

KW K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司

A Quality
Property Developer
優質地產發展商

Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限公司
Stock code 股份代號 0173

Delivering value
with Distinctive
quality
建優創值 · 築動生活

During the period under review, KWIH achieved a sound performance in its core business on the back of stringent risk management and prudent strategic planning, amid the speedy recovery of the real estate market driven by effective stimulus measures of China.

The Group's sustainable development and growth in future years will be fueled by its property portfolio with an attributable gross floor area of close to 2.3 million square metres.

Dr. Che-woo Lui

於回顧期內，國家刺激經濟的措施奏效，帶動房地產市場迅速回暖，嘉華國際憑藉更嚴謹及審慎的風險管理和策略部署，核心業務表現穩健。

目前，集團的物業組合總樓面面積接近230萬平方米，為集團未來數年的持續發展和增長加添動力。

呂志和博士

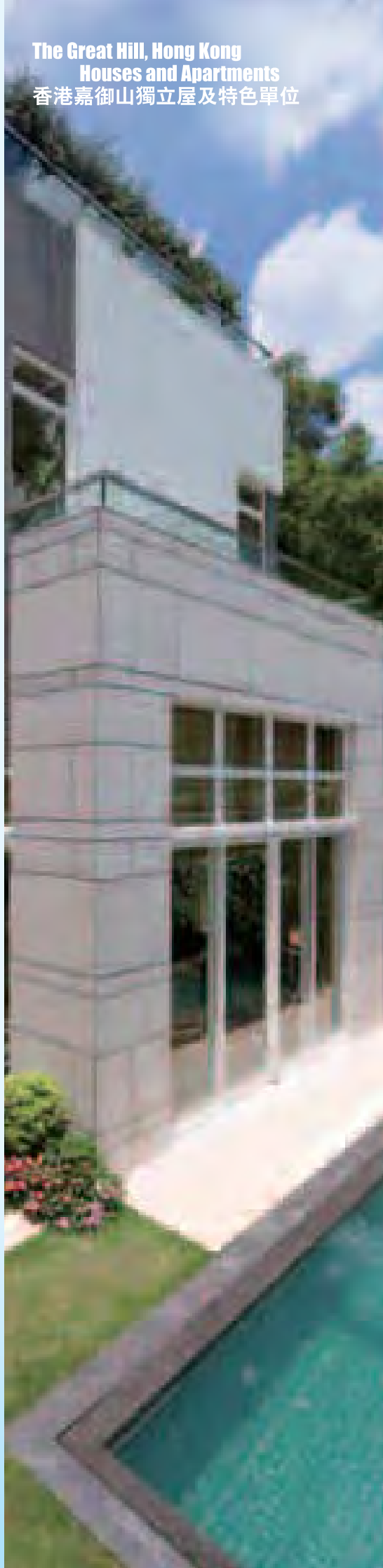


Our Mission 企業使命

It is our mission to focus on customer needs and pursue the spirit of excellence with quality products and services through our commitment to research, design and value creation. With vision, perseverance and teamwork, we strive to provide shareholders with the best return on their investment.

本公司秉承以客為本及追求卓越之精神，不斷透過研究、設計及創造價值，恪守不屈不撓、群策群力及具遠見之經營理念，為客戶提供優質產品及服務，並為股東帶來理想投資回報。

The Great Hill, Hong Kong
Houses and Apartments
香港嘉御山獨立屋及特色單位



No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong
香港司徒拔道肇輝台6號



Xuhui District Project, Shanghai
上海徐匯區建國西路項目



Jingan District Project, Shanghai
上海靜安區嚴家宅項目



Shanghai Westwood III
上海慧芝湖花園第三期



Minhang District Project, Shanghai
上海閔行區項目

Huadu Airport CBD Project, Guangzhou
廣州花都新華鎮機場CBD項目

Huadu Mega Integrated Project, Guangzhou
廣州花都新華鎮超大型國際社區項目

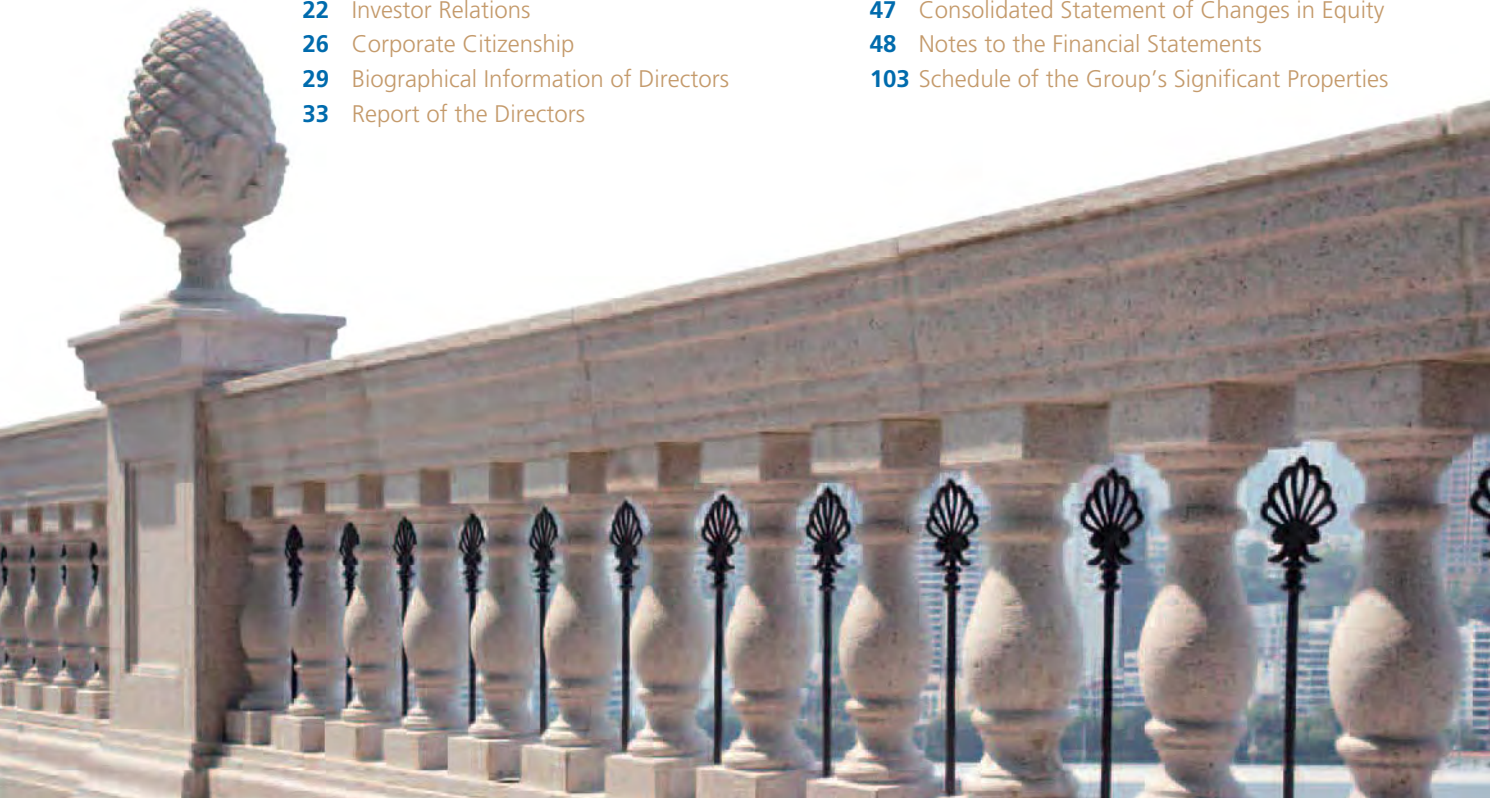
Huadu Jianshebei Road Project, Guangzhou
廣州花都建設北路項目

Sustainable Momentum driven by a Prime Portfolio

優質物業組合 迸發源源增長動力

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Corporate Profile

K. Wah International Holdings Limited (“KWIH”; stock code: 0173), listed in Hong Kong in 1987*, is the property flagship of K. Wah Group. With a property portfolio encompassing premium residential developments, Grade-A office towers, hotels, serviced apartments and retail spaces, KWIH has a presence in Hong Kong, Shanghai, Guangzhou and Southeast Asia.

KWIH aims at establishing a position of large-scale integrated property developer and investor in the Greater China region. With a focus on an integrated approach for value creation, KWIH blends architectural design, quality, functionalities and top-notch building services in all its properties to redefine the standard of quality modern living. Furthermore, driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a prime land reserve in major cities of China, and thus a strong foothold for future growth.

KWIH has received several international accolades for its outstanding quality and service. Awarded Business Superbrands in the property development sector in 2006, KWIH was also the only winner in the Hong Kong Property Developer category of the High-Flyer Outstanding Enterprises consecutively in 2006 and 2007.

* Formerly K. Wah Stones (Holdings) Limited listed in 1987.

Hall of Achievement

傑出成就



- | | | |
|----|--|--|
| 1. | K. Wah News
《嘉天下通訊》 | Gold Award in employee publications: newsletter category, ASTRID Awards 2009
2009 ASTRID Awards員工刊物組別金獎 |
| 2. | KWIH Annual Report 2008
嘉華國際2008年年報 | Silver Award in cover photo/design, ARC Awards 2009
2009 ARC Awards封面設計銀獎 |
| 3. | KWIH Annual Report 2008
嘉華國際2008年年報 | Honour in interior design, ARC Awards 2009
2009 ARC Awards內頁設計優異獎 |
| 4. | kwih.com
嘉華國際網站 | Silver Award in web sites: real estate category, Mercury Awards 2009
2009 Mercury Awards房地產網頁組別銀獎 |
| 5. | Shanghai Westwood II
嘉寧薈 | 2009 Golden Ox Award
2009軌道地產「金牛獎」綜合大獎 |

- | | | |
|-----|---------------------------------------|---|
| 6. | Shanghai Westwood II
嘉寧薈 | Gold Award in the Most Popular Shanghai Property 2009
2009上海最受歡迎樓盤綜合金獎 |
| 7. | Shanghai Westwood II
嘉寧薈 | Property with Highest Investment Potential 2009
2009最具投資潛力樓盤 |
| 8. | K. Wah (China) Investment
嘉華(中國)投資 | Most Influential Enterprise
城市最具影響力運營商 |
| 9. | K. Wah Group
嘉華集團 | Most Contributing Enterprise
傑出貢獻企業獎 |
| 10. | Shanghai Westwood II
嘉寧薈 | Choice of Elites 2009
2009精英首選國際住區綜合大獎 |
| 11. | KWIH
嘉華國際 | Caring Enterprise – 60th anniversary of the PRC celebration
慈善愛心企業 - 國慶六十年「影響中國」大型系列評選活動 |



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8



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Corporate Information

CHAIRMAN & MANAGING DIRECTOR

Dr. Che-woo Lui, *GBS, MBE, JP, LLD, DSSc, DBA*

EXECUTIVE DIRECTORS

Mr. Francis Lui Yiu Tung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

Mr. Alexander Lui Yiu Wah (*appointed on 12 April 2010*)

Ms. Claudia Cheung Man Wan (*appointed on 12 April 2010*)

NON-EXECUTIVE DIRECTORS

Sir David Akers-Jones*, *KBE, GBM, CMG, Hon. RICS, JP*

Mr. Michael Leung Man Kin, *CBE, JP*

Dr. Moses Cheng Mo Chi, *GBS, OBE, JP*

Dr. The Hon. Leo Lee Tung Hai*, *GBM, GBS, LLD, JP*

Dr. Robin Chan Yau Hing*, *GBS, LLD, JP*

Mr. Robert George Nield*

Dr. William Yip Shue Lam*, *LLD*

Professor Poon Chung Kwong*, *GBS, PhD, DSc, JP*

* *Independent Non-executive Directors*

COMPANY SECRETARY

Ms. Cecilia Lee Wai Kwan, *LLM, ACIS, ACS*

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Bank of China

Bank of Communications

Bank of East Asia

DBS Bank

Hang Seng Bank

Hongkong and Shanghai Banking Corporation

Industrial and Commercial Bank of China

Standard Chartered Bank

SOLICITORS

Richards Butler

Philip K.H. Wong, Kennedy Y.H. Wong & Co.

Mayer Brown JSM

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29th Floor

K. Wah Centre

191 Java Road

North Point

Hong Kong

PRINCIPAL SHARE REGISTRARS

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08

Bermuda

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited

Shops 1712–1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

AMERICAN DEPOSITARY RECEIPTS DEPOSITARY

The Bank of New York Mellon

Depositary Receipts

101 Barclay Street

22nd Floor, New York, NY10286

USA

WEBSITE ADDRESS

<http://www.kwih.com>

SHARE LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

Hong Kong Stock Exchange : 173

Bloomberg : 173 HK

Reuters : 0173.HK

EARNINGS GROWTH DRIVEN BY STRONG SALES

For the year ended 31 December	2009 (HK\$ million)	2008 (HK\$ million)	Change
Revenue	2,737	1,153	+137%
Profit/(Loss) Attributable to Equity Holders of the Company	916	(617)	N/A
Gross Profit Margin	56%	52%	+4% pt
Net Profit Margin	47%	N/A	N/A
Basic Earnings/(Loss) per Share (HK cents)	37.10	(25.03)	N/A
DPS (HK cents)	11	2	+450%

SOUND FINANCIAL POSITION

As at 31 December	2009 (HK\$ million)	2008 (HK\$ million)	Change
Total Assets	18,166	14,963	+21%
Cash and Bank Deposits	2,274	1,291	+76%
Gearing Ratio*	21%	25%	-4%pt
NAV per Share (HK\$)	3.60	3.12	+15%
Return on Equity	12%	N/A	N/A

* The ratio of total loans outstanding less cash and bank deposits to total assets excluding cash and bank deposits

