KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 0184

ANNUAL REPORT 2010 ANNUAL REPORT 2010

CONTENTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (restated)	+/(-)%
Total Assets	**4,250,227**	3,524,521	20.59
Capital and Reserves	**2,513,388**	2,229,881	12.71
Issued Share Capital	**340,200**	340,200	–
Turnover	**1,188,469**	890,416	33.47
Profit Before Taxation	**440,606**	363,481	21.22
Profit Attributable to Equity Shareholders	**270,751**	253,881	6.64
Basic Earnings Per Share (cents)	**79.6**	74.6	6.70
Dividends attributable to the year (cents per share)	**20.0**	20.0	–

CORPORATE INFORMATION

DIRECTORS

HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
* HO Kian Cheong
** CHAN Yau Hing Robin
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela
HO Chung Kain (Alternate to HO Chung Hui)

* *Non-executive Director*
** *Independent Non-executive Director*

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

REMUNERATION COMMITTEE

TSE See Fan Paul – *Chairman*
YU Yuet Chu Evelyn
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela

COMPANY SECRETARY

YUEN Chiu Yuk Ida

AUDITORS

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Room 2902 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.keckseng.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2010.

RESULTS

The consolidated Group net profit attributable to equity shareholders for the year 2010 amounted to HK$271 million, an increase of 7% as compared to HK$254 million in 2009. Earnings per share for the year 2010 amounted to HK$0.80 per share as compared to HK$0.75 per share in 2009.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.175 per share be paid for the year ended 31 December 2010. An interim dividend of HK$0.025 per share has already been paid. Total dividends for the year will be HK$0.20 per share.

REVIEW OF OPERATIONS

Our Group's turnover for 2010 increased by 33% to HK$1,188 million, as compared to HK$890 million in 2009.

A summary and analysis of the operations are as follows.

Vietnam

During the financial year 2010, the Vietnamese economy has gradually recovered from a period of consolidation in 2009. Total turnover from Vietnam operations rose to HK$617 million, an increase of 2% as compared to the previous year. Vietnam's contribution to the Group's profit was HK$172 million, an increase of 10% as compared to the previous year.

Sheraton Saigon Hotel and Towers The hotel reported an increase in average occupancy rate during 2010 to 64%, as compared to 52% in 2009. Average room rate for 2010 was US$165 per room night. This, however, represents a reduction when compared with US$184 per room night achieved for 2009. The hotel has continued to maintain its position as one of the premier hotels in the city's central district. Its luxurious rooms, extensive facilities and well recognized brand name have continued to help Sheraton Saigon Hotel win a significant number of international and local awards in 2010 as a top hotel in Vietnam.

Caravelle Hotel For 2010, average room rate was at US$138 per room night, as compared to US$161 in 2009. Caravelle has been able to capitalize on its rich history of over 50 years and has consolidated its position as one of the most internationally recognized nostalgic hotel properties in Vietnam. Contribution to Group profit was HK$13 million, an increase of 28% as compared to HK$10 million in 2009.

The United States ("US")

W San Francisco Following the successful acquisition of the hotel in July 2009 at a consideration of US$90 million, 2010 was the first time that full year results were reported for this hotel, as compared to results for a 5-month period being reported for 2009. During 2010, average occupancy for the hotel was very robust at 81%. Average room rate held steady at US$232 per room night. Total turnover for the year was HK$343 million. Contribution to profit was HK$17 million.

Macau

The Macau economy has improved significantly in 2010 as compared to the previous year. This has a positive impact on the operating results of the Group. Turnover from property development in Macau rose by more than two folds to HK$106 million, and contributed HK$88 million to the Group's profit in 2010. Turnover from property investment in Macau also rose by 13% to HK$42 million, and contributed HK$18 million to the Group's profit in 2010.

CHAIRMAN'S STATEMENT (continued)

The People's Republic of China

Holiday Inn Wuhan Riverside Occupancy rate during 2010 rose to 70%, as compared to 65% in the previous year. There was also an increase in average room rate in 2010 to Rmb 359 per room night, as compared to Rmb 352 per room night in 2009. Total turnover increased by 12% as compared to 2009 to HK$61 million in 2010.

Canada

The continuing strength of the Canadian dollar relative to the US dollar has continued to make Canada a less attractive destination for business and leisure travels. The impact has affected the Group's ongoing operations in Canada. Contribution to profit by operations in Canada dropped by 49% to HK$4 million in 2010.

The Sheraton Ottawa Hotel In 2010, the hotel reported an average room rate of C$137, a reduction as compared to C$141 in the previous year. A year ago, the hotel renewed the franchise arrangement with Starwood Hotels and Resorts Worldwide Inc. for another five years. As part of that arrangement, the hotel will continue to carry out renovations and improvements to the property over a three-year period.

Doubletree by Hilton, Toronto In 2010, the hotel reported an average room rate of C$111 as compared to C$112 in 2009. Occupancy, however, increased to 65% in 2010, as compared to 62% in 2009.

Japan

Further to the acquisition of investment interests in a freehold residential property in Tokyo, Japan in February 2010, the details of which were included in the Chairman's Statement last year, the Group has successfully acquired investment interests in another freehold residential property in the same city in June 2010. The property, which is held for rental income, is a 12-storey building located in Tokyo with 77 residential units totaling approximately 51,000 square feet. The acquisition further capitalizes on the Group's experience in property investment and is intended to be held on a long term basis.

Other Net Loss

Net exchange loss for 2010 amounted to HK$11.7 million, as compared to a gain of HK$108 million in 2009.

Net realized and unrealized gains on trading securities amounted to HK$3,000, as compared to net losses of HK$1 million in 2009.

Primarily as a result of the net exchange loss and the reduction in losses on trading securities, the Group reported other net loss of HK$12 million.

PROSPECTS

2010 was a year of modest recovery as compared to the very difficult economic and financial adjustment period in 2009. The recovery was driven to a large extent less by sustained economic activities than by a generous dose of monetary easing across the globe as well as by various fiscal stimulus packages. Yet the world economy is still plagued with uncertainties arising from high unemployment and a less than buoyant housing market in the US and Europe. Recent natural disasters in Japan as well as political uncertainties in North Africa have also added to the frailties of the world economic order. The Chinese economy, however, is expected to continue to perform well in 2011. Against this background, the Group is cautiously optimistic about its prospects in 2011.

The Group will continue to manage its assets and businesses prudently, with a view towards sustainable growth for the long term. That will continue to be our goal as we move forward to seek further investments to enhance shareholders value.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of our Group for their diligence, dedication and loyalty. The independent non-executive directors have also continued to dispense generously their professional advice and guidance, which have been invaluable in guiding the Board.

Ho Kian Guan
Executive Chairman

Hong Kong, 31 March 2011

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") are hotel and club operations, property investment and development and the provision of management services.

The principal activities of the Company are investment holding and those of its subsidiaries are set out in Note 33 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2010:

(i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

(ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2010 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 23 to 87.

TRANSFER TO RESERVES

Profits attributable to equity shareholders, before dividends, of HK$270,751,000 (2009 (restated): HK$253,881,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 24 to the financial statements.

An interim dividend of HK$0.025 per share (2009: HK$0.025 per share) was paid on 20 October 2010. The directors now recommend the payment of a final dividend of HK$0.175 per share (2009: HK$0.175 per share) in respect of the year ended 31 December 2010.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$932,000 (2009: HK$1,251,000).

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in Note 12 to the financial statements.

DIRECTORS

The directors during the financial year and up to the date of this report are:

Executive directors

HO Kian Guan *(Executive Chairman)*
HO Kian Hock *(Deputy Executive Chairman)*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain (alternate director to Ho Chung Hui)

Non-executive directors

HO Kian Cheong
CHAN Yau Hing Robin *
KWOK Chi Shun Arthur *
WANG Poey Foon Angela *

* *Independent non-executive directors*

Mr HO Kian Guan, Mr HO Kian Hock, Mr HO Kian Cheong and Ms WANG Poey Foon Angela shall retire from the Board of directors at the forthcoming annual general meeting in accordance with article 116 of the Company's articles of association, being eligible, offer themselves for re-election.

The Company has not entered into service contracts with any of the above directors except for Mr CHAN Lui Ming Ivan, Mr HO Chung Tao, Mr HO Chung Hui, Mr HO Chung Kain and Ms YU Yuet Chu Evelyn.

The non-executive directors are not appointed for a fixed period of term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with Company's articles of association.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 31 December 2010 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests[1]	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	222,480	197,556,320[2]	197,778,800	58.14
	Ho Kian Hock	480	197,556,320[2]	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000[3]	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774[4]	32,410,774	99.70
	Ho Kian Hock	–	32,410,774[4]	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052[5]	83,052	83.05
	Ho Kian Hock	–	83,052[5]	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US$	Ho Kian Guan	–	13,163,880[6]	13,163,880	80.76
	Ho Kian Hock	–	13,163,880[6]	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000[7]	489,000	3.00
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000[8]	56,675,000	80.96
	Ho Kian Hock	–	56,675,000[8]	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000[9]	100,000	100.00
	Ho Kian Hock	–	100,000[9]	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305[10]	4,305	43.05
	Ho Kian Hock	–	4,305[10]	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500[11]	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	Ho Kian Guan	–	9,010,000[12]	9,010,000	100.00
	Ho Kian Hock	–	9,010,000[12]	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000[13]	24,000,000	100.00
	Ho Kian Hock	–	24,000,000[13]	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000[14]	4,950,000	55.00
	Ho Kian Hock	–	4,950,000[14]	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,650,000[15]	1,650,000	55.00
	Ho Kian Hock	–	1,650,000[15]	1,650,000	55.00

Notes:

(1) This represents interests held by the relevant directors as beneficial owners.

(2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.

(4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(6) This represents US$8,965,000 (55%) indirectly contributed by the Company and US$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.

(8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.

(12) This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 4,505,001 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(13) This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(14) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(15) This represents 1,500,000 preferred shares (50%) indirectly held by the Company and 150,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 31 December 2010, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2010, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	**Capacity in which shares were held**	**Number of ordinary shares held**	**% of total issued share capital of the Company**
Ocean Inc. *(Note 1, 2)*	Interests of controlled corporations	197,556,320	58.1
Pad Inc *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Lapford Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 2)*	Beneficial owner	100,909,360	29.7
Goodland Limited *(Note 1)*	Beneficial owner	96,646,960	28.4

Notes:

(1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.

(2) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 31 December 2010, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year ended 31 December 2010, there existed the following arrangements for an indefinite period:

(1) Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.

(2) Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

DIRECTORS' INTERESTS IN CONTRACTS

For the year ended 31 December 2010, certain subsidiaries of the Company had transactions with Goodland as set out in Note 29 to the financial statements.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

Apart from the foregoing and the management arrangements set out above, no contract of significance to which the Company or any of its 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' INTEREST IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Wuhan Riverside, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr Ho Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr Ho Kian Hock is his alternate on the board of SAL.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2010 are set out in Note 14, Note 20, Note 22 and Note 29 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88 of the annual report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 89 of the annual report.

PERSONNEL

At 31 December 2010, the Group had approximately 1,725 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

RETIREMENT SCHEMES

The Group has defined contribution schemes in Hong Kong, the People's Republic of China, Vietnam and the United States. Particulars of these retirement schemes are set out in Note 26 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITORS

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

By Order of the Board

Ho Kian Guan
Executive Chairman

Hong Kong, 31 March 2011

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's turnover was HK$1,188,469,000 for the year ended 31 December 2010, an increase of 33% over the corresponding period in 2009. This increase was primarily attributable to the full year results of W San Francisco, which was acquired in July 2009, and increase in sales of properties held for sale situated in Macau. Profit from operations was HK$436,989,000 for the year ended 31 December 2010 as compared to HK$346,516,000 in 2009. Profit attributable to equity shareholders amounted to HK$270,751,000 (2009 (restated): HK$253,881,000)).

As 31 December 2010, the Group has total bank loans and other borrowings of HK$915,098,000 (2009: HK$585,863,000) and deposits and cash of HK$1,562,611,000 (2009: HK$1,275,042,000). Of the total bank loans of HK$769,995,000 (2009: HK$433,770,000), HK$411,977,000 (2009: HK$31,751,000) are repayable within one year, HK$20,236,000 (2009: HK$16,751,000) are repayable after one year but within two years and the remaining of HK$337,782,000 (2009: HK$385,268,000) are repayable after two years but within five years.

