%	Properties rental management and agency services

47. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid–up registered capital	Percentage of ownership interests directly	Percentage of ownership interests indirectly	Principal activities and place of operations
上海証大物業管理有限公司 *(note 2)*	The PRC	RMB5,000,000	–	100%	Property management in the PRC
海南華意置業有限公司 *(note 1, 2)*	The PRC	RMB88,000,000	–	60%	Property development in the PRC
鄂爾多斯市証大房地產開發有限責任公司 *(note 2)*	The PRC	RMB10,000,000	–	100%	Property development in the PRC
青島凱倫大拇指商業廣場發展有限公司 *(note 2)*	The PRC	USD12,000,000	–	100%	Property development in the PRC
Victory Gateway Limited *(note 2)*	British Virgin Islands	USD1	100%	–	Investment holding
Most Perfect International Ltd. *(note 2)*	British Virgin Islands	USD100	100%	–	Investment holding
Auto Win Investment Ltd. *(note 2)*	British Virgin Islands	USD1	100%	–	Properties rental in the PRC

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

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

Notes:

(1) The subsidiary is registered as foreign equity joint venture under PRC law.

(2) The subsidiary is a limited liability company.

48. ACQUISITION OF SUBSIDIARIES

(a) Details of the fair value of identifiable assets and liabilities acquired by the Group during the year ended 31 December 2009 were as follows:

	成都山水置業有限公司		
	Carrying amount before combination HK$'000	**Fair value adjustment HK$'000**	**Fair value HK$'000**
Fair value of net assets acquired			
Property, plant and equipment	209	–	209
Properties under development and for sales	114,146	23,678	137,824
Other receivables	12,649	–	12,649
Amount due from a shareholder	3,153	–	3,153
Bank balances and cash	1,249	–	1,249
Trade and other payables	(26,381)	–	(26,381)
Bank loan	(45,367)	–	(45,367)
Receipts in advance from customer	(34,046)	–	(34,046)
Amount due to a former shareholder	(29,381)	–	(29,381)
Deferred tax liabilities *(Note 40)*	–	(5,920)	(5,920)
Net (liabilities)/assets	(3,769)	17,758	13,989
Goodwill			990
Less: available-for-sale investments held by the Group			(3,629)
Total consideration paid			11,350
Total consideration satisfied by:			
Cash			8,197
Repayment of amount due from a former shareholder by cash			3,153
			11,350
Net cash outflow arising on acquisition:			
Cash consideration paid			11,350
Cash consideration payable included in other payables			(4,156)
Cash and cash equivalents acquired			(1,249)
			5,945

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

成都山水置業有限公司 ("成都山水") is a PRC limited liability company established on 13 July 2006. It was 40%, 33.3% and 26.7% owned by the Group, 成都泰科迪可投資有限公司 ("成都泰科") and 成都桓業投資有限公司 ("成都桓業") respectively as at 31 December 2008.

On 21 May 2009, the Group entered into an agreement with 成都泰科 and 成都桓業, independent third parties, to further acquire 60% interests in 成都山水 at a consideration of RMB10,008,000 (HK$11,350,000). As a result, 成都山水 became a wholly owned subsidiary of the Group. Therefore, the financial statements of 成都山水 were consolidated by the Group from 3 July 2009.

成都山水had contributed no turnover and a loss of HK$3,121,000 to the Group for the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 January 2009, the Group's turnover for the year would remain at HK$2,162,092,000 and profit for the year would have been HK$446,537,000. The pro forma information is for illustrative purpose only and is not necessary and indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is it intended to be a projection of future results.