ACTIVE REPLENISHMENT OF ASSETS

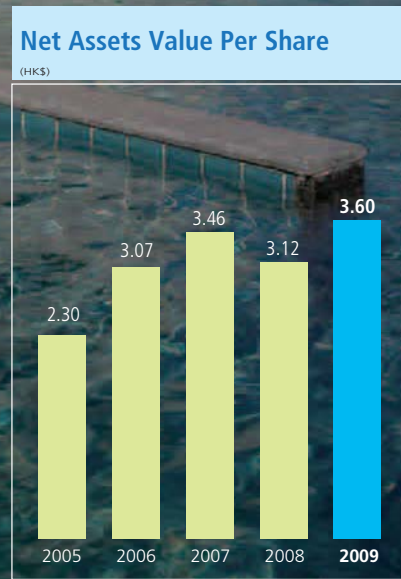
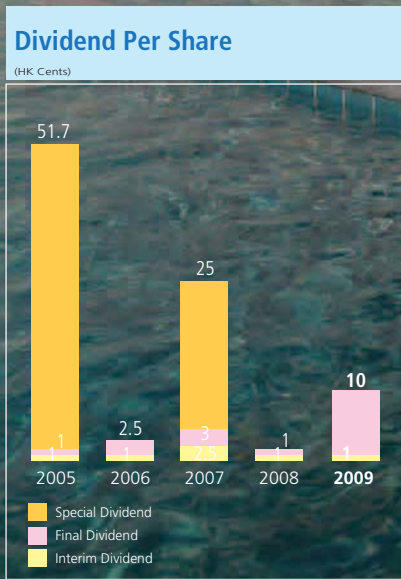
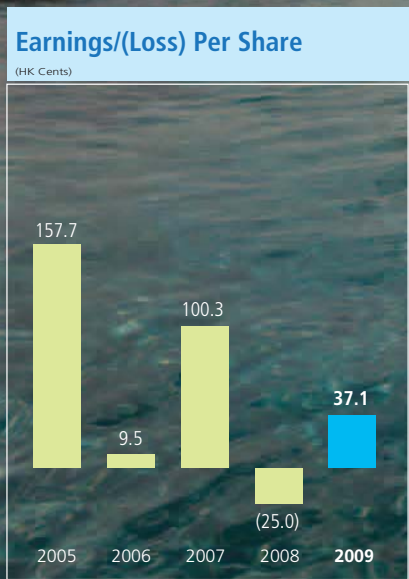
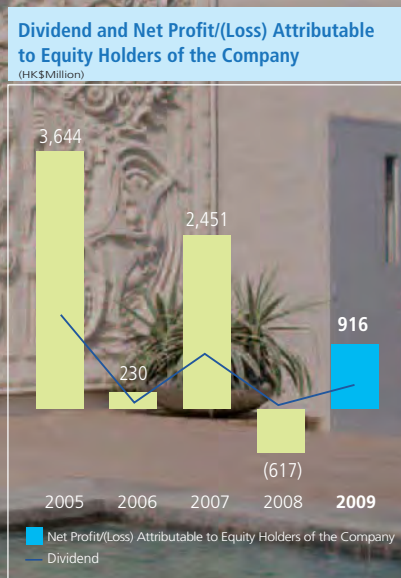
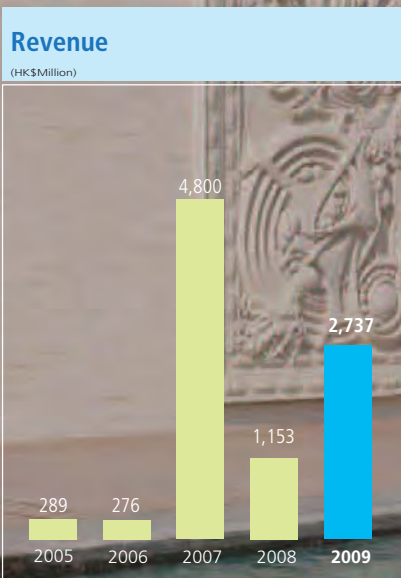
Location		Gross Floor Area (sqm)	Group's Interest
Hong Kong	2 Grampian Road, Kowloon	6,100	100%
	30 Po Shan Road	3,000	50%
	Tai Po Town Lot No. 201	67,000	15%
Shanghai	Plot B3, B4, Zhujiajiao, Qingpu District	70,000	100%
	Shanghai K. Wah Centre (effective holding increased from 39.6% to 69.6%)	72,000	69.6%

Five Years Summary

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
CONSOLIDATED PROFIT AND LOSS STATEMENT					
Revenue	289,307	275,956	4,799,504	1,152,989	2,737,187
Profit/(loss) before taxation	393,249	1,008,763	2,850,701	(406,998)	2,052,408
Taxation charge	(142,869)	(307,019)	(220,621)	(164,869)	(772,496)
Profit/(loss) from continuing operations	250,380	701,744	2,630,080	(571,867)	1,279,912
Profit from discontinued operations	3,553,418	—	—	—	—
Minority interests	(159,750)	(472,041)	(178,938)	(45,380)	(363,519)
Profit/(loss) attributable to equity holders of the Company	3,644,048	229,703	2,451,142	(617,247)	916,393
Earnings/(loss) per share (HK cents)	157.7	9.5	100.3	(25.0)	37.1
Dividend per share (HK cents) (note 1)	53.7	3.5	30.5	2.0	11.0
CONSOLIDATED BALANCE SHEET					
Non-current assets	2,140,863	3,491,746	3,799,234	3,871,113	4,674,551
Associated companies and jointly controlled entities	577,261	575,502	700,916	2,996,863	3,131,260
Other non-current assets/investments	2,698,833	4,486,676	1,198,107	177,091	618,436
Net current assets	2,033,802	2,206,072	7,685,719	4,793,691	7,188,725
Employment of capital	7,450,759	10,759,996	13,383,976	11,838,758	15,612,972
Financed by:					
Share capital	237,792	242,995	245,869	247,038	247,038
Reserves	5,078,878	7,221,368	8,256,702	7,458,661	8,657,477
Shareholders' funds	5,316,670	7,464,363	8,502,571	7,705,699	8,904,515
Minority interests	355,968	856,817	1,056,774	1,198,556	1,492,701
Long-term liabilities	1,567,857	1,914,731	3,297,252	2,325,615	4,427,579
Non-current liabilities	210,264	524,085	527,379	608,888	788,177
Capital employed	7,450,759	10,759,996	13,383,976	11,838,758	15,612,972
Net assets value per share (HK\$)	2.30	3.07	3.46	3.12	3.60

Note:

1 Dividend in 2005 included the special interim dividend in specie of one GEG share for every ten shares of the Company.



Statement from the Chairman



Dear Shareholders,

In 2009, industries from all over the world underwent a most challenging year in the aftermath of the global financial crisis. The resolute economic stimulus measures introduced by the Central Government have been effective. A stabilized economy of China, as the world's third largest economic regime, is instrumental to global economic recovery.

ROBUST EARNINGS GROWTH

During the period under review, KWIH achieved a sound performance in its core business on the back of stringent risk management and prudent strategic planning, amid the speedy recovery of the real estate market driven by effective stimulus measures of China. Turnover and profit attributable to its equity holders increased substantially to HK\$2.7 billion and HK\$916 million, respectively.

IMPROVED COST EFFICIENCY

The Group's Shanghai Westwood II delivered outstanding sales and has been well received by the market since its launch in late 2008. Shanghai K. Wah Centre continued to generate stable rental

income, which further strengthened our financial resources. Moreover, the Group reported significant improvements in gross and net profit margins thanks to stronger efforts in project management, risk management and cost control, as it endeavoured to optimise operational efficiency during the year.

ACTIVE LAND REPLENISHMENT

With ample financial resources at our disposal, we made opportune moves to replenish our land reserve. Between late 2009 and early 2010, the Group acquired four prime sites or projects in Hong Kong and Shanghai through sole proprietorship or joint venture, while increasing its stake in Shanghai K. Wah Centre to approximately 70%. The Group's sustainable development and growth in future years will be fueled by its property portfolio including land reserve with an attributable gross floor area of close to 2.3 million square metres.

SUSTAINABLE MOMENTUM

In 2010, the Group plans to launch a number of large-scale luxury residential projects in Hong Kong, Shanghai and Guangzhou, the construction of which



are progressing well. The Shanghai projects include two high-end offerings located at prime sites on Jianguo West Road in Xuhui District and Yanjiazhai in Jing'an District, respectively, while the No. 6 Shiu Fai Terrace project in the mid-levels of Hong Kong Island East will be our focus at home. Scarce in the market with innovation, sophistication and uniqueness in architectural designs and layouts, these projects are set to draw tremendous attention upon launch. Meanwhile, the Group's first five-star hotel project in the CBD of Huadu District, Guangzhou, will commence operation during the year.

POSITIVE OUTLOOK

The business environment is currently improving following gradual stabilization of the global economy. It is believed that the PRC government will adhere to proactive fiscal policies and moderately relaxed monetary measures to support further economic recovery. A steady growth of Mainland China will continue to benefit Hong Kong's economy. With full confidence in the fundamentals of the Mainland and Hong Kong, the Group holds an optimistic view on the property markets on both sides in the long run.

Nonetheless, we will stay alert of any policy changes and remain prudent in our operations, with a view to enhancing our resilience to market volatility.

PROGRESSIVE YET PRUDENT STRATEGY

KWIH will continue to seek expansion in a progressive yet prudent manner in tandem with China's general policy of accelerating urbanization. With a focus on the Greater China region, the Group will explore investment opportunities that offer immense potential in the Yangtze River Delta Region and Pearl River Delta Region. On the back of our sound financials and flexible strategies, we are confident of delivering stronger returns for shareholders.

STRENGTHENED CORPORATE GOVERNANCE

Independent oversight of the Group and its execution of strategy is the responsibility of our Board, the members of which are made up of veterans with profound management experience and professional knowledge. Over the past year, KWIH had appointed Professor Poon Chung Kwong, the former president of the Hong Kong Polytechnic University; and Dr. Moses Cheng Mo Chi, the founding Chairman of The Hong Kong Institute of Directors, as its Independent Non-executive Director and Non-executive Director respectively. I believe the appointment of these prominent leaders will bring in further insights in a strategic and international perspective. Furthermore, Mr. Alexander Lui Yiu Wah, the Group's Managing Director — Hong Kong Properties; and Ms. Claudia Cheung Man Wan, Director of Corporate Affairs and Human Resources; were appointed as Executive Directors of KWIH on 12 April 2010. These senior executives are expected to contribute their stewardship further to the Group upon their appointments.

Last but not least, on behalf of the Board, I would like to express my heartfelt appreciation to all staff for their commitment and dedication during the past year, and I look forward to delivering sound results through concerted efforts in the years to come.

Dr. Che-woo Lui
Chairman

13 April 2010

Management Discussion and Analysis

REVIEW OF OPERATIONS

Revenue and operating profit (excluding the change in fair value of investment properties and impairment loss of non-current investments) for the year ended 31 December 2009 were HK\$2,737 million and HK\$1,437 million respectively, higher than the corresponding year of HK\$1,153 million and HK\$398 million respectively. The substantial increase was mainly due to the sales of Shanghai Westwood Phase II and its profit recognised following the completion of the development of the project in late 2009.

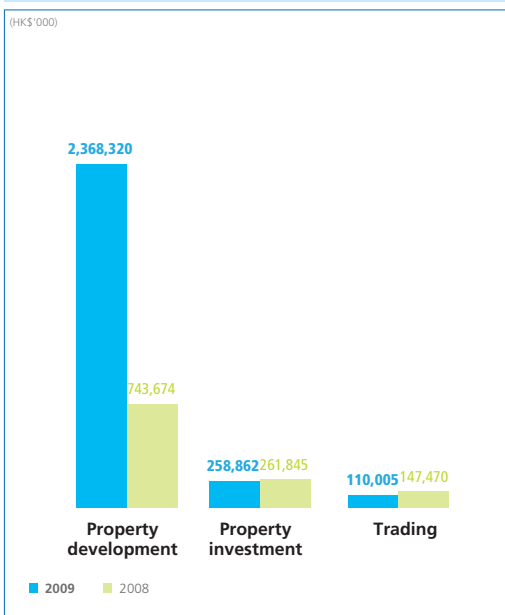
	Property development			Property investment	Trading	Others	Total
	HK HK\$'000	Mainland HK\$'000	Others HK\$'000				
For the year ended 31 December 2009							
Revenue	162,290	2,206,030	—	258,862	110,005	—	2,737,187
Adjusted EBITDA	58,026	1,169,255	(1,433)	225,652	5,039	(120,014)	1,336,525
Other income/gain, net							107,285
Depreciation and amortisation							(6,978)
Operating profit							1,436,832
For the year ended 31 December 2008							
Revenue	662,222	59,748	21,704	261,845	147,470	—	1,152,989
Adjusted EBITDA	329,053	(24,812)	7,417	217,157	4,293	(133,579)	399,529
Other income/gain, net							20,025
Depreciation and amortisation							(21,346)
Operating profit							398,208

MAINLAND CHINA

The Group's property development projects in Shanghai and Guangzhou are under construction or development and works are progressing well. Recently, the Group has acquired a piece of land in Shanghai Qingpu District and has completed an acquisition of a company holding a 30% equity interest in our investment property, Shanghai K Wah Centre.

Revenue by Division

For the year ended 31 December 2009



(A) Current Major Development Properties (total gross floor area ("GFA") of approximately 2,100,000 square metres) Shanghai

- (i) *Shanghai Westwood, No.701 Guangzhong Road, Da Ning International Community (100% owned)*

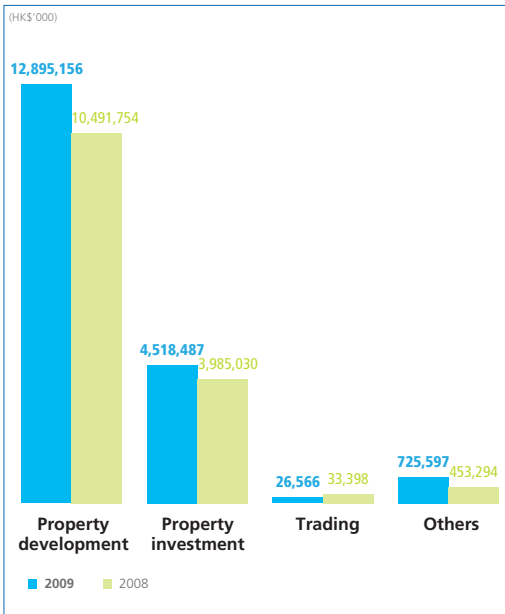
The development of Phase II of this luxurious condominium project was completed during the year and over 90% of the residential units have been pre-sold/sold. Foundation work for Phase III (approximately 100,000 square metres) is in progress and the development is expected to be completed in 2012.



- 1 Shanghai Westwood
- 2 Jingan District Project
- 3 Shanghai K. Wah Centre
- 4 Xuhui District Project
- 5 Minhang District Project
- 6 Qingpu District Project

Employment of Total Assets

As at 31 December 2009



(ii) *Lot A&B No.68 Jianguo Xi Road, Xuhui District (100% owned)*
 This project is located in the traditionally up-scale residential area in Shanghai. The GFA of this project is approximately 140,000 square metres, which the Group

plans to develop into an integrated development with luxury residential apartments, high-class commercial facilities and suite-hotel styled serviced apartments. Construction work is underway and is scheduled for sale in 2010.

(iii) *Phase III, Yanjiazhai, Jingan District (99% owned)*

Total GFA of this luxurious residential project is approximately 100,000 square metres. It is located at Urumqi Road, Jingan District close to the vibrant central business district of Nanjing West Road. Construction work is underway and pre-sale of certain residential units is planned to be launched during 2010.

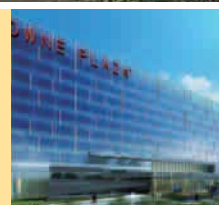
(iv) *Minhang District Project (100% owned)*

With a total GFA of approximately 168,000 square metres, this project will be developed into an integrated residential and commercial complex. The development has been commenced and the residential units of the project is expected to be completed in 2012.

Guangzhou



- 1 Yingbin Road Project, Huadu District
- 2 Xinhua Zhen Project, Huadu District
- 3 Jianshebei Road Project, Huadu District



- (v) *Qingpu District Project (100% owned)*
This newly acquired land is located in the Zhujiyajiao Town, Qingpu District, with a total GFA of approximately 70,000 square metres. The project is now in the planning and design stage.

Guangzhou

- (vi) *Yingbin Road, Huadu District (100% owned)*
This site is close to the New Baiyun International Airport with a total GFA of approximately 323,000 square metres. The project is planned for a composite development with hotel, offices and premium residential towers. Completion for the hotel and offices is expected in 2010.
- (vii) *Xinhua Zhen, Huadu District (99.99% owned)*
This project has a total permissible floor area of approximately 1,147,000 square metres and will be developed in phases. The development of one of the plots in this project has been commenced.

- (viii) *Jianshebei Road, Huadu District (100% owned)*

This project, located in the downtown area of Huadu, is for residential development with total GFA of approximately 46,000 square metres and is about 20-minute drive from the New Baiyun International Airport. The development has been commenced and the project is targeted to be completed in 2011.