The Group's bank borrowings are mostly in Hong Kong dollar, United States dollars and Japanese Yen. Bank deposits and cash are mostly in Hong Kong dollars, Australian dollars, Canadian dollars, United States dollars, Japanese Yen and Renminbi. The Group's bank borrowings are on a floating rate basis. Taking into account cash at bank and in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 31 December 2010, a hotel property and certain properties held for sale with an aggregate value of HK$772,310,000 (2009: HK$790,615,000), bank deposits of HK$516,235,000 (2009: HK$ Nil) and outstanding forward foreign currency contracts with notional amount of HK$366,959,000 (2009: HK$ Nil) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2010, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8,252,000 (2009: HK$8,252,000).

At 31 December 2010, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$39,090,000 (2009: HK$36,765,000).

A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision for these claims has been made in the financial statements for the year ended 31 December 2010.

PROFILES OF DIRECTORS

Mr HO Kian Guan, aged 65, is the executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. Mr Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")) and serves on the board of Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange) and Parkway Holdings Limited (listed on the Singapore Exchange Securities Trading Limited). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Tao, brother of Mr Ho Kian Hock and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Kian Hock, aged 63, is the deputy executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 19 December 1979. Mr Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB), and an alternate director of Parkway Holdings Limited (listed on the Singapore Exchange Securities Trading Limited) and Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Kain and Mr Ho Chung Hui, brother of Mr Ho Kian Guan and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr TSE See Fan Paul, aged 56, is an executive director of the Company and the chairman of the remuneration committee of the Board and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. He is also a director of Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr Tse is also a member of the Chinese People's Political Consultative Committee of Yunnan Province, China.

Mr CHAN Lui Ming Ivan, aged 41, is an executive director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of Ocean Inc, Lapford Limited and Kansas Holdings Ltd (all being substantial shareholders of the Company). He is a nephew of Mr Ho Kian Guan, Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Ms YU Yuet Chu Evelyn, aged 55, is an executive director of the Company, a remuneration committee member of the Board and director of various companies of the Group. She joined the Company in 1994 to oversee the Group's investments in China and was appointed as a director of the Company on 1 July 2006. Ms Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr HO Chung Tao, aged 36, was appointed as an executive director of the Company on 15 October 2008. Before joining the Group, Mr Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. Mr Ho is the son of Mr Ho Kian Guan, nephew of Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Chung Hui, aged 34, was appointed as an executive director of the Company on 15 October 2008. Mr Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr Ho holds a Bachelor of Science in Economics from the London School of Economics. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Kain, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

PROFILES OF DIRECTORS (continued)

Mr HO Kian Cheong, aged 61, is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979 and was re-designated as non-executive director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the brother of Mr Ho Kian Guan and Mr Ho Kian Hock and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Dr CHAN Yau Hing Robin, *GBS, LLD, JP*, aged 78, is an independent non-executive director of the Company since 8 September 1988. He is also the chairman of the audit committee and a remuneration committee member of the Board. Dr Chan is the chairman of Asia Financial Holdings Limited and an independent non-executive director of K. Wah International Holdings Limited and Chong Hing Bank Limited (all listed on The Hong Kong Stock Exchange). He is also a director of and an adviser to numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star of the Hong Kong Special Administrative Region Government of the People's Republic of China. In 2010, Dr Chan has been honoured with the Honorary University Fellowship by Hong Kong Baptist University. He is the Ex-officio Life Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong and the Vice Chairman of the All-China Federation of Returned Overseas Chinese. He is also the Founding Chairman & President of the Hong Kong Federation of Overseas Chinese Associations Limited, the Chairman of the China Federation of Overseas Chinese Entrepreneurs and the Executive Vice Chairman of the China Overseas Chinese Entrepreneurs Association. Dr Chan had been a Deputy to The National People's Congress of the People's Republic of China from March 1988 to February 2008.

Mr KWOK Chi Shun Arthur, aged 65, is an independent non-executive director of the Company since 3 January 1995. He is also an audit committee member and a remuneration committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms WANG Poey Foon Angela, aged 53, is an independent non-executive director of the Company since 28 September 2004. She is also an audit committee member and a remuneration committee member of the Board. Ms Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

Mr HO Chung Kain, aged 36, was appointed as an alternate director to Mr Ho Chung Hui on 15 October 2008, Mr Ho joined the Group in 2001 as a director of a subsidiary. He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Hui, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

CORPORATE GOVERNANCE REPORT

The Board considers good corporate governance of the Company to be an essential element in the safeguarding of the interests of the shareholders, the enhancement of the integrity of the management, and ultimately the continuous improvement in the performance of the Group. The Company has applied the principles and has complied with all the applicable code provisions of the Code on Corporate Governance Practices ("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") for the year ended 31 December 2010, except for the following deviations which are explained in the relevant paragraphs below:

1. deviation from provision A.2.1 of the Code, as the role of chairman and chief executive officer of the Company is not segregated; and

2. deviation from provision A.4.1 of the Code, as the non-executive directors are not appointed for a specific term.

The Company intends to continuously review and amend the corporate governance practices and standards of the Company in a pragmatic and conscientious manner to ensure that business operations and decision making processes are implemented in a prudent and proper manner.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted since 2004 the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. All directors, followed specific enquiry by the Company, have confirmed that they have all complied with the standards as set out in the Model Code throughout the year ended 31 December 2010.

BOARD OF DIRECTORS

Composition and role

The Board comprises:

Executive Directors	–	HO Kian Guan *(Executive Chairman)*
	–	HO Kian Hock *(Deputy Executive Chairman)*
	–	TSE See Fan Paul
	–	CHAN Lui Ming Ivan
	–	YU Yuet Chu Evelyn
	–	HO Chung Tao
	–	HO Chung Hui
	–	HO Chung Kain *(Alternate to HO Chung Hui)*
Non-executive Director	–	HO Kian Cheong
Independent Non-executive Directors	–	CHAN Yau Hing Robin
	–	KWOK Chi Shun Arthur
	–	WANG Poey Foon Angela

The Board comprises of eight executive directors (including one alternate director) and four non-executive directors. Of the four non-executive directors, three of them are independent non-executive directors. In addition, all three of the independent non-executive directors possess respectively appropriate professional qualifications and financial management expertise. The directors' biographical information is set out on pages 14 to 15 of the annual report.

The principal function of the Board is on setting the overall strategic direction and investment focus of the Group. The Board also monitors the financial performance and the internal controls of the Group's business activities. Day-to-day management of the Group's business is delegated to the management and the responsibilities and powers so delegated are periodically reviewed to ensure that they remain appropriate.

With wide respective professional experience in financial, architectural and legal fields, the independent non-executive directors bring and contribute to the Board a balance of skills, independent judgment and insight into the setting of strategic direction, investment focus, performance evaluation, risk management of the Group through attendance at meetings of the Board, the Audit Committee, the Remuneration Committee and general discussions with the executive directors.

The independent non-executive directors also serve the important functions of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director to be independent in character and judgment and that they all meet the specific independence criteria as required under the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

All directors are updated on governance and regulatory matters. Directors can obtain independent advice at the expense of the Company for the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its directors.

The Board meets to review the overall strategic direction of the Group, to monitor the operations and to deal with any corporate and policy matters in respect of which its attention is required. The executive directors are responsible for drawing up and approving the agenda for each Board meeting. Notices of at least 14 days have been given to all directors for all Board meetings. Directors can include matters for discussion in the agenda if necessary. Agenda and board papers in respect of Board meetings are sent out in full to all directors at least 3 business days prior to the meetings. Draft minutes of all Board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of the Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decisions on matters under discussion.

Since 2004, new director has been given on appointment an orientation package, including information on the Group's company structure, details of major investments, the Company's Memorandum and Articles of Association, and other relevant information to familiarise the new director with the corporate affairs and operations of the Group.

There is no relationship between members of the Board other than that Mr HO Kian Guan is the father of Mr HO Chung Tao. Mr HO Kian Hock is the father of Messrs HO Chung Kain and Mr HO Chung Hui while Messrs HO Kian Guan, HO Kian Hock and HO Kian Cheong are brothers who are also uncles of Mr CHAN Lui Ming Ivan.

During the year, the Board has met four times and the individual attendance of each director is as follows:

Name of director	**Number of Board meetings attended**	**Attendance rate**
HO Kian Guan	4/4	100%
HO Kian Hock	3/4	75%
TSE See Fan Paul	4/4	100%
CHAN Lui Ming Ivan	4/4	100%
YU Yuet Chu Evelyn	4/4	100%
HO Chung Tao	4/4	100%
HO Chung Hui *(whose alternate is HO Chung Kain)*	2/4	50%
HO Kian Cheong	0/4	0%
CHAN Yau Hing Robin	3/4	75%
KWOK Chi Shun Arthur	4/4	100%
WANG Poey Foon Angela	3/4	75%

EXECUTIVE CHAIRMAN

The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The non-executive directors were not appointed for a specific term. In practice, however, all directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a director will not exceed three years.

AUDIT COMMITTEE

The Audit Committee of the Company was established in 1999. Its current members are:

CHAN Yau Hing Robin *(Chairman of the Committee)*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

All the members are independent non-executive directors. The Board considers that each of the Audit Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering legal, business, accounting and financial management disciplines on the Committee. The composition and the membership of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference covering the authority and duties of the Audit Committee conform to the provisions of the Code.

The Audit Committee deliberates and meets to review the reporting of financial and other relevant information to shareholders, the scheme of internal controls, the risk management, and the effectiveness and objectivity of the audit process. The Audit Committee also provides one of the important links between the Company and the Company's auditors in matters within the Committee's terms of reference, and keep in view the independence and objectivity of the auditors. The Committee also reviews, provides comments and recommends to the Board the approval of the terms of engagement and remuneration of the auditors of the Company.

The Audit Committee has reviewed with the management and the auditors the accounting principles and practices adopted by the Group and discussed financial reporting matters and internal controls including a review of the financial statements for the year ended 31 December 2010.

During the year, two Audit Committee meetings were held. The attendance of each member is as follows:

Name of director	Number of meetings attended	Attendance rate
CHAN Yau Hing Robin	2/2	100%
KWOK Chi Shun Arthur	2/2	100%
WANG Poey Foon Angela	0/2	0%

The Audit Committee had met twice with the Company's external auditors during 2010.

During the year, the Audit Committee has also met twice with the independent accounting firm engaged to conduct reviews of the Group's internal control framework and systems.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. Its current members are:

TSE See Fan Paul *(Chairman of the Committee)*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Yuet Chu Evelyn

Membership of the Remuneration Committee is appointed by the Board. The majority of the members are independent non-executive directors. The principal duties of the Remuneration Committee are to review and approve any service contracts to be entered into between executive directors and the Group, to review remuneration of senior management, and to make recommendation to the Board on the remuneration of non-executive directors. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee conform to the provisions of the Code.

In 2010, the Remuneration Committee held two meetings, during which the committee reviewed and discussed matters related to director's fees and remuneration.

The attendance of each member is as follows:

Name of director	Number of meetings attended	Attendance rate
TSE See Fan Paul	2/2	100%
CHAN Yau Hing Robin	2/2	100%
KWOK Chi Shun Arthur	2/2	100%
WANG Poey Foon Angela	0/2	0%
YU Yuet Chu Evelyn	2/2	100%

NOMINATION OF DIRECTORS

The Board does not have a Nomination Committee.

The Board will carry out the process of identifying and selecting new directors on the basis of candidates' industry experience relevant to the business operation and development of the Group, professional qualifications, personal ethics, integrity, and time commitment. The Board will also take into consideration the need to maintain and ensure that the Board has a balance of skills, independent judgment, continuity and succession plan.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the Group's assets and the interests of the shareholders. The executive directors are responsible for the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The internal controls system is being and will continue to be reviewed and updated to ensure that the Group's assets are safeguarded against loss and misappropriation, that proper accounting records are maintained to produce reliable financial information, that reasonable but not absolute assurance is provided against material fraud and errors, and that policies and procedures are in place to ensure compliance with applicable laws, regulations and relevant industry standards.

In respect of the year 2010, and in compliance with the Code, the Group has engaged an accounting firm to conduct an independent review of the operation of the Company and its major subsidiaries. This is done to supplement the internal audit reviews conducted by these subsidiaries.