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Details of the fair value of identifiable assets and liabilities acquired by the Group during the year ended 31 December 2008 were as follows:

	Giant Hope Investment Limited and its subsidiaries		
	Carrying amount before combination HK$'000	**Fair value adjustment** HK$'000	**Fair value** HK$'000
Fair value of net assets acquired			
Property, plant and equipment	280,033	147,095	427,128
Payment for leasehold land held for own use under operating leases	11,715	649,649	661,364
Interest in an associate	6,821	45,651	52,472
Investment properties	172,985	261,254	434,239
Available-for-sale investments	57	–	57
Properties under development and for sales	272,687	286,281	558,968
Inventories	1,726	–	1,726
Trade and other receivables	165,786	–	165,786
Bank balances and cash	56,767	–	56,767
Trade and other payables	(177,437)	–	(177,437)
Bank loans	(559,282)	–	(559,282)
Tax payable	(143,517)	–	(143,517)
Amount due to ultimate holding company	(97,290)	–	(97,290)
Deferred taxation	(27,850)	(353,519)	(381,369)
Net (liabilities)/assets	(36,799)	1,036,411	999,612
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost			(371,875)
Less: available-for-sale investments held by the Group			(22,787)
Total consideration paid			604,950
Total consideration satisfied by:			
Issue of shares *(Note 43 (a)(ii))*			702,240
Shareholders' loan			(97,290)
			604,950
Net cash inflow arising on acquisition			
Cash and cash equivalents acquired			(56,767)

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

Notes:

On 25 April 2008, the Group entered into an agreement with Jointex Investment Holding Limited ("Jointex") to acquire entire interest of Giant Hope Investments Limited and its subsidiaries ("Giant Hope Group") and the loan due to Jointex by Giant Hope Group amounting to HK$97,290,000 for a total consideration of HK$702,240,000, satisfied by allotting 3,344,000,000 shares of the Company to Jointex. Jointex is 85% owned by Giant Glory Assets Limited which is wholly owned by Mr. Dai Zhikang, a director of the Company. The transaction was completed on 9 July 2008. The details of the transaction were disclosed in the Company's circular dated 10 June 2008.

The fair value of shares issued in connection with this transaction was calculated with reference to the share price of the Company quoted in the Stock Exchange of Hong Kong Limited at the date of completion.

Giant Hope Group had contributed HK$105,677,000 and HK$21,328,000 to turnover and loss of the Group for the period between the date of acquisition and the end of reporting period. If the acquisition had been completed on 1 January 2008, the Group's turnover for the year would have been HK$2,190,805,000 and profit for the year would have been HK$253,295,000. The pro forma information is for illustrative purpose only and is not necessary and indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

(c) On 2 January 2008, the Group entered into an agreement with an independent third party to acquire entire interest in Meiyi International Limited and its 60% owned subsidiary, 海南華意置業有限公司 (collectively referred to as "Meiyi Group") at a cash consideration of RMB206,000,000. The major asset in Meiyi Group is a parcel of land with approximately 1,309,000 square metres in Chenmai County, Hainan. The acquisition was completed in January 2008.

On 7 December 2007, the Group entered into an agreement with 4 independent individuals, to acquire the entire interest in 海門市紅日環保設備有限公司 and its wholly owned subsidiary, 海門市紅日農業科技有限公司 (collectively referred to "Hongri Group") at cash consideration of RMB27,000,000. The major assets in Hongri Group are 2 parcels of land with approximately 47,000 and 86,000 square metres respectively in Haimen City, Jiangsu Province. The acquisition was completed in January 2008.

The above acquisitions were not accounted for under HKFRS 3 "Business Combinations" as Meiyi Group and Hongri Group were mainly in the possession of lands in the PRC and the lands were vacant at acquisition date and no business activities had been conducted by these companies before the acquisition. The transactions were accounted for as purchase of properties under development and for sales.