(B) Investment Property (approximately 72,000 square meters)

Shanghai K. Wah Centre, Huaihai Zhong Road, Shanghai (69.6% effective interest)

The overall leasing performance during the year was well satisfied by both successful fresh lettings and retention of quality tenants. This flagship investment property maintained a high average occupancy rate with attractive rentals. Upon the completion of the acquisition in February 2010, the effective interest of the Group in the property has increased to 69.6%, bringing a greater share of the ongoing strong stable income to the Group.

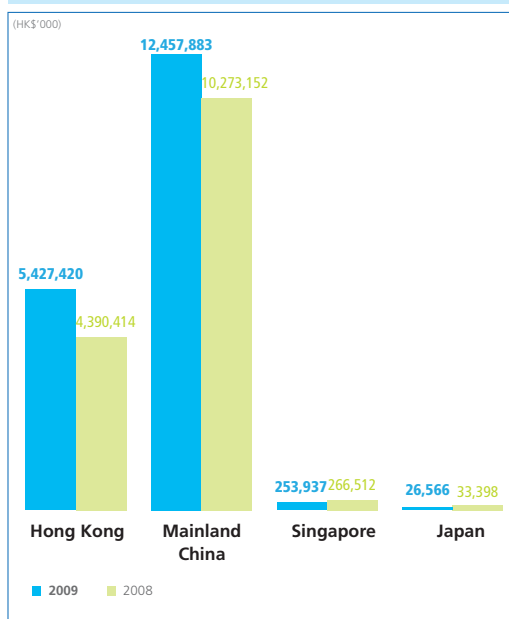
Hong Kong

The map shows Hong Kong divided into New Territories, Kowloon, and Hong Kong Island. Ten numbered locations are marked across these regions. To the right, a list provides details for each location, and two photographs show modern architectural structures.

Location	Property Details
1	Tai Po Town Lot No. 186, 188 & 201
2	The Great Hill
3	Kowloon Inland Lot No. 11073, West Kowloon
4	2 Grampian Road, Kowloon
5	Kingsfield Centre
6	No. 30 Po Shan Road, Mid-Levels
7	Skyline Commercial Centre
8	J SENSES
9	No. 6 Shiu Fai Terrace, Stubbs Road
10	Aberdeen Inland Lot No. 451, Welfare Road, Aberdeen

Total Assets By Geographical Spread

As at 31 December 2009



Hong Kong

During the year, the Group agreed to acquire three pieces of land with ownership ranging from 15% to 100%, for residential properties development. For the completed properties, the Great Hill continued to contribute properties sales revenue and the commercial complex J Senses is contributing stable rental revenue to the Group. Construction of development projects has been progressing in accordance with development schedules.

(A) Current development properties

(i) *The Great Hill, Tung Lo Wan Hill Road, Shatin (100% owned)*

The development of the project was completed in 2007 and contributed 114 apartments and 8 detached houses to the market. Over half of the units have been sold. The Group will continue to time the best opportunity for disposing of the remaining apartments and houses in this project.

Management Discussion and Analysis

(ii) *No. 6 Shiu Fai Terrace, Stubbs Road (100% owned)*

This exclusive low-rise residential project with GFA of approximately 6,340 square metres has 24 luxurious apartments, a club house and a swimming pool. The occupation permit was obtained in the first quarter of 2010 and the apartments are expected to be placed on the market in the second half of the year.

(iii) *Aberdeen Inland Lot No. 451, Welfare Road, Hong Kong (35% owned)*

This is a luxury residential development which the Group entered into a joint venture with other property developers. The Group leads and is the project manager of this development. Total GFA is estimated to be approximately 60,000 square metres. Substructure works are underway and the Group expects completion by 2012.

(iv) *Tai Po Town Lot No. 188, Tai Po (25% owned)*

This is a luxury residential development which the Group entered into a joint venture with other property developers. Total GFA is estimated to be approximately 69,700 square metres. Substructure works are underway and the Group expects completion by 2011.

(v) *Tai Po Town Lot No. 186, Tai Po (15% owned)*

This is a luxury residential development which the Group entered into a joint venture with other property developers. Total GFA is estimated to be approximately 66,500 square metres. Substructure works are underway and the Group expects completion by 2011.

(vi) *Kowloon Inland Lot No. 11073, West Kowloon (15% owned)*

This is a luxury residential development which the Group entered into a joint

venture with other property developers. Total GFA is estimated to be approximately 60,500 square metres, of which approximately 8,000 square metres will be allocated for retail and shops. Substructure works have already started and the Group expects completion by 2011.

(vii) *2 Grampian Road, Kowloon (100% owned)*

The Group plans to develop this newly acquired land into a luxury residential development with a total expected GFA of approximately 6,100 square metres. The project is now in the planning and design stage. Completion for the project is expected in 2012.

(viii) *Tai Po Town Lot No. 201, Tai Po (15% owned)*

This is a luxury residential development which the Group entered into a joint venture with another property developer. Total GFA is presently estimated to be approximately 67,000 square metres. Design work has already started.

(ix) *No. 30 Po Shan Road, Mid-Levels, Hong Kong (50% owned)*

This is a luxury residential development which the Group entered into a joint venture with another property developer in December 2009. Design work has already started.

(B) Other properties in Hong Kong

(i) *J Senses at J Residence, Johnston Road, Wan Chai (a joint development with the URA)*

J Senses is a premium dining and shops, located in the heart of Hong Kong Island, with GFA of approximately 3,400 square metres. It is almost fully occupied and continues to deliver stable rental income to the Group.

(ii) *Skyline Commercial Centre, Wing Lok Street, Sheung Wan (100% owned)*

This 24-storey centrally located office building providing approximately 3,900 square metres of office space as well as ground floor shops. It is almost fully occupied and is contributing stable rental income to the Group.

(iii) *Kingsfield Centre, Shell Street, North Point (100% owned)*

The 26-storey building in which the Group owns a total GFA of approximately 1,900 square metre of office space maintains a high occupancy rate and delivers a stable income to the Group.

Major Properties in Singapore

San Centre, Chin Swee Road (100% owned)

The 12-storey office building in which the Group owns a total GFA of approximately 5,800 square metres maintains a satisfactory occupancy rate and stable income.

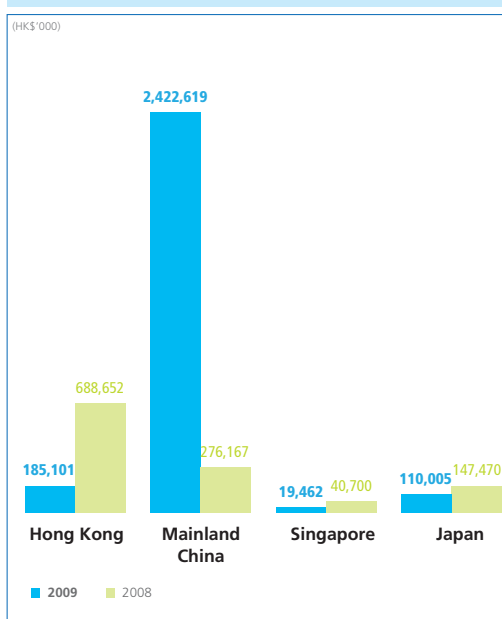
Investment in Galaxy Entertainment Group Limited (GEG)

The non-current investments represented the investment of GEG carried at fair market value. As at 31

December 2009, share price of GEG was HK\$3.19 per share compared to HK\$1.06 per share at 31 December 2008. The change in fair value of approximately HK\$346 million was recorded as an increase in reserve.

Revenue By Geographical Spread

For the year ended 31 December 2009



Management Discussion and Analysis

OUTLOOK

The property markets both in the Mainland China and Hong Kong showed a strong recovery in the middle of 2009 after witnessing a difficult start in the year. Property transaction volumes and prices have increased considerably and the rental rates of office spaces have firmed up gradually. The capital value of properties in the luxurious residential sector shows appreciation and the transaction prices have achieved record. The demand for housing is likely to remain strong in the coming few years on back of regaining confidence of home buyers and low interest rate. In view of the continuing improvement of the property market, with a number of fine projects in the pipeline, the Group remains hopeful that it will achieve sustainable growth for the near future.

REVIEW OF FINANCE

(1) Financial Position

The financial position of the Group remained strong. Total funds employed were increased to HK\$16 billion at 31 December 2009 (2008: HK\$14 billion). The number of the issued shares of the Company has no change during the year.

(2) Group Liquidity, Financial Resources and Gearing Ratio

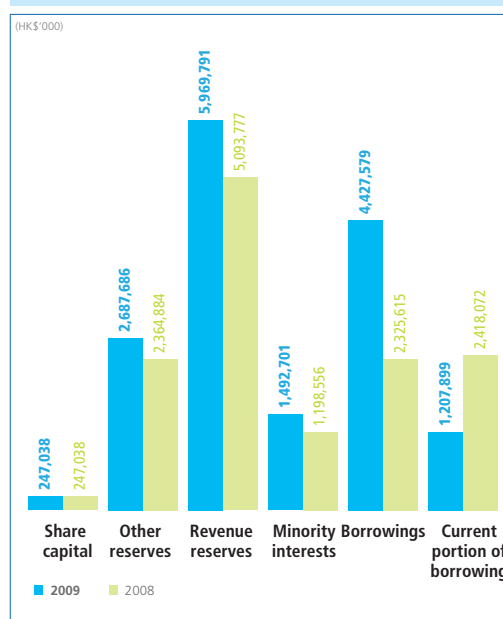
The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. As of 31 December 2009, total bank borrowings amounted to HK\$5,635 million. Cash and bank balances and deposits as of 31 December 2009 stood at HK\$2,274 million and the gearing ratio, defined as the ratio of total loans less cash and bank balances and deposits to total assets excluding cash and bank balances and deposits, stayed at a healthy level of 21% at 31 December 2009.

Of the long-term bank borrowings, around 87% had maturities over a period of one year and above.

The Group's liquidity and gearing ratio stayed at a healthy level and the Group has sufficient funds to meet its commitments and operational requirements. On 23 March 2009, the Group has redeemed the entire amount of the outstanding convertible bonds of HK\$20 million at 91.49% of their principal amount.

Sources of Funding

As at 31 December 2009



(3) Treasury Policies

The Group continues to adopt a conservative approach regarding foreign exchange exposure, which is managed to minimise risk. The majority of the Group's borrowings are in Hong Kong dollars. Forward foreign exchange contracts are utilised when suitable opportunities arise and when considered appropriate, to hedge against foreign exchange exposures. Interest rate swap contracts are also utilised when considered appropriate to avoid the impact of any undue interest rate fluctuation on the operation. During the year, the Group has not engaged in the use of derivative products for risk management.

(4) Charges on Group Assets

As of 31 December 2009, certain subsidiaries of the Group pledged assets (comprising investment properties, development properties, leasehold land and land use rights, and buildings) with aggregate carrying values of HK\$8,267 million (2008: HK\$6,409 million) to banks to secure the Group's borrowing facilities.

(5) Guarantees

As of 31 December 2009, the Company has executed guarantees in favour of banks and financial institutions in respect of facilities granted to certain subsidiaries, jointly controlled entities and associated companies amounting to HK\$5,652 million (2008: HK\$5,953 million), HK\$2,404 million (2008: HK\$2,404 million) and HK\$1,009 million (2008: HK\$1,009 million) respectively, of which HK\$4,352 million (2008: HK\$4,016 million), HK\$1,495 million (2008: HK\$1,437 million) and HK\$658 million (2008: HK\$642 million) have been utilised respectively.

The Company has executed a guarantee in favour of the HKSAR Government in respect of the performance obligation of an investee company under a contract with the HKSAR Government.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2009, the Group, excluding its associated companies and jointly controlled entities, employs 352 employees in Hong Kong and the Mainland China. Employee costs, excluding Directors' emoluments, amounted to approximately HK\$157 million for 2009.

The Group believes its success, long-term growth and development depend upon the quality, performance and commitment of its employees. The Group's remuneration policy aims to offer competitive remuneration packages to attract, retain and motivate competent individuals. The Group believes the remuneration packages of its employees are fair, reasonable and competitive in relation to comparable organizations in the areas in which the Group operates its principal business.

Following approval by the shareholders in 1989, the Group has put in place a share option scheme for its executives and employees for the purposes of providing competitive remuneration package as well as retaining talents in the long term. Likewise in Mainland China, employees' remuneration is commensurate with market pay levels and the Group puts emphasis on provision of training and development opportunities.

TRAINING AND DEVELOPMENT

Human talent is the driving force of the Group, and continuous education is a key part in enhancing the core competencies of the Group's work force. To this end, the Group supports a suite of training and development programmes for its employees at various levels.

In 2009, the Group sponsored several company-wide interactive seminars for staff to share among themselves knowledge, experience and good management practices in their respective divisions. These events provide staff with initiatives to enhance their management capabilities and up-date their know-how. In addition, the Group also sponsors staff to attend external job-related courses / workshops in Hong Kong and Mainland China organized by the accredited educational institutions and professional bodies. These training programs cover not only technical aspects such as finance, taxation, laws, human resources and information technology but also fundamental development on executives' leadership, business vision and strategies, as well as communication and management skills.

Corporate Governance Report

As at 13 April 2010

This is the 5th year we report on the corporate governance of the Company.

The objective of the management structure within the Group — headed by our Board and led by the Chairman — is to deliver sustainable value to our Shareholders. To this end, good corporate governance plays a significant role.

BOARD OF DIRECTORS

The Board Led by the Chairman, the Board as the highest governing body of the Company has the responsibility for leadership and control of the Group. The Board sets the strategy of the Group and approves the annual operating budget prepared and presented by the management for achieving the Group's strategic objectives.

Chairman and Managing Director Dr. Che-woo Lui currently takes the roles of both the Chairman and the Managing Director of the Company. He leads the Board and heads the management on the day-to-day operations of the Group.

Board Composition The Board currently comprises 13 Board members: the Chairman and Managing Director, 4 other executive Directors ("EDs"), 2 non-executive Directors ("NEDs") and 6 independent non-executive Directors ("INEDs"). The biographical details of each Director who served during the year up to the date of this Report are set out on pages 29 to 32 of this annual report.

The EDs are employees of the Company who carry out executive functions in addition to their duties as Directors. They are collectively responsible for promoting the success of the Company by directing strategic objectives and overseeing the management's performance to ensure the efficient disposition of the Group's resources for the achievement of the strategic objectives set by the Board.

The NEDs and INEDs are not employees of the Company and do not participate in the daily management of the Group's business. Our NEDs and INEDs bring external perspective, constructively challenge and help develop proposals on strategy, scrutinize the management in meeting agreed goals and monitor performance reporting. Through their wealth of experience across a number of industries and business sectors, our NEDs and INEDs contribute valuable views and proposals for the Board's deliberation and decisions. One of our INEDs has accounting professional qualification.

During the year under review, Mr. Eddie Hui Ki On resigned as an ED and the Managing Director (Acting)

of the Company with effect from 6 January 2009. Dr. Che-woo Lui, being an ED and the Chairman of the Board, has been appointed as the Managing Director of the Company with effect from 6 January 2009. Dr. Moses Cheng Mo Chi and Professor Poon Chung Kwong have been appointed respectively, as an NED and INED of the Company both with effect from 1 August 2009.

On 12 April 2010, Mr. Alexander Lui Yiu Wah and Ms. Claudia Cheung Man Wan have been appointed as EDs.

Board Practices In 2009, the Board held 5 Board meetings at approximately quarterly intervals, the dates of which were scheduled at the beginning of the year. Notice of at least 14 days in advance was given for convening a regular Board meeting.

The Directors actively participated in person at each Board meeting to review the business progress against budget. Matters requiring Board consents were given by vote at the Board meeting where Board members acted collectively as a unit. Between scheduled Board meetings, routine/operational matters were considered and approved by the Board via the circulation of written resolutions with supporting materials, explanatory write-ups from the Company Secretary or briefings from the management as appropriate.