On the basis of the review, the Audit Committee and the Board are satisfied as to the effectiveness of the Group's internal control, and concluded that:

1. the Company during the year has complied with the Code on internal control;

2. the Group has a framework of prudent and effective controls to identify, evaluate and manage the risks;

3. the Group has internal control and accounting systems which are efficient and adequate;

4. the Group has ongoing monitoring processes which identified, evaluated and managed significant risks that may influence its business operations; and

5. material transactions are executed with management's authorization.

ACCOUNTABILITY AND AUDIT

The directors have responsibility for overseeing the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for the period. In preparing the financial statements for the year ended 31 December 2010, the directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

The Company has reviewed the resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and was satisfied with their adequacy and effectiveness.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by the external auditors is set out below:

	2010	2009
	HK$'000	HK$'000
Auditor's remuneration		
– Audit services	**1,773**	1,615
– Other services	**791**	949
	2,564	2,564

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to maintain a high level of transparency in its communications with shareholders and the investment community at large.

The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports, press announcements and circulars. The annual general meeting also provides a useful and convenient forum for shareholders to exchange views with the Board, and with each other. At the Company's annual general meetings, most of the executive directors and the Chairman of the Audit Committee were present to attend to questions raised by shareholders.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of directors. The circular to shareholders will be despatched together with the annual report.

The Company has announced its annual and interim results in a timely manner during the year under review.

The Company is also committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to regulatory requirements. Meetings with institutional investors and analysts are conducted upon such requests being received. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established procedures of the Company.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year 2010 and up to and including the date of this Annual Report as required by the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 23 to 87, which comprise the consolidated and the Company statements of financial position as at 31 December 2010, the consolidated income statement, 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 FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements 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 directors determine is necessary to enable the preparation of consolidated financial statements 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 financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements 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 financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 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

31 March 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000 (restated)
Turnover	3	**1,188,469**	890,416
Cost of sales		**(147,874)**	(128,604)
		1,040,595	761,812
Other revenue	4(a)	**37,086**	17,443
Other net (loss)/income	4(b)	**(12,259)**	107,164
Direct costs and operating expenses		**(397,536)**	(299,068)
Marketing and selling expenses		**(44,541)**	(43,137)
Depreciation of fixed assets	12(a)	**(83,563)**	(74,980)
Administrative and other operating expenses		**(195,044)**	(139,008)
Operating profit		**344,738**	330,226
Increase in fair value of investment properties	12(a)	**92,251**	16,290
		436,989	346,516
Finance costs	5(a)	**(13,792)**	(1,536)
Share of profits less losses of associates	14(b)	**17,409**	18,501
Profit before taxation	5	**440,606**	363,481
Income tax	6(a)	**(71,466)**	(35,080)
Profit for the year		**369,140**	328,401
Attributable to:			
Equity shareholders of the Company	9	**270,751**	253,881
Non-controlling interests		**98,389**	74,520
Profit for the year		**369,140**	328,401
Earnings per share, basic and diluted (cents)	10	**79.6**	74.6

The notes on pages 30 to 87 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(c).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (restated)
Profit for the year	**369,140**	328,401
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	**57,668**	9,175
Available-for-sale securities:		
– changes in fair value recognised during the year and net movement in the fair value reserve	**1,675**	1,579
Total comprehensive income for the year	**428,483**	339,155
Attributable to:		
Equity shareholders of the Company	**330,065**	264,739
Non-controlling interests	**98,418**	74,416
Total comprehensive income for the year	**428,483**	339,155

There is no tax effect relating to the above component of the comprehensive income.

The notes on pages 30 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000 (restated)	At 1 January 2009 HK$'000 (restated)
Non-current assets				
Fixed assets	12(a)			
– Investment properties		**749,592**	263,690	247,400
– Other properties and fixed assets		**1,178,101**	1,224,420	653,979
– Interests in leasehold land held for own use under operating lease		**190,513**	191,205	120,959
		2,118,206	1,679,315	1,022,338
Interest in associates	14	**184,478**	164,676	138,177
Available-for-sale securities	15	**5,038**	3,364	1,785
		2,307,722	1,847,355	1,162,300
Current assets				
Trading securities	16	**2,544**	2,541	37,692
Properties held for sale	17	**306,190**	324,278	332,767
Inventories		**4,127**	4,099	2,663
Trade and other receivables	18	**66,814**	70,215	36,303
Derivative financial assets	25(c)	**–**	949	296
Pledged deposits	19(a)	**516,235**	–	–
Deposits and cash	19(b)	**1,046,376**	1,275,042	1,326,426
Taxation recoverable	23(a)	**219**	42	–
		1,942,505	1,677,166	1,736,147
Current liabilities				
Bank loans	20(a)	**411,977**	31,751	10,000
Trade and other payables	21	**202,345**	167,415	193,423
Loans from associates	14	**1,364**	1,364	1,364
Loans from non-controlling shareholders	22	**43,477**	78,376	37,014
Loan from an affiliated company	29(a)	**–**	53,683	28,733
Amount due to an affiliated company	29(a)	**17,509**	18,670	20,890
Derivative financial liabilities	25(c)	**28,155**	–	6,106
Taxation payable	23(a)	**30,481**	22,331	29,974
		735,308	373,590	327,504
Net current assets		**1,207,197**	1,303,576	1,408,643
Total assets less current liabilities		**3,514,919**	3,150,931	2,570,943

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2010

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000 (restated)	At 1 January 2009 HK$'000 (restated)
Non-current liabilities				
Bank loans	20(a)	**358,018**	402,019	–
Loans from non-controlling shareholders	22	**39,631**	–	96,117
Loan from an affiliated company	29(a)	**43,122**	–	–
Deferred tax liabilities	23(b)	**56,125**	25,339	18,174
		496,896	427,358	114,291
NET ASSETS		**3,018,023**	2,723,573	2,456,652
Capital and reserves	24			
Share capital		**340,200**	340,200	340,200
Reserves		**2,173,188**	1,889,681	1,681,746
Total equity attributable to equity shareholders of the Company		**2,513,388**	2,229,881	2,021,946
Non-controlling interests		**504,635**	493,692	434,706
TOTAL EQUITY		**3,018,023**	2,723,573	2,456,652

Approved and authorised for issue by the board of directors on 31 March 2011.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 30 to 87 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Fixed assets	12(b)	**3,407**	3,483
Investments in subsidiaries	13	**988,767**	686,449
Interest in associates	14	**28,192**	27,870
Available-for-sale securities	15	**5,038**	3,364
		1,025,404	721,166
Current assets			
Trading securities	16	**2,544**	2,541
Properties held for sale	17	**10,727**	10,727
Trade and other receivables	18	**11,886**	16,190
Pledged deposits	19(a)	**516,235**	–
Deposits and cash	19(b)	**269,496**	513,945
		810,888	543,403
Current liabilities			
Bank loans	20(a)	**391,741**	15,000
Trade and other payables	21	**1,938**	2,153
Derivative financial liabilities	25(c)	**25,241**	–
Taxation payable	23(a)	**94**	77
		419,014	17,230
Net current assets		**391,874**	526,173
Total assets less current liabilities		**1,417,278**	1,247,339
Non-current liabilities			
Amounts due to subsidiaries	13	**222,382**	59,679
NET ASSETS		**1,194,896**	1,187,660
Capital and reserves	24		
Share capital		**340,200**	340,200
Reserves		**854,696**	847,460
TOTAL EQUITY		**1,194,896**	1,187,660

Approved and authorised for issue by the board of directors on 31 March 2011.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 30 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000	Other capital reserves HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010 (restated)	**340,200**	**158,105**	**12,758**	**2,004**	**31,842**	**2,772**	**1,682,200**	**2,229,881**	**493,692**	**2,723,573**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**270,751**	**270,751**	**98,389**	**369,140**
Other comprehensive income	**–**	**–**	**–**	**–**	**57,639**	**1,675**	**–**	**59,314**	**29**	**59,343**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**57,639**	**1,675**	**270,751**	**330,065**	**98,418**	**428,483**
Dividends approved in respect of the current year (note 24(c))	**–**	**–**	**–**	**–**	**–**	**–**	**(8,505)**	**(8,505)**	**–**	**(8,505)**
Dividends approved in respect of the previous year (note 24(c))	**–**	**–**	**–**	**–**	**–**	**–**	**(59,535)**	**(59,535)**	**–**	**(59,535)**
Dividends paid by the subsidiaries to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(87,475)**	**(87,475)**
Movement during the year	**–**	**–**	**–**	**21,482**	**–**	**–**	**–**	**21,482**	**–**	**21,482**
At 31 December 2010	**340,200**	**158,105**	**12,758**	**23,486**	**89,481**	**4,447**	**1,884,911**	**2,513,388**	**504,635**	**3,018,023**
At 1 January 2009	340,200	158,105	12,758	7,778	22,563	1,193	1,484,372	2,026,969	436,203	2,463,172
Impact of change in accounting policy (note 2)	–	–	–	–	–	–	(5,023)	(5,023)	(1,497)	(6,520)
At 1 January 2009 (restated)	340,200	158,105	12,758	7,778	22,563	1,193	1,479,349	2,021,946	434,706	2,456,652
Profit for the year	–	–	–	–	–	–	253,881	253,881	74,520	328,401
Other comprehensive income	–	–	–	–	9,279	1,579	–	10,858	(104)	10,754
Total comprehensive income for the year	–	–	–	–	9,279	1,579	253,881	264,739	74,416	339,155
Dividends approved in respect of the current year (note 24 (c))	–	–	–	–	–	–	(8,505)	(8,505)	–	(8,505)
Dividends approved in respect of the previous year (note 24 (c))	–	–	–	–	–	–	(42,525)	(42,525)	–	(42,525)
Dividends paid by the subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	(15,430)	(15,430)
Movement during the year	–	–	–	(5,774)	–	–	–	(5,774)	–	(5,774)
At 31 December 2009 (restated)	340,200	158,105	12,758	2,004	31,842	2,772	1,682,200	2,229,881	493,692	2,723,573

The notes on pages 30 to 87 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Operating activities			
Cash generated from operations	19(d)	422,468	183,497
Overseas tax paid		(33,451)	(35,573)
Net cash generated from operating activities		389,017	147,924
Investing activities			
Payment for the purchase of fixed assets	12(a)	(367,292)	(714,652)
Proceeds from disposal of fixed assets		388	343
Repayment of investment in associates		1,955	3,677
Interest received		19,888	14,949
Increase in bank deposits with maturity greater than three months		(470,023)	(33,792)
Proceeds from disposal of trading securities		–	30,635
Dividends received from available-for-sale and trading securities		95	107
Net cash used in investing activities		(814,989)	(698,733)
Financing activities			
Proceeds from new bank loans		391,741	433,770
Repayment of bank loans		(59,244)	(10,000)
Additional loans from non-controlling shareholders		13,315	–
Repayment of loans from non-controlling shareholders		–	(6,960)
Repayment of loan from an affiliated company		–	(28,733)
Interest paid		(11,502)	(1,536)
Dividend paid		(68,040)	(51,030)
Dividends paid to non-controlling shareholders		(87,475)	(15,430)
Net cash generated from financing activities		178,795	320,081
Net decrease in cash and cash equivalents		(247,177)	(230,728)
Cash and cash equivalents at 1 January		1,207,200	1,292,376
Effect of foreign exchange rate changes		64,724	145,552
Cash and cash equivalents at 31 December	19(c)	1,024,747	1,207,200

The notes on pages 30 to 87 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements 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 financial statements 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.

(ii) 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 financial statements.

(iii) The Group has opted to early adopt the amendments to HKAS 12, *Income taxes*, ("HKAS 12 (Amended)") in respect of the recognition of deferred tax on investment properties carried at fair values under HKAS 40, *Investment properties*, in the consolidated financial statements for the year ended 31 December 2010. The effects of the early adoption of HKAS 12 (Amended) are stated in note 2.

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements 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.

(ii) The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

(iii) The preparation of financial statements 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.

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 financial statements and major sources of estimation uncertainty are discussed in note 31.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

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 financial statements 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 financial statements. 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.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liabilities.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group losses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate (note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee'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 investee's net assets and any impairment loss relating to the investment (note 1(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

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 investee. For this purpose, the Group's interest 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 investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (note 1(j)).

