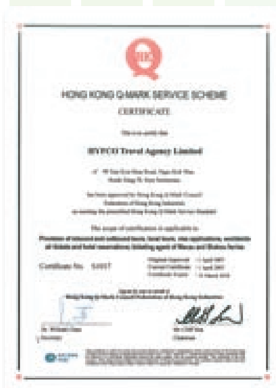
HONG KONG FERRY (HOLDINGS) CO. LTD.
香 港 小 輪 （ 集 團 ） 有 限 公 司

(Stock code 股份代號：00050)

2010
Annual Report 年報

5 years+
商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Lam Ko Yin, Colin *(Chairman)*
Mr. Li Ning

Non-Executive Directors:

Mr. Au Siu Kee, Alexander
Mr. Lau Yum Chuen, Eddie
Dr. the Hon. Lee Shau Kee
Mr. Leung Hay Man
Mr. Wong Man Kong, Peter

Independent Non-Executive Directors:

Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina
Mr. Wu King Cheong

AUDIT COMMITTEE

Mr. Ho Hau Chong, Norman *(Chairman)*
Ms. Wong Yu Pok, Marina
Mr. Wu King Cheong

REMUNERATION COMMITTEE

Mr. Wu King Cheong *(Chairman)*
Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina
Mr. Lam Ko Yin, Colin
Mr. Li Ning

GROUP GENERAL MANAGER

Ir. Dr. Ho Chi Shing, David

COMPANY SECRETARY

Mr. Yuen Wai Kuen, Peter

AUDITOR

KPMG

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
DBS Bank (Hong Kong) Limited
Mizuho Corporate Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited

REGISTERED OFFICE

98 Tam Kon Shan Road
Ngau Kok Wan
North Tsing Yi
New Territories
Hong Kong

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E-Mail	:	hkferry@hkf.com

HONG KONG STOCK EXCHANGE STOCK CODE

00050

SHARE REGISTRARS

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

DIRECTORS' & SENIOR MANAGEMENT'S PROFILE

DIRECTORS' PROFILE

MR. LAM KO YIN, COLIN (CHAIRMAN)

Mr. Lam Ko Yin, Colin, *FCILT, FHKIoD*, aged 59, appointed on 1 July 1986, is the Chairman of the Company. Mr. Lam has over 37 years' experience in banking and property development. He is also the Vice-Chairman of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited, a Director of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed public companies. He is also a director of Wiselin Investment Limited ("Wiselin"), Max-mercan Investment Limited ("Max-mercan"), Camay Investment Limited ("Camay"), Henderson Development Limited ("Henderson Development"), Graf Investment Limited ("Graf"), Mount Sherpa Limited ("Mount"), Paillard Investment Limited ("Paillard"), Hopkins (Cayman) Limited ("Hopkins"), Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"). Henderson Land, Wiselin, Max-mercan, Camay, Henderson Development, Graf, Mount, Paillard, Hopkins, Rimmer and Riddick have discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. Mr. Lam is a member of the Court of The University of Hong Kong, a Director of The University of Hong Kong Foundation for Educational Development and Research Limited and a Director of Fudan University Education Development Foundation. Mr. Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008. Mr. Lam is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors.

MR. LI NING

Mr. Li Ning, *BSc, MBA*, aged 54, appointed on 20 October 1989, is an Executive Director of the Company. He is also an Executive Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited, all of which are listed public companies. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. Mr. Li is the son-in-law of Dr. Lee Shau Kee, a Director of the Company.

DIRECTORS' & MANAGEMENT'S PROFILE (Continued)

MR. AU SIU KEE, ALEXANDER

Mr. Au Siu Kee, Alexander, *OBE, ACA, FCCA, FCPA, AAIA, FCIB, FHKIB*, aged 64, was appointed as an Independent Non-Executive Director on 17 January 2005 and re-designated as a Non-Executive Director of the Company on 7 November 2005. Mr. Au was a well-known banker in Hong Kong and had more than 32 years' experience in local and international banking business, having been the Chief Executive of Hang Seng Bank Limited (from October 1993 to March 1998) and of Oversea-Chinese Banking Corporation Limited in Singapore (from September 1998 to April 2002). He is currently an executive director and the chief financial officer of Henderson Land Development Company Limited ("Henderson Land"), an independent non-executive Director of Wheelock and Company Limited and a non-executive director of Miramar Hotel and Investment Company, Limited, all of which are listed public companies. He is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. He is also a member of the Court of the Hong Kong University of Science and Technology. An accountant by training, Mr. Au is a Chartered Accountant as well as a Fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company.

MR. LAU YUM CHUEN, EDDIE

Mr. Lau Yum Chuen, Eddie, aged 64, appointed on 5 May 1988, is a Non-Executive Director of the Company. He has over 40 years of experience in banking, finance and investment. He is also an Executive Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited and a Director of Miramar Hotel and Investment Company, Limited, all of which are listed public companies. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company.

DR. THE HON. LEE SHAU KEE

Dr. the Hon. Lee Shau Kee, *GBM, DBA(Hon), DSSc(Hon), LLD(Hon)*, aged 82, appointed on 15 December 1981, is a Non-Executive Director of the Company. He has been engaged in property development in Hong Kong for more than 55 years. He is the founder and the Chairman and Managing Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited, the Chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited, the Vice-Chairman of Sun Hung Kai Properties Limited, as well as a Director of The Bank of East Asia, Limited, all of which are listed public companies. He is also a director of Pataca Enterprises Limited ("Pataca"), Wiselin Investment Limited ("Wiselin"), Max-mercan Investment Limited ("Max-mercan"), Henderson Development Limited ("Henderson Development"), Graf Investment Limited ("Graf"), Mount Sherpa Limited ("Mount"), Paillard Investment Limited ("Paillard"), Hopkins (Cayman) Limited ("Hopkins"), Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"). Henderson Land, Pataca, Wiselin, Max-mercan, Henderson Development, Graf, Mount, Paillard, Hopkins, Rimmer and Riddick have discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. Dr. Lee is the father-in-law of Mr. Li Ning, a Director of the Company.

MR. LEUNG HAY MAN

Mr. Leung Hay Man, *FRICS, FHKIS, FCIArb, MCILT*, aged 76, appointed on 15 December 1981, is a Non-Executive Director of the Company. He is a Chartered Surveyor. Mr. Leung is also a Director of Henderson Land Development Company Limited ("Henderson Land"), Henderson Investment Limited and The Hong Kong and China Gas Company Limited, all of which are listed public companies. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company.

DIRECTORS' & MANAGEMENT'S PROFILE (Continued)

MR. WONG MAN KONG, PETER

Mr. Wong Man Kong, Peter, *BBS, JP, BSc, FCILT, MRINA*, aged 62, appointed on 9 March 1992, is a Non-Executive Director of the Company. Mr. Wong was the President & Chief Executive Officer of the Company from 1992 to 1995. Mr. Wong has over 38 years of industrial, commercial and public service experience, having served as Director of Kowloon-Canton Railway Corporation and a member in Hong Kong Government's Transport Advisory Board, Industry Development Board and Trade Advisory Board. He was also a member of the Hong Kong Special Administrative Region Preparatory Committee in 1996/1997 and a member of the Election Committee of the Second Chief Executive of the Hong Kong Special Administrative Region in 2002. He is serving as a deputy to the 11th National People's Congress of the People's Republic of China. Mr. Wong is the Chairman of M.K. Corporation Limited and North West Development Limited. Currently he holds directorship of Glorious Sun Enterprises Limited, China Travel International Investment Hong Kong Limited, Chinney Investments Limited, Sun Hung Kai & Company Limited, Sino Hotels (Holdings) Limited, Far East Consortium International Limited and New Times Group Holdings Limited, all of which are listed public companies.

MR. HO HAU CHONG, NORMAN

Mr. Ho Hau Chong, Norman, *BA, ACA, FCPA*, aged 55, appointed on 28 March 1995, is an Independent Non-Executive Director of the Company. Mr. Ho is a member of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Ho is an Executive Director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 20 years of experience in management and property development. He is also a Director of Lee Hing Development Limited, CITIC Pacific Limited, Miramar Hotel and Investment Company, Limited, Starlight International Holdings Limited, Vision Values Holdings Limited and Shun Tak Holdings Limited, all of which are listed public companies. He was previously a director of Taifook Securities Group Limited.

MS. WONG YU POK, MARINA

Ms. Wong Yu Pok, Marina, *JP*, aged 62, appointed on 8 May 2008, is an Independent Non-Executive Director of the Company. Ms. Wong joined PricewaterhouseCoopers in 1968 and was responsible for the development of the firm's business in Mainland China since 1980. After her retirement as a partner from PricewaterhouseCoopers in July 2004, she joined Tricor Services Limited as a director from September 2004 to February 2006. Ms. Wong is a member of a number of Government advisory and other bodies in Hong Kong, including the Advisory Committee on Post-service Employment of Civil Servants, the Review Panel of the Pilot Project on Child Fatality Review of the Social Welfare Department, the Broadcasting Authority and is a director of The Applied Research Council. She is also a special appointed representative from Hong Kong SAR to the All China Women's Federation and an Executive Committee Member of the All China Federation of Industries and Commerce. Ms. Wong is the Vice-Chairman of the Hong Kong Federation of Women, a director of China Tibetan Children Health & Education Fund and a director of The Child Development Centre at Matilda. An accountant by training, Ms. Wong is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants. She is also an Independent Non-Executive Director of Kerry Properties Limited, a listed public company in Hong Kong and an independent director of China World Trade Center Co. Ltd which is listed on the Shanghai Stock Exchange.

MR. WU KING CHEONG

Mr. Wu King Cheong, *BBS, JP*, aged 60, was appointed as an Independent Non-Executive Director of the Company on 17 January 2005. He is a Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an executive director of Lee Cheong Gold Dealers Ltd. Mr. Wu is currently an independent non-executive director of Yau Lee Holdings Limited, Chevalier Pacific Holdings Limited, Henderson Land Development Company Limited ("Henderson Land"), Henderson Investment Limited and Miramar Hotel and Investment Company, Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. Mr. Wu was awarded an Honorary University Fellowship by Lingnan University in 2009.

DIRECTORS' & MANAGEMENT'S PROFILE (Continued)

SENIOR MANAGEMENT'S PROFILE

The Senior Management of the Company is as follows:

Ir. Dr. Ho Chi Shing, David	Group General Manager and General Manager – Ferry and Property Operations
Mr. Leung Shu Keung, Brian	Internal Audit Manager
Mr. Tse Chuen Chi, Pollux	Chief Financial Officer
Mr. Wong Kam On, Frandie	General Manager – Travel & Hotel Operations
Mr. Yuen Wai Kuen, Peter	Company Secretary

Ir. Dr. Ho Chi Shing, David, *DBA, FCILT, FCIM, FHKIoD, MHKIE, MPIA, MCIArb*, aged 54, joined the Company in 1981 and has been the Group General Manager since 1996. He had over 30 years of experience in ferry operations. Dr. Ho is currently the Chairman of the Logistics Industry Training Advisory Committee, a Director of The Shipowners' Mutual Protection & Indemnity Association (Luxembourg), a Council Member of the Chartered Institute of Logistics and Transport in Hong Kong, the Chairman of Adventure-Ship, a member of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications and a member of the Safety Committee of Outward Bound® Hong Kong. Dr. Ho has been extensively involved in works of the Vocational Training Council and was awarded VTC Honorary Fellow Award in 2007. He serves as the Chairman of the Transport Logistics Training Board and the Chairman of the Discipline Advisory Board (Business Administration). Dr. Ho is also a General Committee Member and the Chairman of the Transport and Logistics Services Council of the Federation of Hong Kong Industries. He has been appointed as adjunct professor at the College of Business of City University of Hong Kong.

Mr. Leung Shu Keung, Brian, *BA, CIA, CFE, CBM, PgD*, aged 49, is the Internal Audit Manager of the Company. He joined the Company in 1992 and has over 22 years of experience in accounting, auditing and management assurance.

Mr. Tse Chuen Chi, Pollux, *MBA, CPA, FAIA, MHKSI*, aged 57, has been the Chief Financial Officer of the Company since 1992. Mr. Tse has over 30 years of experience in accounting, corporate finance and corporate development in Hong Kong and overseas.

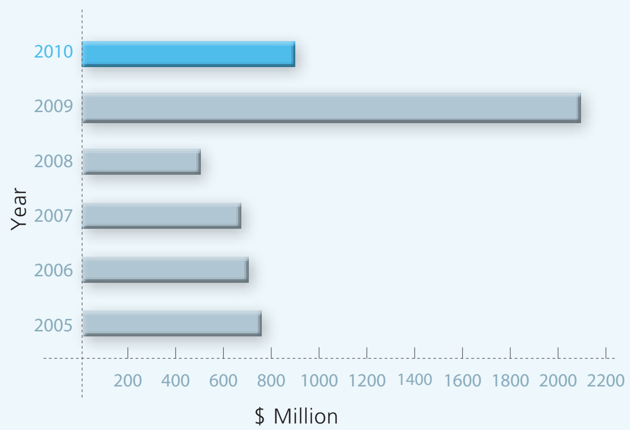
Mr. Wong Kam On, Frandie, *CHA, CRDE, MBIM, MIMGT, MHCIMA*, aged 57, joined the Company in 1993. He has been the General Manager of the Hotel Operation since 1996. He has over 34 years of extensive experience in hotel management. Mr. Wong was also appointed as the General Manager of the Travel Operation on 1 June 2007.

Mr. Yuen Wai Kuen, Peter, *BA, MBA, ACIS, ACS*, aged 52, has joined the Company in January 2005 and been appointed Secretary of the Company on 1 April 2005. Mr. Yuen has over 20 years of experience in company secretarial, corporate advisory and general management.

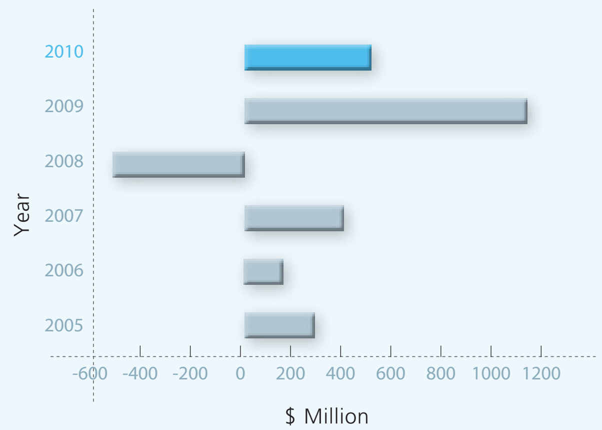
FINANCIAL HIGHLIGHTS

		2010	2009 (Restated)	Variance
Turnover	$M	**912**	2,139	-57.4%
Profit attributable to shareholders	$M	**483**	1,095	-55.9%
Dividends	$M	**128**	128	–
Shareholders' funds	$M	**4,425**	4,101	7.9%
Basic earnings per share	Cent	**135.6**	307.5	-55.9%
Dividend per share	Cent	**36.0**	36.0	–
Dividend cover	Time	**3.8**	8.5	-55.3%
Return on equity	%	**10.9**	26.7	-59.2%
Net assets per share	$	**12.4**	11.5	7.8%

Group Turnover



Profit/(loss) attributable to shareholders



CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders my report on the operations of the Group for the year.

"The Spectacle" 8 Cho Yuen Street

BUSINESS RESULTS

The Group's consolidated profit after taxation for the year ended 31 December 2010 amounted to approximately HK$483 million, a drop of 56% as compared with the consolidated profit after taxation of HK$1,095 million in 2009. The reduction in profit was mainly due to the fact that fewer development properties were sold this year. The earnings per share this year were 136 cents compared with the earnings per share of 308 cents in the previous year.