The Company has a set of comprehensive induction materials for newly appointed Directors. The Company Secretary has regularly updated Directors on compliance developments. All Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and applicable rules and regulations, are followed. The Company has directors' and officers' liability insurance in place against their risks and exposure arising from the Group's business and activities.

Our NEDs and INEDs are either senior ex-civil servants or veteran professionals/businessmen who have brought not only a wide range of skills and experience to the Group but also independent judgment to bear on issues of strategy, performance, risk and people through their contributions at Board meetings and also at meetings of the audit committee ("Audit Committee") and the remuneration committee ("Remuneration Committee") of the Company.

The Board has procedures in place to ensure that conflict of interest will be resolved in accordance with the spirit and requirement of code provision A.1.8 of Appendix 14 of the Listing Rules. The Company assists the INEDs with professional advice (at the Company's expenses) and management briefings for them to arrive at their recommendations on matters involving conflict of interest.

Supply and Access to Information The Company Secretary circulated meetings agenda (with arrangements for Directors to include their own items if thought fit) and supporting papers to the Directors at least 3 days in advance of a Board meeting, and attended Board meeting to assist in the proceedings.

All Directors have access to and open contact with senior management for any information and are entitled to have access to board papers and related materials as they require to make informed decisions on matters placed before them. Assisted by the Company Secretary, the Chairman of the Board has ensured that the Directors have been properly briefed on issues arising at Board meetings and supplied with information and papers as promptly and fully as possible. The Directors have access to independent professional advice when it becomes necessary and also the services of the Company Secretary who has been regularly updating the Directors on governance

and regulatory matters. The service of independent professional advice at the Company's expense is also available to the members of the Audit Committee and the Remuneration Committee. External auditor (being PwC) attended all the Audit Committee meetings as well as Board meetings convened for approving annual and interim results.

The Company Secretary has kept all the minutes of Board meetings, which together with any supporting board papers, are available to all Board members. These minutes recorded matters considered by the Board and views expressed by the Directors. Draft and final versions of these minutes are sent to all Directors for their comment and records, respectively, in both cases, within a reasonable time after each meeting.

Directors' attendance in Board and other meetings in 2009 is as follows:

Name of Director	Meetings attended/Eligible to attend			
	Board Meeting (5)	Audit Committee Meeting (2)	Remuneration Committee Meeting (1)	Annual General Meeting (1)
Executive Directors				
Che-woo Lui (Chairman & Managing Director) ¹	4/5	N/A	1/1	1/1
Francis Lui Yiu Tung ²	0/5	N/A	N/A	0/1
Paddy Tang Lui Wai Yu ³	5/5	N/A	N/A	0/1
Lam Kwong Yu ⁴	2/2	N/A	N/A	0/1
Non-executive Directors				
Michael Leung Man Kin	5/5	2/2	N/A	1/1
Moses Cheng Mo Chi ⁵	2/2	N/A	N/A	N/A
Independent Non-executive Directors				
Sir David Akers-Jones	3/5	N/A	N/A	1/1
Leo Lee Tung Hai	3/5	N/A	N/A	0/1
Robin Chan Yau Hing	2/5	N/A	N/A	0/1
Robert George Nield	3/5	2/2	1/1	1/1
William Yip Shue Lam	5/5	2/2	1/1	1/1
Poon Chung Kwong ⁶	2/2	N/A	N/A	N/A
Total	36/51	6/6	3/3	5/10
Average attendance rate	71%	100%	100%	50%

1. Dr. Che-woo Lui is the father of Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu. Dr. Lui was appointed as the Managing Director and the chairman of the Remuneration Committee on 6 January 2009.
2. Mr. Francis Lui Yiu Tung is the son of Dr. Che-woo Lui, and the younger brother of Ms. Paddy Tang Lui Wai Yu.
3. Ms. Paddy Tang Lui Wai Yu is the daughter of Dr. Che-woo Lui, and the elder sister of Mr. Francis Lui Yiu Tung.
4. Mr. Lam Kwong Yu retired as an ED immediately after the conclusion of the annual general meeting held on 3 June 2009.
5. Dr. Moses Cheng Mo Chi was appointed as an NED on 1 August 2009.
6. Professor Poon Chung Kwong was appointed as an INED on 1 August 2009.

Corporate Governance Report

Appointment, Re-election and Removal All our NEDs and INEDs are appointed for a specified term of 3 years, subject to re-election by Shareholders at the annual general meetings of the Company.

In accordance with Bye-law 109(A) of the Bye-laws, other than the Chairman and the Managing Director of the Company, one-third of the Directors for the time being (or the number nearest one-third), shall retire by rotation and stand for re-election at each annual general meeting of the Company. At the forthcoming 2010 annual general meeting ("2010 AGM") of the Company, Ms. Paddy Tang Lui Wai Yu, Mr. Michael Leung Man Kin and Dr. Robin Chan Yau Hing, will retire by rotation and being eligible, will offer themselves for re-election.

Also, in accordance with Bye-law 100 of the Bye-laws, Dr. Moses Cheng Mo Chi, Professor Poon Chung Kwong, Mr. Alexander Lui Yiu Wah and Ms. Claudia Cheung Man Wan being Directors appointed by the Board, will hold their offices until the 2010 AGM, and being eligible, will offer themselves for re-election.

Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors, and assessing the independence of INEDs so as to ensure that there is a balance of expertise, skill, and experience appropriate for the business and long-term development of the Group. The setting up of a nomination committee is under consideration.

Model Code for Securities Transactions by Directors The Board has adopted a code for transactions in the Company's securities by Directors and their connected persons that complies with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules. Each Director has confirmed that he or she has complied with the adopted code throughout the year ended 31 December 2009. The Company has also adopted written guidelines — on no less exacting

terms than the Model Code — for transactions in the Company's securities by certain of its employees.

Other than the connected transaction and continuing connected transaction disclosed in the Report of the Directors, none of the Directors had, at any time during the year or at the balance sheet date, a material interest, directly or indirectly, in any contract of significance with the Company or any of its subsidiaries.

Confirmation of Independence Sir David Akers-Jones, Dr. The Hon. Leo Lee Tung Hai and Dr. Robin Chan Yau Hing have served on the Board for more than 9 years; and in that respect only, do not meet the Recommended Best Practice A.4.3 of Appendix 14 of the Listing Rules. The Board however considers all of its INEDs independent in character and judgment as within the guidelines under Rule 3.13 of the Listing Rules. In reaching its determination, the Board has concluded that there are no relationships or circumstances that are likely to affect any INED's judgment. In accordance with Rule 3.13 of the Listing Rules, each of the 6 INEDs determined by the Board as independent has provided an annual confirmation of his independence to the Company. The Company has identified its INEDs as such in all its corporate communications to the Shareholders.

DELEGATION BY THE BOARD

Within the clear guidelines which it sets, the Board has delegated to an executive board ("Executive Board") established by it, comprising all the EDs, authority to oversee the implementation of the Group's strategy set by the Board, monitor the Group's investment and trading performance and funding and finance requirements, and review management performance. The Board retains to itself authority on annual budgets and accounts, dividends, share capital, derivative transactions, connected transactions and transactions requiring Shareholders' approval, and certain financing, acquisitions, disposals and operation issues above predetermined thresholds.

The Executive Board also meets regularly and operates as a general management committee under the direct authority of the Board. The Executive Board reports through the Chairman and Managing Director to the Board. The Executive Board sub-delegates day-to-day administration details to its members charged with specific operation tasks under the leadership of the Chairman and Managing Director.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee The role and function of the Remuneration Committee are set out in its terms of reference which had been posted on the website of the Company. The Remuneration Committee comprises 3 members identified in the table on page 17 of whom 2 are INEDs. Dr. Che-woo Lui was appointed the chairman of the Remuneration Committee on 6 January 2009. The Company Secretary acts as the secretary of the Remuneration Committee, who has kept full minutes of the Remuneration Committee meetings with drafts and final versions circulating to the members for their comment and records respectively soon after the relevant meetings.

In accordance with its terms of reference, the Remuneration Committee:

- on 3 March 2009, considered and endorsed the Executive Board's Share Option Scheme 14th Offer Proposal on granting options to (among others) certain Directors;
- on 2 April 2009, reviewed the proposed Directors' fees and approved the remuneration packages of the EDs (who also constituted senior management of the Company) for 2009 as well as the 2008 year-end bonus paid to the EDs;
- on 8 February 2010, reviewed and approved the 2009 year-end bonus paid to the EDs; and
- on 8 April 2010, reviewed the level of Directors' fees and remuneration packages of the EDs (who also constituted senior management of the Company) for 2010.

The Remuneration Committee's proposals on the EDs' remuneration packages and the Directors' fees for 2009 have been endorsed by the Board, and the proposed Directors' fees will be recommended for Shareholders' approval at the 2010 AGM.

No Director has participated in the determination of his or her own remuneration.

Details of Directors' Remuneration and Five Highest Pay Individuals of the Group for the year ended 31 December 2009 are set out in notes 10 and 11 to the 2009 Financial Statements respectively.

ACCOUNTABILITY

Financial Reporting The Board is accountable for the proper stewardship of the Group's affairs, and Directors acknowledge their responsibility for preparing the financial statements of the Company in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules. The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Auditor's Report to the Shareholders is set out on page 41 of this annual report.

The management of individual businesses within the Group provides the Directors with such information and explanations necessary to enable them to make an informed assessment of the financial and other information put before the Board for approval.

The Group has adopted the going concern basis in preparing its financial statements.

Corporate Governance Report

Internal Controls The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's system of internal controls.

The Group has a clear organizational structure with well defined responsibilities, reporting lines and authority limits and budgetary controls on managers of operating divisions. The scope of internal controls and risk management covering financial, operational, and compliance areas, and control procedures are to identify and then manage risks.

The Company's internal audit function — currently staffed by 3 qualified professionals — is set up to provide the Board with reasonable assurance that the internal control system of the Company is effective, and that the risks associated with the achievement of business objectives of the Group are being managed properly. During the year, the internal audit function drew up internal audit plan, discussed with management on areas of risk identified, and reviewed its internal audit report with the Audit Committee. Chairman of the Audit Committee has open access to the head of the internal audit function.

In compliance with the new code provision C.2.2 of Appendix 14 of the Listing Rules issued by the Stock Exchange, internal audit department had assessed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget. The result of assessment is satisfactory.

During the year 2009 and up to the date of the financial statements, there was no significant control failure, as the internal audit department so reported to the Board through the Audit Committee.

Audit Committee The Audit Committee is accountable to the Board and assists the Board in ensuring an effective system for meeting its external financial reporting obligations and internal control and compliance.

The Audit Committee comprises 2 INEDs and 1 NED, identified in the table on page 17. The Company Secretary acts as the secretary of the Audit Committee, who has kept full minutes of the Audit Committee meetings with drafts and final versions circulating to the members for their comment and records respectively soon after the relevant meetings. Regular attendees at the Audit Committee meetings are the senior management of the Company responsible for the accounting and financial reporting function, head of the internal audit function, and the senior representatives of PwC.

In 2009, the Audit Committee met twice, in April 2009 to review the Company's 2008 annual results and financial statements, and in September 2009 to review the Company's 2009 interim results and financial statements. At its meeting in April 2009, the Audit Committee also reviewed the report on the effectiveness of the risk assessment and internal control system of the Group from the internal audit department. Each meeting received written reports and papers from PwC. The terms of reference of the Audit Committee (as updated to 7 April 2009) had been posted on the website of the Company.

The Audit Committee was satisfied with the independence of PwC during the year and has recommended the Board to propose for the re-appointment of PwC as the external auditor of the Company at the 2010 AGM. An analysis of the fees for 2009 paid to Auditors appears in note 8 to the 2009 Financial Statements.

COMMUNICATION WITH SHAREHOLDERS

In addition to sending annual reports, interim reports, circulars and notices to the Shareholders, the Company also makes these materials, which contain extensive information about the Group's activities, timely available for access by Shareholders at both the Stock Exchange's and the Company's own websites.

The Company has a member of its senior management specifically charged with investors' relationship functions. The Company responds to enquiries from Shareholders and investors on matters relating to the business of the Group in an informative and timely manner. Every year, upon announcing results, the Company holds press conference and briefings with the investment community, and the EDs also have regular dialogue with institutional investors and financial analysts. In between times, the Company organized site visits and meetings for analysts to have in depth understanding of our products. The Company received coverage on its business and stock performance from leading financial commentators and research team of local and international securities house.

The Company encourages the Shareholders to attend annual general meetings and all its other shareholders' meetings to discuss progress and matters. The Chairman of the Board and other Directors are available at these meetings to answer Shareholders' questions. In accordance with the newly amended Rule 13.39(4) of the Listing Rules, all the resolutions to be proposed at the 2010 AGM will be decided on poll. The Company's branch share registrars in Hong Kong will act as the scrutineer for the vote-taking, the voting results of which will be announced by the Company in accordance with Rule 2.07C of the Listing Rules as soon as possible on the websites of the Stock Exchange and the Company respectively. The Chairman of the 2010 AGM (and chairman of any other shareholders' meeting) will ensure that any vote of Shareholders at the 2010 AGM (and any other shareholders' meetings) will be taken by poll in compliance with the said Rule 13.39(4) of the Listing Rules.

COMPLIANCE WITH APPENDIX 14 OF THE LISTING RULES

Code Provision A.2.1 During the year ended 31 December 2009, the Company had complied with all the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules, except that there was no separation of the roles of the Chairman and the Managing Director, both of the roles are currently undertaken by Dr. Che-woo Lui.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible EDs. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the six INEDs have contributed valuable independently views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with industry practices.

Code Provision A.4.2 Throughout the year under review, the Company had complied with the code provisions in the CG Code, except code provision A.4.2. The Board considers that the spirit of code provision A.4.2 has been upheld, given that the other Directors do retire by rotation in accordance with the Bye-Laws and the Group is best served by not requiring the Chairman and the Managing Director to retire by rotation as his continuity in office is of considerable benefit to and his leadership, vision and profound knowledge in the widespread geographical business of the Group is an asset of the Company.

Investor Relations



Delivering shareholder value

Recognizing the importance of delivering timely and transparent information to the investment community while promoting mutual communication, KWIH organized a series of events throughout the year to keep professional investors, financial analysts, fund managers, stock commentators and financial media abreast of the Company's key developments, financial position, business plans and strategies.