(e) Investments in equity securities

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

Investments in 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, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(s)(vi) and (v).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investments in equity securities *(continued)*

Investments in securities which do not fall into trading securities or held-to-maturity securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(s)(vi) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(s)(v). When these investments are derecognised or impaired (note 1(j)), the cumulative gain or loss is reclassified from equity to profit or loss.

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

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Fixed assets

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(s)(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 (note 1(i)), 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(i).

(ii) Hotel property

Hotel properties are stated at cost less accumulated depreciation (note 1(h)) and impairment losses (note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets *(continued)*

(iii) Other property, plant and equipment

Other items of property, plant and equipment are stated at cost less accumulated depreciation (note 1(h)) and impairment losses (note 1(j)).

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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.

(h) Depreciation

(i) Hotel property

Depreciation on hotel properties is provided on a straight-line basis over the shorter of the joint venture period and 25 years on the cost of the hotel properties.

(ii) Other property, plant and equipment

Depreciation is calculated to write off the cost of these assets, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful life of 25 years.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives.
- Furniture, fixtures and equipment — 3 to 5 years
- Motor vehicles — 7 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) 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 (note 1(g)(i)); 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.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) 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 (note 1(g)(i)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

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

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period 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 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 subsidiaries and associates (including those recognised using the equity method (note 1(d))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(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(j)(ii).

– 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

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

– For available-for-sale securities, the cumulative loss that has been recognised in fair value 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 (net of any principal repayment and amortisation) 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 receivables included in 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 receivables 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.

(ii) Impairment of other assets

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

– fixed assets (other than investment properties carried at revalued amounts); and

– pre-paid interests in leasehold land classified as being held under an operating lease.

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 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).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets *(continued)*

– 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 first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other 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.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (notes 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(k) Inventories

(i) Hotel and club operations

Inventories are carried at the lower of cost and net realisable value. Cost represents purchase cost computed on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Inventories *(continued)*

(ii) Property development

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

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.

(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 (note 1(j)), 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(r)(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 on 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) 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.

– Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and central pension schemes operated by the local governments in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred.

– Contributions to the social insurance fund schemes operated by the local governments in Vietnam are recognised as an expense in profit or loss as incurred.

– Contributions to a voluntary defined contribution plan in the United States are recognised as an expense in profit or loss as incurred.

(ii) Termination benefits

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

(q) 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 end of the reporting period, 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

(iii) *(continued)*

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.

Where investment properties are carried at their fair value in allowance with the accounting policy set out in note 1(g)(i), 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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.

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(r)(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) Provisions and contingent liabilities

Provisions are recognised for 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.

(s) 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 signing of the sale and purchase agreement and the issue of an occupation permit by the relevant government authorities. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under trade and other payables.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue recognition *(continued)*

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in 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 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) Hotel and club operations

Hotel and club revenue from room rental, food and beverage sales, slot machine and other ancillary services is recognised when the services are rendered. The slot machine income represents proceeds earned from the operation of slot machines at one of the Group's hotels.

(iv) Management fee income

Management fee income is recognised when the services are rendered.

(v) Interest income

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

(vi) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(t) 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 end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. 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.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Affiliated companies

An affiliated company is a company, not being a subsidiary or an associate, in which a director of the Company has a significant beneficial interest.

(w) Related parties

For the purposes of these financial statements, 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 or a joint venture in which the Group is a venturer;

(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.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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 and geographical locations.

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.

2. CHANGES IN ACCOUNTING POLICIES

(i) The HKICPA has issued certain revised HKFRSs, amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)
- HK (Int) 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 32), with the exception of HKAS 12 (Amended), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40. The amendments are effective for accounting periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

(ii) Early adoption of HKAS 12 (Amended)

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

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 an increase in the amount of deferred tax provided on valuation gain as follows:

	As previously reported HK$'000	**Effect of adoption of HKAS 12 (Amended)** HK$'000	**As restated** HK$'000
Consolidated income statement for the year ended 31 December 2009:			
Income tax	34,887	193	35,080
Profit for the year	328,594	(193)	328,401
Basic and diluted earnings per share (cents)	74.7	(0.1)	74.6
Consolidated statement of financial position as at 31 December 2009:			
Deferred tax liabilities	18,626	6,713	25,339
Retained profits	1,687,371	(5,171)	1,682,200
Non-controlling interests	495,234	(1,542)	493,692
Consolidated statement of financial position as at 1 January 2009:			
Deferred tax liabilities	11,654	6,520	18,174
Retained profits	1,484,372	(5,023)	1,479,349
Non-controlling interests	436,203	(1,497)	434,706

2. CHANGES IN ACCOUNTING POLICIES *(continued)*

(iii) Other changes in accounting policies as a result of developments in HKFRSs

The issuance of HK (Int) 5 has had no material impact on the Group's financial statements as the interpretation's conclusion was consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interests) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- 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 of the Group's leasehold land interests, but this had no material impact on the amounts recognised in respect of these leases 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.

3. TURNOVER

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services.

Turnover represents income from hotel and club operations, the proceeds from the sale of properties, rental income and the provision of management services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010 **HK$'000**	2009 HK$'000
Hotel and club operations		
– Rooms	**411,314**	267,213
– Food and beverage	**250,061**	174,577
– Slot machine income	**321,683**	339,549
– Other	**42,711**	29,818
	1,025,769	811,157
Proceeds from the sale of properties	**106,339**	47,695
Rental income	**51,850**	27,469
Management fee income	**4,511**	4,095
	1,188,469	890,416

4. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2010 HK$'000	2009 HK$'000
(a) Other revenue		
Interest income from bank deposits	**32,546**	14,949
Dividend income from listed available-for-sale and trading securities	**95**	107
Other revenue from hotel and club operations and miscellaneous income	**4,445**	2,387
	37,086	17,443
(b) Other net (loss)/income		
Net exchange (loss)/gain	**(11,728)**	107,940
Net realised and unrealised gains/(losses) on trading securities	**3**	(1,003)
(Loss)/gain on disposal of fixed assets	**(534)**	227
	(12,259)	107,164

5. PROFIT BEFORE TAXATION

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

	2010 HK$'000	2009 HK$'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	**11,496**	1,518
Interest paid on amount due to an affiliated company	**6**	18
Other borrowing costs	**2,290**	–
	13,792	1,536
(b) Staff costs		
Salaries, wages and other benefits	**199,994**	126,423
Contributions to defined contribution retirement plans	**2,252**	3,344
	202,246	129,767
(c) Other items		
Cost of properties sold (note 17)	**18,088**	8,489
Cost of inventories	**129,786**	120,115
Auditors' remuneration		
– Audit services	**1,773**	1,615
– Other services	**791**	949
Operating lease charges for hire of premises	**3,485**	1,679
Rentals receivable from investment properties less direct outgoings of HK$8,922,000 (2009: HK$3,689,000)	**(40,121)**	(21,572)
Other rental income less direct outgoings	**(9,214)**	(8,870)

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2010 HK$'000	2009 HK$'000 (restated)
Current tax – Overseas		
Provision for the year	39,255	32,368
Under/(over)-provision in respect of prior years (notes (vii) and (viii))	2,561	(4,451)
	41,816	27,917
Deferred tax (note 23(b))		
Change in fair value of investment properties	3,560	2,216
Withholding tax on the distributable profits (note (vi))	15,905	–
Origination and reversal of other temporary differences	10,787	5,143
Future benefit of tax losses recognised	(602)	(196)
	29,650	7,163
	71,466	35,080

Notes:

(i) In 2010, no provision has been made for Hong Kong Profits Tax as the Company sustained a loss for taxation purpose during the year. In 2009, no provision was made for Hong Kong Profits Tax as the Company had tax losses brought forward which exceeded the taxable profit for the year. All other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes during the current and prior years.

(ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(iii) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 15% (2009: 15%) of the estimated taxable profits for the year. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation in 2003 and at a rate of 25% on taxable income thereafter.

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2009: 25%) of the estimated taxable profits for the year. In 2010, no provision has been made for PRC Enterprise Income Tax as the subsidiary established in the PRC has tax losses brought forward which exceeded the taxable profit for the year while in 2009, no provision was made for PRC Enterprise Income tax as that subsidiary incurred a taxable loss for the year.

With effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 5% to 10% on various types of passive income such as dividend derived from sources in the PRC. Distributions of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(a) Taxation in the consolidated income statement represents: *(continued)*

Notes: (continued)

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal Income Tax in respect of the subsidiary operating in the United States is calculated at a rate of 34% determined by income ranges and the provision of State Income Tax is calculated at a rate of 8.84%.

In 2009, no provision was made as the subsidiary in the United States incurred a taxable loss for the period.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% on all gross profit distributions from the subsidiary.

(vii) In prior years, the Group provided for Macau Complementary Tax based on information available to the Group at that time. During the year ended 31 December 2010, the Group had reassessed the adequacy of those provisions and as a result of this evaluation, the over-provision for Macau Complementary Tax charged to profit or loss in previous years totalling HK$1,034,000 (2009: HK$4,197,000) was credited to the consolidated income statement for the year ended 31 December 2010.

(viii) A subsidiary of the Group is in discussion with the local tax authority in Vietnam in respect of the tax enquiries relating to the tax provision payable on management fees. Provisions have been made only to the extent that the tax risk can be reliably measured. In 2010, a provision of HK$4,662,000 was made as part of the under-provision for income tax. However, the final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provision.

(ix) Share of associates' tax for the year ended 31 December 2010 of HK$7,541,000 (2009: HK$8,697,000) is included in the share of profits less losses of associates.

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

	2010 **HK$'000**	2009 HK$'000 (restated)
Profit before taxation	**440,606**	363,481
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**76,201**	58,844
Tax effect of non-deductible expenses	**9,329**	12,711
Tax effect of non-taxable revenue	**(16,290)**	(29,348)
Tax effect of previously unrecognised prior years' tax losses utilised this year	**(326)**	(2,665)
Under/(over)-provision in respect of prior years	**2,561**	(4,451)
Others	**(9)**	(11)
Actual tax expense	**71,466**	35,080

7. DIRECTORS' REMUNERATION

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

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Compensation for loss of office/ inducement for joining the Group HK$'000	2010 Total HK$'000	2009 Total HK$'000
Executive directors							
HO Kian Guan	110	1,212	303	–	–	1,625	1,524
HO Kian Hock	70	1,212	303	–	–	1,585	1,484
TSE See Fan Paul	95	681	–	–	–	776	773
CHAN Lui Ming Ivan	65	1,041	90	–	–	1,196	1,153
YU Yuet Chu Evelyn	85	728	173	12	–	998	1,280
HO Chung Tao	85	973	180	12	–	1,250	1,501
HO Chung Hui	55	120	10	–	–	185	55
HO Chung Kain (alternate director to HO Chung Hui)	–	120	10	–	–	130	–
Non-executive director							
HO Kian Cheong	45	–	–	–	–	45	45
Independent non-executive directors							
CHAN Yau Hing Robin	105	–	–	–	–	105	100
KWOK Chi Shun Arthur	110	–	–	–	–	110	110
WANG Poey Foon Angela	85	–	–	–	–	85	110
	910	6,087	1,069	24	–	8,090	8,135

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2010 (2009: HK$Nil).

During the years ended 31 December 2009 and 31 December 2010, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2009: four) are directors whose emoluments are disclosed in note 7.

The aggregate of the emoluments in respect of the three (2009: one) individuals is as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other emoluments	4,084	1,104
Discretionary bonuses	965	276
Retirement scheme contributions	51	–
	5,100	1,380

The emoluments of the three (2009: one) individuals with the highest emoluments are within the following bands:

	2010 Number of individuals	2009 Number of individuals
HK$1,000,001 – HK$1,500,000	–	1
HK$1,500,001 – HK$2,000,000	3	–

9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$73,601,000 (2009: HK$70,645,000) which has been dealt with in the financial statements of the Company.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$270,751,000 (2009 (restated): HK$253,881,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2010 and 31 December 2009.

There is no potential diluted ordinary share during the years ended 31 December 2010 and 31 December 2009.

11. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following four reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

(i) Hotel operations segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.