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) *(Continued)*

Details of the net assets acquired by the Group during the year ended 31 December 2008 were as follows:

	Meiyi Group HK$'000	Hongri Group HK$'000	Total HK$'000
Purchase consideration allocated to the identifiable assets and liabilities acquired			
Properties under development and for sales	379,590	27,213	406,803
Trade and other receivables	817	17	834
Bank balances and cash	60	2	62
Trade and other payables	(438)	(6,244)	(6,682)
Bank loans	–	(11,858)	(11,858)
Minority interest	(159,287)	–	(159,287)
Net assets acquired	220,742	9,130	229,872
Total consideration paid and satisfied by:			
Cash			229,872
Net cash (inflow)/outflow arising on acquisition			
Cash consideration paid			229,872
Cash and cash equivalents acquired			(62)
			229,810

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(d) Acquisition of additional interests in subsidiaries

(i) On 21 September 2009, the Group entered into an agreement with an independent third party to further acquire the remaining 5% equity in a subsidiary, 海南新世界發展有限公司 at a cash consideration of RMB4,900,000 (approximately HK$5,557,000). The acquisition was completed on 10 December 2009. The difference of HK$102,000 representing the excess of the consideration over the relevant share of the carrying value of net assets of the subsidiary acquired, has been debited to the retained profits.

(ii) On 21 September 2009, the Group entered into an agreement with an independent third party, 上海復地投資管理有限公司, to further acquire the remaining 5% equity in 海南華僑會館有限公司 at a cash consideration of RMB400,000 (approximately HK$549,000). The acquisition was completed on 9 December 2009. The difference of HK$33,000 representing excess of the relevant share of the carrying value of net assets of the subsidiary acquired over the purchase consideration, has been credited to the retained profits.

(iii) On 1 August 2007, the Group entered into an agreement with an independent third party, 上海億錦實業有限公司 to further acquire the remaining 5% equity in a subsidiary, 上海恒錦房地產發展有限公司, at a cash consideration of RMB22,500,000 (approximately HK$25,438,000). The acquisition was completed on 18 February 2008. The difference of HK$1,905,000 representing the excess of the consideration over the relevant share of the carrying value of net assets of the subsidiary acquired, has been debited to the retained profits.

(iv) On 9 October 2007, the Group entered into an agreement with 上海証大投資發展有限公司, a company which is wholly owned by Mr. Dai Zhikang, a director of the Company, to further acquire the remaining 20% equity in a subsidiary, 上海証大置業有限公司, at a consideration of RMB305,000,000 (approximately HK$334,929,000). The acquisition was completed on 23 January 2008. The difference of HK$88,370,000 representing the excess of the consideration over the relevant share of the carrying value of net assets of the subsidiary acquired, has been debited to the retained profits.

48. ACQUISITION OF SUBSIDIARIES *(Continued)*

(d) Acquisition of additional interests in subsidiaries *(Continued)*

(v) On 11 September 2008, the Group entered into an agreement with an independent third party to further acquire the remaining 32% of the issued share capital of a subsidiary, 吉林市華城房地產開發有限公司, at a cash consideration of RMB31,400,000 (approximately HK$35,500,000). The acquisition was completed on 8 October 2008. The difference of HK$29,979,000 representing the excess of the consideration over relevant share of the carrying value of net assets of the subsidiary acquired, has been debited to the retained profits.

(vi) On 17 September 2008, the Group entered into an agreement with an independent third party to further acquire the remaining 40% of the issued share capital of a subsidiary, 嘉興市東方名家房地產開發有限公司, at a cash consideration of RMB7,500,000 (approximately HK$8,480,000). The acquisition was completed on 28 September 2008. The difference of HK$6,083,000 representing the excess of the consideration over the relevant share of the carrying value of net assets of the subsidiary acquired, has been debited to the retained profits.

49. DISPOSAL OF SUBSIDIARIES IN PRIOR YEAR

(a) Deemed disposal of a subsidiary

On 22 February 2008, the minority owner of 上海証大喜瑪拉雅置業有限公司 Shanghai Zendai Himalaya Real Estate Company Limited ("HLCL"), 上海証大投資發展有限公司 ("Shanghai Zendai Investment"), which has 40% interest in HLCL and is wholly owned by Mr. Dai Zhikang, a director of the Company, injected additional capital of RMB370,000,000 in HLCL. The paid-up capital of HLCL was increased from RMB10,000,000 to RMB20,000,000 and creation of share premium of RMB360,000,000. The transaction lead to the reduction of the Group's interest in HLCL from 60% to 30% and HLCL became an associate of the Group with then carrying amount of HK$115,889,000. The gain on deemed disposal of HK$127,986,000 was recognised in profit or loss during the year ended 31 December 2008.