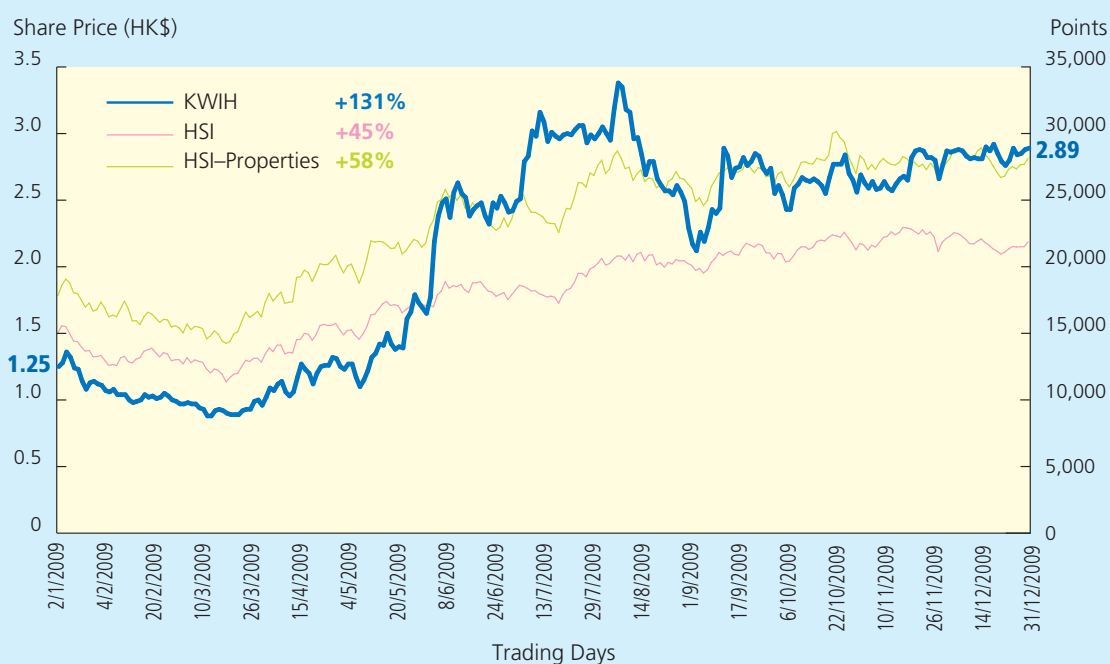
Extensive media coverage and research reports were publicized on the Company's financial and operational status subsequently, serving as recognition of the Company's capability to deliver sustaining quality results by effective management and efficient collaboration.

The Company also maintains a corporate website on which comprehensive information about the Company, including stock performance are displayed, facilitating better communication with the public at large.

Activities organized for the investment community in 2009

Activities	Number
Press Conference	3
One-on-one meeting	53
Non-deal Roadshow	6
Site visit	8
Luncheon / Seminar	3
Corporate Day / Investor Conference	2
Total no. of attendees	Over 300

KWIH'S share price performance (1 JANUARY 2009 TO 31 DECEMBER 2009)



Selected quotes from research reports

“ KWIH is approaching its harvest season with lucrative luxury projects in Hong Kong and Shanghai lined up for sale in the coming months. KWIH has returned to acquisition mode, strengthening its development pipeline. ”

DBS Vickers Securities, 14 April 2010

“ According to its rich project launch schedule in FY10 and beyond, we expect the company to generate prominent profit in the coming years. With its recently purchased four pieces of land, the company has sufficient land bank for development purposes. ”

CCB International, 14 April 2010

“ We believe K Wah is on the right track to kick off its “value-unlocking” process. Due to its early entry into the China market, K Wah has one of the most competitive landbank profiles among its peers, in both location and land cost. ”

Citigroup Global Markets, 14 April 2010

“ We expect the gradual launch of their new projects in Shanghai, and delivery of decent earnings growth in the next few years to help narrow their NAV discount. ”

JP Morgan, 14 April 2010

“ We initiate coverage on KWIH with an Outperform rating as we see robust future earnings growth and further land bank expansion both in Hong Kong and China. ”

CCB International, 9 March 2010

“ KWIH stands out from its peers by strategically focusing on the niche high-end market in top-tier cities. It achieves strong profitability and earnings growth through premium products, reputable brand names and valuable expertise. ”

Citigroup Global Markets, 17 November 2009

“ Compared to other mid-cap property plays, KWIH should deserve a higher valuation because of its compelling growth prospects and quality asset mix. ”

DBS Vickers Securities, 8 September 2009

“ Given that the company’s market capitalisation is only a fraction of those of the major developers, K Wah appears to have a proportionately greater exposure to the China property market than most other Hong Kong developers. ”

Daiwa Institute of Research, 9 June 2009

Corporate Citizenship

Nurturing talent for the community

As a company with active presence in the Greater China region, the Group is committed to fulfilling its corporate social responsibilities through various initiatives, particularly primary and tertiary education, with an aim to contribute to the long term development of the country.

In support of the community development in Huadu District, Guangzhou, where K. Wah has a foothold, the Group made donations to Xinhua Town Subdistrict Office in October 2009. Meanwhile, the Group was in the 10th year of its patronage for the Concordia University Hong Kong Foundation, under which the Lui Che Woo Scholarship has been set up to sponsor its students from Mainland China and Hong Kong. In

addition, the Group made an effort to foster tripartite partnership among the Group, Shanghai Jingan District Construction & Transportation Committee and the People's Government of Qujing Qilin District by co-funding the Jingan Lui Che Woo Primary School in Yunnan. The unveiling ceremony was organized in June 2009 with the presence of K. Wah delegation (Photo 1). In furtherance of school-enterprise partnership, the Group received a delegation from the CEO class of the School of Management of Jiaotong University, Xi'an in September 2009, sharing the experience in property development, project construction as well as sales and marketing, along with project visits to provide a glimpse of the industry (Photo 2).



Persistent learning through working



The Group believes a team of high-calibre staff is indispensable to its long term sustainability. Through systematic training programmes, the Group aspires to identify potential employees that would inherit the Group's experience, expertise, culture and values.

With a view to passing on the legacy of its successful business ventures, the Group has launched the KWIH Property Development Management Training Programme. The two-year programme features a series of lectures delivered by various department heads on topics including corporate finance, project management, corporate branding, sales and marketing, etc, with an emphasis on both theory and practice. More than cultivating a team of professionals with diverse expertise, the programme also brings greater synergies among departments and staff (Photos 3–6).



Caring for staff wellness

In this regard, the Group organized a two-day training, including visits to its hotels and property developments, for more than 30 staff members from Shanghai office in December 2009. With an aim of enhancing management skills and expertise of staff in different aspects, the Group co-organized KWIH Talent Development Programme with Hong Kong Management Association (Photo 7).

The Group also deems the importance of staff wellness. To encourage staff to adopt a healthy lifestyle, different activities were organized. These include interactive workshops and professional counseling under the Ideal BMI Disease Prevention Project launched by the Hospital Authority, the Annual Party, Chinese New Year party and day trip to Ocean Park (Photos 8–9), creating a more pleasant working environment for its staff.



Biographical Information of Directors

EXECUTIVE DIRECTORS

Dr. Che-woo Lui, *GBS, MBE, JP, LLD, DSSc, DBA*, aged 80, the founder of the Group, has been a Director since June 1989 and is the Chairman and the Managing Director as well as the chairman of the remuneration committee of the Company. Dr. Lui is also the Chairman and an executive director of GEG. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He has over 50 years' experience in quarrying, construction materials and property development. He was the Founding Chairman of the Institute of Quarrying in UK (Hong Kong Branch) and the Chairman of the Tung Wah Group of Hospitals. Dr. Lui is also the Founding Chairman of The Federation of Hong Kong Hotel Owners, the President of Tsim Sha Tsui East Property Developers Association, the Founding President of Hong Kong — Guangdong Economic Development Association and an Honorary President of Hong Kong — Shanghai Economic Development Association. Dr. Lui has been appointed as Member of Steering Committee on MICE (Meetings, Incentives, Conventions and Exhibitions) since 2007. Further, Dr. Lui was a Committee Member of the 9th Chinese People's Political Consultative Conference, a member of the Selection Committee for the First Government of the HKSAR and a member of the Election Committee of the HKSAR. Dr. Lui was awarded the Gold Bauhinia Star by the Government of the HKSAR in July 2005. Dr. Lui has been again elected as a member of the Election Committee of the HKSAR in December 2006. Dr. Lui was awarded Business Person of the Year 2007 by DHL/SCMP Hong Kong Business Awards and the Lifetime Achievement Award by American Academy of Hospitality Sciences of 2007 respectively. Dr. Lui is the father of Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah.

Mr. Francis Lui Yiu Tung, aged 54, joined K. Wah group in 1979. He has been an executive Director since June 1989. Mr. Lui is also the deputy chairman and executive director of GEG. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He holds a bachelor of science degree in civil engineering and a master of science degree in structural engineering from the University of California at Berkeley, USA. He is a member of the Shanghai Committee of the Chinese People's Political Consultative Conference and also

a Committee Member of the 11th Chinese People's Political Consultative Conference. Mr. Lui is the son of Dr. Che-woo Lui, the younger brother of Ms. Paddy Tang Lui Wai Yu and the elder brother of Mr. Alexander Lui Yiu Wah.

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*, aged 56, joined the K. Wah group in 1980 and has been an executive Director since June 1989. She is also an executive director of GEG. Save as disclosed herein, she has no previous directorships in other public listed companies in the last 3 years. She holds a bachelor of commerce degree from McGill University, Canada and is a member of The Institute of Chartered Accountants in England and Wales. Ms. Lui was a member of the Election Committee of the HKSAR. She is also a member of various public and social service organizations, including the Board of Ocean Park Corporation and the Chairman of the board of Opera Hong Kong Limited. Ms. Lui was appointed as a member of the Hong Kong Arts Development Council, the Statistic Advisory Board, the Standing Committee on Company Law Reform and Tourism Strategy Group in 2007 and a member of the General Committee of The Chamber of Hong Kong Listed Companies on 31 July 2009. Ms. Lui has been again elected as a member of the Election Committee of the HKSAR in December 2006. Ms. Lui is the daughter of Dr. Che-woo Lui, the elder sister of Mr. Francis Lui Yiu Tung and Mr. Alexander Lui Yiu Wah.

Mr. Alexander Lui Yiu Wah, aged 47, joined the K. Wah group in 1984 and is presently the Managing Director of Hong Kong Properties of the Group. He has been an executive Director since 12 April 2010. Mr. Alexander Lui is also a director of a number of affiliated companies of the Group. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He holds a bachelor of science degree in Industrial and Systems Engineering from the University of Southern California, USA. He is a committee member of Guangzhou Committee of the 11th Chinese People's Political Consultative Conference and a member of Estate Agents Authority (EAA). Mr. Alexander Lui is also the vice president of The Hong Kong Association for the Advancement of Real Estate and Construction Technology Limited. He has been a member of the board of directors of The Real Estate Developers Association of Hong Kong since 1999. Mr. Alexander Lui has been appointed as a Director of Business & Professionals Federation of Hong Kong

Biographical Information of Directors

since 27 September 2002 and has become a director of the executive committee since 2003. He was a member of The Appeal Panel on Housing, Hong Kong during the period from 1 July 2002 to 31 March 2008. Mr. Alexander Lui is the son of Dr. Che-woo Lui, the younger brother of Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu.

Ms. Claudia Cheung Man Wan, aged 48, joined the Group in 1993 and is presently the Director of Corporate Affairs and Human Resource Department of the Group. She has been an executive Director since 12 April 2010. Save as disclosed herein, she has no previous directorships in other public listed companies in the last 3 years. She holds a bachelor of social science degree in Mass Communication from the University of Texas at Austin, USA.

NON-EXECUTIVE DIRECTORS

Sir David Akers-Jones, *KBE, GBM, CMG, Hon. RICS, JP*, (independent non-executive Director) aged 83, was Adviser to the boards of the Company and K. Wah Construction Materials Limited (now GEG) from 1989 to 1997. He has been a Director since July 1997 and became an independent non-executive Director since 1998. He is an independent non-executive director of both China Everbright International Limited and CNT Group Limited. He has been appointed as Acting Chairman and independent non-executive Chairman of Hysan Development Company Limited since 18 October 2009 and 11 January 2010 respectively (previously acted as deputy chairman and non-executive director), all of which are publicly listed companies on the Main Board of the Stock Exchange in Hong Kong and is a member of many charitable organizations. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He was previously a member of the Hong Kong Civil Service and held senior appointments concluding with that of Chief Secretary and acting Governor before he retired in 1987. He was awarded the highest award of the Grand Bauhinia Medal in 2002 by the Government of the HKSAR.

Mr. Michael Leung Man Kin, *CBE, JP*, (non-executive Director) aged 71, served the Group in 1998 as Deputy Chairman (Administration) until 2001, and then as an Adviser until 2006. He was an executive Director in September 1998 and has become a non executive Director since March 2001. Mr. Leung has been a member of the audit committee of the Company

since March 2005. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. Mr. Leung holds a BA (Hons) from the University of Hong Kong and a certificate in government and development from Oxford University, UK. He has served the Hong Kong Government for 32 years in a wide range of top level positions, including Secretary for Transport, Secretary for Education and Manpower and Commissioner of the Independent Commission Against Corruption. He also served as an Official Member of the Legislative Council.

Dr. Moses Cheng Mo Chi, *GBS, OBE, JP*, (non-executive Director) aged 60, has been a non-executive Director since 1 August 2009. Dr. Cheng is a practicing solicitor and a senior partner of P.C. Woo & Co., a Hong Kong firm of solicitors. He was also the founding chairman of The Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng was a member of the Legislative Council of Hong Kong and the chairman of the Main Board Listing Committee and the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited. Dr. Cheng is currently an independent non-executive director in China COSCO Holdings Company Limited, China Mobile Limited, China Resources Enterprise, Limited, Hong Kong Exchanges and Clearing Limited, Liu Chong Hing Investment Limited and Towngas China Company Limited, all being public listed companies in Hong Kong. He is also a non-executive director in City Telecom (H.K.) Limited, Guangdong Investment Limited, Kader Holdings Company Limited and Tian An China Investments Company Limited, all being public listed companies in Hong Kong. He is also an independent non-executive director of ARA Asset Management (Singapore) Limited and ARA Asset Management Limited, both of which are listed companies in Singapore. His other directorships in public listed companies in Hong Kong in the last three years include Beijing Capital International Airport Company Limited, GEG and Shui On Construction and Materials Limited. Save as disclosed herein, he has no previous directorship in other public listed companies in the last 3 years.

Dr. The Hon. Leo Lee Tung Hai, *GBM, GBS, LLD, JP*, (independent non-executive Director) aged 88, has been a Director since June 1989 and has become an independent non-executive Director since 1998. Dr. Lee is the Chairman of the Tung Tai Group of Companies. His directorships in several publicly listed companies

on the Main Board of the Stock Exchange in Hong Kong are the non-executive director of Asia Financial Holdings Limited and independent non-executive director of Liu Chong Hing Investment Limited. He resigned as the independent non-executive director of both Beijing Enterprises Holdings Limited and Termbary Industries International (Holdings) Limited in 2008 and also resigned as the independent non-executive director of Shell Electric Mfg. (Holdings) Company Limited in 2009. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He is a member of a number of public services committees and heads many social service organizations, including as Vice President of the China Overseas Friendship Association, Founding Permanent Honorary President of Friends of Hong Kong Association, Adviser of the Advisory Board of the Tung Wah Group of Hospitals and Chairman of the Association of Chairmen of the Tung Wah Group of Hospitals. Dr. Lee served as a Standing Committee Member of the eighth and ninth National Committees of the Chinese People's Political Consultative Conference; an Adviser on Hong Kong Affairs to the Hong Kong & Macau Affairs Office of the State Council and Xinhua News Agency, Hong Kong Branch; a member of the Preparatory Committee for the Hong Kong Special Administrative Region; and a member of the Selection Committee for the First Government of the HKSAR. He has been honoured with awards by different governments, which include Cavaliere di Gran Croce of Italy, O.B.E. of Great Britain, Chevalier Legion d'Honneur of France, Commandeur de l'Ordre de Leopold II of Belgium and Gold Bauhinia Star of the Government of the HKSAR in 1999. Dr. Lee was awarded the highest honour of the Grand Bauhinia Medal in July 2006 by the Government of the HKSAR. In 2007, Dr. Lee has been honoured with the "Icebreaker Award" by The 48 Group Club as a recognition of his contribution to the promotion of Sino-UK trade relations. Dr. Lee has over 50 years of experience in business management.