(ii) Property investment segment is primarily engaged in the businesses of property leasing of the Group's investment properties, which mainly consist of retail and office properties in Macau and residential properties in Japan.

(iii) Property development segment is primarily engaged in the businesses of development, construction, sales and marketing of the Group's trading properties in Macau.

11. SEGMENT REPORTING *(continued)*

(iv) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

Segment results, assets and liabilities

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment.

Segment liabilities include all trade and other payable attributable to the individual segments and bank loans and other borrowings managed directly by the segments.

(a) Analysis of segment results of the Group

	External turnover HK$'000	Inter-segment turnover HK$'000	Total turnover HK$'000	Depreciation of fixed assets HK$'000	Finance costs HK$'000	Share of results of associates HK$'000	Income tax HK$'000	Contribution to profit HK$'000
2010								
Hotel operations	1,020,383	–	1,020,383	(74,012)	(12,672)	17,413	(41,466)	202,232
– Vietnam	616,955	–	616,955	(38,707)	–	13,242	(30,303)	172,118
– United States	342,618	–	342,618	(24,271)	(12,672)	–	(11,163)	16,943
– The People's Republic of China	60,810	–	60,810	(11,034)	–	–	–	9,000
– Canada	–	–	–	–	–	4,171	–	4,171
Property development								
– Macau	106,339	–	106,339	–	–	–	–	88,251
Property investment	59,182	1,933	61,115	(9,475)	(31)	–	(29,681)	81,967
– Macau	39,661	1,933	41,594	(9,475)	(31)	–	(15,912)	18,348
– Japan	19,521	–	19,521	–	–	–	(13,769)	63,619
Investment and corporate	2,565	–	2,565	(76)	(1,089)	(4)	(319)	(3,310)
– Macau	–	–	–	–	–	(4)	–	12,263
– Others	2,565	–	2,565	(76)	(1,089)	–	(319)	(15,573)
Inter-segment elimination	–	(1,933)	(1,933)	–	–	–	–	–
Total	1,188,469	–	1,188,469	(83,563)	(13,792)	17,409	(71,466)	369,140

11. SEGMENT REPORTING *(continued)*

(a) Analysis of segment results of the Group *(continued)*

	External turnover HK$'000	Inter-segment turnover HK$'000	Total turnover HK$'000	Depreciation of fixed assets HK$'000	Finance costs HK$'000	Share of results of associates HK$'000	Income tax HK$'000 (restated)	Contribution to profit HK$'000 (restated)
2009								
Hotel operations	805,536	–	805,536	(65,369)	(1,481)	18,510	(30,663)	174,772
– Vietnam	601,814	–	601,814	(45,140)	–	10,378	(25,520)	155,924
– United States	149,358	–	149,358	(10,000)	(1,481)	–	(5,143)	7,823
– The People's Republic of China	54,364	–	54,364	(10,229)	–	–	–	2,893
– Canada	–	–	–	–	–	8,132	–	8,132
Property development	47,695	–	47,695	–	–	–	–	39,032
– Macau	31,695	–	31,695	–	–	–	–	25,128
– Others	16,000	–	16,000	–	–	–	–	13,904
Property investment								
– Macau	34,565	2,104	36,669	(9,535)	(32)	–	(4,346)	26,282
Investment and corporate	2,620	1,516	4,136	(76)	(23)	(9)	(71)	88,315
– Macau	–	–	–	–	–	(9)	–	16,259
– Others	2,620	1,516	4,136	(76)	(23)	–	(71)	72,056
Inter-segment elimination	–	(3,620)	(3,620)	–	–	–	–	–
Total	890,416	–	890,416	(74,980)	(1,536)	18,501	(35,080)	328,401

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. SEGMENT REPORTING (continued)

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2010				
Hotel operations				
– Vietnam	570,188	89,843	660,031	4,422
– United States	740,077	–	740,077	8,782
– The People's Republic of China	219,057	–	219,057	11,793
– Canada	–	89,657	89,657	–
Property development	315,210	–	315,210	–
Property investment				
– Macau	572,234	–	572,234	299
– Japan	478,681	–	478,681	341,996
Investment and corporate	1,170,302	4,978	1,175,280	–
Total	4,065,749	184,478	4,250,227	367,292
At 31 December 2009				
Hotel operations				
– Vietnam	561,932	68,826	630,758	6,641
– United States	736,872	–	736,872	701,449
– The People's Republic of China	208,640	–	208,640	5,557
– Canada	–	65,538	65,538	–
Property development	307,605	–	307,605	–
Property investment				
– Macau	479,035	–	479,035	1,005
Investment and corporate	1,065,761	30,312	1,096,073	–
Total	3,359,845	164,676	3,524,521	714,652

11. SEGMENT REPORTING *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2010			
Hotel operations			
– Vietnam	**106,722**	**–**	**106,722**
– United States	**57,798**	**378,254**	**436,052**
– The People's Republic of China	**99,241**	**–**	**99,241**
– Canada	**–**	**–**	**–**
Property development	**–**	**–**	**–**
Property investment			
– Macau	**76,258**	**–**	**76,258**
– Japan	**24,638**	**–**	**24,638**
Investment and corporate	**97,552**	**391,741**	**489,293**
Total	**462,209**	**769,995**	**1,232,204**
At 31 December 2009			
Hotel operations			
– Vietnam	91,715	–	91,715
– United States	32,084	418,770	450,854
– The People's Republic of China	118,846	–	118,846
– Canada	–	–	–
Property development	–	–	–
Property investment			
– Macau (restated)	67,942	–	67,942
Investment and corporate	56,591	15,000	71,591
Total (restated)	367,178	433,770	800,948

12. FIXED ASSETS

(a) The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2010	263,690	1,277,472	97,293	535,424	243,335	2,417,214
Additions (Note (ii))	341,996	11,445	–	13,851	–	367,292
Disposals	–	(270)	(321)	(8,335)	–	(8,926)
Surplus on revaluation	92,251	–	–	–	–	92,251
Exchange adjustments	51,655	12,809	89	5,827	3,944	74,324
At 31 December 2010	749,592	1,301,456	97,061	546,767	247,279	2,942,155
Representing:						
Cost	–	1,301,456	97,061	546,767	247,279	2,192,563
Valuation – 2010	749,592	–	–	–	–	749,592
	749,592	1,301,456	97,061	546,767	247,279	2,942,155
Accumulated depreciation:						
At 1 January 2010	–	265,450	45,385	374,934	52,130	737,899
Charge for the year	–	45,447	4,014	30,527	3,575	83,563
Written back on disposals	–	–	(321)	(7,683)	–	(8,004)
Exchange adjustments	–	4,350	82	4,998	1,061	10,491
At 31 December 2010	–	315,247	49,160	402,776	56,766	823,949
Net book value:						
At 31 December 2010	749,592	986,209	47,901	143,991	190,513	2,118,206

12. FIXED ASSETS *(continued)*

(a) The Group *(continued)*

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2009	247,400	754,582	97,890	418,645	169,480	1,687,997
Additions	–	521,905	–	119,122	73,625	714,652
Disposals	–	(107)	(601)	(2,760)	–	(3,468)
Surplus on revaluation	16,290	–	–	–	–	16,290
Exchange adjustments	–	1,092	4	417	230	1,743
At 31 December 2009	263,690	1,277,472	97,293	535,424	243,335	2,417,214
Representing:						
Cost	–	1,277,472	97,293	535,424	243,335	2,153,524
Valuation – 2009	263,690	–	–	–	–	263,690
	263,690	1,277,472	97,293	535,424	243,335	2,417,214
Accumulated depreciation:						
At 1 January 2009	–	226,679	41,956	348,503	48,521	665,659
Charge for the year	–	38,546	4,029	28,849	3,556	74,980
Written back on disposals	–	(18)	(601)	(2,733)	–	(3,352)
Exchange adjustments	–	243	1	315	53	612
At 31 December 2009	–	265,450	45,385	374,934	52,130	737,899
Net book value:						
At 31 December 2009	263,690	1,012,022	51,908	160,490	191,205	1,679,315

Notes:

(i) The investment properties comprise various units of Luso International Bank Building and Ocean Gardens in Macau, and two residential buildings in Tokyo, Japan.

The investment properties in Macau were revalued by Infinity Property Development and Planning Limited and those in Japan by Savills Japan Co. Ltd, independent firm of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, at 31 December 2010, on a market value basis, after taking into consideration the net income of the respective properties allowing for reversionary income potential.

(ii) During the year ended 31 December 2010, the Group acquired two investment properties situated in Tokyo, Japan from independent third parties with aggregate consideration of JPY4,050,000,000 (equivalent to approximately HK$347,205,000).

12. FIXED ASSETS *(continued)*

(a) The Group *(continued)*

Notes: (continued)

(iii) The Group leases out investment properties under operating leases, which generally run for an initial period of one to nine years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property. The gross amount of investment properties of the Group held for use in operating leases was HK$749,592,000 (2009: HK$263,690,000).

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

	2010 HK$'000	2009 HK$'000
Within one year	**36,661**	26,382
After one year but within five years	**117,695**	60,390
After five years	**–**	20,143
	154,356	106,915

(iv) Land use rights were granted to the subsidiaries for their hotel properties in (a) Wuhan, the PRC with a period of 50 years after receiving an approval for extension of 20 years in 2004 in addition to the initial period of 30 years commencing on 21 August 1995, and (b) Ho Chi Minh City, Vietnam with a period of 48 years commencing on 7 May 1994.

(v) A club house situated in Ocean Gardens is classified under other properties and fixed assets.

(b) The Company

	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:			
At 1 January 2009, 31 December 2009 and 31 December 2010	4,013	503	4,516
Accumulated depreciation:			
At 1 January 2009	455	503	958
Charge for the year	75	–	75
At 31 December 2009 and 1 January 2010	530	503	1,033
Charge for the year	76	–	76
At 31 December 2010	606	503	1,109
Net book value:			
At 31 December 2010	3,407	–	3,407
At 31 December 2009	3,483	–	3,483

12. FIXED ASSETS *(continued)*

(c) The analysis of the tenure of title to properties at net book value or valuation is as follows:

The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties HK$'000	Interest in leasehold land held for own use HK$'000	Total HK$'000
Net book value or valuation:					
At 31 December 2010					
In Hong Kong					
– long term lease	–	–	3,407	–	3,407
Outside Hong Kong					
– freehold	458,402	507,125	–	73,938	1,039,465
– medium term lease	–	479,084	–	116,575	595,659
– short term lease	291,190	–	44,091	–	335,281
	749,592	986,209	47,498	190,513	1,973,812
Net book value or valuation:					
At 31 December 2009					
In Hong Kong					
– long term lease	–	–	3,483	–	3,483
Outside Hong Kong					
– freehold	–	513,689	–	73,673	587,362
– medium term lease	–	498,333	–	117,444	615,777
– short term lease	263,690	–	47,623	88	311,401
	263,690	1,012,022	51,106	191,205	1,518,023

The Company

	Other properties and fixed assets	
	2010 HK$'000	2009 HK$'000
Net book value:		
In Hong Kong		
– long term leases	3,407	3,483

13. INVESTMENTS IN SUBSIDIARIES

	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**39,667**	39,667
Amounts due from subsidiaries	**949,100**	646,782
	988,767	686,449
Amounts due to subsidiaries	**222,382**	59,679

Amounts due from/to subsidiaries are unsecured, interest-free and classified as non-current as they are not expected to be recovered/settled within the next twelve months.

Details of the subsidiaries of the Group are set out in note 33 to the financial statements.

14. INTEREST IN ASSOCIATES

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Unlisted shares, at cost	**–**	–	**20,548**	5
Share of net assets	**173,191**	133,181	**–**	–
Loans to associates	**11,287**	31,495	**7,644**	27,865
	184,478	164,676	**28,192**	27,870
Loans from associates	**1,364**	1,364	**–**	–

Details of the associates of the Group are set out in note 33 to the financial statements.

(a) Loans to associates are unsecured, interest-free, have no fixed terms of repayment, and are not expected to be recovered within one year.

Loans from associates are unsecured, interest-free and have no fixed terms of repayment.