DIVIDENDS

The Board of Directors recommended a final dividend of 26 cents per share. Subject to shareholders' approval at the annual general meeting to be held on Monday, 9 May 2011, the final dividend will be paid on or about Monday, 23 May 2011 to equity shareholders whose names appear on the register of members at the close of business on Wednesday, 4 May 2011. This dividend, together with the interim dividend of 10 cents per share already paid, will make a total distribution of 36 cents for the full year.

BUSINESS REVIEW

For the year under review, profit for the Group was mainly derived from the sale of the remaining residential units of Shining Heights and The Spectacle, gains from investments in listed securities and the surplus from the revaluation of properties. Due to the sustained recovery of the local economy, the rental income of the Group registered stable growth.

Harbour Cruise Bauhinia

Hong Kong Shipyard

Property Development and Investment Operations

For the year under review, the Group sold 30 units in Shining Heights and 72 units in The Spectacle which accounted for a total profit of approximately HK$228 million. The remaining 25 units of Shining Heights and 34 units of The Spectacle would be sold by stages in 2011. As regards commercial arcades, the Group realized a profit of HK$36 million from the sales proceeds of approximately HK$70 million upon the disposal of MetroRegalia shops. Rental and other income from the commercial arcades of the Group amounted to approximately HK$44 million. The occupancy rates of the commercial arcades of Metro Harbour View and Shining Heights were 97% and 82% respectively whereas the commercial arcade of MetroRegalia was fully let for the year and contributed a rental income of approximately HK$1.2 million.

As regards property development, the Group acquired at a public land auction in May 2010, Fanling Sheung Shui Town Lot No. 177 located at the junction of Ma Sik Road and Sha Tau Kok Road (Lung Yeuk Tau Section) Area 19, Fanling, New Territories with a site area of approximately 95,800 sq. ft. designated for residential cum-commercial use. The development comprises 3 residential towers built on a 2 storey commercial podium with a total gross floor area of approximately 540,000 sq. ft. The foundation works of the property has commenced and construction is progressing well. It is expected to be finished by phases before 2014.

The Group has already acquired the entire ownership of the property at 204-214 Tung Chau Street, Shum Shui Po, Kowloon. The property will be re-developed into a commercial/residential building with a gross floor area of approximately 54,000 sq. ft. It is expected that the property will be demolished and construction works will commence in the later part of this year.

The Group realized a profit of HK$42 million in securities investment and recorded a marked-to-market profit of approximately HK$4.7 million in equity-linked-notes ("ELNs").

Ferry, Shipyard and Related Operations

The Harbour Cruise operation achieved an increase of approximately 100% in operating profit. The deficit of the shipyard was also reduced by 27%. The Ferry, Shipyard and Related Operations recorded a profit of approximately HK$9.9 million in total, an increase of 230% as compared with last year.

CHAIRMAN'S STATEMENT (Continued)

Travel and Hotel Operations

The Travel operations achieved a profit this year. The Silvermine Beach Hotel registered a turnaround to profit this year. The Travel and Hotel operation recorded a profit of HK$2.4 million.

PROSPECTS

The second round of quantitative easing in the US coupled with low interest rates have fostered the further development of the local economy. The inflow of foreign capital, the rise in the number of visiting tourists and the enhancement of CEPA (the mainland and Hong Kong Closer Economic Partnership Arrangement) and cross-border RMB settlement arrangements by the Central Government will benefit Hong Kong as a whole.

The substantial rise of Hong Kong property prices and increased consumption expenditure by Hong Kong citizens and mainland tourists have led to concerns on the possible negative impact of inflationary pressures on the economy. A series of measures to suppress residential property prices and plans to increase land supply by the SAR Government had a cooling effect on speculative activities in the residential market resulting in an increase in the ratio of self-dwelling owner-buyers as compared to speculators.

The key consideration of the Group in developing small and medium size residential units is to treat as priority the location and design to meet the actual demand of the buyers. We are confident that our products will continue to be welcomed by buyers. The sales proceeds from the sale of Shining Height and The Spectacle will remain the main source of income of the Group.

ACKNOWLEDGEMENT

On behalf of the shareholders and the Board, I would like to take this opportunity to express appreciation to all our staff for their dedication and hard work during the year.

Colin K. Y. Lam
Chairman

Hong Kong, 16 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

The following comments should be read in conjunction with the Audited Consolidated Accounts of the Company and the related notes to the accounts.

REVIEW OF RESULTS

The Group's turnover for the year amounted to approximately HK$912 million, representing a decrease of 57% when compared to the previous year. This was mainly attributed to the decrease in the sales of the residential units in Shining Heights.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 31 December 2010, shareholders' fund of the Group showed an increase of 8% as compared to the previous year and amounted to approximately HK$4,425 million. The increase was mainly due to the net effect of the increase in property portfolio and the payment of dividends.

There was no change as to the capital structure of the Group during the year. Funding for the Group's activities in the year under review was mainly generated from the sale of residential units of Shining Heights and The Spectacle.

During the year, there was no material acquisition and disposal of subsidiary and associate. A net repayment of approximately HK$40.8 million was received from an associate who provided mortgage loans to buyers of residential units of Metro Harbour View.

Current assets of the Group were recorded at approximately HK$2,816 million as compared to the current liabilities of approximately HK$226 million as of 31 December 2010. Current ratio of the Group had been increased to 12.4, mainly attributed to the increase in inventories, and reduction in cash and trade and other payables.

GEARING RATIO AND FINANCIAL MANAGEMENT

As there was no borrowing as at 31 December 2010, no gearing ratio, which is calculated on the basis of bank borrowing as a ratio of the Group's shareholders' fund, was shown. Assets of the Group had not been charged to any third parties in the year under review.

The Group's financing and treasury activities were managed centrally at the corporate level. Financing facilities extended to the Group were denominated in Hong Kong dollar and United States dollar. Certain ELNs and deposits are denominated in United States dollar and Australian dollar, and the incidental foreign exchange exposures are kept under periodic review. The management will consider appropriate hedging measures, if necessary.

EMPLOYEES

As at 31 December 2010, the number of employees of the Group stood at about 360 (2009: 380). The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees included medical insurance, retirement scheme, training programmes and educational subsidies. Total employees' costs for the year amounted to approximately HK$78 million, which was commensurate with that recorded in the previous year.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited accounts for the year ended 31 December 2010.

PRINCIPAL PLACE OF BUSINESS

Hong Kong Ferry (Holdings) Company Limited is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 98 Tam Kon Shan Road, Ngau Kok Wan, North Tsing Yi, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are property development, property investment, ferry and related businesses, travel businesses and hotel operations and securities investment.

The analysis of the principal activities of the Company and its subsidiaries during the financial year are set out in note 3 to the accounts.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's purchases attributable to the major suppliers during the financial year is as follows:

	Percentage of the Group's total purchases
The largest supplier	8.4%
Five largest suppliers in aggregate	26.5%

No analysis in respect of the Group's major customers is shown as the percentages of turnover attributable to the Group's five largest customers is less than 30%.

Apart from the foregoing, at no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2010 are set out in note 14 to the accounts.

ACCOUNTS AND DIVIDENDS

The profit of the Group for the year ended 31 December 2010, the state of affairs of the Company and of the Group at that date and the related notes are set out in the accounts on pages 30 to 100.

An interim dividend of 10 cents (2009: 10 cents) per share was paid on 30 September 2010. The directors now recommend a final dividend of 26 cents (2009: 26 cents) per share. Subject to the shareholders' approval at the annual general meeting to be held on Monday, 9 May 2011, the final dividend will be paid on or about Monday, 23 May 2011 to equity shareholders whose names appear on the register of members at the close of business on Wednesday, 4 May 2011.

CHARITABLE DONATIONS

The Group's charitable donations during the year amounted to HK$18,241 (2009: HK$6,290).

FIXED ASSETS

Movements in fixed assets during the year are set out in note 13 to the accounts.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 25 to the accounts.

DIRECTORS

The directors of the Company during the financial year were:

Executive directors

Mr. Lam Ko Yin, Colin *(Chairman)*
Mr. Li Ning

Non-executive directors

Mr. Au Siu Kee, Alexander
Mr. Lau Yum Chuen, Eddie
Dr. the Hon. Lee Shau Kee
Mr. Leung Hay Man
Mr. Wong Man Kong, Peter

Independent non-executive directors

Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina
Mr. Wu King Cheong

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Lau Yum Chuen, Eddie, Mr. Wong Man Kong, Peter, Mr. Wu King Cheong and Ms. Wong Yu Pok, Marina shall retire at the forthcoming annual general meeting, and, being eligible, offer themselves for re-election as directors.

The Company has received from each independent non-executive director an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules and the Company considered all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management are set out on pages 3 to 8.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in note 6 to the accounts.

DIRECTORS' INTEREST IN CONTRACTS

Except for the "Connected Transactions" as disclosed in this report, no other contract of significance, to which the Company or any of its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment other than statutory compensation.

REPORT OF THE DIRECTORS (Continued)

DISCLOSURE OF INTERESTS

Directors' Interests in Securities

As at 31 December 2010, the interests of the directors in securities of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register of directors' and chief executives' interests and short positions maintained under section 352 of the SFO were as follows:

Interests

	THE COMPANY				
	Personal Interests *Number of Shares*	**Corporate Interests** *Number of Shares*	**Family Interests** *Number of Shares*	**Total Interests** *Number of Shares*	**Approximate percentage of total issued shares**
Mr. Lam Ko Yin, Colin	150,000	–	–	150,000	0.04%
Mr. Au Siu Kee, Alexander	–	–	–	–	0.00%
Mr. Ho Hau Chong, Norman	3,313,950	–	–	3,313,950	0.93%
Mr. Lau Yum Chuen, Eddie	–	–	–	–	0.00%
Dr. Lee Shau Kee	7,799,220	111,732,090 *(Note 6 on page 19)*	–	119,531,310	33.55%
Mr. Leung Hay Man	2,250	–	–	2,250	0.00%
Mr. Li Ning	–	–	111,732,090 *(Note 5 on page 19)*	111,732,090	31.36%
Mr. Wong Man Kong, Peter	1,051,000	–	–	1,051,000	0.29%
Ms. Wong Yu Pok, Marina	–	–	–	–	0.00%
Mr. Wu King Cheong	–	–	–	–	0.00%

	20K COMPANY LIMITED	
	Corporate Interests *Number of Shares*	**Family Interests** *Number of Shares*
Dr. Lee Shau Kee *(Note 1)*	5	–
Mr. Li Ning *(Note 2)*	–	5

	WINWIDE LIMITED	
	Corporate Interests *Number of Shares*	**Family Interests** *Number of Shares*
Dr. Lee Shau Kee *(Note 3)*	70	–
Mr. Li Ning *(Note 4)*	–	70

REPORT OF THE DIRECTORS (Continued)

Notes:

1. These 5 shares representing 50% equity interest in 2OK Company Limited (an associated company in which the Company through a subsidiary owned the remaining 50% interest) were beneficially owned by wholly-owned subsidiaries of Henderson Land Development Company Limited ("HLD"). Henderson Development Limited ("HD") beneficially owned more than one-third of the issued share capital in HLD. Rimmer (Cayman) Limited and Riddick (Cayman) Limited as trustees of respective discretionary trusts held units in a unit trust (the "Unit Trust"). Hopkins (Cayman) Limited as trustee of the Unit Trust owned all the issued ordinary shares which carried the voting rights in the share capital of HD. Dr. Lee Shau Kee beneficially owned all the issued share capital of Rimmer (Cayman) Limited, Riddick (Cayman) Limited and Hopkins (Cayman) Limited. By virtue of the SFO, Dr. Lee Shau Kee was taken to be interested in these 5 shares in 2OK Company Limited.

2. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 5 shares in 2OK Company Limited as Mr. Li's spouse was one of the discretionary beneficiaries of the two discretionary trusts holding units in the Unit Trust.

3. These 70 shares representing 70% equity interest in Winwide Limited (an associated company in which the Company through a subsidiary owned the remaining 30% interest) were beneficially owned by a company in which HLD had a 40% interest. HD beneficially owned more than one-third of the issued share capital in HLD. Rimmer (Cayman) Limited and Riddick (Cayman) Limited as trustees of respective discretionary trusts held units in the Unit Trust. Hopkins (Cayman) Limited as trustee of the Unit Trust owned all the issued ordinary shares which carried the voting rights in the share capital of HD. Dr. Lee Shau Kee beneficially owned all the issued share capital of Rimmer (Cayman) Limited, Riddick (Cayman) Limited and Hopkins (Cayman) Limited. By virtue of the SFO, Dr. Lee Shau Kee was taken to be interested in these 70 shares in Winwide Limited.

4. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 70 shares in Winwide Limited as Mr. Li's spouse was one of the discretionary beneficiaries of the two discretionary trusts holding units in the Unit Trust.

Other than as stated above, no directors or chief executives of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares (in respect of positions held pursuant to equity derivatives), underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2010.

REPORT OF THE DIRECTORS (Continued)

SUBSTANTIAL SHAREHOLDERS AND OTHERS

As at 31 December 2010, the interests in ordinary shares of the Company of every person as recorded in the register required to be kept under Section 336 of the SFO were as follows:

	No. of shares in which interested	Approximate percentage of total issued shares
Substantial Shareholders		
Henderson Land Development Company Limited *(Note 1)*	111,732,090	31.36%
Pataca Enterprises Limited *(Note 1)*	70,200,000	19.70%
Wiselin Investment Limited *(Note 2)*	41,532,090	11.66%
Max-mercan Investment Limited *(Note 2)*	41,532,090	11.66%
Camay Investment Limited *(Note 2)*	41,532,090	11.66%
Henderson Development Limited *(Note 3)*	111,732,090	31.36%
Hopkins (Cayman) Limited *(Note 4)*	111,732,090	31.36%
Rimmer (Cayman) Limited *(Note 4)*	111,732,090	31.36%
Riddick (Cayman) Limited *(Note 4)*	111,732,090	31.36%
Mr. Li Ning *(Note 5)*	111,732,090	31.36%
Dr. Lee Shau Kee *(Note 6)*	119,531,310	33.55%
Persons other than Substantial Shareholders		
Graf Investment Limited *(Note 1)*	23,400,000	6.57%
Mount Sherpa Limited *(Note 1)*	23,400,000	6.57%
Paillard Investment Limited *(Note 1)*	23,400,000	6.57%

Notes:

All shares referred to below, unless otherwise stated, form part of the same parcel of 111,732,090 shares.

1. These 111,732,090 shares were beneficially owned by some of the subsidiaries of Henderson Land Development Company Limited ("HLD"). Of these 111,732,090 shares, 70,200,000 shares were owned by some of the subsidiaries (viz., Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, each of which owned 23,400,000 shares) of Pataca Enterprises Limited, which was itself a subsidiary of HLD.

2. These 41,532,090 shares, which constitute part of the said 111,732,090 shares, were beneficially owned by Wiselin Investment Limited which was a subsidiary of Max-mercan Investment Limited. Max-mercan Investment Limited was a subsidiary of Camay Investment Limited ("Camay") which in turn was a subsidiary of HLD.

3. These 111,732,090 shares are duplicated in the interests described in Notes 1 and 2. Henderson Development Limited ("HD") beneficially owned more than one-third of the issued share capital in HLD which was, in turn, the holding company of Camay.

4. These 111,732,090 shares are duplicated in the interests described in Notes 1, 2 and 3. Rimmer (Cayman) Limited and Riddick (Cayman) Limited as trustees of respective discretionary trusts held units in a unit trust (the "Unit Trust"). Hopkins (Cayman) Limited as trustee of the Unit Trust owned all the issued ordinary shares, which carry the voting rights in the share capital of HD.

5. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 111,732,090 shares as Mr. Li's spouse was one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust. These 111,732,090 shares are duplicated in the interests described in Notes 1, 2, 3 and 4.