Dr. Robin Chan Yau Hing, GBS, LLD, JP, (independent non-executive Director) aged 77, has been a Director since June 1989 and has become an independent non-executive Director since 1998. A banker with over 40 years of experience, Dr. Chan holds different positions in publicly listed companies on the Main Board of the Stock Exchange in Hong Kong, including the Chairman

of Asia Financial Holdings Limited (the holding company of Asia Insurance Company Limited) and the independent non-executive director of both Chong Hing Bank Limited and Keck Seng Investments (Hong Kong) Limited. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. In addition, he is the Vice Chairman of All-China Federation of Returned Overseas Chinese, and the Ex-officio Life Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong. 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. Robert George Nield, (independent non-executive Director) aged 58, has been an independent non-executive Director and a member of the audit committee of the Company since September 2004. Mr. Nield has been a member of the remuneration committee of the Company since December 2005. Save as disclosed herein, he has no directorships in other public listed companies in the last 3 years. He is a Fellow of The Institute of Chartered Accountants in England and Wales and has over 30 years of experience in professional auditing and accounting. Mr. Nield worked for PwC from 1980 (partner since 1985) to 2002. In addition to being an audit partner, he was from time to time in charge of PwC's Computer Audit, Continuing Education and Human Resources departments. He retired from PwC in June 2002. Mr. Nield is the President of the Hong Kong Branch of the Royal Asiatic Society and a Director of Opera Hong Kong Limited.

Dr. William Yip Shue Lam, LLD, (independent non-executive Director) aged 72, joined the Group as independent non-executive Director, chairman of audit committee and a member of the remuneration committee of the Company in June 2008. He holds a Bachelor of Arts degree and an honorary Doctor of Laws degree from the Concordia University, Canada. He is the founder and the Chairman of Canada Land Limited, a company listed on the Australian Stock Exchange and engaged in real estate development and tourist attraction business. Dr. Yip is also an independent non-executive director of GEG. Save as disclosed herein, he has no previous directorships in other public listed companies in the last 3 years. He is also the Chairman of Cantravel Limited, Guangzhou. Dr. Yip has been active in public services and is

Biographical Information of Directors

presently a Standing Committee Member of The Chinese General Chamber of Commerce and the President of Concordia Hong Kong Foundation Limited. He is also serving on the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. In addition, Dr. Yip has been elected a Guangzhou Municipal Honorable Citizen.

Professor Poon Chung Kwong, GBS, PhD, DSc, JP, (independent non-executive Director) aged 70, has been an independent non-executive Director since 1 August 2009. Professor Poon, President Emeritus of The Hong Kong Polytechnic University, had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. He was previously Professor of Chemistry and Dean of the Faculty of Science at The University of Hong Kong. Professor Poon graduated from The University of Hong Kong with the degrees of Bachelor of Science (General) and Bachelor of Science (Special), both with first class honours. He obtained his degree of Doctor of Philosophy from the University of London in 1967 and worked as a post-doctoral research fellow at the California Institute of Technology. He then served as Lecturer at The University of Hong Kong. During the period when Professor Poon was serving as Lecturer at The University of Hong Kong, he was also Visiting Research Associate of the California Institute of Technology and the University of Southern California, as well as Visiting Professor at the University of Toronto in Canada. He was later awarded the degree of Doctor of Science, which is a higher doctorate, by the University of London in 1979. Professor Poon is a Fellow of the University College of the University of London and Foreign Member of the Russian Academy of Engineering. Professor Poon is a non-executive director of Lee & Man Paper Manufacturing Limited and an independent non-executive director of Hopewell Highway Infrastructure Limited. He has been appointed as an independent non-executive director of The Hong Kong and China Gas Company Limited since 18 November 2009, all of which shares are listed on the Main Board of the Stock Exchange. Save as disclosed herein, he has no previous directorship in other listed public company in the last 3 years. He was honoured as one of the “Ten Outstanding Young Persons in Hong Kong in 1979” and was appointed a Non-official Justice of the Peace (JP) in 1989. Professor Poon

received the OBE award in 1991, the Gold Bauhinia Star (GBS) award in 2002 and also the “Leader of the Year Awards 2008 (Education)”. Professor Poon has chaired and was appointed a member of numerous committees of the Hong Kong Government and of the industrial, business and educational sectors including member of the Legislative Council (1985–1991); the Founding Chairman of the Government’s Committee on Science and Technology (1988–1991); and Chairman of Veterinary Surgeons Board (2000–2004). He also served as Member of the Basic Law Consultative Committee (1985–1990), Advisor on Hong Kong Affairs (1994–1997), Member of the Preparatory Committee for the Hong Kong Special Administrative Region (1995–1997) and Member of the Selection Committee for the First (1996), Second (2001) and Third (2007) Government of the Hong Kong Special Administrative Region. In addition, Professor Poon has been a member of the National Committee of the Chinese People’s Political Consultative Conference since 1998. He is also the Honorary Professor of a number of top-rated universities in the Mainland China. Professor Poon currently serves as Consultant of Science and Technology Consulting Committee of Shenzhen Municipal People’s Government and Member of Policy Consultative Committee of Shaanxi Province in the Mainland China.

SENIOR MANAGEMENT

Assisted by head of departments, the executive Directors are under the direct responsibilities for the business and operations of the Group and the executive Directors are therefore regarded as the senior management of the Company.

Report of the Directors

The Directors present their report together with the 2009 Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Our principal subsidiaries, jointly controlled entities and associated companies are primarily engaged in property development and property investment in Hong Kong, Mainland China and Singapore, and their activities are set out in note 40 to the 2009 Financial Statements.

RESULTS AND APPROPRIATIONS

The 2009 Financial Statements on pages 42 to 102 of this annual report set out the results of the Group for the year ended 31 December 2009.

An interim cash dividend of HK\$0.01 per Share was paid during the year. The Board recommends the payment of a final scrip dividend (with a cash option) of HK\$0.1 per Share. Together with the interim cash dividend paid, the total dividends per Share for the year amount to HK\$0.11 (2008: HK\$0.02 per Share). Details of dividends are set out in note 15 to the 2009 Financial Statements.

SHARE CAPITAL

Note 30 to the 2009 Financial Statements contains details of the Company's share capital, and there was no change in issued share capital of the Company during the year.

CONVERTIBLE BONDS

The Company redeemed all the outstanding amount of 0.5% Guarantee Convertible Bonds due 2009 of HK\$20 million at 91.49% of their principal amount on 23 March 2009, being the maturity date.

DEALINGS IN LISTED SECURITIES

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

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 32 to the 2009 Financial Statements.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$136,000 (2008: HK\$169,000).

PROPERTY, PLANT AND EQUIPMENT

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

SIGNIFICANT PROPERTIES

Details of the significant properties held by the Group as at 31 December 2009 for investment and development purposes are set out on pages 103 to 104 of this annual report.

DIRECTORS

The Directors who served during the year and up to the date of this Report were Dr. Che-woo Lui, Mr. Eddie Hui Ki On (resigned on 6 January 2009), Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu, Mr. Alexander Lui Yiu Wah (appointed on 12 April 2010), Ms. Claudia Cheung Man Wan (appointed on 12 April 2010), Mr. Lam Kwong Yu (retired on 3 June 2009), Sir David Akers-Jones, Mr. Michael Leung Man Kin, Dr. Moses Cheng Mo Chi (appointed on 1 August 2009), Dr. The Hon. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Mr. Robert George Nield, Dr. William Yip Shue Lam and Professor Poon Chung Kwong (appointed on 1 August 2009).

Biographical details of the current Directors are set out on pages 29 to 32 of this annual report.

In accordance with Bye-law 109(A) of the Bye-laws, Ms. Paddy Tang Lui Wai Yu, Mr. Michael Leung Man Kin and Dr. Robin Chan Yau Hing will retire by rotation at the forthcoming 2010 annual general meeting of the Company ("2010 AGM"), and being eligible, will offer themselves for re-election. In accordance with Bye-law 100 of the Company, Dr. Moses Cheng Mo Chi, Professor Poon Chung Kwong, Mr. Alexander Lui Yiu Wah and Ms. Claudia Cheung Man Wan will hold office until the 2010 AGM, and being eligible, will offer themselves for re-election.

None of the Directors proposed for re-election has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Report of the Directors

Subject to the approval of Shareholders at the 2010 AGM, the following fees in respect of year ended 31 December 2009 will be paid to the Directors:

	Chairman HK\$	Member HK\$
Board	150,000	120,000
Audit Committee	120,000	100,000
Remuneration Committee	60,000	50,000

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this Report of Directors, no contracts of significance in relation to the Group's business, to which the Company or any of its subsidiaries, was a party and in which a Director has or had a material beneficial interest, whether directly or indirectly, subsisted as at 31 December 2009 or at any time during the year ended on that date.

DIRECTORS' INTERESTS IN SECURITIES

As of 31 December 2009, the interests and short positions of each Director in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV

of the SFO), and the details of any right to subscribe for Shares and of the exercise of such rights, as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

(A) Ordinary Shares

Name of Directors	Number of Shares (including Underlying Shares)				Approximate % of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Total	
Che-woo Lui	11,131,034	7,256,345 ⁽¹⁾	1,419,629,115 ⁽²⁾	1,438,016,494	58.21
Francis Lui Yiu Tung	5,878,035	—	—	5,878,035	0.24
Paddy Tang Lui Wai Yu	13,213,771	—	—	13,213,771	0.53
Sir David Akers-Jones	650,000	—	—	650,000	0.03
Michael Leung Man Kin	500,000	—	—	500,000	0.02
Moses Cheng Mo Chi	—	—	—	—	0.00
Leo Lee Tung Hai	1,050,000	—	—	1,050,000	0.04
Robin Chan Yau Hing	1,436,563	—	—	1,436,563	0.06
Robert George Nield	753,000	—	—	753,000	0.03
William Yip Shue Lam	—	—	—	—	0.00
Poon Chung Kwong	—	—	—	—	0.00

Unless otherwise stated, all personal interests stated above were held by the respective Directors in the capacity of beneficial owners.

Notes:

- (1) Dr. Che-woo Lui is deemed to be interested in 7,256,345 Shares through the interests of his spouse.
- (2) These 1,419,629,115 Shares represent the aggregate of (i) 35,696,109 Shares held by Best Chance Investments Ltd., (ii) 3,095,377 Shares held by Po Kay Securities & Shares Company Limited, (iii) 101,209,000 Shares held by Favor Right Investments Limited, (iv) 1,086,035,985 Shares held by Super Focus Company Limited, (v) 135,435,613 Shares held by Premium Capital Profits Limited and (vi) 58,157,031 Shares held by Mark Liaison Limited. All the aforesaid companies are ultimately beneficially owned and controlled by Dr. Che-woo Lui.

(B) Underlying Shares — Share Options

The personal interests of the Directors (except Dr. Moses Cheng Mo Chi, Dr. William Yip Shue Lam and Professor Poon Chung Kwong) in the Shares as stated in the above table included their respective interests in the options granted under

the share option scheme of the Company. Details are set out in the SHARE OPTION SCHEME section below.

All the interests stated above represent long positions.

Dr. Che-woo Lui is deemed to be interested in the issued share capital of every subsidiary and jointly controlled entity of the Company.

Save as disclosed above, as of 31 December 2009, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As of 31 December 2009, the interests of every person (not being a Director or chief executive of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Number of Ordinary Shares (Long Position)	Approximate % of Issued Share Capital
Super Focus Company Limited	1,086,035,985 ⁽¹⁾	43.96
Star II Limited	193,592,644 ⁽¹⁾	7.84

Note:

- (1) Super Focus Company Limited and Star II Limited were beneficially interested in 1,086,035,985 Shares and 193,592,644 Shares respectively and both are solely owned and controlled by Dr. Che-woo Lui. Dr. Che-woo Lui is also a director of both Super Focus Company Limited and Star II Limited.

Save as disclosed above, as of 31 December 2009, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

RULE 13.22 OF THE LISTING RULES

As of 31 December 2009, the Group had given financial assistance and guarantees to financial institutions for the benefit of its affiliated companies. In compliance with the requirement of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies as at the balance sheet date is disclosed as follows:

	Combined Balance sheet HK\$'000	Group's Attributable interest HK\$'000
Non-current assets	409,472	168,715
Current assets	21,467,568	5,338,623
Current liabilities	(551,506)	(191,588)
	21,325,534	5,315,750
Share Capital	766,774	318,207
Reserves	984,857	413,046
Amounts due to shareholders	10,338,264	2,400,007
Non-current liabilities	9,235,639	2,184,490
	21,325,534	5,315,750

SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") adopted by the Shareholders at the annual general meeting on 30 May 2002 is summarized below:

(1) Purpose

To attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of the Company by aligning the interests of option holders to Shareholders.

(2) Participants

- (i) any employee of the Company or any affiliate and any senior executive or director of the Company or any affiliate; or
- (ii) any consultant, agent, representative or adviser of the Company or any affiliate; or

- (iii) any person who provides goods or services to the Company or any affiliate; or
- (iv) any customer or contractor of the Company or any affiliate; or
- (v) any business ally or joint venture partner of the Company or any affiliate; or
- (vi) any trustee of any trust established for the benefit of employees; or
- (vii) in relation to any of the above qualifying grantee who is an individual, a trust solely for the benefit of the qualifying grantee or his immediate family members, and companies controlled solely by the qualifying grantee or his immediate family members.

"Affiliate" means any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a

controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company.

(3) Total number of Shares available for issue

Mandate Limit — Subject to the paragraph below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as of 30 May 2002, being 187,563,607 Shares.

Overriding Limit — The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit as referred to in the above paragraph provided that the Company shall issue a circular to the Shareholders before such approval is sought. The overriding limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time.

As of the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 106,849,787 Shares, which represented approximately 4.317% of the issued share capital of the Company on that date.

(4) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the Shares in issue. However, subject to separate approval by the Shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting and provided that the Company shall issue a circular to Shareholders

before such approval is sought, the Company may grant a participant options which would exceed the aforesaid limit.

(5) Option period

The period during which an option may be exercised as determined by the Board in its absolute discretion at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant option.

(6) Minimum period for which an option must be held before it is vested

The minimum period, if any, for which an option must be held before it is vested shall be determined by the Board in its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

(7) Payment on acceptance of the option

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 14 days from the date of offer (or such longer period as the Board may specify in writing).

(8) Basis of determining the subscription price

The subscription price shall be determined by the Board in its absolute discretion at the time of grant of the relevant option but shall not be less than the highest of:

- (i) the closing price of the Shares on the date of grant;
- (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(9) The remaining life of the Share Option Scheme

The life span of the Share Option Scheme is 10 years commencing from 30 May 2002 and will expire on 29 May 2012.