(b) Summary of financial information on associates

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit HK$'000
2010					
100 per cent	**886,304**	**401,365**	**484,939**	**440,574**	**41,468**
Group's effective interest	**361,201**	**188,008**	**173,193**	**175,103**	**17,409**
2009					
100 per cent	831,007	476,854	354,153	388,528	53,092
Group's effective interest	338,755	205,574	133,181	153,511	18,501

15. AVAILABLE-FOR-SALE SECURITIES

	The Group and the Company	
	2010	2009
	HK$'000	HK$'000
Equity securities listed outside Hong Kong, at market value	**5,038**	3,364

16. TRADING SECURITIES

	The Group and the Company	
	2010	2009
	HK$'000	HK$'000
Equity securities listed outside Hong Kong, at market value	**2,544**	2,541

17. PROPERTIES HELD FOR SALE

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**324,278**	332,767	**10,727**	12,647
Properties sold during the year (note 5(c))	**(18,088)**	(8,489)	**–**	(1,920)
At 31 December	**306,190**	324,278	**10,727**	10,727

(i) Properties held for sale at 31 December 2010 comprise Ocean Park (situated in Singapore), Ocean Industrial Centre II, Keck Seng Industrial Centre III and Ocean Gardens (all situated in Macau).

(ii) The lease term of the properties held for sale by the Group and the Company is summarised as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Outside Hong Kong				
– freehold	**10,727**	10,727	**10,727**	10,727
– short term lease	**295,463**	313,551	**–**	–
	306,190	324,278	**10,727**	10,727

At 31 December 2010, the carrying value of the short-term leasehold land held outside Hong Kong included in properties held for sale was HK$15,756,000 (2009: HK$16,687,000).

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**33,811**	51,118	**–**	16,000
Other receivables, deposits and prepayments	**33,003**	19,097	**11,886**	190
	66,814	70,215	**11,886**	16,190

Trade receivables mainly comprise proceeds receivables from sale of properties and rental receivables from lease of properties and hotel operations.

The Group's credit policy is set out in note 25(a).

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts expected to be recoverable:				
– within one year	**65,747**	69,517	**11,886**	16,190
– after one year	**1,067**	698	**–**	–
	66,814	70,215	**11,886**	16,190

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis (by transaction date) as of the end of the reporting period:

	The Group	
	2010	2009
	HK$'000	HK$'000
Current or less than one month	**23,012**	36,579
One to three months	**10,701**	13,578
More than three months but less than twelve months	**98**	961
	33,811	51,118

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, 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 does not hold any collateral over these balances.

The balance and the movement of the allowance for doubtful debts as at 31 December 2010 and 31 December 2009 are not significant.

19. PLEDGED DEPOSITS AND DEPOSITS AND CASH

(a) Pledged deposits:

	The Group and the Company	
	2010	2009
	HK$'000	HK$'000
Pledged deposits		
– maturity less than three months	**176,866**	–
– maturity more than three months	**339,369**	–
	516,235	–

(b) Deposits and cash:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks and other financial institutions	**942,820**	1,203,406	**268,779**	505,705
Cash at bank	**103,556**	71,636	**717**	8,240
	1,046,376	1,275,042	**269,496**	513,945

(c) Cash and cash equivalents in the consolidated cash flow statement:

	The Group	
	2010	2009
	HK$'000	HK$'000
Deposits with maturity less than three months		
– Pledged	**176,866**	–
– Not pledged	**744,325**	1,135,564
	921,191	1,135,564
Cash at bank	**103,556**	71,636
	1,024,747	1,207,200

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. PLEDGED DEPOSITS AND DEPOSITS AND CASH *(continued)*

(d) Reconciliation of profit before taxation to cash generated from operations:

	Note	2010 HK$'000	2009 HK$'000
Profit before taxation		**440,606**	363,481
Adjustments for:			
Increase in fair value on investment properties	12(a)	**(92,251)**	(16,290)
Depreciation of fixed assets	12(a)	**83,563**	74,980
Dividend income from available-for-sale and trading securities		**(95)**	(107)
Finance costs		**13,792**	1,536
Share of profits less losses of associates		**(17,409)**	(18,501)
Loss/(gain) on disposal of fixed assets		**534**	(227)
Net realised and unrealised (gains)/losses on trading securities		**(3)**	1,003
Interest income		**(32,546)**	(14,949)
Foreign exchange gains		**(40,833)**	(152,483)
Operating profit before changes in working capital		**355,358**	238,443
Decrease in properties held for sale		**18,088**	8,489
Increase in inventories		**(28)**	(1,436)
Decrease/(increase) in trade and other receivables		**16,325**	(33,882)
Increase/(decrease) in trade and other payables		**33,897**	(25,897)
Decrease in amount due to an affiliated company		**(1,172)**	(2,220)
Cash generated from operations		**422,468**	183,497

20. BANK LOANS

(a) At 31 December 2010, the bank loans were repayable as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year or on demand	**411,977**	31,751	**391,741**	15,000
After one year but within two years	**20,236**	16,751	**–**	–
After two years but within five years	**337,782**	385,268	**–**	–
	358,018	402,019	**–**	–
	769,995	433,770	**391,741**	15,000

At 31 December 2010, the bank loans were secured as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans				
– unsecured	**10,000**	15,000	**10,000**	15,000
– secured	**759,995**	418,770	**381,741**	–
	769,995	433,770	**391,741**	15,000

(b) At 31 December 2010, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) land and building on Taipa Island classified as properties held for sale with a carrying value of HK$93,431,000 (2009: HK$98,718,000),

(ii) hotel property and certain fixed assets of the Group with aggregate carrying value of HK$678,879,000 (2009: HK$691,897,000), and

(iii) bank deposits of HK$516,235,000 (2009: HK$Nil) and outstanding forward foreign currency contracts in notional amounts of HK$366,959,000 (2009: HK$Nil).

Such banking facilities amounted to HK$894,804,000 (2009: HK$503,770,000) and were utilised to the extent of HK$759,995,000 (2009: HK$418,770,000).

(c) At 31 December 2009 and 31 December 2010, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables and accruals	**179,271**	158,026	**1,613**	1,793
Deposits and receipts in advance	**23,074**	9,389	**325**	360
	202,345	167,415	**1,938**	2,153

Included in trade and other payables are trade payables with the following ageing analysis:

	The Group	
	2010	2009
	HK$'000	HK$'000
Due within one month or on demand	**11,722**	9,817
Due after one month but within three months	**5,772**	1,490
Due after three months	**44,975**	565
	62,469	11,872

22. LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 December 2010, loans from non-controlling shareholders were unsecured, interest-free and repayable on demand except for loans with nominal value of HK$50,837,000 (before the effect of discounting in the amount of HK$11,206,000) which were repayable on 30 April 2015 and classified as non-current liabilities.

At 31 December 2009, loans from non-controlling shareholders were unsecured, interest-free, and payable on demand except for loans with nominal value of HK$49,256,000 (before the effect of discounting in the amount of HK$949,000) which were repayable on 30 April 2010 and classified as current liabilities.

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Provision for overseas tax for the year	**39,255**	32,368	**94**	77
Provisional tax paid	**(18,190)**	(35,573)	**–**	(1)
Balance of overseas tax provision relating to prior years	**9,197**	25,494	**–**	1
	30,262	22,289	**94**	77
Taxation recoverable	**(219)**	(42)	**–**	–
Taxation payable	**30,481**	22,331	**94**	77
	30,262	22,289	**94**	77

23. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

The Group

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

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2010 (restated)	**22,560**	**(2,366)**	**–**	**5,145**	**25,339**
Charged/(credited) to profit or loss (note 6(a))	**3,560**	**(602)**	**15,905**	**10,787**	**29,650**
Exchange difference	**–**	**–**	**1,291**	**(155)**	**1,136**
At 31 December 2010	**26,120**	**(2,968)**	**17,196**	**15,777**	**56,125**
At 1 January 2009	13,824	(2,170)	–	–	11,654
Impact of change in accounting policy (note 2)	6,520	–	–	–	6,520
At 1 January 2009 (restated)	20,344	(2,170)	–	–	18,174
Charged/(credited) to profit or loss (note 6(a))	2,216	(196)	–	5,143	7,163
Exchange difference	–	–	–	2	2
At 31 December 2009 (restated)	22,560	(2,366)	–	5,145	25,339

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Future benefit of tax losses	**2,980**	4,446	**1,263**	1,256

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2010. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from PRC and Vietnam operations expire five years respectively after the relevant accounting year end date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. CAPITAL, DIVIDENDS AND RESERVES

(a) Share capital

	2010		2009	
	No. of shares '000	Amounts HK$'000	No. of shares '000	Amounts HK$'000
At 1 January and 31 December				
Authorised:				
Ordinary shares of HK$1 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of HK$1 each	340,200	340,200	340,200	340,200

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.

(b) 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.

The Company

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2010	340,200	158,105	736	2,772	685,847	1,187,660
Profit for the year	–	–	–	–	73,601	73,601
Other comprehensive income	–	–	–	1,675	–	1,675
Total comprehensive income for the year	–	–	–	1,675	73,601	75,276
Dividends declared in respect of the current year (note (c))	–	–	–	–	(8,505)	(8,505)
Dividends approved in respect of the previous year (note (c))	–	–	–	–	(59,535)	(59,535)
At 31 December 2010	340,200	158,105	736	4,447	691,408	1,194,896

24. CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Movements in components of equity *(continued)*

The Company *(continued)*

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2009	340,200	158,105	736	1,193	666,232	1,166,466
Profit for the year	–	–	–	–	70,645	70,645
Other comprehensive income	–	–	–	1,579	–	1,579
Total comprehensive income for the year	–	–	–	1,579	70,645	72,224
Dividends declared in respect of the current year (note (c))	–	–	–	–	(8,505)	(8,505)
Dividends approved in respect of the previous year (note (c))	–	–	–	–	(42,525)	(42,525)
At 31 December 2009	340,200	158,105	736	2,772	685,847	1,187,660

(c) Dividends

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

	2010 HK$'000	2009 HK$'000
Interim dividend declared and paid of HK$0.025 (2009: HK$0.025) per ordinary share	**8,505**	8,505
Final dividend proposed after the end of the reporting period of HK$0.175 (2009: HK$0.175) per ordinary share	**59,535**	59,535
	68,040	68,040

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2010 HK$'000	2009 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.175 (2009: HK$0.125) per ordinary share	**59,535**	42,525

24. CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(d) Nature and purpose of reserves

(i) Share premium reserve

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

(ii) Legal reserve

The legal reserve is non-distributable and represents transfer from annual profits up to a maximum of 20 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(t).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 1(e) and (j)(i).

(v) Other capital reserves

Other capital reserves represent the difference between the nominal value of the interest-free loans from non-controlling shareholders and their carrying value accounted for in accordance with accounting policy set out in note 1(m).

(e) Distributability of reserves

At 31 December 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$691,408,000 (2009: HK$685,847,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

The Group has deposits and cash (including pledged deposits) of HK$1,562,611,000 (2009: HK$1,275,042,000) and bank borrowings of HK$769,995,000 (2009: HK$433,770,000). Adjusted capital comprises all components of equity less unaccrued proposed dividends.

In order to monitor its capital structure, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

24. CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(f) Capital management *(continued)*

The adjusted capital at 31 December 2010 and 31 December 2009 was as follows:

	The Group		The Company	
	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000 (restated)	**At 31 December 2010 HK$'000**	At 31 December 2009 HK$'000
Equity	**3,018,023**	2,723,573	**1,194,896**	1,187,660
Less: Proposed dividends	**(59,535)**	(59,535)	**(59,535)**	(59,535)
Adjusted capital	**2,958,488**	2,664,038	**1,135,361**	1,128,125

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

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate 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 in other entities. 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

Substantially all the Group's cash and cash equivalents are deposited with financial institutions in Hong Kong, Macau, the PRC, Singapore, the United States, Japan and Vietnam that are of high-credit quality and meet the estimated credit rating or other criteria.