49. DISPOSAL OF SUBSIDIARIES IN PRIOR YEAR *(Continued)*

(a) Deemed disposal of a subsidiary *(Continued)*

	Shanghai Zendai Himalaya Real Estate Company Limited
	Carrying amount before deemed disposal
Net assets deemed disposed of	
Property, plant and equipment	1,537
Property under development	277,588
Trade and other receivables	155,234
Bank balances and cash	80,708
Trade and other payables	(128,769)
Minority interests	(398,395)
Net liabilities deemed disposed of	(12,097)
Gain on deemed disposal	127,986
	115,889
30% share of net assets of the associate after deemed disposal	115,889
Net cash outflow arising on deemed disposal	
Cash and bank balances deemed disposed of	(80,708)

49. DISPOSAL OF SUBSIDIARIES IN PRIOR YEAR *(Continued)*

(b) Disposal of a subsidiary

On 30 June 2008, the Group disposed of its entire interest in 湖州湖潤建設管理有限公司to an independent third party at a consideration of RMB1,000,000 (approximately HK$1,128,000).

	湖州湖潤建設管理有限公司
	Carrying amount before disposal
	HK$'000
Net assets disposed of	
Property under development	26,373
Amount due to related companies	(26,373)
Bank balances and cash	330
Net assets disposed of	330
Gain on disposal	798
	1,128
Total consideration satisfied by:	
Cash	1,128
Net cash inflow/(outflow) arising on disposal	
Cash consideration obtained from disposal	1,128
Cash and bank balances disposed of	(330)
	798

50. RELATED PARTY TRANSACTIONS

The Group had entered into the following transactions with related parties:

(a) The Group had received rental income of HK$19,961,000 from certain related companies during the year ended 31 December 2008.

These related companies were beneficially owned by Mr. Dai Zhikang, a director of the Company. These companies became subsidiaries of the Group subsequent to the acquisition of Giant Hope Group which is disclosed in note 48(b).

(b) During the year ended 31 December 2008, the Group acquired the Giant Hope Group from Jointex which is beneficially owned by Mr. Dai Zhikang, a director of the Company as detailed in note 48(b).

(c) During the year ended 31 December 2008, the Group further acquired the remaining 20% of the issued share capital of 上海証大置業有限公司 from Shanghai Zendai Investment which is wholly owned by Mr. Dai Zhikang, a director of the Company as detailed in note 48(d)(iv).

(d) During the year ended 31 December 2008, the Group has a deemed disposal of a subsidiary to Shanghai Zendai Investment which is beneficially owned by Mr. Dai Zhikang, a director of the Company as detailed in note 49(a).

(e) On 5 November 2008, the Group entered into an agreement with Shanghai Zendai Investment to further acquire 15% of HLCL for a consideration of RMB112,000,000 satisfied by cash of RMB15,478,000 and setting off a receivable of RMB96,522,000 from Shanghai Zendai Investment. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost amounted to approximately HK$45,675,000 (Note 23) and was included in share of results of associates for the year ended 31 December 2008.

50. RELATED PARTY TRANSACTIONS *(Continued)*

(f) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Short-term benefits	**23,734**	7,023
Post-employment benefits	**436**	264
	24,170	7,287

The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

(g) Balances with related companies as at 31 December 2009 and 2008 are set out in notes 31 and 34 to the financial statements. The Group had not made any provision for bad or doubtful debts in respect of related party debtors.

(h) During the years ended 31 December 2008 and 2009, Shanghai Zendai Investment, a company wholly owned by Mr. Dai Zhikang, provided corporate guarantee for certain of bank loans (Note 36).