Report of the Directors

Particulars of the movement of the options held by each of the Directors, and the employees of the Company and its affiliates in aggregate under the Share Option Scheme during the year ended 31 December 2009, were as follows:

Holders	Date of grant	Number of options				Held at 31 December 2009	Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2009	Granted during the year ^(a)	Exercised during the year	Lapsed during the year			
Che-woo Lui	21 Oct 2005	1,350,000	—	—	—	1,350,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	1,055,000	—	—	—	1,055,000	4.636	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	—	3,517,500	—	—	3,517,500	0.938	3 Mar 2010 – 2 Mar 2014
Francis Lui Yiu Tung	21 Oct 2005	1,340,000	—	—	—	1,340,000	1.906	22 Oct 2006 – 21 Oct 2011
Paddy Tang Lui Wai Yu	21 Oct 2005	930,000	—	—	—	930,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	940,000	—	—	—	940,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	800,000	—	—	—	800,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	—	3,133,400	—	—	3,133,400	0.938	3 Mar 2010 – 2 Mar 2014
Sir David Akers-Jones	28 Feb 2003	150,000	—	—	—	150,000	0.720	1 Mar 2004 – 28 Feb 2013
	27 Nov 2007	500,000	—	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
Michael Leung Man Kin	27 Nov 2007	500,000	—	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
Moses Cheng Mo Chi	—	—	—	—	—	—	—	—
Leo Lee Tung Hai	27 Nov 2007	500,000	—	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
Robin Chan Yau Hing	21 Oct 2005	500,000	—	—	—	500,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	500,000	—	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
Robert George Nield	27 Nov 2007	500,000	—	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
William Yip Shue Lam	—	—	—	—	—	—	—	—
Poon Chung Kwong	—	—	—	—	—	—	—	—
Employees (in aggregate)	28 Feb 2003	49,000	—	—	49,000	—	0.720	1 Mar 2004 – 28 Feb 2013
	21 Oct 2005	1,780,000	—	—	65,000	1,715,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	8,366,000	—	—	1,020,000	7,346,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	5,019,000	—	—	1,650,000	3,369,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	—	15,472,310	—	582,390	14,889,920	0.938	3 Mar 2010 – 2 Mar 2014

Note:

- (a) The closing price of the Shares immediately before the date on which the options were granted during the year was HK\$0.88 per share.

On 3 March 2009, the Company granted 22,123,210 share options (all at subscription price of HK\$0.938 per Share) to Directors and selected employees of the Company and its affiliates, of which 582,390 share options have since lapsed.

The fair value of the share options granted during the year is set out in note 31 to the 2009 Financial Statement.

Except for the options granted on 24 January 2008 which vested on 27 November 2008, all other options granted are subject to a one-year vesting period.

No option was cancelled during the year.

Except for the Share Option Scheme, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under 18 years of age to acquire Shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTION

On 25 February 2010, the Company completed the acquisition of a company holding a 30% equity interest ("Acquisition") in Shanghai Jia Hui Da Real Estate Development Company Limited ("JHD") (an indirect wholly owned subsidiary of the Company). Upon completion of the Acquisition, the effective interest of the Group in JHD has been increased from 39.6% to 69.6%.

The Acquisition was a connected transaction under Rules 14A.11(1) and 14A.11(4) of Listing Rules. Details of the Acquisition were included in the announcement made by the Company on 7 January 2010 and the circular of the Company dated 28 January 2010. The written certificate dated 6 January 2010 and issued by the requested shareholders holding approximately 57.67% of the issued share capital of the Company approving the Acquisition was acceptable to the Stock Exchange in lieu of a special general meeting and the Stock Exchange had granted a waiver to that effect.

CONTINUING CONNECTED TRANSACTION

The guarantee dated 5 March 1997 ("Guarantee") given by the Company in favour of the Government of the HKSAR in respect of Contract No.GE/96/10 for 17 years quarrying rights and rehabilitation of the quarry at Tai Sheung Tok Anderson Road, Kowloon to KWP Quarry Co. Limited ("KWP") (a subsidiary of GEG) was subsisting as at year-end. Pursuant to the Second Supplementary Agreement dated 5 May 2009 and made between the Government of the HKSAR and KWP, the Guarantee was automatically extended for 2.5 years until 26 June 2016. Details of this continuing connected transaction were already disclosed in the announcement of the Company dated 10 November 2006. The Company has also referred to the Guarantee in its annual reports since 1997. No annual cap was involved. The Board (including the independent non-executive Directors) had noted the above continuing connected transaction.

The external auditors of the Company, PwC, has confirmed to the Board that:

- (1) the transaction has received the approval of the Board; and
- (2) the transaction has been entered into in accordance with the Contract No.GE/96/10 and its supplementary agreements governing the transaction.

PRE-EMPTIVE RIGHTS

There are no shareholders pre-emptive rights as a matter of Bermuda law, either under statute or at common law.

DIRECTORS' COMPETING BUSINESS

Dr. Che-woo Lui, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah (collectively, the "Relevant Directors"), are interested in several independently managed companies, which are also engaging in property investment, trading, and development. The business of these companies ("Competing Business") may compete, directly or indirectly, with the business of the Group. The Relevant Directors are also directors of certain holding companies of the Competing Business.

Report of the Directors

Notwithstanding the interests of the Relevant Directors in the Competing Business disclosed above, the Group is able to carry on its business independent of, and at arm's length from, the Competing Business, given that the Company has a strong and independent Board with 8 out of 13 Directors being non-executive/independent non-executive Directors. These non-executive/independent non-executive Directors are professionals (audit/accounting and legal), prominent businessmen, or veteran high-ranking Hong Kong Government officials. The Company has established corporate governance procedures, which ensure investment opportunities and business performance are independently assessed and reviewed. The Relevant Directors are fully aware of their fiduciary duty to the Company, and will abstain from voting on any matter where there is, or there may be, a conflict of interest. The Directors therefore consider that the Group's interests are adequately safeguarded.

Save as disclosed above, there is no other competing business interest between the Directors and his/her respective associates and the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has sufficient issued Shares in compliance with the prescribed public float under the Listing Rules.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the 2009 Financial Statements and adjusted as appropriate, is shown on pages 4 to 5 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2009:

- (1) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover; and
- (2) the aggregate amount of purchases (not including the purchases of items which were of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total of such purchases.

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors) owns more than 5% of the Company's issued share capital has any interest in the five largest customers or suppliers (not including suppliers of items of a capital nature).

MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

AUDITOR

The 2009 Financial Statements have been audited by PwC, who will retire and, being eligible, offer itself for re-appointment at the 2010 AGM.

On behalf of the Board

Che-woo Lui

Chairman and Managing Director

Hong Kong, 13 April 2010

Report of the Independent Auditor



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF K. WAH INTERNATIONAL HOLDINGS LIMITED *(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of K. Wah International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 42 to 102, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated profit and loss 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 April 2010

Consolidated Profit and Loss Statement

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenue	7	2,737,187	1,152,989
Cost of sales		(1,196,678)	(553,118)
Gross profit		1,540,509	599,871
Other operating income		41,357	39,252
Other net gains		97,683	11,957
Other operating expenses		(31,755)	(31,184)
Administrative expenses		(210,962)	(221,688)
Change in fair value of investment properties		608,646	(62,298)
Impairment loss of non-current investments		—	(667,053)
Finance costs	12	(33,811)	(130,694)
Share of profits of jointly controlled entities		40,798	54,902
Share of losses of associated companies		(57)	(63)
Profit/(loss) before taxation	8	2,052,408	(406,998)
Taxation charge	13	(772,496)	(164,869)
Profit/(loss) for the year		1,279,912	(571,867)
Attributable to:			
Equity holders of the Company		916,393	(617,247)
Minority interests		363,519	45,380
		1,279,912	(571,867)
Dividends			
Interim paid		24,704	24,704
Proposed final		247,484	24,704
	15	272,188	49,408
		HK cents	HK cents
Earnings/(loss) per share	16		
Basic		37.10	(25.03)
Diluted		37.09	(24.81)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) for the year	1,279,912	(571,867)
Other comprehensive income:		
Change in fair value of non-current investments	346,091	(351,722)
Exchange differences	(18,469)	306,695
Other comprehensive income/(loss) for the year, net of tax	327,622	(45,027)
Total comprehensive income/(loss) for the year	1,607,534	(616,894)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,241,615	(733,552)
Minority interests	365,919	116,658
	1,607,534	(616,894)

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	219,643	57,831
Investment properties	18	4,364,555	3,746,543
Leasehold land and land use rights	19	66,033	66,739
Jointly controlled entities	21	2,391,362	2,282,665
Associated companies	22	739,898	714,198
Non-current investments	23	518,324	172,233
Deferred taxation assets	34	24,320	—
Other non-current assets	24	100,112	4,858
		8,424,247	7,045,067
Current assets			
Development properties	25	7,106,032	5,682,099
Debtors and prepayments	26	298,423	939,375
Amounts due from jointly controlled entities	21	59,540	—
Tax recoverable		3,931	5,756
Structured bank deposits	27	499,796	—
Cash and bank balances	28	1,773,837	1,291,179
		9,741,559	7,918,409
Total assets		18,165,806	14,963,476
EQUITY			
Share capital	30	247,038	247,038
Reserves	32	8,657,477	7,458,661
Shareholders' funds		8,904,515	7,705,699
Minority interests		1,492,701	1,198,556
Total equity		10,397,216	8,904,255
LIABILITIES			
Non-current liabilities			
Borrowings	33	4,427,579	2,325,615
Deferred taxation liabilities	34	788,177	608,888
		5,215,756	2,934,503
Current liabilities			
Amounts due to jointly controlled entities	21	66,780	56,313
Creditors and accruals	29	703,502	562,862
Current portion of borrowings	33	1,207,899	2,418,072
Tax payable		574,653	87,471
		2,552,834	3,124,718
Total liabilities		7,768,590	6,059,221
Total equity and liabilities		18,165,806	14,963,476
Net current assets		7,188,725	4,793,691

Che-woo Lui

Chairman and Managing Director

Paddy Tang Lui Wai Yu

Executive Director

Company Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Subsidiaries	20	259,561	259,561
Jointly controlled entities	21	438,568	438,568
		698,129	698,129
Current assets			
Amounts due from subsidiaries	20	2,761,722	2,858,703
Amounts due from jointly controlled entities	21	59,540	—
Debtors and prepayments	26	290	435
Tax recoverable		1,435	1,435
Cash and bank balances	28	632	51,338
		2,823,619	2,911,911
Total assets		3,521,748	3,610,040
EQUITY			
Share capital	30	247,038	247,038
Reserves	32	3,265,958	3,242,131
Shareholders' funds		3,512,996	3,489,169
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities	34	—	17,955
		—	17,955
Current liabilities			
Creditors and accruals	29	2,799	2,916
Current portion of borrowings	33	—	100,000
Tax payable		5,953	—
		8,752	102,916
Total liabilities		8,752	120,871
Total equity and liabilities		3,521,748	3,610,040
Net current assets		2,814,867	2,808,995

Che-woo Lui

Chairman and Managing Director

Paddy Tang Lui Wai Yu

Executive Director

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Cash flows from operating activities			
Cash from/(used in) operations	35(a)	730,248	(1,148,532)
Tax paid		(129,635)	(187,587)
Interest paid		(128,922)	(186,640)
Net cash from/(used in) operating activities		471,691	(1,522,759)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,137)	(9,432)
Loans (to)/repayment from jointly controlled entities		(116,537)	921,710
Loans to associated companies		(25,757)	(61,475)
Other loan granted		(113,570)	—
Increase in structured bank deposits		(499,796)	—
Proceeds from disposal of property, plant and equipment		246	4
Disposal of a subsidiary	35(b)	—	50,004
Interest received		16,368	19,353
Dividends received from jointly controlled entities		750	44,452
Net cash (used in)/from investing activities		(753,433)	964,616
Cash flows from financing activities			
Issue of new shares	35(c)	—	1,792
Redemption of convertible bonds		(18,298)	—
New long-term bank loans		2,434,129	762,171
Repayment of long-term borrowings		(1,319,363)	(753,016)
New short-term bank loans repayable after three months from date of advance		330,000	852,260
Repayment of short-term bank loans repayable after three months from date of advance		(543,636)	(800,723)
Capital contribution from a minority shareholder		—	5,260
Dividends paid to minority shareholders		(71,774)	—
Dividends paid to shareholders		(49,408)	(713,148)
Net cash from/(used in) financing activities		761,650	(645,404)
Net increase/(decrease) in cash and bank balances			
Cash and bank balances at beginning of year		1,291,179	2,444,742
Changes in exchange rates		2,750	49,984
Cash and bank balances at end of year		1,773,837	1,291,179

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 31 December 2008	247,038	7,458,661	7,705,699	1,198,556	8,904,255
Redemption of convertible bonds	—	889	889	—	889
Fair value of share options	—	5,720	5,720	—	5,720
Dividends	—	(49,408)	(49,408)	(71,774)	(121,182)
Total comprehensive income for the year		1,241,615	1,241,615	365,919	1,607,534
At 31 December 2009	247,038	8,657,477	8,904,515	1,492,701	10,397,216
At 31 December 2007	245,869	8,256,702	8,502,571	1,056,774	9,559,345
Conversion of convertible bonds, net of tax	1,075	17,571	18,646	—	18,646
Issue of shares upon exercise of share options	94	1,698	1,792	—	1,792
Fair value of share options	—	14,717	14,717	—	14,717
Capital contribution from minority shareholders	—	—	—	25,124	25,124
Dividends	—	(98,475)	(98,475)	—	(98,475)
Total comprehensive (loss)/income for the year		(733,552)	(733,552)	116,658	(616,894)
At 31 December 2008	247,038	7,458,661	7,705,699	1,198,556	8,904,255

Notes to the Financial Statements

1 GENERAL INFORMATION

K. Wah International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business in Hong Kong is 29 Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The principal activities of the Company and its subsidiaries (together the "Group") are property development and investment in Hong Kong, Mainland China and Singapore.

These financial statements have been approved for issue by the Board of Directors on 13 April 2010.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") under the historical cost convention as modified by the revaluation of investment properties and non-current investments, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2008, except as stated below.

a. Change in accounting policy

The Group continually reviews the appropriateness of accounting policies adopted. During the year, the Group changed its accounting policy for leasehold land and land use rights which are accounted for as development properties. Leasehold land and land use rights which are accounted for as development properties meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases". Previously, leasehold land and land use rights which were accounted for as development properties were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation of leasehold land and land use rights during the development phase was capitalised as part of the development costs of the development properties. Amortisation charge incurred prior to development and following completion of the property was recognised in profit or loss.

Subsequent to the change in accounting policy, leasehold land and land use rights which are accounted for as development properties are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

Management believes that the new classification of leasehold land and land use rights as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects management's intent regarding the use of the leasehold land and land use rights, and results in a presentation consistent with industry practice.

2 BASIS OF PREPARATION (cont'd)

a. Change in accounting policy (cont'd)

Since development commenced almost immediately after leasehold land and land use rights were obtained, and a large majority of completed properties were sold in the same period in which the respective properties were completed, substantially all amortisation charges have been capitalised in prior years. Accordingly, the change in accounting policy has had no material effect on the consolidated profit and loss statement of the Group for the current year or comparative periods. Also, as the leasehold land and land use rights were accounted for as part of development properties in prior years, the change in accounting policy would not affect any components in the consolidated balance sheet.

b. Adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS")

In 2009, the Group adopted the following new accounting standards, amendments and interpretation of HKFRS, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 7 (Amendment)	Financial Instruments — Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate

HKICPA's improvement to certain HKFRS published in October 2008

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10 (Amendment)	Events after the Reporting Period
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 18 (Amendment)	Revenue
HKAS 19 (Amendment)	Employee Benefits
HKAS 23 (Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 34 (Amendment)	Interim Financial Reporting
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new standards, amendments and interpretation and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8.

Notes to the Financial Statements

2 BASIS OF PREPARATION (cont'd)

b. Adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") (cont'd)

The following standards, amendments and interpretations are effective for the accounting periods of the Group beginning on and after 1 January 2010 which are relevant to its operations and the Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will result.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HKFRS 9	Financial Instruments
HK(IFRIC) — Int 17	Distributions on Non-cash Assets to Owners
HK(IFRIC) — Int 18	Transfers of Assets from Customers

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements, which have been consistently applied to all the years presented, are set out below.

3.1 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post acquisition results and reserves of its jointly controlled entities and associated companies attributable to the Group.

Results attributable to subsidiaries, jointly controlled entities and associated companies acquired or disposed of during the financial period are included in the consolidated profit and loss statement from the date of acquisition or to the date of disposal as applicable.