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 to 30 days. Trade receivables with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks (including loans to associates) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding 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 end of the reporting period 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 or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	The Group					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000	Repayable more than 5 years HK$'000
Bank loans	**769,995**	**790,005**	**419,671**	**27,429**	**342,905**	**–**
Trade and other payables	**202,345**	**202,345**	**202,345**	**–**	**–**	**–**
Loans from associates	**1,364**	**1,364**	**1,364**	**–**	**–**	**–**
Loans from non-controlling shareholders	**83,108**	**94,314**	**43,477**	**–**	**50,837**	**–**
Loan from an affiliated company	**43,122**	**55,314**	**–**	**–**	**55,314**	**–**
Amount due to an affiliated company	**17,509**	**17,509**	**17,509**	**–**	**–**	**–**
At 31 December 2010	**1,117,443**	**1,160,851**	**684,366**	**27,429**	**449,056**	**–**
Bank loans	433,770	476,418	41,034	25,657	409,727	–
Trade and other payables	167,415	167,415	167,415	–	–	–
Loans from associates	1,364	1,364	1,364	–	–	–
Loans from non-controlling shareholders	78,376	79,325	79,325	–	–	–
Loan from an affiliated company	53,683	54,737	54,737	–	–	–
Amount due to an affiliated company	18,670	18,670	18,670	–	–	–
At 31 December 2009	753,278	797,929	362,545	25,657	409,727	–

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

	The Company					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000	Repayable more than 5 years HK$'000
Bank loans	**391,741**	**391,827**	**391,827**	**–**	**–**	**–**
Trade and other payables	**1,938**	**1,938**	**1,938**	**–**	**–**	**–**
Amounts due to subsidiaries	**222,382**	**222,382**	**222,382**	**–**	**–**	**–**
At 31 December 2010	**616,061**	**616,147**	**616,147**	**–**	**–**	**–**
Bank loans	15,000	15,000	15,000	–	–	–
Trade and other payables	2,153	2,153	2,153	–	–	–
Amounts due to subsidiaries	59,679	59,679	59,679	–	–	–
At 31 December 2009	76,832	76,832	76,832	–	–	–

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. As United States dollar ("USD") is pegged to Hong Kong dollar ("HKD"), the Group does not expect any significant movements in the USD/HKD exchange rate. The currencies giving rise to currency risk are primarily denominated in Vietnamese Dong, Australian dollars, Canadian dollars, Japanese Yen and Renminbi.

(i) Forward foreign currency contracts

During the year, the Group entered into forward foreign exchange contracts to manage its currency risk arising from anticipated transactions denominated in currencies other than the entities' functional currencies.

At 31 December 2010, the derivative financial assets/liabilities arose from the forward foreign exchange contracts entered during the year:

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Forward foreign exchange contracts at fair value through profit or loss				
– positive fair value	**–**	949	**–**	–
– negative fair value	**28,155**	–	**25,241**	–

Forward foreign exchange contracts with notional amount of HK$427,880,000 (2009: HK$16,115,000) were not qualified for hedge accounting and their corresponding changes in fair values were recognised in the consolidated income statement.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies				
	Vietnamese Dong '000	Australian dollars '000	Canadian dollars '000	Japanese Yen '000	Renminbi '000
Pledged deposits	**–**	**37,821**	**5,002**	**–**	**–**
Deposits and cash	**30,957,416**	**7,964**	**9,654**	**–**	**75,249**
Bank loans	**–**	**–**	**–**	**(3,980,613)**	**–**
Forward foreign exchange contracts at fair value through profit or loss	**–**	**(47,974)**	**(10,148)**	**–**	**–**
Net exposure arising from recognised assets and liabilities at 31 December 2010	**30,957,416**	**(2,189)**	**4,508**	**(3,980,613)**	**75,249**
Deposits and cash	32,651,456	49,799	30,089	–	–
Forward foreign exchange contracts at fair value through profit or loss	–	1,268	1,119	–	–
Exposure arising from recognised assets at 31 December 2009	32,651,456	51,067	31,208	–	–

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

The Company

	Exposure to foreign currencies			
	Australian dollars '000	Canadian dollars '000	Japanese Yen '000	Renminbi '000
Pledged deposits	**37,821**	**5,002**	**–**	**–**
Deposits and cash	**5,000**	**4,584**	**–**	**31,243**
Bank loans	**–**	**–**	**(3,980,613)**	**–**
Forward foreign exchange contracts at fair value through profit or loss	**(44,860)**	**(5,029)**	**–**	**–**
Net exposure arising from recognised assets and liabilities at 31 December 2010	**(2,039)**	**4,557**	**(3,980,613)**	**31,243**
Amount due from an associate	–	2,750	–	–
Deposits and cash	1,577	7,819	–	–
Exposure arising from recognised assets at 31 December 2009	1,577	10,569	–	–

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise from foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HKD and USD would be materially unaffected by any changes in movement in value of USD against other currencies. Other components of equity would not be affected by changes in the foreign exchange rates.

	2010		**2009**	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
	%	**HK$'000**	%	HK$'000
Vietnamese Dong	**10**	**1,236**	10	1,353
	(10)	**(1,236)**	(10)	(1,353)
Australian dollars	**10**	**(1,738)**	10	35,466
	(10)	**1,738**	(10)	(35,466)
Canadian dollars	**10**	**3,524**	10	22,948
	(10)	**(3,524)**	(10)	(22,948)
Japanese Yen	**10**	**(38,178)**	10	–
	(10)	**38,178**	(10)	–
Renminbi	**10**	**8,908**	10	–
	(10)	**(8,908)**	(10)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2009.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk

(i) The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings and income-earning financial assets. The following table indicates their effective interest rates at the end of the reporting period and the periods in which they reprice or the maturity dates, if earlier.

		2010		2009	
	Fixed/ floating	**Effective interest rate**	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	**1.13 – 2.05%**	**769,995**	1.13 – 2.25%	433,770
Income-earning financial assets					
Deposits and cash	Floating	**0.001 – 4.00%**	**103,556**	0.001 – 3.00%	71,636
Deposits and cash	Fixed	**0.01 – 12.40%**	**1,459,055**	0.01 – 10.49%	1,203,406

(ii) Sensitivity analysis

At 31 December 2010, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK$5,394,000 (2009: HK$3,621,000). Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2009.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale securities (note 15) and trading securities (note 16). They have been chosen taking reference to their longer term growth potential and are monitored regularly for performance.

Given that the volatility of the stock markets may not have a direct connection with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of other investments.

At 31 December 2010, it is estimated that an increase/decrease of 5% in the market value of the Group's equity investments, with all other variables held constant, would increase/decrease the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2010			2009		
Change in the relevant equity price risk variable:	**%**	**Effect on profit after tax and retained profits HK$'000**	**Effect on other components of equity HK$'000**	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000
Increase	**5**	**127**	**252**	5	127	168
Decrease	**(5)**	**(127)**	**(252)**	(5)	(127)	(168)

The analysis is performed on the same basis for 2009.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) 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 end of the reporting period 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

– 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

2010

	The Group			The Company		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Assets						
Listed available-for-sale securities	5,038	–	5,038	5,038	–	5,038
Trading securities	2,544	–	2,544	2,544	–	2,544
Derivative financial instruments:						
– Forward foreign exchange contracts	–	(28,155)	(28,155)	–	(25,241)	(25,241)
	7,582	(28,155)	(20,573)	7,582	(25,241)	(17,659)

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) Fair values *(continued)*

(i) Financial instruments carried at fair value *(continued)*

2009

	The Group			The Company		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Assets						
Listed available-for-sale securities	3,364	–	3,364	3,364	–	3,364
Trading securities	2,541	–	2,541	2,541	–	2,541
Derivative financial instruments:						
– Forward foreign exchange contracts	–	949	949	–	–	–
	5,905	949	6,854	5,905	–	5,905

At 31 December 2009 and 31 December 2010, there were no financial assets and liabilities measured at fair value based on level 3. During the year, there were no transfers between level 1 and level 2.

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

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders and an affiliated company with a repayment date at 30 April 2015, the carrying amount of which at 31 December 2010, was HK$82,753,000, approximating its fair value, with the face value of loans in the amount of HK$106,151,000. The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(g) Estimation of fair value

Listed securities and unlisted investment funds

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

Forward foreign exchange contracts

Fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period.

26. EMPLOYEE BENEFITS

The Group participates in defined contribution retirement schemes in Hong Kong, the PRC, Vietnam and United States.

The companies of the Group operating in Hong Kong operate 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. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiary operating in the PRC are members of central pension schemes operated by the local governments in the PRC and the subsidiary makes mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiary are based on 20% of the employees' salaries cost in accordance with the relevant regulations in the PRC and are charged to the consolidated income statement as incurred. The subsidiary discharges its retirement obligations upon payment of the retirement contributions to the central pension schemes operated by the local governments in the PRC.

The employees of the Group's subsidiary operating in Vietnam are members of social insurance fund schemes operated by the local governments in Vietnam and the subsidiary makes mandatory contributions to these social insurance fund schemes to fund the employees' retirement benefits, maternity benefits and sick leave benefits. The social insurance contributions paid by the Vietnam subsidiary are based on Social Insurance Regulations at the prevailing rate of 15% of basic salaries.

The employees of the Group's subsidiary operating in the United States are under a voluntary defined contribution plan governed by the United States Internal Revenue Service, whereby participants may contribute on a pre-tax basis between 1% and 50% of their compensations to the plan subject to certain maximum limits. The plan also contains provisions for matching contributions to be made by the Group's subsidiary, which are based on a portion of the participants' eligible compensation.

27. COMMITMENTS

(a) At 31 December 2010, capital commitments outstanding not provided for in the financial statements as follows:

	2010 **HK$'000**	2009 HK$'000
Contracted for	**4,353**	12,924
Authorised but not contracted for	**19,763**	13,570
	24,116	26,494

(b) 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
Leases on premises expiring:		
– within one year	**384**	420
– after one year and within five years	**260**	453
	644	873

28. CONTINGENT LIABILITIES

(a) At 31 December 2010, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8,252,000 (2009: HK$8,252,000).

(b) At 31 December 2010, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$39,090,000 (C$5,000,000) (2009: HK$36,765,000 (C$5,000,000)).

At 31 December 2010, the directors do not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferral income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was HK$Nil.

(c) A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision for these claims has been made in the financial statements.

29. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) During the year ended 31 December 2010, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Goodland Limited ("Goodland"), an affiliated company which holds 28% of equity interest of the Company at 31 December 2010:

(i) At 31 December 2010, loan from Goodland with nominal value of HK$55,314,000 before the effect of discounting in the amount of HK$12,192,000 was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.

A 31 December 2009, loan from Goodland with nominal value of HK$54,737,000 before the effect of discounting in the amount of HK$1,054,000 was unsecured, non-interest bearing and repayable on 30 April 2010 and classified as current liabilities.

(ii) Amount due to Goodland of HK$17,509,000 at 31 December 2010 (2009: HK$18,670,000) comprises of:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$368,000 at 31 December 2010 (2009: HK$519,000). Interest payable by the subsidiaries amounted to HK$6,000 for the year ended 31 December 2010 (2009: HK$18,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$17,141,000 at 31 December 2010 (2009: HK$18,151,000).

(iii) A subsidiary of the Company rented certain of its properties to Goodland and received rental income amounting to HK$743,000 for the year ended 31 December 2010 (2009: HK$743,000).

(iv) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK$3,204,000 for the year ended 31 December 2010 (2009: HK$3,204,000).

Messrs Ho Kian Guan and Ho Kian Hock each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the aforesaid transactions.

29. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) During the year ended 31 December 2010, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Ho Kian Cheong ("KC Ho"), a non-executive director and a substantial shareholder of the Company at 31 December 2010:

(i) Amounts due to KC Ho represented non-interest bearing accounts with certain subsidiaries amounting to HK$4,070,000 (2009: HK$4,057,000).

(ii) At 31 December 2010, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK$13,399,000 before the effect of discounting in the amount of HK$2,953,000 which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.

At 31 December 2009, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK$13,259,000 before the effect of discounting in the amount of HK$255,000 which was unsecured, interest-free and repayable on 30 April 2010 and classified as current liabilities.

30. RESTATEMENT OF COMPARATIVES

As a result of the adoption of HKAS 12 (Amended), certain comparative figures have been adjusted to reflect the increase in accrual of deferred tax liabilities related to investment properties carried at fair value. Further details of these changes in accounting policies are disclosed in note 2.

31. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 25 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential. The assumptions adopted in the property valuation are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

(ii) Estimated useful lives of fixed assets

The Group estimates the useful lives of fixed assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of fixed assets would increase depreciation charges and decrease non-current assets.

31. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iii) Impairment of assets

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, 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 time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

(iv) Impairment loss of available-for-sale securities

The Group determines that available-for-sale securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

(v) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

(vi) Fair value of derivative financial instruments

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For financial instruments that are not traded in active markets, the fair values were based on the discounted cash flows method which discounts the future contractual cash flows at the current market foreign exchange rates for similar financial instruments that were available to the Group at the time.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group has temporarily leased out certain properties but has decided not to treat these properties as investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified under properties held for sale.

32. 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 financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

		Effective 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 Group's results of operations and financial position.

33. SUBSIDIARIES AND ASSOCIATES

Subsidiaries

The following list contains the particulars of subsidiaries, all of which are controlled subsidiaries as defined under note 1(c) and whose results, assets and liabilities have been consolidated into the Group financial statements. The class of shares held is ordinary unless otherwise stated.

Details of the subsidiaries are as follows:

			Proportion of ownership interest			
Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Carrigold Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Crichton Assets Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Labond Developments Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
KSB Enterprises Limited*	Canada	1 share of no par value issued at C$1	100%	100%	–	Investment holding
Bardney Investment Limited*	Republic of Liberia/Macau	2 shares of no par value issued at HK$5,000 each	100%	–	100%	Investment holding
Lam Ho Investments Pte Limited	Singapore	32,507,299 shares	91.60%	–	91.60%	Investment holding
Shun Seng International Limited	Hong Kong	100,000 shares of HK$1 each	75.01%	–	75.01%	Investment holding
Golden Crown Development Limited	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and property investment
Ocean Gardens Management and Company Limited*	Macau	Two quotas of Ptc99,000 and Ptc1,000 respectively totalling Ptc100,000	69.90%	–	99%	Building management
Honister Investment Limited	Republic of Liberia/Macau	2 shares of no par value issued at HK$5,000 each	70.61%	–	100%	Financial investment
Ocean Club Recreational Company Limited	Macau	100,000 shares of Ptc1 each	70.61%	–	100%	Club operation

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

33. SUBSIDIARIES AND ASSOCIATES *(continued)*

Subsidiaries *(continued)*

Name of company	Place of incorporation/ operation	Issued equity capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited ("Qing Chuan")*#	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
Lam Ho Finance Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	91.60%	–	100%	Financial investment
Sewick Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
KSSF Enterprises Limited	USA	1,000,000 common stock and 35,000,000 series A preferred stock of US$1 each	100%	–	100%	Operation of a hotel
Ansovino Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Acacio Limited*	British Virgin Islands/ Hong Kong	100 shares of US$1	97%	–	97%	Investment holding
Godo Kaisha KSJ One	Japan	JPY1,000,000	96.79%	–	99.78%	Property investment

* *The financial statements of the subsidiaries not audited by KPMG reflect total net assets and total turnover constituting approximately 4.49% (2009: 7.23%) and 5.66% (2009: 7.11%) respectively of the related consolidated totals.*

\# *Qing Chuan was incorporated in the PRC as Sino-foreign equity joint venture in 1995.*

33. SUBSIDIARIES AND ASSOCIATES *(continued)*

Associates

The following list contains the particulars of associates, all of which are unlisted corporate entities which affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Chateau Ottawa Hotel Inc – note (a)	Incorporated	Canada	50%	–	50%	Operation of a hotel
Worldwide Properties Limited	Incorporated	Macau	50%	–	50%	Dormant
Trans-International Development Limited	Incorporated	Macau	40%	–	40%	Dormant
Shun Cheong International Limited – note (b)	Incorporated	Hong Kong	35.01%	–	35.01%	Property investment
Porchester Assets Limited ("PAL") – note (c)	Incorporated	British Virgin Islands	49%	49%	–	Investment holding
KSF Enterprises Sdn Bhd ("KSF") – note (d)	Incorporated	Malaysia	25%	25%	–	Investment holding

Notes:

(a) Chateau Ottawa Hotel Inc owns a hotel in Ottawa licensed with Starwood Hotels and Resorts Worldwide Inc operating as the Sheraton Ottawa Hotel.

(b) Shun Cheong International Limited is engaged in property investment in the PRC.

(c) PAL has a wholly owned subsidiary, Glynhill Investments (Vietnam) Pte Ltd ("Glynhill"), which holds 51% in Chains Caravelle Hotel Joint Venture Company Limited ("CCH"). CCH is a joint venture company established under the laws of Vietnam between Glynhill and a local Vietnamese entity for the purpose of developing, renovating and operating the Caravelle Hotel in Vietnam. In accordance with the joint venture agreement and the subsequent increase in registered share capital on 19 May 1997, the legal capital of CCH is HK$143.8 million (US$18.6 million). Glynhill contributed HK$73.3 million (US$9.5 million) and the remaining balance of HK$70.5 million (US$9.1 million) was contributed by the Vietnamese joint venture partner in the form of the right of use to a parcel of land (2,612 sq.m.) for a term of 48 years. In addition, Glynhill is committed to secure on behalf of CCH or, alternatively, to provide further finance of up to HK$305.0 million (US$39.4 million) in the form of an interest bearing shareholder's loan towards the costs of developing and renovating the hotel and for general working capital requirements. The joint venture has a duration of 48 years from 8 October 1992 and may be extended for a further period subject to the mutual agreement of the joint venture partners and approval from the relevant local authority.

(d) KSF has a wholly owned subsidiary, KSD Enterprises Limited, which operates the Doubletree by Hilton at Toronto Airport.

FIVE YEAR FINANCIAL SUMMARY

	2010 HK$'000	2009 HK$'000 (restated)	2008 HK$'000	2007 HK$'000	2006 HK$'000
Consolidated income statement					
Turnover	**1,188,469**	890,416	807,810	638,263	628,347
Operating profit	**423,197**	344,980	273,679	318,681	268,039
Share of profits less losses of associates	**17,409**	18,501	23,250	20,407	13,446
Profit before taxation	**440,606**	363,481	296,929	339,088	281,485
Income tax (note)	**(71,466)**	(35,080)	(15,710)	(11,029)	(15,822)
Profit for the year	**369,140**	328,401	281,219	328,059	265,663
Attributable to:					
Equity shareholders of the Company (note)	**270,751**	253,881	185,250	235,355	203,031
Non-controlling interests (note)	**98,389**	74,520	95,969	92,704	62,632
	369,140	328,401	281,219	328,059	265,663
Consolidated statement of financial position					
Fixed assets	**2,118,206**	1,679,315	1,022,338	983,377	1,003,894
Interest in associates	**184,478**	164,676	138,177	133,078	104,259
Properties under development	**–**	–	–	24,016	–
Available-for-sale securities	**5,038**	3,364	1,785	3,702	1,785
Deferred tax assets	**–**	–	–	–	5,310
Current assets	**1,942,505**	1,677,166	1,736,147	1,507,370	1,262,292
	4,250,227	3,524,521	2,898,447	2,651,543	2,377,540
Share capital	**340,200**	340,200	340,200	340,200	340,200
Share premium	**158,105**	158,105	158,105	158,105	158,105
Other reserves (note)	**2,015,083**	1,731,576	1,528,664	1,405,268	1,213,571
Non-controlling interests (note)	**504,635**	493,692	436,203	358,482	284,480
Non-current liabilities (note)	**496,896**	427,358	107,771	101,533	91,876
Current liabilities	**735,308**	373,590	327,504	287,955	289,308
	4,250,227	3,524,521	2,898,447	2,651,543	2,377,540
Other data					
Basic earnings per share (cents) (note)	**79.6**	74.6	54.5	69.2	59.7
Dividends per share (cents)	**20.0**	20.0	17.5	17.0	13.0
Dividend cover (times)	**4.0**	3.7	3.1	4.1	4.6

Note: In order to opt to early adopt the amendments to HKAS 12, *Income taxes*, in 2010 the Group changed its accounting policy for recognising deferred tax on investment properties carried at fair values under HKAS 40, *Investment properties*.

Figures for the year 2009 have been adjusted. Figures for 2008 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefits of shareholders.

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2010

PROPERTIES HELD FOR RENTAL/INVESTMENT

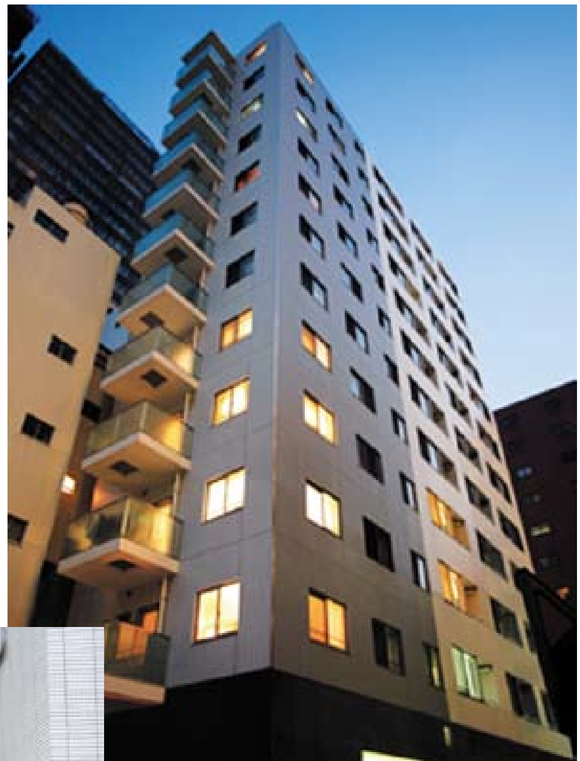
Properties	Group's interest	Type	No of units	Gross floor area (sq. ft.)	Lease term
Luso International Bank Building 1, 3 and 3A Rua Do Dr Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
Doubletree by Hilton Toronto Airport, Canada	25%	Hotel	433	450,000	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	25%	Hotel	335	247,500	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	404	289,418	Freehold
Iris Ginza East Tokyo, Japan	96.79%	Residential	77	45,724	Freehold
Iris Nihonbashi Suitengu Tokyo, Japan	96.79%	Residential	77	51,452	Freehold

PROPERTIES HELD FOR SALE

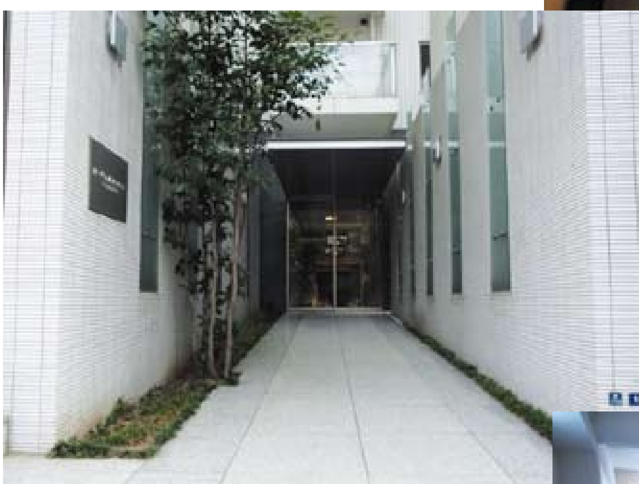
Properties	Group's interest	Type	No of units	Gross floor area (sq. ft.)	Lease term
Ocean Industrial Centre, Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road, Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	32	118,624	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease

Iris Ginza East

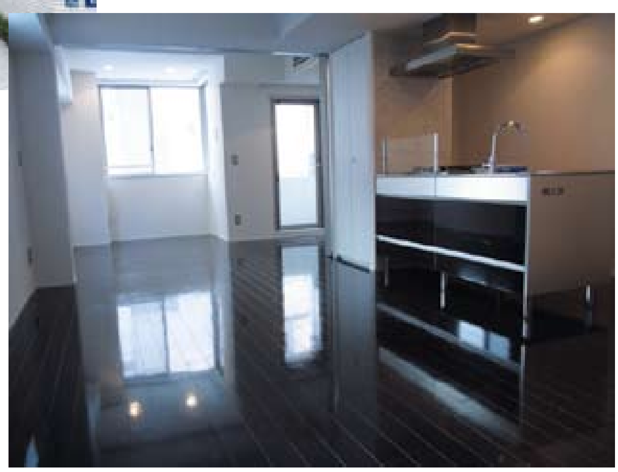
Tokyo, Japan
日本, 東京



Facade 大廈外觀



Entrance 大廈入口



Living Room 客廳