51. CONTINGENT LIABILITIES

The Group provides guarantees to the extent of HK$273,771,000 at 31 December 2009 (2008: HK$356,925,000) for customers in favour of banks in respect of mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loans granted.

52. EVENTS AFTER THE REPORTING PERIOD

(a) On 7 January 2010, the Company entered into subscription agreements with China Alliance Properties Limited ("China Alliance") and Grand Link Finance Limited ("Grand Link"), whereby China Alliance and Grand Link will subscribe for 1,550,000,000 and 400,000,000 new ordinary shares of the Company respectively at HK$0.31 per share, raising approximately HK$604,500,000 to fund future property acquisitions in the PRC. The details of the transaction were disclosed in the Company's announcement dated 8 January 2010.

(b) On 1 February 2010, the Group succeeded in the bid for acquisition of a land parcel with a site area of 45,471.9 square metres in Shanghai from Shanghai Huangpu District Bureau of Planning and Land Resources, a PRC Governmental Bureau in charge of management of the land resources in Shanghai, the PRC, at the auction at an aggregate price of RMB9,220,000,000 (equivalent to approximately HK$10,490,000,000). On 14 March 2010, the Group signed the definitive land grant contract. The details of the transaction were disclosed in the Company's announcement dated 3 February 2010.

(c) On 18 February 2010, a share option holder, which was a former holder of the Company's convertible notes, exercised the remaining 132,500,000 share options to subscribe for 132,500,000 ordinary shares of the Company at HK$0.24 per share with a total consideration of HK$31,800,000.

53. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents comprise:

	Group	
	2009	2008
	HK$'000	HK$'000
Cash available on demand	**599,949**	364,196
Short–term deposits	**–**	20,209
	599,949	384,405
Significant non-cash transactions are as follows:		
Investing activities		
Properties for sales re-classified to investment properties *(Note 18)*	**195,042**	–
Equity consideration for business combinations *(Note 48(b))*	**–**	702,240

54. CAPITAL COMMITMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Commitments for the property development – contracted for but not provided	**786,404**	609,589

55. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities as defined in Note 4(i):

	2009		2008	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	**HK$'000**	HK$'000	HK$'000
Financial assets				
Fair value through profit or loss held for trading	**46,992**	**46,992**	21,582	21,582
Loans and receivables	**311,449**	**311,449**	289,637	289,637
Available-for-sale financial assets (excluding those assets carried at cost)	**567**	**567**	5,653	5,653
Financial liabilities				
Financial liabilities measured at amortised cost	**3,369,510**	**3,262,919**	2,716,285	2,190,630

Determination of fair values of financial assets and financial liabilities are set out in note 42.

55. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

	Group
	2009
	Level 1
	HK$'000
Financial assets at fair value through profit or loss:	
– Listed	46,992
Available-for-sale financial assets	
– Listed	567
	47,559

Fair value of the above financial assets was at Level 1 of the fair value hierarchy in the year.

56. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Amortisation of issue costs of senior loan notes of HK$7,699,000 has been reclassified from administrative expenses to finance costs.

57. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2010.

FINANCIAL SUMMARY

for the year ended 31 december 2009

The following table summaries the results, assets and liabilities of the Group for the last five years.

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**2,162,092**	1,968,603	1,556,209	1,401,553	1,430,834
Profit before tax expenses	**837,454**	704,001	700,330	424,730	362,380
Tax expenses	**(387,133)**	(399,413)	(343,065)	(155,867)	(98,899)
Profit for the year	**450,321**	304,588	357,265	268,863	263,481

ASSETS AND LIABILITIES

	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**9,718,013**	8,243,159	6,908,396	3,884,249	2,408,510
Total liabilities	**(5,933,790)**	(4,943,117)	(4,378,871)	(2,286,307)	(1,613,420)
Minority interests	**(192,387)**	(167,831)	(402,826)	(232,315)	(143,996)
Balance of shareholders' funds	**3,591,836**	3,132,211	2,126,699	1,365,627	651,094