6. Dr. Lee Shau Kee beneficially owned all the issued share capital of Rimmer (Cayman) Limited, Riddick (Cayman) Limited and Hopkins (Cayman) Limited. By virtue of the SFO, Dr. Lee Shau Kee was taken to be interested in 111,732,090 shares which are duplicated in the interests described in Notes 1, 2, 3 and 4. Together with his personal shareholding of 7,799,220 shares, Dr. Lee Shau Kee was taken to be interested in 119,531,310 shares (approximately 33.55 per cent of the total issued share capital of the Company) as at 31 December 2010.

Save as disclosed, as at 31 December 2010, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company.

RESERVES

Movements in reserves of the Company and of the Group during the year are set out in note 26 to the accounts and consolidated statement of changes in equity respectively.

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

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

ARRANGEMENT TO PURCHASE SHARES, WARRANTS, OPTIONS OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares, options, debentures or warrants of the Company or any other body corporate.

BANK LOAN AND OVERDRAFT

Particulars of bank loan and overdraft of the Group as at 31 December 2010 are set out in note 22 to the accounts.

FINANCIAL SUMMARIES

The five years' summary of assets and liabilities and ten years' financial summary of the Group are set out on pages 101 to 103.

GROUP PROPERTIES

A summary of the Group's properties is set out on pages 104 to 105.

RETIREMENT PLANS

The Group's Hong Kong employees participate either in a defined benefit retirement scheme or a Mandatory Provident Fund scheme. Particulars of these retirement plans are set out in note 17 to the accounts.

CONNECTED TRANSACTIONS

Pursuant to the transactions and arrangements entered into by the Group with persons who are connected persons for the purposes of the Listing Rules, the Group recorded the transactions as described in note 30 to the accounts.

REPORT OF THE DIRECTORS (Continued)

CORPORATE GOVERNANCE

The Company is committed to maintaining the high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 27.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2010.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

AUDITOR

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the board

Colin K.Y. Lam	**Li Ning**
Chairman	*Director*

Hong Kong, 16 March 2011

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance. The Board of Directors ("the Board") is devoted to the ongoing enhancement of the corporate governance practices of the Company as the Board believes that good corporate governance practices are fundamental to the effective operation of a company and enhancement of shareholders' value as a whole.

The corporate governance standard of the Company is formulated in compliance with the provisions of the Code of Corporate Governance Practice (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Board will continue to review and update the practices from time to time to ensure compliance with the legal and commercial standards. In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2010.

BOARD OF DIRECTORS

The Board comprises ten directors including two executive directors, five non-executive directors and three independent non-executive directors. Their biographical details are set out on pages 3 to 7 of this annual report. The names of the directors of the Company are as follows:

Executive directors:

Mr. Lam Ko Yin, Colin *(Chairman)*
Mr. Li Ning

Non-executive directors:

Mr. Au Siu Kee, Alexander
Mr. Lau Yum Chuen, Eddie
Dr. Lee Shau Kee
Mr. Leung Hay Man
Mr. Wong Man Kong, Peter

Independent non-executive directors:

Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina
Mr. Wu King Cheong

The functions reserved to the Board are basically provided by the Articles of Association of the Company and the Board will from time to time delegate the functions to the management whenever required. The Board is primarily responsible for the strategic planning and policy formulation of the Company. Several material matters are reserved for the Board's considerations and/or decisions including, among other things, overall strategy of the Company; business plans; annual financial budgets; annual and interim results and reports; dividend policy and payments; investment plans; disposal proposals; appointment of directors, oversight of management and review of the effectiveness of the internal control system including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their respective training programmes and budget. The management of the Company is responsible for the day-to-day operations of the Company and implementation of strategies adopted by the Board.

The Board meets from time to time according to the business requirement of the Company. During the year, four board meetings were held to review financial results and business development. In order to meet tight time constraint and make timely decision for the Company's policies and businesses, Board approvals have also been sought by circulation of resolutions in writing from time to time in accordance with the Articles of Association of the Company. The Company Secretary shall attend all regular board meetings to advise on statutory compliance and corporate governance, when necessary.

Dr. Lee Shau Kee and Mr. Li Ning are deemed as having substantial interests in the issued share capital of the Company under the Securities and Futures Ordinance. Dr. Lee is the father-in-law of Mr. Li Ning. Dr. Lee Shau

Kee, Messrs. Lam Ko Yin, Colin, Li Ning, Au Siu Kee, Alexander, Leung Hay Man, Lau Yum Chuen, Eddie and Wu King Cheong are directors of Henderson Land Development Company Limited ("Henderson Land"). Mr. Wu King Cheong is the independent non-executive director of Henderson Land. Henderson Land has discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company.

Save aforesaid, there is no financial, business, family or other material or relevant relationship among the directors

CHAIRMAN AND GROUP GENERAL MANAGER

The roles of the Chairman and the Group General Manager of the Company are taken by two separate individuals who are not related to each other. The separation of the roles of the Chairman and the Group General Manager enables a clear division of responsibilities between the Board Chairman and the Group General Manager and also provide checks and balances effect.

The role of the Chairman of the Board is taken by Mr. Lam Ko Yin, Colin while the role of the Group General Manager (whose status is equivalent to chief executive officer for the purpose of the CG Code but not otherwise) is taken by Dr. Ho Chi Shing, David. The key function of the Chairman is the management of the Board whereas the key function of the Group General Manager is the day-to-day management of the Company's business.

NON-EXECUTIVE DIRECTORS

All non-executive directors (including independent non-executive directors) of the Company have been appointed for a specific term to 31 December 2013. They are eligible for re-appointment and subject to re-election on retirement by rotation in accordance with the Company's Articles of Association.

In accordance with the Articles of Association of the Company, no director shall hold office for a continuous period in excess of 3 years, or past the third annual general meeting, following the Directors' appointment or re-election, whichever is longer, without submitting for re-election at an annual general meeting of the shareholders.

BOARD COMMITTEES

The Board has established three board committees, namely, Audit Committee, Remuneration Committee and Investment Committee to oversee particular aspects of the Company's affairs. Each committee has been delegated with certain functions of the Board.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely, Mr. Ho Hau Chong, Norman (Chairman of the Audit Committee), Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.

The Audit Committee is primarily responsible for review of the annual and interim accounts and oversight of the Company's financial reporting system and internal control and risk management of the Company. The Audit Committee oversaw internal control system of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their relevant training programmes and budget. The Audit Committee also oversaw the risk management of the Group and discussed with the external auditor on financial reporting and compliance. The external auditor was invited to attend the meetings of Audit Committee to present their reports and reviews.

For the year ended 31 December 2010, two audit committee meetings were held. During the meetings, the Audit Committee members had reviewed the annual results and its corresponding accounts for the year 2009, the Annual Internal Audit Report for 2009, Continuing

Connected Transactions, the Report on Training Budget for Accounting Staff 2010, the interim results and its corresponding accounts for the period ended 30 June 2010, the Interim Review of Audit Assignments for 2010 and the work of the Company's internal audit department and assessed the effectiveness of the Company's systems of risk management and internal control.

Remuneration Committee

The Remuneration Committee consists of two executive directors namely Messrs. Lam Ko Yin, Colin and Li Ning and three independent non-executive directors, namely, Mr. Wu King Cheong (Chairman of the Remuneration Committee), Mr. Ho Hau Chong, Norman and Ms. Wong Yu Pok, Marina.

The Remuneration Committee is responsible for reviewing the policy and structure for the remuneration of all directors and senior management of the Company and establishment of a formal procedure for developing policy on such remuneration. The remuneration of the directors and senior management is determined by reference to the skill, knowledge and the tasks assigned and also to the individual performance and the overall profitability of the Company as a whole. In determining the remuneration package, the Committee will also obtain relevant information from external source and consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, etc.

For the year ended 31 December 2010, one remuneration committee meeting was held. During the meeting, the Remuneration Committee members reviewed and determined the remuneration package of the senior management and made recommendations on the fees of all the directors of the Company for the financial year ended 31 December 2010.

The terms of reference of the Audit Committee and Remuneration Committee are available on the Company's website at www.hkf.com.

AUDITOR'S REMUNERATION

Apart from carrying out the annual audit, KPMG, being the auditor of the Company carried out the review on the interim reports of the Company. The fee of the annual audit is HK$1,311,000 whereas the fee for the interim review is HK$240,000. Save the interim review, KPMG did not provide any substantial non-audit services to the Company.

FINANCIAL REPORTING

The Directors are responsible for the causing of the preparation of the accounts for the financial period which give a true and fair view of the financial results of the Company in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the accounts of the Company is set out in the Auditor's Report on pages 28 to 29.

INTERNAL CONTROLS

The Company maintains a comprehensive and effective internal control system on income and capital and revenue expenditures. As part of internal audit, the Company has its own internal audit department and maintained a system of internal control, with manuals guiding internal controls on business operation and conducted audits of all branches of operations on a regular basis. The Internal Audit Department would recommend improvement and strengthening in the implementation of all internal control systems. The Company will review the internal control manuals from time to time to meet with the changing business operation environment.

For the year ended 31 December 2010, the internal audit department has conducted a review of the effectiveness of the system of internal control on the areas of financial, operational and compliance controls and risk management functions.

CORPORATE GOVERNANCE REPORT (Continued)

The members of the Risk Management Committee met twice in February and August 2010 respectively. The senior management and the Internal Audit Manager had identified the relevant risks of the operational units and the control strategies of the Company and incorporated significant risk management and control strategies in the internal audit reports for the review of the Audit Committee members.

The Internal Audit Manager, who is independent to the Company's daily operations, reports directly to the Audit Committee and Group General Manager and regularly conducts audits of the practices, procedures, expenditures and internal control for business operations and corporate functions of the Company.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND REMUNERATION COMMITTEES' MEETINGS

Details of the individual attendance of each director at meetings of the Board, the Audit Committee and the Remuneration Committee during the year are set out in the following table:

	No. of meetings attended/No. of meetings held		
	Board	Audit Committee	Remuneration Committee
Executive directors			
Mr. Lam Ko Yin, Colin	4/4	N/A	1/1
Mr. Li Ning	3/4	N/A	1/1
Non-executive directors			
Mr. Au Siu Kee, Alexander	4/4	N/A	N/A
Mr. Lau Yum Chuen, Eddie	4/4	N/A	N/A
Dr. Lee Shau Kee	2/4	N/A	N/A
Mr. Leung Hay Man	4/4	N/A	N/A
Mr. Wong Man Kong, Peter	3/4	N/A	N/A
Independent non-executive directors			
Mr. Ho Hau Chong, Norman	3/4	2/2	1/1
Ms. Wong Yu Pok, Marina	4/4	2/2	1/1
Mr. Wu King Cheong	4/4	2/2	1/1

NOMINATION OF DIRECTORS

The Company does not have a nomination committee, and the power to nominate or appoint additional directors is vested in the Board in accordance with the Company's Articles of Association, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Company's Articles of Association and the laws of Hong Kong.

The Board from time to time considers replenishing the composition of the Board whenever the Company requires to meet the business demand, opportunities and challenges and to comply with the laws and regulations. The nomination procedures basically follow Article 94 of the Articles of Association which empowers the Board from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. The Board will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deems fit. The Board shall consider the candidate from a wide range of backgrounds, on his/her merits and against objective criteria set out by the Board and taking into consideration his/her time devoted to the position.

During the year, there is no change in the composition of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received confirmation of independence from each of Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong pursuant to Rule 3.13 of the Listing Rules.

The Board is of the view that during the year, the Company had maintained a sufficient number of independent non-executive directors and had an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise.

The Board notes that Mr. Ho Hau Chong, Norman is an executive director of Miramar Hotel and Investment Company, Limited ("Miramar") and a director of Wealth Team Development Limited ("Wealth Team"), which is an indirect subsidiary of Henderson Land. Mr. Ho also has an indirect beneficial interests of 9.9% in all issued share capital of Wealth Team, but is not involved in the management and operation of Wealth Team. Miramar, Wealth Team and Henderson Land are connected persons of the Company under the Listing Rules. Save aforesaid, Mr. Ho has complied with other conditions set out in Rule 3.13 of the Listing Rules.

In view of the fact that Mr. Ho does not have any material interests in any principal business activity of and is not involved in any material business dealings with the Company, or any of its subsidiaries or with any connected persons of the Company, and that both the management and the operations of the Miramar group and the Group are totally independent from each other, the Board in good faith considers that the independence of Mr. Ho as an independent non-executive director of the Company is not in any way affected by his directorships in both Miramar and Wealth Team.

In conclusion, the Board considers Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong as independent.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiry, the Company confirmed that all directors of the Company have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2010.

The Company has also adopted the written guidelines on no less exacting terms than the Model Code for those relevant employees, (including employees of the Company or directors or employees of its subsidiaries

CORPORATE GOVERNANCE REPORT (Continued)


The New Voice Club visit with Baptist (STW) Lui Ming Choi Primary School


Staff Volunteer Flag Selling Event


Shipyard visit of the Hong Kong University of Science and Technology

who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities) in respect of their dealings in the securities of the Company in compliance with the code provision A.5.4 of the CG Code.

INVESTOR RELATIONS AND SHAREHOLDER RIGHTS

The Group establishes communication with shareholders through the publication of announcements, notices, circulars, interim and annual reports and in the Company's website at www.hkf.com.

The Company keeps the shareholders informed of the rights of shareholders to demand poll and poll procedure in all circulars in relation to shareholders meetings. The Chairman of the Board and the Chairman of other Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the shareholders' meetings.

CORPORATE SOCIAL RESPONSIBILITY

As a listed company, the Group values the importance of corporate social responsibility ("CSR") and its impact on the community. The Company integrates CSR elements in its business activities and participates in or encourages the staff to participate in charitable activities to promote good corporate citizenship in Hong Kong.

Our continuous commitments to community service and care of employees have been recognized by the Hong Kong Council of Social Service as a Caring Company for seven consecutive years since 2003.

Our Staff Volunteer Team, formally established in 2008, served the community by participating in different community service events and charitable activities in the past years.

Community Service

Our Group has actively supported community service and encourages our staff to contribute their time and effort in various charitable and volunteer services. In June, 2010, our volunteer team members participated in a joint visit to The New Voice Club of Hong Kong ("The New Voice Club") with students from Baptist (STW) Lui Ming Choi Primary School. The New Voice Club is the organization formed by voice cancer club members. During the visit, we played games with the patients joyfully. We joined two flag-selling events organized by the Senior Citizen Home Safety Association in January and October 2010 to raise funds for "The PE Link Service" and "The Elder Ring Hotline Service" respectively.

The Group actively participated in the events organized by the Community Chest. The Group encouraged staff to participate in "The Community Chest Green Day 2010"

Day trip to Panyu and Shunde, Guangdong

The ERB Manpower 1st Developer Award Scheme – The Presentation Ceremony

events held in June 2010, which encouraged greener form of transport and reduce the carbon footprint at workplace by saving energy and resources. In September 2010, our staff participated in the "Dress Special Day 2010" event for raising funds for several social welfare services supported by the Community Chest. In both events, the Group offered its support by matching the funds raised by the employees.

Staff Activities

The Group organized two staff outing activities in year 2010 which received overwhelming support from the managers and the staff. On 25 April 2010, the Group organized a local day trip to Sai Kung, Hong Kong Geopark, Po Toi O and Fanling. Over 100 staff and their family members enjoyed the leisure and sightseeing tour.

On 7 November 2010, the Group organized a day trip out of Hong Kong to Panyu and Shunde, Guangdong. More than 120 staff and their family members joined the trip and enjoyed fish hot-pot dinner in the evening.

Employees Development

The Group provided various seminars and workshops to staff of different levels and positions. The seminars and workshops were organized by internal departments and external organizations to enhance the job-skills of the staff. In April 2010, the Company was awarded the title and logo of "Manpower Developer 1st" by Employees Retraining Board in recognition of our support to staff training and development in Hong Kong.

The Group provides sponsorship to employees to attend training courses organized by professional institutions from time to time to enhance their professional and technical knowledge.

Environmental Awareness

Our Group continues to contribute to the preservation of the environment and its resources: minimizing environmental impacts of our development projects by implementing an effective safety management system, compliance to statutory requirements, maintaining consciousness of environmental protection and being considerate to neighborhood and passers-by, etc.

The Hotel and Harbour Cruise operation supported the environmental protection by supplying the cooking oil and the Shipyard to supply the industrial oil to the recycling enterprises for recycle and reuse of the renewable energy. In December 2010, the Company was awarded the Hang Seng Pearl River Delta Environmental Awards 2009/10 – Green Participant in recognition of its contribution to environmental protection.

REPORT OF THE AUDITOR

Independent auditor's report to the shareholders of
Hong Kong Ferry (Holdings) Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Hong Kong Ferry (Holdings) Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 30 to 100, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED ACCOUNTS

The directors of the Company are responsible for the preparation of consolidated accounts that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the the directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated accounts based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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 accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 March 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

	Note	2010 HK$'000	2009 (Restated) HK$'000
Turnover	3(a)	**911,707**	2,138,724
Cost of sales		**(525,937)**	(1,188,048)
		385,770	950,676
Other revenue	3(a) & 4	**26,519**	23,398
Other net income	4	**121,893**	380,684
Valuation gains/(losses) on investment properties and investment property held for development	3(d) & 13	**123,061**	(25,668)
Selling and marketing expenses		**(42,160)**	(87,345)
Administrative expenses		**(41,343)**	(40,728)
Other operating expenses		**(46,633)**	(41,583)
Profit from operations	3(b)	**527,107**	1,159,434
Finance cost	5(a)	**–**	(1,789)
Share of profits less loss of associates		**767**	662
Profit before taxation	5	**527,874**	1,158,307
Taxation	8(a)	**(44,707)**	(62,824)
Profit attributable to equity shareholders of the Company	9	**483,167**	1,095,483
Earnings per share *(cents)*			
– Basic and diluted	12	**135.6**	307.5

The notes on pages 38 to 100 form part of these accounts. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Note	**2010** ***HK$'000***	2009 (Restated) *HK$'000*
Profit attributable to equity shareholders of the Company		**483,167**	1,095,483
Other comprehensive income for the year (after tax and reclassification adjustments):	*11*		
Available-for-sale equity securities:			
net movement in the securities revaluation reserve		**(30,737)**	161,332
Realisation of inter-company profits		**(24)**	(24)
		(30,761)	161,308
Total comprehensive income attributable to equity shareholders of the Company		**452,406**	1,256,791

The notes on pages 38 to 100 form part of these accounts.

CONSOLIDATED BALANCE SHEET

at 31 December 2010

	Note	31 December 2010 HK$'000	31 December 2010 HK$'000	31 December 2009 (Restated) HK$'000	31 December 2009 (Restated) HK$'000	1 January 2009 (Restated) HK$'000	1 January 2009 (Restated) HK$'000
Non-current assets							
Fixed assets	13						
– Investment properties			**914,650**		837,900		872,000
– Investment property held for development			**99,000**		89,000		–
– Other property, plant and equipment			**120,003**		127,660		109,139
– Interest in leasehold land			**50,361**		51,741		53,121
			1,184,014		1,106,301		1,034,260
Interest in associates	15		**40,092**		80,127		108,395
Available-for-sale equity securities	16		**593,762**		542,470		127,827
Employee benefits assets	17(a)		**11,087**		10,841		10,482
Deferred tax assets	24(c)		**8,134**		27,609		73,836
			1,837,089		1,767,348		1,354,800
Current assets							
Tax recoverable	24(a)	**7,087**		2,154		2,414	
Derivative financial instruments	18	**55,732**		300,433		191,624	
Inventories	19(a)	**1,784,682**		570,475		1,393,741	
Trade and other receivables	20	**215,047**		501,725		100,161	
Cash and cash equivalents	21	**753,670**		1,321,676		478,713	
		2,816,218		2,696,463		2,166,653	
Current liabilities							
Bank loan and overdraft	22	**326**		238		100,216	
Trade and other payables	23	**186,807**		313,533		415,895	
Tax payable	24(b)	**39,343**		46,990		31,314	
		226,476		360,761		547,425	
Net current assets			**2,589,742**		2,335,702		1,619,228
Total assets less current liabilities			**4,426,831**		4,103,050		2,974,028
Non-current liabilities							
Deferred tax liabilities	24(c)		**1,443**		1,810		1,321
NET ASSETS			**4,425,388**		4,101,240		2,972,707

CONSOLIDATED BALANCE SHEET (Continued)

at 31 December 2010

	Note	**31 December 2010**		31 December 2009 (Restated)		1 January 2009 (Restated)	
		HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CAPITAL AND RESERVES							
Share capital	*25*		**356,274**		356,274		356,274
Reserves			**4,069,114**		3,744,966		2,616,433
TOTAL EQUITY			**4,425,388**		4,101,240		2,972,707

Approved and authorised for issue by the board of directors on 16 March 2011.

Colin K.Y. Lam
Chairman

Li Ning
Director

The notes on pages 38 to 100 form part of these accounts.

BALANCE SHEET

at 31 December 2010

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Non-current assets					
Interest in subsidiaries	14		**4,141,960**		4,092,888
Interest in associates	15		**2,902**		2,902
Available-for-sale equity securities	16		**45**		45
Employee benefits assets	17(a)		**11,087**		10,841
			4,155,994		4,106,676
Current assets					
Trade and other receivables	20	**1,917**		1,602	
Cash and cash equivalents	21	**581**		84,904	
		2,498		86,506	
Current liabilities					
Amounts due to subsidiaries	14	**366,018**		366,057	
Trade and other payables		**6,754**		6,321	
		372,772		372,378	
Net current liabilities			**(370,274)**		(285,872)
NET ASSETS			**3,785,720**		3,820,804
CAPITAL AND RESERVES	26(a)				
Share capital	25		**356,274**		356,274
Reserves			**3,429,446**		3,464,530
TOTAL EQUITY			**3,785,720**		3,820,804

Approved and authorised for issue by the board of directors on 16 March 2011.

Colin K.Y. Lam
Chairman

Li Ning
Director

The notes on pages 38 to 100 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

	Note	Share capital HK$'000 (Note 25)	Share premium HK$'000 (Note 26(c))	Securities revaluation reserve HK$'000 (Note 26(c))	Other capital reserves HK$'000 (Note 26(c))	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2009		356,274	1,398,527	15,805	917	1,172,995	2,944,518
Impact of change in accounting policy		–	–	–	–	28,189	28,189
Restated balance at 1 January 2009	2	356,274	1,398,527	15,805	917	1,201,184	2,972,707
Changes in equity for 2009:							
Profit for the year (restated)		–	–	–	–	1,095,483	1,095,483
Other comprehensive income		–	–	161,332	(24)	–	161,308
Total comprehensive income		–	–	161,332	(24)	1,095,483	1,256,791
Dividends approved in respect of the previous financial year	10	–	–	–	–	(92,631)	(92,631)
Dividends declared in respect of the current year	10	–	–	–	–	(35,627)	(35,627)
Restated balance at 31 December 2009 and 1 January 2010		**356,274**	**1,398,527**	**177,137**	**893**	**2,168,409**	**4,101,240**
Changes in equity for 2010:							
Profit for the year		**–**	**–**	**–**	**–**	**483,167**	**483,167**
Other comprehensive income		**–**	**–**	**(30,737)**	**(24)**	**–**	**(30,761)**
Total comprehensive income		**–**	**–**	**(30,737)**	**(24)**	**483,167**	**452,406**
Dividends approved in respect of the previous financial year	10	**–**	**–**	**–**	**–**	**(92,631)**	**(92,631)**
Dividends declared in respect of the current year	10	**–**	**–**	**–**	**–**	**(35,627)**	**(35,627)**
Balance at 31 December 2010		**356,274**	**1,398,527**	**146,400**	**869**	**2,523,318**	**4,425,388**

The notes on pages 38 to 100 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2010

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Operating activities					
Profit before taxation			**527,874**		1,158,307
Adjustments for:					
Depreciation		**10,806**		9,750	
Amortisation of leasehold land premium		**1,380**		1,380	
Impairment losses/(reversal of impairment losses) on trade and other receivables		**31**		(217)	
Net profit on disposal of investment properties		**(36,191)**		(2,901)	
Net (profit)/loss on disposal of other property, plant and equipment		**(127)**		12	
Valuation (gains)/losses on investment properties and investment property held for development		**(123,061)**		25,668	
Net realised and unrealised gains on derivative financial instruments		**(984)**		(278,609)	
Net profit on sale of available-for-sale equity securities		**(42,194)**		(53,864)	
Interest income		**(20,078)**		(10,927)	
Interest expense		**–**		1,789	
Dividend income from listed investments		**(12,005)**		(7,897)	
Share of profits less loss of associates		**(767)**		(662)	
Realisation of inter-company profits		**(24)**		(24)	
			(223,214)		(316,502)
Operating profit before changes in working capital			**304,660**		841,805
Increase in employee benefits assets		**(246)**		(359)	
(Increase)/decrease in inventories		**(1,236,430)**		901,061	
Decrease/(increase) in trade and other receivables		**282,940**		(394,493)	
Decrease in trade and other payables		**(97,957)**		(218,051)	
			(1,051,693)		288,158
Cash (used in)/generated from operations			**(747,033)**		1,129,963
Profits tax paid		**(38,246)**		(296)	
Profits tax refunded		**67**		124	
			(38,179)		(172)
Net cash (used in)/generated from operating activities			**(785,212)**		1,129,791

CONSOLIDATED CASH FLOW STATEMENT (Continued)

for the year ended 31 December 2010

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Investing activities					
Interest received		**19,950**		8,341	
Payment for purchase of fixed assets		**(3,168)**		(89,148)	
Payment for purchase of available-for-sale equity securities		**(29,926)**		(362,275)	
Payment for purchase of derivative financial instruments		**–**		(140,098)	
Proceeds from disposal of other property, plant and equipment		**146**		–	
Net repayment from associates		**40,364**		28,456	
Proceeds from disposal of derivative financial instruments		**108,161**		204,923	
Proceeds from sale of available-for-sale equity securities		**127,615**		261,604	
Proceeds from disposal of investment properties		**69,891**		23,151	
Dividends received from listed investments		**12,343**		9,212	
Net cash generated from/(used in) investing activities			**345,376**		(55,834)
Financing activities					
Repayment of bank loan		**–**		(100,000)	
Interest paid		**–**		(2,758)	
Dividends paid		**(128,258)**		(128,258)	
Net cash used in financing activities			**(128,258)**		(231,016)
Net (decrease)/increase in cash and cash equivalents			**(568,094)**		842,941
Cash and cash equivalents at 1 January			**1,321,438**		478,497
Cash and cash equivalents at 31 December	21		**753,344**		1,321,438

The notes on pages 38 to 100 form part of these accounts.

NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these accounts.

(b) Basis of preparation of the accounts

The consolidated accounts for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the accounts is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 1(f));

– financial instruments classified as available-for-sale equity securities (see note 1(h)); and

– derivative financial instruments (see note 1(k)).

The preparation of accounts in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the accounts (Continued)

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.

Judgements made by management in the application of HKFRSs that have significant effect on the accounts and major sources of estimation uncertainty are discussed in note 32.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group 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.

An investment in a subsidiary is consolidated into the consolidated accounts from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the group's share of the associate's net assets and any impairment loss relating to the investment (see note 1(i)). Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated profit and loss account, whereas the group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the consolidated statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see note 1(i)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(f)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(f)) or is held for and under development for sale (see note 1 (j)(iv)).

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(e)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(p)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(e)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(e).

(g) Other property, plant and equipment

Other property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other property, plant and equipment (Continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Land	Over the unexpired terms of the leases
Buildings	40 years or over the unexpired terms of the leases, if shorter
Leasehold land classified as held under finance leases	Over the unexpired terms of the leases
Ferry vessels and other crafts	8 to 15 years
Machinery, furniture and other fixed assets	
– Dry dock and ship lift	30 to 40 years
– Others	4 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities, being those held for non-trading purpose, are classified as available-for-sale equity securities. Available-for-sale equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the securities revaluation reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(p)(vii). When these investments are derecognised or impaired (see note 1(i)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(i)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries: (see note 1(i)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates recognised using the equity method (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(i)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale equity securities, the cumulative loss that has been recognised in the securities revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– investments in subsidiaries (except for those classified as held for sale (or included in a disposal group that is classified as held for sale)); and

– other property, plant and equipment.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Inventories

(i) Trading stocks

Trading stocks are stated at the lower of cost and net realisable value. Cost includes the cost of materials computed using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Spare parts and consumables

Spare parts and consumables are stated at cost, computed using the weighted average method, less provision for obsolescence.

(iii) Work in progress

Work in progress are construction and repairing in progress at the balance sheet date and are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings.

(iv) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Properties held for and under development – for sale

The cost of properties held for and under development – for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the later of the signing of the sale and purchase agreement and the issue of an occupation permit by the relevant government authorities, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under deposits received.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customers have accepted the goods and the related risks and rewards of ownership.

(iv) Ferry operations and related services

Revenue relating to ferry operations is recognised when the relevant ferry services are provided.

(v) Travel business

Revenue arising from the travel business is recognised on the completion date of the tours or when the relevant services are provided.

(vi) Interest income

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

(vii) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(r) Deferred interest income

Where properties are sold under deferred terms with part of the sales proceeds being receivable after an interest-free period, the differences between the sale prices with and without such terms are treated as deferred income and is released to profit or loss on a straight-line basis over the interest-free period.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in profit or loss.

In calculating the Group's obligation in respect of a plan, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

NOTES TO THE ACCOUNTS (Continued)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the accounts, are identified from the financial information provided regularly to the group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(x) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, *Improvements to HKFRSs (2009)* are relevant to the Group's financial statements:

The amendment introduced by the *Improvements to HKFRSs (2009)* omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain Group's leasehold land interests located in the Hong Kong Special Administrative Region, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that these leasehold interests will no longer be classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

(a) Early adoption of the amendments to HKAS12, *Income taxes*

The change in policy arising from the amendments to HKAS 12 is the only change which has had a material impact on the current and comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties in Hong Kong with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the balance sheet date. Previously, where these properties were held under leasehold interests, deferred tax were generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Early adoption of the amendments to HKAS12, *Income taxes* (Continued)

This change in policy has been applied retrospectively by restating the opening balances at 1 January 2009 and 2010, with consequential adjustments to comparatives for the year ended 31 December 2009. This has resulted in a reduction in the amount of deferred tax provided on valuation gain as follows:

	As previously reported *HK$'000*	Effect of adoption of amendments to HKAS 12 *HK$'000*	As restated *HK$'000*
Consolidated profit and loss account for the year ended 31 December 2009:			
Income tax	(59,721)	(3,103)	(62,824)
Profit for the year	1,098,586	(3,103)	1,095,483
Basic and diluted earnings per share *(cents)*	308.4	(0.9)	307.5
Consolidated balance sheet at 31 December 2009:			
Deferred tax assets	28,241	(632)	27,609
Deferred tax liabilities	(27,528)	25,718	(1,810)
Retained profits	2,143,323	25,086	2,168,409
Consolidated balance sheet at 1 January 2009:			
Deferred tax assets	73,375	461	73,836
Deferred tax liabilities	(29,049)	27,728	(1,321)
Retained profits	1,172,995	28,189	1,201,184

3 SEGMENT INFORMATION

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

To consistent the information reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group is currently organised into five main reportable segments:

– Property development: development and sale of properties.

– Property investment: leasing of properties.

– Ferry, shipyard and related operations: operation of dangerous goods vehicular ferry service, cruise vessels and ship repairs and maintenance services.

– Travel and hotel operations: hotel operation and management and operation of travel agency services.

– Securities investment: equity investments.

NOTES TO THE ACCOUNTS (Continued)

3 SEGMENT INFORMATION (Continued)

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as less than 10% of the Group's revenue and profit from operations were derived from activities outside Hong Kong.

Segment results

In accordance with HKFRS 8, segment information disclosed in these accounts has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The segment information for the years ended 31 December 2010 and 2009 about these reportable segments is presented below:

(a) Segment revenue

	Total revenue		Elimination of inter-segment revenue		Revenue from external customers	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Property development	**542,286**	1,782,995	**–**	–	**542,286**	1,782,995
Property investment	**50,311**	42,768	**59**	44	**50,252**	42,724
Ferry, shipyard and related operations	**142,651**	159,382	**2,713**	2,031	**139,938**	157,351
Travel and hotel operations	**175,700**	162,660	**99**	154	**175,601**	162,506
Securities investment	**12,518**	9,142	**–**	–	**12,518**	9,142
Others	**60,600**	49,062	**42,969**	41,658	**17,631**	7,404
	984,066	2,206,009	**45,840**	43,887	**938,226**	2,162,122
Analysed by:						
Turnover					**911,707**	2,138,724
Other revenue					**26,519**	23,398
					938,226	2,162,122

3 SEGMENT INFORMATION (Continued)

(a) Segment revenue (Continued)

The principal activities of the Group are property development, property investment, ferry and related businesses, travel businesses and hotel operations, and securities investment.

Turnover represents gross income from the sale of properties, sales value of goods delivered to customers, income from services rendered, rental income, interest income and dividend income.

(b) Segment result

	Reportable segment profit	
	2010	2009
	HK$'000	*HK$'000*
Property development	**227,925**	778,499
Property investment *(note d)*	**179,687**	(3,579)
Ferry, shipyard and related operations	**9,936**	3,015
Travel and hotel operations	**2,359**	(1,358)
Securities investment	**51,895**	341,126
Others *(note e)*	**55,305**	41,731
	527,107	1,159,434

(c) Reconciliation of reportable segment profit

	2010	2009
	HK$'000	*HK$'000*
Reportable segment profit derived from external customers	**527,107**	1,159,434
Finance cost	**–**	(1,789)
Share of profits less loss of associates	**767**	662
Consolidated profit before taxation	**527,874**	1,158,307

(d) The segment result of the property investment included valuation gains on investment properties and investment property held for development of HK$123,061,000 (2009: losses of HK$25,668,000).

(e) The segment result of "Others" mainly comprises interest income, corporate expenses and exchange gains/losses.

NOTES TO THE ACCOUNTS (Continued)

3 SEGMENT INFORMATION (Continued)

(f) Other segment information

	Depreciation and amortisation		Impairment loss/ (reversal of impairment loss)		Capital expenditure incurred	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Property investment	**32**	37	**31**	(217)	**–**	103,958
Ferry, shipyard and related operations	**8,854**	8,187	**–**	–	**1,620**	19,939
Travel and hotel operations	**2,677**	2,604	**–**	–	**1,434**	6,092
Securities investment	**–**	–	**–**	–	**–**	–
Others	**623**	302	**–**	–	**114**	2,220
	12,186	11,130	**31**	(217)	**3,168**	132,209

4 OTHER REVENUE AND NET INCOME

	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Management fee income	**8,301**	7,867
Air-conditioning charges income	**5,729**	5,422
Other interest income	**5,049**	7,940
Other income	**7,440**	2,169
	26,519	23,398
Other net income		
Net profit on sale of available-for-sale equity securities	**42,194**	53,864
Net exchange gains	**38,436**	40,444
Net profit on disposal of investment properties	**36,191**	2,901
Net realised and unrealised gains on derivative financial instruments	**984**	278,609
Income from sale of spare parts	**346**	267
Forfeited deposits	**314**	2,140
Net profit/(loss) on disposal of other property, plant and equipment	**127**	(12)
Sundry income	**3,301**	2,471
	121,893	380,684

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance cost:

	2010 ***HK$'000***	2009 *HK$'000*
Interest on bank loan wholly repayable within five years	**–**	1,789

(b) Staff costs:

	2010 ***HK$'000***	2009 *HK$'000*
Decrease in liability for defined benefit retirement plan *(note 17(a)(v))*	**(246)**	(359)
Contributions to Mandatory Provident Funds	**2,056**	2,325
Retirement costs	**1,810**	1,966
Salaries, wages and other benefits	**75,899**	75,787
	77,709	77,753

(c) Other items:

	2010 ***HK$'000***	2009 *HK$'000*
Amortisation of leasehold land premium	**1,380**	1,380
Depreciation	**10,806**	9,750
Cost of inventories *(note 19(b))*	**311,706**	989,050
Auditor's remuneration		
– audit services	**1,311**	1,279
– other services	**240**	231
Operating lease charges in respect of premises	**4,586**	4,331
Impairment losses/(reversal of impairment losses) on trade and other receivables	**31**	(217)
Rentals receivable from investment properties net of direct outgoings of HK$21,289,000 (2009: HK$16,907,000)	**(15,451)**	(12,750)
Rentals receivable from operating leases, other than those relating to investment properties, net of direct outgoings of HK$936,000 (2009: HK$544,000)	**(6,829)**	(3,007)
Interest income	**(20,078)**	(10,927)
Dividend income from listed investments	**(12,005)**	(7,897)

NOTES TO THE ACCOUNTS (Continued)

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fee	
	2010	2009
	HK$'000	*HK$'000*
Executive directors		
Mr. Lam Ko Yin, Colin	**150**	150
Mr. Li Ning	**100**	100
Non-executive directors		
Mr. Au Siu Kee, Alexander	**50**	50
Mr. Lau Yum Chuen, Eddie	**50**	50
Dr. Lee Shau Kee	**50**	50
Mr. Leung Hay Man	**50**	50
Mr. Wong Man Kong, Peter	**50**	50
Independent non-executive directors		
Mr. Ho Hau Chong, Norman	**250**	250
Ms. Wong Yu Pok, Marina	**250**	250
Mr. Wu King Cheong	**250**	250
	1,250	1,250

7 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments is a director of the Company. The emoluments of the five highest paid employees are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other emoluments	**5,751**	6,066
Retirement scheme contributions	**38**	87
	5,789	6,153

7 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS (Continued)

The emoluments of the five individuals with the highest emoluments are within the following bands:

HK$	**2010** **Number of individuals**	2009 Number of individuals
1,000,000 or below	**3**	3
1,000,001-1,500,000	**1**	1
1,500,001-2,000,000	**–**	–
2,000,001-2,500,000	**1**	1

8 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(a) Taxation in the consolidated profit and loss account represents:

	2010 **HK$'000**	2009 (Restated) HK$'000
Current tax -Hong Kong Profits Tax		
Provision for the year	**25,661**	16,108
Over-provision in respect of prior year	**(62)**	–
	25,599	16,108
Deferred tax		
Origination and reversal of temporary differences	**19,108**	46,716
	44,707	62,824

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

NOTES TO THE ACCOUNTS (Continued)

8 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2010	2009 (Restated)
	HK$'000	*HK$'000*
Profit before taxation	**527,874**	1,158,307
Notional tax on profit before taxation, calculated at 16.5%	**87,100**	191,120
Tax effect of non-deductible expenses	**7,523**	7,694
Tax effect of non-taxable income	**(30,801)**	(58,044)
Tax effect of current year's tax losses not recognised	**621**	1,564
Tax effect of prior years' unrecognised tax losses utilised this year	**(2,169)**	(75,191)
Tax effect of prior years' tax losses recognised this year	**3,250**	(3,220)
Tax effect of temporary differences on fixed assets	**(20,755)**	(1,099)
Over-provision in respect of prior year	**(62)**	–
Actual tax expense	**44,707**	62,824

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$93,174,000 (2009: HK$609,950,000) which has been dealt with in the accounts of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 10.

10 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK10 cents (2009: HK10 cents) per ordinary share	**35,627**	35,627
Final dividend proposed after the balance sheet date of HK26 cents (2009: HK26 cents) per ordinary share	**92,631**	92,631
	128,258	128,258

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

10 DIVIDENDS (Continued)

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2010	2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK26 cents (2009: HK26 cents) per ordinary share	**92,631**	92,631

11 OTHER COMPREHENSIVE INCOME

Reclassification adjustments relating to components of other comprehensive income

	2010	2009
	HK$'000	*HK$'000*
Available-for-sale equity securities		
Changes in fair value recognised during the year	**11,759**	215,848
Reclassification adjustments for amounts transferred to profit or loss:		
– gains on disposal	**(42,496)**	(54,516)
Net movement in the securities revaluation reserve during the year recognised in other comprehensive income	**(30,737)**	161,332

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$483,167,000 (2009 (restated): HK$1,095,483,000) and 356,273,883 (2009: 356,273,883) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares in existence during the years 2009 and 2010, therefore diluted earnings per share are the same as basic earnings per share for both years.

NOTES TO THE ACCOUNTS (Continued)

13 FIXED ASSETS

Group

	Hotel properties HK$'000	Buildings HK$'000	Ferry vessels and other crafts HK$'000	Machinery, furniture and others HK$'000	Sub-total HK$'000	Investment properties HK$'000	Investment property held for development HK$'000	Interest in leasehold land HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2009	63,883	70,007	124,930	266,193	525,013	872,000	–	160,084	1,557,097
Additions	5,328	131	6,173	16,651	28,283	15,001	88,925	–	132,209
Cost adjustment *(Note)*	–	–	–	–	–	(3,108)	–	–	(3,108)
Disposals	–	–	–	(501)	(501)	(20,250)	–	–	(20,751)
Valuation losses	–	–	–	–	–	(25,743)	75	–	(25,668)
At 31 December 2009	69,211	70,138	131,103	282,343	552,795	837,900	89,000	160,084	1,639,779
Representing:									
Cost	69,211	70,138	131,103	282,343	552,795	–	–	160,084	712,879
Valuation	–	–	–	–	–	837,900	89,000	–	926,900
	69,211	70,138	131,103	282,343	552,795	837,900	89,000	160,084	1,639,779
Accumulated amortisation and depreciation:									
At 1 January 2009	32,453	56,707	118,718	207,996	415,874	–	–	106,963	522,837
Charge for the year	1,678	759	2,699	4,614	9,750	–	–	1,380	11,130
Written back on disposals	–	–	–	(489)	(489)	–	–	–	(489)
At 31 December 2009	34,131	57,466	121,417	212,121	425,135	–	–	108,343	533,478
Net book value:									
At 31 December 2009	35,080	12,672	9,686	70,222	127,660	837,900	89,000	51,741	1,106,301
At 1 January 2009	31,430	13,300	6,212	58,197	109,139	872,000	–	53,121	1,034,260

NOTES TO THE ACCOUNTS (Continued)

13 FIXED ASSETS (Continued)

Group

	Hotel properties HK$'000	Buildings HK$'000	Ferry vessels and other crafts HK$'000	Machinery, furniture and others HK$'000	Sub-total HK$'000	Investment properties HK$'000	Investment property held for development HK$'000	Interest in leasehold land HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2010	69,211	70,138	131,103	282,343	552,795	837,900	89,000	160,084	1,639,779
Additions	–	375	234	2,559	3,168	–	–	–	3,168
Cost adjustment *(Note)*	–	–	–	–	–	(2,611)	–	–	(2,611)
Disposals	–	(149)	–	(1,043)	(1,192)	(33,700)	–	–	(34,892)
Valuation gains	–	–	–	–	–	113,061	10,000	–	123,061
At 31 December 2010	69,211	70,364	131,337	283,859	554,771	914,650	99,000	160,084	1,728,505
Representing:									
Cost	69,211	70,364	131,337	283,859	554,771	–	–	160,084	714,855
Valuation	–	–	–	–	–	914,650	99,000	–	1,013,650
	69,211	70,364	131,337	283,859	554,771	914,650	99,000	160,084	1,728,505
Accumulated amortisation and depreciation:									
At 1 January 2010	34,131	57,466	121,417	212,121	425,135	–	–	108,343	533,478
Charge for the year	1,916	758	3,186	4,946	10,806	–	–	1,380	12,186
Written back on disposals	–	(149)	–	(1,024)	(1,173)	–	–	–	(1,173)
At 31 December 2010	36,047	58,075	124,603	216,043	434,768	–	–	109,723	544,491
Net book value:									
At 31 December 2010	33,164	12,289	6,734	67,816	120,003	914,650	99,000	50,361	1,184,014

Note: Cost adjustment represents the revision of the original construction cost of the properties completed in prior years, confirmed by the surveyor during the year.

13 FIXED ASSETS (Continued)

(a) Investment properties and investment property held for development held by the Group were revalued by a firm of registered professional surveyors, DTZ Debenham Tie Leung Limited, who have recent experience in the location and category of property being valued at HK$914,650,000 (2009: HK$837,900,000) and HK$99,000,000 (2009: HK$89,000,000) respectively, at 31 December 2010, on an open market value basis in their existing states calculated by means of capitalisation of the net income allowing for reversionary income potential and by reference to comparable market transactions.

(b) The analysis of the net book value of all the properties, which are held in Hong Kong, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Medium-term leases	**989,664**	901,393
Long term leases	**119,800**	125,000
	1,109,464	1,026,393

(c) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one month to three years, with an option to renew the lease after that date at which time all terms are renegotiated. Certain of the leases include contingent rentals calculated with reference to the revenue of tenants.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 1 year	**25,144**	18,956
After 1 year but within 5 years	**19,958**	12,420
	45,102	31,376

14 INTEREST IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	**166,888**	166,888
Amounts due from subsidiaries	**4,876,653**	4,918,842
Less: Impairment loss	**(901,581)**	(992,842)
	4,141,960	4,092,888

Details of the principal subsidiaries, which materially affect the results, assets or liabilities of the Group, are as follows:

	Ordinary share capital			
	Issued *HK$*	% held by the Company	% held by subsidiaries	Principal activities
HYFCO Development Company Limited	12,000,030	100	–	Property investment
The Hong Kong Shipyard Limited	17,000,000	100	–	Shipbuilding and repairs
HYFCO Trading and Investments Company Limited	2	100	–	Trading
HYFCO Estate Management & Agency Limited	25,000,000	100	–	Property management
HYFCO Properties Limited	21,700,000	100	–	Hotel investment
HYFCO Travel Agency Limited	3,500,000	100	–	Travel business
The Hongkong and Yaumati Ferry Company Limited	100,000,000	100	–	Ferry operations
Fine Time Development Limited	2	100	–	Property investment

NOTES TO THE ACCOUNTS (Continued)

14 INTEREST IN SUBSIDIARIES (Continued)

	Ordinary share capital			
	Issued *HK$*	% held by the Company	% held by subsidiaries	Principal activities
Galaxy Hotel Management Company Limited	1,350,000	–	100	Floating restaurant business
Genius Star Development Limited	2	100	–	Property investment
Pico International Limited	6,000,000	100	–	Investment holding
Hong Kong Ferry Finance Company Limited	2	100	–	Group financing
Thommen Limited	20	100	–	Investment holding
Lenfield Limited	2	100	–	Property development, investment and financing
HKF Property Investment Limited	2	100	–	Property investment
Join Galaxy Limited	2	–	100	Property investment and financing
Merry World Assets Limited	390,000	100	–	Investment holding
Star Unity Limited	1	100	–	Property development and investment
Jet Legend Limited	1	100	–	Property development
World Light Limited	1	100	–	Property development

All the subsidiaries listed above are incorporated in Hong Kong except for Merry World Assets Limited which is incorporated in the British Virgin Islands.

Except for HYFCO Travel Agency Limited which operates outbound tours in the Mainland China and Macau, all the other subsidiaries operate in Hong Kong.

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

15 INTEREST IN ASSOCIATES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**5,401**	4,634	**–**	–
Amounts due from associates	**41,161**	81,963	**9,372**	9,372
	46,562	86,597	**9,372**	9,372
Less: Impairment loss	**(6,470)**	(6,470)	**(6,470)**	(6,470)
	40,092	80,127	**2,902**	2,902

Except for the amount advanced to 2OK Company Limited is interest-bearing, as disclosed in note 30(b)(ii), all other amounts due from associates are unsecured, interest-free and have no fixed repayment terms. All the amounts due from associates are neither past due nor impaired.

All of the associates are incorporated and operate in Hong Kong.

Other particulars of the associates are as follows:

	Particulars of issued & paid up capital	% of ownership interest held by subsidiaries	Principal activities
2OK Company Limited	10 ordinary shares of HK$1 each	50	Property financing
Authian Estates Limited	5,000 A shares of HK$1 each 5,000 B shares of HK$1 each	50	Property investment
Winwide Limited	100 ordinary shares of HK$1 each	30	Trading

NOTES TO THE ACCOUNTS (Continued)

15 INTEREST IN ASSOCIATES (Continued)

Summary financial information on associates

	Assets *HK$'000*	Liabilities *HK$'000*	Equity *HK$'000*	Revenues *HK$'000*	Profit *HK$'000*
2010					
100 per cent	**74,954**	**(76,234)**	**(1,280)**	**11,253**	**2,398**
Group's effective interest	**36,340**	**(37,409)**	**(1,069)**	**4,326**	**767**
2009					
100 per cent	142,123	(145,802)	(3,679)	6,911	1,318
Group's effective interest	70,539	(72,375)	(1,836)	3,416	662

16 AVAILABLE-FOR-SALE EQUITY SECURITIES

	Group		Company	
	2010 ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*
Unlisted shares	**45**	45	**45**	45
Listed shares				
– in Hong Kong	**451,361**	511,679	**–**	–
– outside Hong Kong	**142,356**	30,746	**–**	–
	593,717	542,425	**–**	–
	593,762	542,470	**45**	45
Market value of listed shares at 31 December	**593,717**	542,425	**–**	–

17 EMPLOYEE BENEFITS ASSETS

(a) Defined benefit retirement plan

The Group makes contributions to a defined benefit retirement plan which covers about 17.1% (2009: 17.8%) of the Group's employees. The plan is administered by independent trustees with their assets held separately from those of the Group.

The plan is funded by contributions from the Group in accordance with an independent actuary's recommendations based on annual actuarial valuations. The latest independent actuarial valuation of the plan was at 31 December 2010 and was prepared by qualified staff of Towers Watson Hong Kong Limited, who are members of recognised actuarial bodies, using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the defined benefit retirement plan were fully covered by the plan assets held by the trustees.

(i) The amounts recognised in the balance sheets are as follows:

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
Present value of wholly or partly funded obligations	**(35,711)**	(35,188)
Fair value of plan assets	**51,085**	51,358
Net unrecognised actuarial gains	**(4,287)**	(5,329)
	11,087	10,841

The plan assets do not include any share issued by the Company or any property occupied by the Group.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group does not expect to pay contributions to defined benefit retirement plan in 2011.

NOTES TO THE ACCOUNTS (Continued)

17 EMPLOYEE BENEFITS ASSETS (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Plan assets consist of the following:

	Group and Company	
	2010	2009
Equity securities	**26.9%**	23.9%
Bonds	**0.1%**	0.2%
Fixed deposits	**73.0%**	75.9%
Total	**100%**	100%

The plan target asset allocation is 25% in equity securities and 75% in fixed deposits. The expected long-term annual return of equity securities and cash are determined to be approximately 9.0% and 2.7%, respectively. The expected return is determined to be 5.0% per annum.

(iii) Movements in the present value of the defined benefit obligations:

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**35,188**	40,002
Current service cost	**1,492**	1,646
Interest cost	**839**	502
Actual benefits paid by the plan	**(1,024)**	(3,555)
Actuarial gains	**(784)**	(3,407)
At 31 December	**35,711**	35,188

17 EMPLOYEE BENEFITS ASSETS (Continued)

(a) Defined benefit retirement plan (Continued)

(iv) Movements in plan assets:

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**51,358**	51,549
Actuarial expected return on plan assets	**2,556**	2,507
Actual benefits paid by the plan	**(1,024)**	(3,555)
Actuarial (losses)/gains	**(1,805)**	857
At 31 December	**51,085**	51,358

(v) Income recognised in the consolidated profit and loss account is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current service cost	**1,492**	1,646
Interest cost	**839**	502
Actuarial expected return on plan assets	**(2,556)**	(2,507)
Net actuarial gains recognised	**(21)**	–
	(246)	(359)

The above income is recognised in the following item in the consolidated profit and loss account:

	2010	2009
	HK$'000	*HK$'000*
Credited to administrative expenses	**(246)**	(359)

The actual return on plan assets of the Group (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was net income of HK$751,000 (2009: HK$3,364,000).

NOTES TO THE ACCOUNTS (Continued)

17 EMPLOYEE BENEFITS ASSETS (Continued)

(a) Defined benefit retirement plan (Continued)

(vi) The principal actuarial assumptions used at 31 December 2010 (expressed as weighted averages) are as follows:

	Group and Company	
	2010	2009
Discount rate at 31 December	**2.8%**	2.4%
Expected rate of return on plan assets	**5%**	5%
Future salary increases		
– 2010	**–**	2%
– 2011 and onwards	**3%**	3%

The expected long-term rate of return on plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
Present value of defined benefit obligations	**(35,711)**	(35,188)
Less: Fair value of plan assets	**51,085**	51,358
Surplus	**15,374**	16,170
Experience losses/(gains) on plan liabilities	**178**	(261)
Experience losses/(gains) on plan assets	**1,805**	(857)

(b) Defined contribution retirement plan

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employers and their employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF Scheme vest immediately.

18 DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are primarily equity-linked notes (the "Notes") with different notional amounts, fair values and maturities as follows:

	Group			
	Notional amount	Maturing in	Fair value	
	Australian dollars		Australian dollars	Hong Kong dollars equivalent
	AUD'000		*AUD'000*	*HK$'000*
2010:				
Notes	**9,000**	**2011**	**7,035**	**55,732**
2009:				
Notes	38,000	2010	34,620	241,780
	9,000	2011	8,398	58,653
Total				300,433

The Notes will be settled either by cash or by delivery of the underlying shares depending on the market prices of the underlying shares at maturity date. The Notes are subject to early redemption by the respective issuers when the market prices of the underlying shares rise/fall to pre-determined price levels at the respective determination dates stipulated in the final terms and conditions of each Note.

Further details of the Group's management of credit risk, currency risk and equity price risk arising from the Notes are set out in note 31.

NOTES TO THE ACCOUNTS (Continued)

19 INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	2010 HK$'000	2009 HK$'000
Property development		
Properties under development – for sale	1,510,959	–
Completed properties held for sale	266,625	561,904
	1,777,584	561,904
Other operations		
Trading stocks	418	1,239
Spare parts and consumables	3,012	2,570
Work in progress	3,668	4,762
	7,098	8,571
	1,784,682	570,475

The above properties are situated in Hong Kong and held under medium-term leases.

The amount of spare parts and consumables carried at net realisable value is HK$2,028,000 (2009: HK$1,892,000).

The amount of properties under development – for sale expected to be completed after more than one year is HK$1,510,959,000 (2009: HK$Nil). All of the other inventories are not expected to be recovered within one year.

(b) The analysis of the amount of inventories recognised as expense is as follows:

	2010 HK$'000	2009 HK$'000
Carrying amount of inventories sold	311,706	989,050

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**164,186**	457,740	**–**	–
Less: allowance for doubtful debts	**(31)**	(542)	**–**	–
	164,155	457,198	**–**	–
Other receivables and prepayments	**50,892**	44,527	**1,917**	1,602
	215,047	501,725	**1,917**	1,602

All of the trade and other receivables except instalment receivables of HK$96,420,000 (2009: HK$98,232,000) are expected to be recovered within one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Current	**154,077**	447,928
1 to 3 months overdue	**6,731**	5,969
More than 3 months overdue but less than 12 months overdue	**3,022**	2,993
More than 12 months overdue	**325**	308
	164,155	457,198

Debts are due ranging from 7 to 45 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted. Further details on the Group's credit policy are set out in note 31(a).

NOTES TO THE ACCOUNTS (Continued)

20 TRADE AND OTHER RECEIVABLES (Continued)

(b) Impairment of trade receivables

At 31 December 2010, the Group's trade receivables of HK$31,000 (2009: HK$587,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HK$31,000 (2009: HK$542,000) were recognised. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful debts during the year is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**542**	1,359
Impairment loss recognised/(reversed)	**31**	(217)
Uncollectible amounts written off	**(542)**	(600)
At 31 December	**31**	542

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Neither overdue nor impaired	**154,077**	447,928
1 to 3 months overdue	**6,731**	5,969
More than 3 months overdue but less than 12 months overdue	**3,022**	2,993
More than 12 months overdue	**325**	263
	10,078	9,225
	164,155	457,153

20 TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade receivables that are not impaired (Continued)

Receivables that were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were overdue but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds certain collateral over major customers' balances.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits with banks and other financial institutions	**726,927**	1,303,724	**–**	84,423
Cash at bank and in hand	**26,743**	17,952	**581**	481
Cash and cash equivalents in the balance sheet	**753,670**	1,321,676	**581**	84,904
Bank overdraft *(note 22)*	**(326)**	(238)		
Cash and cash equivalents in the consolidated cash flow statement	**753,344**	1,321,438		

Included in cash and cash equivalents are the following amounts denominated in a currency other than Hong Kong dollars:

	Group		Company	
	2010	2009	**2010**	2009
	'000	*'000*	***'000***	*'000*
United States dollars	**14,682**	9,375	**4**	4
Australian dollars	**36,029**	27,247	**–**	12,088

NOTES TO THE ACCOUNTS (Continued)

22 BANK LOAN AND OVERDRAFT

	Group	
	2010	2009
	HK$'000	*HK$'000*
Unsecured bank overdraft (repayable within 1 year or on demand)	**326**	238

The Group's banking facilities are not subject to any fulfilment of covenants. Further details of the Group's management of liquidity risk are set out in note 31(b).

23 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis as of balance sheet date:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Due within 1 month or on demand	**109,496**	235,949
Due after 1 month but within 3 months	**83**	4
Due after 12 months	**–**	231
	109,579	236,184

24 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Tax recoverable in the consolidated balance sheet represents:

	2010 *HK$'000*	2009 *HK$'000*
Provision for Hong Kong Profits Tax for the year	**16,942**	203
Provisional Profits Tax paid	**(22,485)**	(67)
	(5,543)	136
Balance of Profits Tax recoverable relating to prior years	**(1,544)**	(2,290)
	(7,087)	(2,154)

(b) Tax payable in the consolidated balance sheet represents:

	2010 *HK$'000*	2009 *HK$'000*
Provision for Hong Kong Profits Tax for the year	**8,719**	15,905
Provisional Profits Tax paid	**(3,540)**	(229)
	5,179	15,676
Balance of Profits Tax provision relating to prior years	**34,164**	31,314
	39,343	46,990

NOTES TO THE ACCOUNTS (Continued)

24 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

(c) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Temporary differences arising from fixed assets *HK$'000*	Future benefit of tax losses *HK$'000*	Intra-group interest capitalised in properties under development *HK$'000*	Total *HK$'000*
Deferred tax arising from:				
Balance at 1 January 2009	34,706	(61,391)	(17,641)	(44,326)
Impact of change in accounting policy *(note 2)*	(28,189)	–	–	(28,189)
Restated balance at 1 January 2009	6,517	(61,391)	(17,641)	(72,515)
Charged/(credited) to profit or loss (restated) *(note 8(a))*	3,988	44,685	(1,957)	46,716
Restated balance at 31 December 2009 and at 1 January 2010	**10,505**	**(16,706)**	**(19,598)**	**(25,799)**
Charged to profit or loss *(note 8(a))*	**2,034**	**3,496**	**13,578**	**19,108**
At 31 December 2010	**12,539**	**(13,210)**	**(6,020)**	**(6,691)**

	31 December 2010 ***HK$'000***	31 December 2009 (Restated) *HK$'000*	1 January 2009 (Restated) *HK$'000*
Represented by:			
Net deferred tax asset recognised on the consolidated balance sheet	**(8,134)**	(27,609)	(73,836)
Net deferred tax liabilitiy recognised on the consolidated balance sheet	**1,443**	1,810	1,321
	(6,691)	(25,799)	(72,515)

24 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

(d) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(t), the Group has not recognised the following deferred tax assets in respect of deductible temporary differences and cumulative tax losses as management are uncertain whether sufficient taxable profit against which deductible temporary differences and the tax losses can be utilised will be available. The tax losses do not expire under current tax legislation.

	2010		2009	
	Deductible temporary difference/ tax loss	**Deferred tax asset**	Deductible temporary difference/ tax loss	Deferred tax asset
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
(i) Excess of tax written down values over accounting carrying values of certain fixed assets	**1,689**	**279**	291,367	48,076
(ii) Tax losses	**89,775**	**14,813**	89,710	14,802
	91,464	**15,092**	381,077	62,878

25 SHARE CAPITAL

	Number of shares		**Nominal value**	
	2010	2009	**2010**	2009
			HK$'000	*HK$'000*
Authorised:				
Ordinary shares of HK$1 each	**550,000,000**	550,000,000	**550,000**	550,000
Issued and fully paid:				
Ordinary shares of HK$1 each	**356,273,883**	356,273,883	**356,274**	356,274

There was no movement in share capital during the years ended 31 December 2009 and 2010.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE ACCOUNTS (Continued)

26 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Note	**Share capital** *HK$'000* *(note 25)*	**Share premium** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2009		356,274	1,398,527	1,584,311	3,339,112
Changes in equity for 2009:					
Dividends approved in respect of the previous financial year	*10*	–	–	(92,631)	(92,631)
Profit and total comprehensive income for the year		–	–	609,950	609,950
Dividends declared in respect of the current year	*10*	–	–	(35,627)	(35,627)
Balance at 31 December 2009 and 1 January 2010		356,274	1,398,527	2,066,003	3,820,804
Changes in equity for 2010:					
Dividends approved in respect of the previous financial year	*10*	–	–	(92,631)	(92,631)
Profit and total comprehensive income for the year		–	–	93,174	93,174
Dividends declared in respect of the current year	*10*	–	–	(35,627)	(35,627)
Balance at 31 December 2010		356,274	1,398,527	2,030,919	3,785,720

26 CAPITAL AND RESERVES (Continued)

(b) Distributability of reserves

The distributable reserves of the Company at 31 December 2010 amounted to HK$1,563,377,000 (2009: HK$1,598,415,000), representing part of its retained profits at that date. The Company's other reserves are not distributable. After the balance sheet date the directors proposed a final dividend of HK26 cents (2009: HK26 cents) per share, amounting to HK$92,631,000 (2009: HK$92,631,000). This dividend has not been recognised as a liability at the balance sheet date.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

(ii) Securities revaluation reserve

The securities revaluation reserve comprises the cumulative net change in the fair value of available-for-sale equity securities held at the balance sheet date and is dealt with in accordance with the accounting policies adopted for the revaluation of securities (see note 1(h)).

(iii) Other capital reserves

The other capital reserves comprise the unrealised profit on inter-company interest capitialised under hotel properties and are dealt with in accordance with accounting policies set out in note 1(g).

(d) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and ensure that it maintains a healthy capital ratio in order to support its business and provide returns for shareholders.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 2010.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE ACCOUNTS (Continued)

27 OPERATING LEASE COMMITMENTS

The Group leases a number of retail outlets and offices under operating leases. The leases typically run for an initial period of two years. Lease payments are usually fixed during the period of the leases. None of the leases includes contingent rentals.

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 *HK$'000*	2009 *HK$'000*
Within 1 year	**4,848**	2,445
After 1 year but within 5 years	**4,639**	239
	9,487	2,684

28 CAPITAL AND OTHER COMMITMENTS

Capital and other commitments outstanding at 31 December 2010 not provided for in the Group's consolidated accounts are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Contracted for	**92,659**	–
Authorised but not contracted for	**930,724**	–
	1,023,383	–

29 CONTINGENT LIABILITIES

Financial guarantees issued

At 31 December 2010, the Company has issued guarantees to certain suppliers in respect of granting or giving credit facilities to its wholly-owned subsidiaries. Under the guarantees, the Company is liable to the amount due from the subsidiaries to these respective parties in the event of any default and its liability shall at no time exceed the sum stated on the letters of guarantee.

At the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued above is the outstanding amount due to the relevant suppliers by its wholly-owned subsidiaries, being HK$1,942,000 (2009: HK$1,997,000).

The Company has not recognised any deferred income in respect of the guarantees issued as its fair value cannot be reliably measured using observable market data and its transaction price was HK$Nil.

30 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to certain of the Company's directors and the highest paid employees as disclosed in notes 6 and 7 respectively, is as follows:

	2010 **HK$'000**	2009 HK$'000
Short-term employee benefits	**4,715**	4,644
Post-employment benefits	**38**	37
	4,753	4,681

Total remuneration is included in "staff costs" (see note 5(b)).

NOTES TO THE ACCOUNTS (Continued)

30 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) Other material related party and connected transactions

(i) In 1998, the Group appointed a wholly-owned subsidiary of Henderson Land Development Company Limited ("HLD") as the development and sales manager (the "Project Manager") for the redevelopment of Metro Harbour View, Kowloon Inland Lot No. 11127 (the "MHV Property") in consideration for a fee equivalent to the aggregate of 1% of the construction cost and 0.5% of the gross proceeds of sale of the residential portion of the redevelopment. In 2009, an amount of HK$72,000 had been charged to the Group. At 31 December 2010, an amount of HK$18,000,000 (2009: HK$18,000,000) payable to the Project Manager was included in trade and other payables.

In 1999, the Group entered into a development agreement (the "Agreement") with HLD and two wholly-owned subsidiaries of HLD ("HLD Sub"), whereby HLD Sub acquired the right to 50% of any proceeds from the future sale of the residential portion of the redevelopment for a consideration of HK$1,500,000,000.

As part of the Agreement, HLD Sub agreed to reimburse the Group 50% of its development expenditures relating to the residential portion of the MHV Property. At 31 December 2010, an amount of HK$7,948,000 (2009: HK$7,991,000) remained unpaid and was included in trade and other receivables.

(ii) In December 2001, a wholly-owned subsidiary of the Company, acquired 50% equity interest in 2OK Company Limited ("2OK") which was set up to provide mortgage loans to the residential unit buyers of the MHV Property. HLD through its subsidiaries beneficially owned the remaining 50% equity interest in 2OK at 31 December 2010. During the year, the Group received management and administrative fees in the total of HK$1,050,000 (2009: HK$600,000) from 2OK. The Group and HLD Sub have made advances to 2OK to finance the latter's mortgage operation and interest was charged on amounts advanced. During the year, the Group received interest amounting to HK$1,010,000 (2009: HK$1,786,000) from 2OK. At 31 December 2010, the amount advanced by the Group totalling HK$30,550,000 (2009: HK$71,352,000) is in proportion to the Group's equity interest in 2OK and is unsecured and has no fixed repayment terms.

30 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) Other material related party and connected transactions (Continued)

(iii) In December 2002, the Group appointed the Project Manager as the leasing and promotion agent of the commercial arcade of the MHV Property, Metro Harbour Plaza ("MHP"), for an initial term of two years at the remuneration of 5% of the monthly rental income from MHP and such agreement shall thereafter be renewable on the same terms from year to year until terminated by either party by giving three months' prior notice in writing ("the Continuing Connected Transaction"). An amount of HK$1,082,000 (2009: HK$959,000) was charged to the Group for the year. At 31 December 2010, an amount of HK$599,000 (2009: HK$498,000) remained unpaid and was included in trade and other payables.

As the aforementioned agreement was renewable on the yearly basis until terminated by the either party, the Group had monitored the receipt of the funds during the year and confirm that this Continuing Connected Transaction was in commercial terms where

1. each of the percentage ratios (other than the profits ratio) is on an annual basis less than 0.1%; or

2. each of the percentage ratios (other than the profits ratio) is on annual basis equal to or more than 0.1% but less than 2.5% and the annual consideration is less than HK$1,000,000.

This Continuing Connected Transaction is exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

(iv) In May 2006, the Group appointed a wholly-owned subsidiary of HLD as the project manager for the development of Shining Heights, Nos. 220-222 Tai Kok Tsui Road, Kowloon, Hong Kong (the "TKT Property") for a term of three years commencing from 1 April 2006 in consideration for a fee equivalent to the aggregate of 1% of the construction cost, and other lump sum fees for supplementary services, subject to a total annual ceiling of HK$3,033,000 up to the period end of 31 March 2009. In September 2009, the project management agreement extension letter was signed which all the terms and conditions remain unchanged except to extend the period of payment for the respective ceiling of HK$3,000,000 and HK$3,000,000 for the nine months ended 31 December 2009 and year ended 31 December 2010 respectively. In accordance with the contract entered into with the Group, an amount of HK$897,000, of which HK$517,000 being cost of work carried out by the project manager or the connected persons (as defined in the Listing Rules) of the Group and HK$380,000 being the 1% fee, was charged by the project manager for the year ended 31 December 2009 for the development of the TKT Property. At 31 December 2010, an amount of HK$8,500,000 (2009: HK$8,500,000) remained unpaid and was included in trade and other payables.

30 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) Other material related party and connected transactions (Continued)

(v) In May 2006, the Group also appointed another wholly-owned subsidiary of HLD as the main contractor for a fee of 5% on all works relating to the development of the TKT Property. The aggregate of the cost of works carried out by the main contractor or any connected persons (as defined in the Listing Rules) of the Company together with the 5% fee shall be subject to a total annual ceiling of HK$16,000,000 up to the period end of 31 March 2009. In September 2009, the prime cost contract extension letter was signed which all the terms and conditions remain unchanged except to extend the period of payment for the respective ceiling of HK$5,500,000 and HK$6,500,000 for the nine months ended 31 December 2009 and year ended 31 December 2010 respectively. During the year, as a result of change in the latest cost estimates, an amount of HK$5,515,000 (2009: HK$21,342,000) and HK$276,000 (2009: HK$1,067,000), represented a corresponding adjustment in fees, were credited to the Group in relation to the superstructure work of the development and the 5% fee on all works relating to the development of the TKT Property. At 31 December 2010, an amount of HK$23,040,000 (2009: HK$90,246,000), which included amounts payable to other subcontractors through this main contractor, remained unpaid and was included in trade and other payables.

(vi) In September 2006, the Group as landlord entered into a Lease Agreement with a wholly-owned subsidiary of HLD as tenant. Pursuant to the Lease Agreement, the tenant agreed to take the lease of certain shops and spaces of MHP for a term of three years commencing from 1 July 2006 at a monthly rental of HK$357,000 and other ancillary expenses and a turnover rent of 7% (if any) of annual gross turnover of the tenant's business conducted over HK$142,241,000 which shall be payable monthly in arrears.

Pursuant to the Lease Agreement, the Group also entered into (i) a Wall Signage Licence Agreement for six external wall signages at MHP; and (ii) an Entrance Signage Licence Agreement for four signages at the entrances of MHP. Total annual licence fee payable under the Wall Signage Agreement and the Entrance Signage Licence Agreement was HK$72,000 and HK$24,000 respectively. Payments under the Licence Agreements were to be made in the form of cash. Each of the Licence Agreements was for a fixed term of three years commencing from 1 July 2006 and ending on 30 June 2009.

In July 2009, the Group and the wholly-owned subsidiary of HLD agreed to renew their tenancy and licence agreements was for a term of two years commencing from 1 July 2009. Pursuant to the Tenancy Renewal Agreement, the tenant agreed to take the lease for a term of two years commencing from 1 July 2009 at a monthly rental of HK$280,000 and other ancillary expenses and a turnover rent of 7% (if any) of annual gross turnover of the tenant's business over HK$142,241,000 which shall be payable monthly in arrears. The Group also entered into (i) a Wall Signage Licence Agreement for one external wall signages at MHP; and (ii) an Entrance Signage Licence Agreement for one signage at the entrances of MHP. Total annual licence fee payable under the Wall Signage Agreement and the Entrance Signage Licence Agreement is HK$12,000 and HK$6,000 respectively. An additional external wall signage was licensed to the tenant in October 2010 at an annual fee of HK$1,000 expiring on 30 June 2011.

30 MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(b) Other material related party and connected transactions (Continued)

(vi) (Continued)

The annual value of the aforementioned lease and licence was subjected to certain annual cap.

During the year, an amount of HK$7,214,000 (2009: HK$8,628,000), being aggregate rental and fees receivable under the aforementioned lease and licence, was credited to the Group.

(vii) In November 2008, the Group appointed a wholly-owned subsidiary of HLD as the sales manager for the TKT Property for a term of three years commencing from 1 November 2008 in consideration for a sales fee of 0.5% of the gross proceeds of sale of certain portions of the TKT Property, subject to the respective ceilings of HK$Nil, HK$2,000,000, HK$400,000 and HK$200,000 for the two months ended 31 December 2008, the years ended 31 December 2009 and 2010, and the ten months ending 31 October 2011 respectively. A total fee of HK$400,000 (2009: HK$2,000,000) was charged to the Group for the year. At 31 December 2009, an amount of HK$2,000,000 remained unpaid and included in trade and other payables. The balance has been repaid during the year.

(viii) In November 2008, the Group appointed a wholly-owned subsidiary of HLD as the agent of the Group for marketing of the TKT Property (the "Tenancy Arrangements"), for the period from 16 June 2008 to the earlier of 15 December 2009 and the date on which the last residential unit in the TKT Property to be sold is sold, subject to the respective ceilings of HK$5,000,000 for the period from 16 June 2008 to 31 December 2008 and HK$8,500,000 for the year ended 31 December 2009. A total fee of HK$8,208,000 was charged to the Group in the year 2009. At 31 December 2010, an amount of HK$1,104,000 (2009: HK$1,104,000) remained unpaid and was included in trade and other payables.

(ix) In August 2009, the Group as tenant and a wholly-owned subsidiary of HLD as landlord entered into a Tenancy Agreement. Pursuant to the Tenancy Agreement, the tenant agreed to take the lease of a premise at Lai Chi Kok as sales office and show flats for the marketing of the Yau Tong Property for a term of three years commencing from 1 March 2009 at a monthly rental of HK$350,000 and other ancillary expenses. The annual ceiling for the ten months ended 31 December 2009, the year ended 31 December 2010 and the year ending 31 December 2011, and the two months ending 29 February 2012 were HK$2,500,000, HK$5,000,000, HK$5,000,000 and HK$1,000,000 respectively. A total fee of HK$3,586,000 (2009: HK$2,186,000) was charged to the Group for the year. At 31 December 2010, an amount of HK$767,000 (2009: HK$391,000) remained unpaid and included in trade and other payables.

(x) At 31 December 2010, HLD (as defined in the Listing Rules) beneficially owned approximately 31.36% of the entire issued share capital of the Company.

Dr. Lee Shau Kee, a director of the Company, is interested in the above transactions as a substantial shareholder of HLD.

To the extent the above transactions constituted connected transactions as defined in the Listing Rules, the Group had complied with the relevant requirements under Chapter 14A of the Listing Rules.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and derivative financial instruments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. These receivables are due ranging from 7 to 45 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is not influenced by the individual characteristics of each customer as the Group does not have a certain concentration of credit risk of the total trade and other receivables.

The Group has policies in place on the approval of entering into financial derivative instruments. Transactions involving derivative financial instruments are dealing with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any investment counterparties to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets. Except for the financial guarantees given by the Group as set out in note 29, the Group does not provide any guarantees to third parties which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 29.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk

The treasury functions of the Group is centralised at the head office. The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loan to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

Group

	2010 Contractual undiscounted cash outflow					2009 Contractual undiscounted cash outflow				
	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$'000	Total HK$'000	Balance Sheet carrying amount 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	Total HK$'000	Balance Sheet carrying amount HK$'000
Bank loan and overdraft	326	–	–	326	326	238	–	–	238	238
Trade and other payables	182,194	3,233	1,380	186,807	186,807	309,931	1,677	1,925	313,533	313,533
	182,520	3,233	1,380	187,133	187,133	310,169	1,677	1,925	313,771	313,771

NOTES TO THE ACCOUNTS (Continued)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

Company

	2010 Contractual undiscounted cash outflow			2009 Contractual undiscounted cash outflow		
	Within 1 year or on demand *HK$'000*	Total *HK$'000*	Balance Sheet carrying amount *HK$'000*	Within 1 year or on demand *HK$'000*	Total *HK$'000*	Balance Sheet carrying amount *HK$'000*
Amounts due to subsidiaries	**366,018**	**366,018**	**366,018**	366,057	366,057	366,057
Trade and other payables	**6,754**	**6,754**	**6,754**	6,321	6,321	6,321
	372,772	**372,772**	**372,772**	372,378	372,378	372,378

(c) Currency risk

The Group is exposed to currency risk primarily through cash and cash equivalents and derivative financial instruments that are denominated in a currency other than the Hong Kong dollar. The currencies giving rise to this risk are primarily United States dollars and Australian dollars.

For cash and cash equivalents denominated in United States dollars, the Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be insignificant. In respect of cash and cash equivalents and derivative financial instruments held in Australian dollars, the Group ensures that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

Other than the above, the Group has no significant exposure to foreign currency risk given its large asset base and operational cash flow primarily denominated in Hong Kong dollars.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) after tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to the Group's monetary assets in which the Group has significant exposure at the balance sheet date.

Group

	2010		2009	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit or loss**	Increase/ (decrease) in foreign exchange rates	Effect on profit or loss
		HK$'000		*HK$'000*
Australian dollars	**10%**	**34,115**	10%	49,072
	(10%)	**(34,115)**	(10%)	(49,072)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis presented in the above table represent aggregation of the effects on each of the Group entities' profits after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Equity price risk

The Group is exposed to equity price change arising from equity investments classified as available-for-sale equity securities (see note 16) and derivative financial instruments (see note 18).

Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Investments in derivative financial instruments are subject to changes in market prices. The exposure to price changes is managed by closely monitoring the changes in market conditions that may have an impact on the market prices or factor affecting the value of these Notes (see note 18).

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

It is estimated that a general increase/decrease of 10% (2009: 10%) in the market prices of the underlying investments in derivative financial instruments, provided that all other variables including the volatility and time factor were held constant, would increase/decrease the net profit for the year ended 31 December 2010 by approximately HK$5,573,000 (2009: HK$30,043,000).

It is estimated that a general increase/decrease of 10% (2009: 10%) in the market prices of the underlying investments in available-for-sale equity securities would increase/decrease securities revaluation reserve by approximately HK$59,376,000 (2009: HK$54,247,000).

(e) Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

Group

		At 31 December 2010		
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Available-for-sale equity securities:				
– Listed	**593,717**	**–**	**–**	**593,717**
Derivative financial instruments	**–**	**55,732**	**–**	**55,732**
	593,717	**55,732**	**–**	**649,449**

		At 31 December 2009		
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Available-for-sale equity securities:				
– Listed	542,425	–	–	542,425
Derivative financial instruments	–	300,433	–	300,433
	542,425	300,433	–	842,858

During the year there were no significant transfers between instruments in Level 1 and Level 2 and there were no movements in the balance of Level 3 fair value measurements.

NOTES TO THE ACCOUNTS (Continued)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2009 and 2010 except as follows:

	Note	2010 Carrying amount HK$'000	2010 Fair value HK$'000	2009 Carrying amount HK$'000	2009 Fair value HK$'000
Group					
Amounts due from associates	(1)	**4,141**	**–**	4,141	–
Available-for-sale equity securities:					
– Unlisted	(2)	**45**	**–**	45	–
Company					
Amounts due from associates	(1)	**2,902**	**–**	2,902	–
Available-for-sale equity securities:					
– Unlisted	(2)	**45**	**–**	45	–

Notes:

(1) The amounts due from associates (except for HK$30,550,000 (2009: HK$71,352,000), due from 2OK Company Limited) are unsecured, interest-free and have no fixed terms of repayment. Given these terms it is not meaningful to disclose their fair values.

(2) These investments do not have a quoted market price in an active market and whose fair value cannot be realiably measured. They are recognised at cost less impairment losses.

(f) Estimation of fair values

The following summaries the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Listed equity securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(ii) Derivative financial instruments

Fair value is based on the pricing model using the market closing prices of the underlying stocks and/or index, the volatilities, correlations and interest rates at the balance sheet date.

32 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 17 and 31 contain information about the assumptions and their risk factors relating to defined benefit obligation and financial instruments. Other key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

In arriving at the fair value of the investment properties, the Group has considered information from different sources, including a valuation performed by an independent firm of professional valuers after taking into consideration the net rental income allowing for reversionary income potential, and other available market survey reports.

The assumptions adopted in the property valuations are based on the market conditions existing at the balance sheet date, with reference to current market sales prices and the appropriate capitalisation rate.

(b) Recognition of deferred tax assets

At 31 December 2010, the Group has recognised a deferred tax asset in relation to the unused tax losses amounting to approximately HK$79,988,000 (2009: HK$101,248,000). The realisability of the deferred tax asset mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which the asset can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax asset may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

(c) Fair value of derivative financial instruments

The Notes (as defined in note 18) are classified as derivative financial instruments and are stated at fair value at the balance sheet date. The Group adopted the valuation of the Notes as valued by professional valuers with appropriate experience in the valuation of similar transactions, and with reference to market value quotations from financial institutions.

The assumptions adopted in the fair value of the Notes are based on the pricing model using the market closing prices of the underlying stocks and/or index, the volatilities, correlations and interest rates at the balance sheet date.

32 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(d) Impairment of interest in subsidiaries

In considering the impairment losses that may be required for the Company's interest in subsidiaries, recoverable amount of the assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs of subsidiaries.

33 RESTATEMENT OF COMPARATIVES

As a result of the adoption of the amendments to HKAS 12, "*Income taxes*", certain comparative figures has been adjusted to reflect the decrease in accrual of deferred tax liabilities related to investment properties and investment property held for development carried at fair value. Further details of these changes in accounting policies are disclosed in note 2.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2010

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2010, and which have not been adopted in these accounts.

	Effect for accounting periods beginning on or after
Revised HKAS 24, *Related party disclosures*	1 January 2011
HKFRS 9, *Financial Instruments*	1 January 2013
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

FIVE YEARS' SUMMARY OF ASSETS AND LIABILITIES

Year	2006 (Restated) *HK$ Million*	2007 (Restated) *HK$ Million*	2008 (Restated) *HK$ Million*	2009 (Restated) *HK$ Million*	**2010** ***HK$ Million***
Fixed assets and interest in leasehold land	971	950	1,034	1,106	**1,184**
Interest in associates	173	152	109	80	**40**
Properties under development	824	1,007	476	–	**–**
Investments	198	841	330	854	**661**
Deferred tax assets	46	58	74	28	**8**
Current assets	1,494	1,098	1,499	2,396	**2,760**
Total assets	3,706	4,106	3,522	4,464	**4,653**
Total liabilities	295	393	549	363	**228**
Net assets employed	3,411	3,713	2,973	4,101	**4,425**

Note:

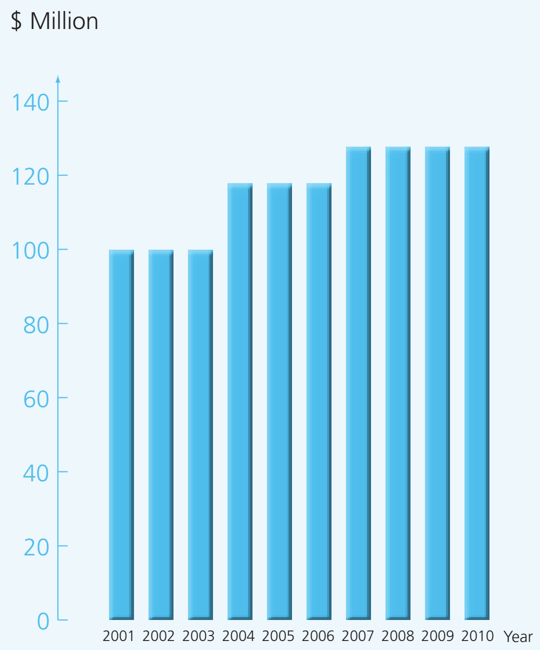
The Group has early adopted the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The change in policy arising from the amendments to HKAS 12 has been applied retrospectively and figures for the years from 2006 to 2009 have been restated accordingly.

TEN YEARS' FINANCIAL SUMMARY

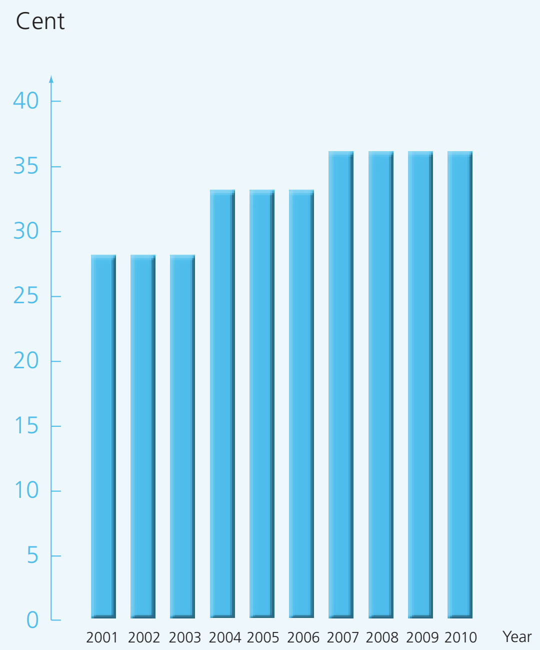
Year		2001	2002	2003	2004	2005 (Restated)	2006 (Restated)	2007 (Restated)	2008 (Restated)	2009 (Restated)	**2010**
Turnover	*HK$M*	1,403	1,345	1,041	994	764	708	673	522	2,139	**912**
Profit/(loss) attributable to shareholders	*HK$M*	282	341	265	328	257	131	389	(527)	1,095	**483**
Dividends	*HK$M*	100	100	100	118	118	118	128	128	128	**128**
Shareholders' funds	*HK$M*	2,912	3,060	3,006	3,207	3,381	3,411	3,713	2,973	4,101	**4,425**
Earnings/(loss) per share	*Cent*	79.1	95.8	74.3	92.0	72.1	36.8	109.2	(147.9)	307.5	**135.6**
Dividend per share	*Cent*	28.0	28.0	28.0	33.0	33.0	33.0	36.0	36.0	36.0	**36.0**
Dividend cover	*Times*	2.8	3.4	2.6	2.8	2.2	1.1	3.0	–	8.5	**3.8**
Return/(loss) on equity	%	9.7	11.1	8.8	10.2	7.6	3.9	10.5	(17.7)	26.7	**10.9**
Net assets per share	*HK$*	8.2	8.6	8.4	9.0	9.5	9.6	10.4	8.3	11.5	**12.4**

TEN YEARS' FINANCIAL SUMMARY (Continued)

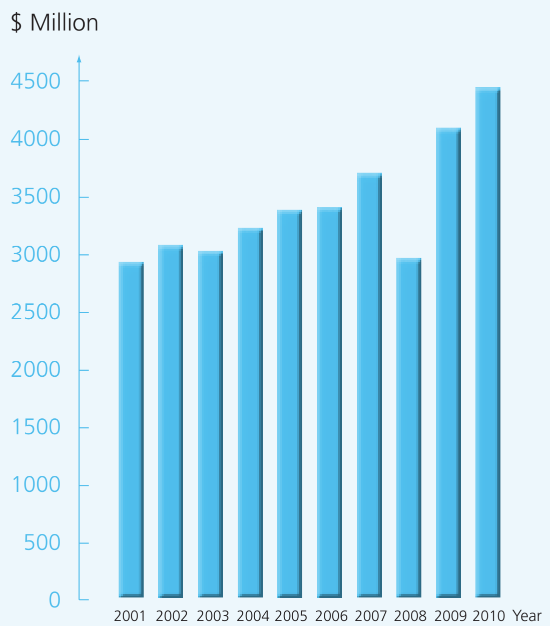
DIVIDENDS



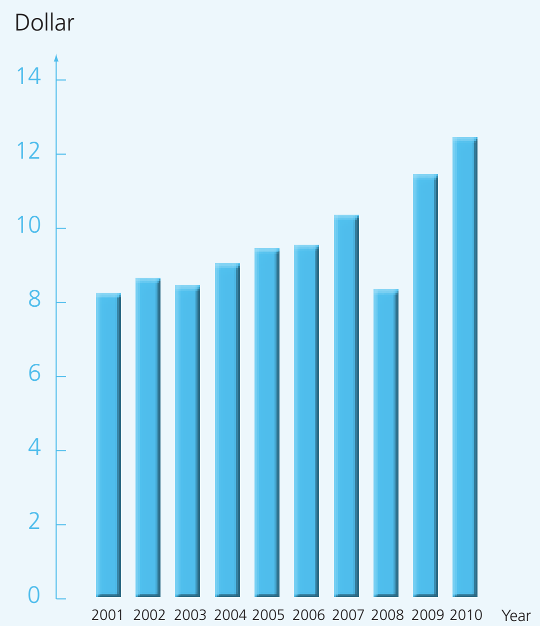
DIVIDEND PER SHARE



SHAREHOLDERS' FUNDS



NET ASSETS PER SHARE



GROUP PROPERTIES

at 31 December 2010

1. PROPERTIES HELD FOR AND UNDER DEVELOPMENT

Location	Lot No.	Site area *(sq.m.)*	Gross floor area *(sq.m.)*	Group's interest *(%)*	Intended use
177, Fanling, Sha Tau Kok Road – Lung Yeuk Tau	F.S.S.T.L. 177 (S.T.T. 1364(N))	8,900	50,278	100	Commercial and residential
204-214 Tung Chau Street	NKIL 48, s.B. R.P., s.B.ss.1R.P., R.P., s1& sH	614	5,016	100	Commercial and residential

2. PROPERTIES HELD FOR SALE

Location	Lot No.	Gross floor area *(sq.m.)*	Group's interest *(%)*	Existing use
Shining Heights 83 Sycamore Street	KIL 11159	5,080*	100	Residential
The Spectacle 8 Cho Yuen Street Yau Tong	Yau Tong Inland Lot No. 38	3,021*	100	Residential

3. PROPERTIES HELD FOR INVESTMENT

Location	Lot No.	Gross floor area *(sq.m.)*	Lease expiry *(year)*	Existing use
Metro Harbour Plaza 8 Fuk Lee Street Tai Kok Tsui	KIL 11127 RP	23,549	2047	Commercial arcade
Leyburn Villa Cheung Sha	DD 332, Lot No. 695	405	2047	Residential
20 Tin Dai Yan Road Chung Uk Tsuen Hung Shui Kiu	Lot Nos. 3039A, 3039RP & 3042 in DD 124 Hung Shui Kiu	1,912	2047	Godown

GROUP PROPERTIES (Continued)
at 31 December 2010

3. PROPERTIES HELD FOR INVESTMENT (Continued)

Location	Lot No.	Gross floor area (sq.m.)	Lease expiry (year)	Existing use
MetroRegalia 51 Tong Mi Road Tai Kok Tsui	KIL 4281	516	2090	Commercial arcade
Shining Heights 83 Sycamore Street	KIL 11159	2,469	2054	Commercial arcade
The Spectacle 6 Cho Yuen Street Yau Tong	Yau Tong Inland Lot No. 38	2,300	2047	Commercial arcade
52-56 Kwun Chung Street	KIL 1697	1,320	2080	Residential/ Commercial

4. OTHER PROPERTIES

Location	Lot No.	Site area (sq.m.)	Lease expiry (year)	Group's interest (%)	Description
98 Tam Kon Shan Road Ngau Kok Wan North Tsing Yi	Tsing Yi Town Lot No. 102	19,740	2047	100	Shipyard and office
Mui Wo	DD 2 Lot No. 648	7,544	2047	100	Hotel
Mui Wo	DD 2 Lot Nos. 614 RP, 619 Sec. B, C and RP	4,233	2047	100	Agricultural land
Mui Wo	DD 2 Lot Nos. 431-487, 569 and 635-637	28,606	2047	50	Agricultural land
Mui Wo	DD 2 Lot Nos 498-499, and 588-591	849	2047	100	Agricultural land

* *The area represents gross floor area of unsold units at 31 December 2010.*

The Spectacle 嘉賢居

8 CHO YUEN STREET, YAU TONG 油塘草園街8號

The residential units are currently on sale and 34 units remained to be sold as at year end 2010. The total gross floor area is approximately 165,000 sq. ft., comprising 140,000 sq. ft. for residential use and 25,000 sq. ft. for non-residential use.

住宅單位現正發售及截至二零一零年尾，三十四個單位尚待出售。該項目總樓面面積約為十六萬五千平方呎，其中住宅樓面面積約為十四萬平方呎，非住宅樓面面積約為二萬五千平方呎。

Metro Harbour View

港灣豪庭

8 FUK LEE STREET
福利街8號

The design of Metro Harbour View has adopted certain noise mitigation measures to abate road traffic noise and has been selected to be included in the "Housing Design to Abate Traffic Noise in HK" Information Booklet of Environmental Protection Department.

港灣豪庭之設計採納若干噪音舒解措施以減低道路交通噪音，並已獲環境保護署挑選列入「香港舒緩交通噪音的屋宇設計」之資料小冊子內。

Shining Heights

亮賢居

83 SYCAMORE STREET
詩歌舞街83號

The residential units are currently on sale and 25 residential units remained to be sold as at year end 2010. The project is a 60-storey building, 700 feet high, with gross floor area of approximately 336,000 sq. ft. It is the highest building in the district with commanding views of the Central District and the Lion Rock. The spacious clubhouse of approximately 30,000 sq. ft. has comprehensive facilities, including Star Theatre with the latest Stewart 138" perforated curve screen, outdoor swimming pool, banquet room, gymnasium, spa area, karaoke room, children play area, and sauna rooms, etc.

住宅單位現正發售及截至二零一零年年底，二十五個住宅單位尚待出售。該項目為樓高六十層，高七百呎，總樓面約三十三萬六千平方呎，乃該區最高之大廈，可遠眺中環及獅子山景緻，寬敞之住戶會所面積約三萬平方呎，設備先進完臻，備有最新Stewart 138吋弧形大銀幕之星光影院、室外游泳池、宴會廳、健身室、水療閣、

http://www.hkf.com