The profit or loss on disposal of subsidiaries, jointly controlled entities and associated companies is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

3.2 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a direct or indirect shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Subsidiaries (cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by the Group is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the financial statements to ensure consistency with the policies adopted by the Group.

In the balance sheet of the Company, the investments in subsidiaries are stated at cost less provision for impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

3.3 Minority interests

Minority interests represent the interest of outside shareholders in the operating results and net assets of subsidiaries.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated profit and loss statement. Purchases of equity interests from minority interests result in goodwill which is the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired. If the cost of acquisition is less than the relevant share of the carrying value of net assets acquired, the difference is recognised directly in the consolidated profit and loss statement.

3.4 Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with the other venturer undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity.

Investments in jointly controlled entities are accounted for under the equity method of accounting and are initially recognised at cost. The investments in jointly controlled entities of the Group include goodwill identified on acquisition, net of any accumulated impairment. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies of the Group. See note 3.9 for the impairment of non-financial assets including goodwill.

The share of post-acquisition profits or losses of jointly controlled entities attributable to the Group is recognised in the consolidated profit and loss statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Jointly controlled entities (cont'd)

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the interest in the jointly controlled entities held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the balance sheet of the Company, investments in jointly controlled entities are stated at cost less provision for impairment. The results of jointly controlled entities are accounted for by the Company on the basis of dividend income.

3.5 Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management, generally accompanying a shareholding of between 20% to 50% of the voting rights.

Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The investments in associated companies of the Group include goodwill identified on acquisition, net of any accumulated impairment. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies of the Group. See note 3.9 for the impairment of non-financial assets including goodwill.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognised in the consolidated profit and loss statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the balance sheet of the Company, investments in associated companies are stated at cost less provision for impairment. The results of associated companies are accounted for by the Company on the basis of dividend income.

3.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiary, jointly controlled entity and associated company attributable to the Group at the effective date of acquisition and, in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Goodwill (cont'd)

Goodwill on acquisition of subsidiaries is recognised separately as an intangible asset. Goodwill on acquisition of associated company and jointly controlled entity is included in investments in associated company and jointly controlled entity and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the consolidated profit and loss statement.

3.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced asset is derecognised. All other repairs and maintenance costs are expensed in the profit and loss statement during the financial period in which they are incurred.

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

Buildings on leasehold land and improvements are depreciated over their respective lease periods using the straight-line method. Depreciation of other property, plant and equipment is calculated to write off their costs to their estimated residual values using the straight-line method over their estimated useful lives as follows:

Plant and machinery	10 years
Other assets	3 to 10 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold land, land held under operating leases and buildings held under finance leases. Land held under operating leases and buildings is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active continues to be measured at fair value. Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss statement during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in the profit and loss statement. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to completed properties held for sale at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as revaluation of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this write-back is recognised in the profit and loss statement. This revaluation reserve shall remain and be transferred to revenue reserve upon disposal of this property.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment of investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

3.10 Investments

The Group classifies its investments in the categories of financial assets at fair value through profit or loss (other investments), loans and receivables, and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) *Financial assets at fair value through profit or loss (other investments)*

Financial assets at fair value through profit or loss (other investments) are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss statement, and subsequently carried at fair value.

(b) *Loans and receivable*

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date and are classified as non-current assets. Loans and receivable are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

(c) *Available-for-sale investments*

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the balance sheet under non-current investments unless management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale investments are initially recognised at fair value plus transaction cost and subsequently carried at fair value.

Regular way purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Investments (cont'd)

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the profit and loss statement in the financial period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary investments classified as available-for-sale are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from the investments. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered as an indicator in determining whether the investments are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss statement is removed from equity and recognised in the profit and loss statement. Impairment losses recognised in the profit and loss statement on equity investments are not reversed through the profit and loss statement.

3.11 Development properties

Development properties are included under current assets and comprise leasehold land and land use rights, construction costs, an appropriate proportion of overhead expenditure and borrowing costs attributable to the development, less provisions for impairment. Development properties are carried at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.12 Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of debtors. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the profit and loss statement within other operating expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the profit and loss statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions repayable within three months from the date of placement, less bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

3.14 Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facilities to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.16 Convertible bonds

(a) *Convertible bonds with equity component*

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible note. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognised in equity, net of any tax effects.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Convertible bonds (cont'd)

(a) *Convertible bonds with equity component (cont'd)*

When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion, are transferred to share capital and share premium for the shares issued. When the bond is redeemed, the relevant equity component is transferred to revenue reserve.

(b) *Convertible bonds without equity component*

All other convertible bonds which do not exhibit the characteristics mentioned in (a) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract. At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability under the contract. Transaction costs that relate to the issue of the convertible note are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the profit and loss statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

When the note is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the note is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the profit or loss statement.

3.17 Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. The up-front prepayments made for leasehold land and land use rights are amortised on a straight-line basis over the period of the lease except where the property is classified as an investment property or a development property or where there is impairment, the impairment is expensed in the profit and loss statement. The amortisation of leasehold land and land use rights is capitalised as part of the costs of the property when the leasehold land and land use rights are under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in the profit and loss statement. The unamortised upfront payments are recognised as cost of disposal when the relevant properties are disposed of.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, before any tax effects, that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.20 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Employee benefits

(a) *Employee entitlements, benefits and bonuses*

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expense in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(b) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

3.22 Borrowing costs

Interest and related costs on borrowings directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss statement in the financial period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties, goods and services in the ordinary course of the activities of the Group. Revenue is shown, net of value-added tax, business tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities of the Group have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) *Sales of properties*

Sales of properties are recognised when the risk and rewards of the property have been passed to the purchasers. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet as advanced proceeds on sale of properties under current liabilities.

(b) *Rental income*

Rental income net of any incentives given to the lessees is recognised over the periods of the respective leases on a straight-line basis.

(c) *Sales of goods*

Sales of goods are recognised when the goods are delivered and legal title is transferred to the purchasers.

(d) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method, taking into account the outstanding principal amounts and the applicable interest rates.

(e) *Dividend income*

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

3.24 Foreign currencies

(a) *Functional and presentation currency*

Transactions included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the functional currency of the Company and presentation currency of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.24 Foreign currencies (cont'd)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the profit and loss statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in the profit and loss statement within 'other net gains'.

Translation differences on non-monetary financial assets held at fair value through profit or loss are recognised in the profit and loss statement as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale investments are included in the investment reserve in equity.

(c) *Group companies*

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
- (ii) income and expenses for each profit and loss statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, such exchange differences that are recorded in the equity are recognised in the profit and loss statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the balance sheet date.

3.25 Insurance contracts

The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the profit and loss statement. The Group regards its financial guarantees provided to its subsidiaries, jointly controlled entities and associates companies as insurance contracts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3.27 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the period in which the dividend payable becomes legal and constructive obligations of the Company.

4 FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The property industry is sensitive to the economic environment in Hong Kong and Mainland China, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and bank facilities to fund its operations.

Risk management is carried out by the management of the Group under the supervision of the Board of Directors. The management of the Group identifies, evaluates and manages significant financial risks in the individual operating units of the Group. The Board provides guidance for overall risk management.

4.1 Financial risk factor

4.1.1. Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong, Mainland China, Singapore and Japan and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB").

Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the entities in the Group.

Except for HK\$ borrowings for entities in Mainland China, all the Group's borrowings are denominated in the functional currency of the entities to minimise the foreign exchange risk.

The Group also monitors foreign exchange risk and considers to enter into forward foreign exchange contracts to reduce exposure where necessary. The Group does not hedge any net investments in foreign operations.

At 31 December 2009, if Hong Kong dollar had weakened or strengthened by 3% (2008: 3%) against RMB, with all other variables held constant, profit before taxation for the year would have been higher or lower by approximately HK\$36 million (2008: loss before taxation would have been lower or higher by approximately HK\$37 million) mainly as a result of foreign exchange gains/losses arising from translation of borrowings and cash at banks.

4 FINANCIAL RISK MANAGEMENT (cont'd)

4.1 Financial risk factor (cont'd)

4.1.1 Market risk (cont'd)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. Borrowings with variable rates expose the Group to cash flow interest rate risk. Borrowings with fixed rates expose the Group to fair value interest rate risk.

With regard to cash flow interest rate risk of borrowings, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for long term. In case of funding requirement, other than bank borrowings, the Group may issue fixed-rate instruments, such as bonds, to avoid fluctuation of interest costs over the period of the instruments.

The Group has followed a policy of developing long-term banking facilities to match its long-term investments in Hong Kong and Mainland China. The policy also involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

At 31 December 2009, if interest rates had been increased or decreased by 1% (2008: 1%) with all other variables held constant, the profit before taxation for the year would decrease or increase by approximately HK\$34 million (2008: loss before taxation would increase or decrease by approximately HK\$34 million) mainly as a result of higher or lower interest expenses.

(iii) Price risk

The Group is exposed to equity securities price risk through investments held by the Group classified as available-for-sale investments which are publicly traded.

At 31 December 2009, if the share price of the available-for-sale investments had been increased or decreased by 10% (2008: 10%) with all other variables held constant, the equity would increase or decrease by approximately HK\$52 million (2008: loss before taxation for the year would decrease or increase by approximately HK\$17 million).

4.1.2 Credit risk

The Group's credit risk is primarily attributable to trade and other debtors, bank deposits, amounts due from jointly controlled entities and associated companies.

The Group has policies in place to ensure that sales of properties, goods and services are made to customers with an appropriate credit history. The Group reviews the recoverable amount of the debtors on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

4 FINANCIAL RISK MANAGEMENT (cont'd)

4.1 Financial risk factor (cont'd)

4.1.2. Credit risk (cont'd)

In respect of credit exposures to customers for sales of properties, the Group normally receives deposits or progress payments from individual customers prior to the completion of sales transactions. With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. Amounts due from jointly controlled entities and associated companies are generally supported by the underlying assets and the Group monitors the credibility of jointly controlled entities and associated companies continuously.

At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

The credit risk on liquid funds is limited because 97% of the funds are placed in banks with high credit rankings, ranging from AA to BBB, and the remaining 3% in local banks in different countries with close monitoring by the management and there is no concentration in any particular bank. Management does not expect any losses from non-performance of these banks.

4.1.3. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. It prepares cash flow forecasts to assess funding needs on a regular basis and, if necessary, obtains financing to meet the funding requirement.

The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business. In addition, standby credit facilities are obtained from banks to provide contingent liquidity support. As at 31 December 2009, the Group's total undrawn facilities amounted to HK\$2.4 billion (2008: HK\$2.4 billion).

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting the construction progress of development properties, implementing cost control measures and accelerating sales with more flexible pricing. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

Notes to the Financial Statements

4 FINANCIAL RISK MANAGEMENT (cont'd)

4.1 Financial risk factor (cont'd)

4.1.3. Liquidity risk (cont'd)

The contractual maturity of the Group and the Company for its financial liabilities, drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company is required to pay and include both interest and principal, is set out below.

Group

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2009					
Bank loans	1,310,502	2,054,288	2,452,868	—	5,817,658
Trade creditors	264,674	—	—	—	264,674
Other creditors and accruals	195,686	—	—	—	195,686
Amounts due to jointly controlled entities	66,780	—	—	—	66,780
Amounts due to minority shareholders	108,941	—	—	—	108,941
Total	1,946,583	2,054,288	2,452,868	—	6,453,739
At 31 December 2008					
Bank loans	2,506,084	444,245	1,979,774	—	4,930,103
Convertible bonds	18,348	—	—	—	18,348
Trade creditors	287,248	—	—	—	287,248
Other creditors and accruals	134,339	—	—	—	134,339
Amounts due to jointly controlled entities	56,313	—	—	—	56,313
Amounts due to minority shareholders	119,146	—	—	—	119,146
Total	3,121,478	444,245	1,979,774	—	5,545,497

4 FINANCIAL RISK MANAGEMENT (cont'd)

4.1 Financial risk factor (cont'd)

4.1.3. Liquidity risk (cont'd)

Company

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2009					
Other creditors	2,799	—	—	—	2,799
Total	2,799	—	—	—	2,799
At 31 December 2008					
Bank loans	100,675	—	—	—	100,675
Other creditors	2,916	—	—	—	2,916
Total	103,591	—	—	—	103,591

Note: Interest on borrowings is calculated on borrowings held as at 31 December 2009 and 2008. Floating-rate interest is estimated using the current interest rate as at 31 December 2009 and 2008 respectively.

4.2 Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of borrowings and equity.

The Directors of the Company review the capital structure periodically. As a part of this review, the Directors of the Company assess the annual budget prepared by the finance department which reviews the planned construction projects proposed by project department and prepared the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the Directors of the Company consider the cost of capital and the risks associated with capital. The Directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which is calculated as net borrowings to total assets excluding cash and bank balances and deposits. Net borrowings is calculated as total borrowings, including current and non-current borrowings, less cash and bank balances and deposits.

Notes to the Financial Statements

4 FINANCIAL RISK MANAGEMENT (cont'd)

4.2 Capital risk management (cont'd)

The gearing ratio is calculated as follows:

	2009 HK\$'000	2008 HK\$'000
Total borrowings	5,635,478	4,743,687
Less: Cash, bank balances and deposits	2,273,633	1,291,179
Net borrowings	3,361,845	3,452,508
Total assets excluding cash, bank balances and deposits	15,892,173	13,672,297
Gearing ratio	21%	25%

4.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 31 December 2009, the Group had no Level 3 financial instruments. The only Level 1 financial instrument represents the non-current investments (note 23) and the only Level 2 financial instrument represents the structured bank deposits (note 27).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-trading securities and other financial assets that are not traded in an active market, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date.

The fair values of long-term borrowings are estimated using the expected future contractual payments discounted at current market interest rates.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, debtors, bank balances, creditors and current borrowings are assumed to approximate their fair values.

5 CRITICAL ACCOUNTING ESTIMATES AND ADJUSTMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Current and deferred taxation and land appreciation tax

Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such difference will impact the provision for current and deferred taxation in the financial period in which such determination is made.

The Group is subject to land appreciation tax in Mainland China. However, the actual implementation of this tax varies is uncertain amongst local tax authorities. Accordingly, significant judgement is required in determining the amount of the land appreciation tax and its related tax provision. The Group recognises the land appreciation tax based on best estimates according to the understanding of the tax rules. The final taxation outcome could be different from the amounts that were initially recorded, and these differences will impact the costs of sales and provision for taxation in the financial period in which such determination is made.

Deferred taxation assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) Fair value of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

5 CRITICAL ACCOUNTING ESTIMATES AND ADJUSTMENTS (cont'd)

(b) Fair value of investment properties (cont'd)

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The valuations are reviewed annually by external valuers.

(c) Provision for development properties

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

(d) Impairment of non-financial assets

The Group tests at each balance sheet date whether goodwill or assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

(e) Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the options at the date of granting the options.

6 SEGMENT INFORMATION

The Group is principally engaged in property development and investment in Hong Kong, Mainland China and Singapore and carries on trading of plant and machinery in Japan. In accordance with the internal financial reporting of the Group provided to the chief operating decision-maker for the purposes of allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are property development, property investment and trading of plant and machinery. The Group regards the Board of Directors as the chief operating decision-maker.

The results of the operating segments represent the adjusted earnings before interest, tax, depreciation, amortisation and certain items (the "Adjusted EBITDA"). Certain items include other operating income/ expenses, other gains/losses, change in fair value of investment properties. Also, the Adjusted EBITDA excludes the share of results of jointly controlled entities and associated companies. There are no sales or trading transactions between the operating segments. Others represent corporate level activities including central treasury management and administrative function.

Segment assets primarily consist of property, plant and equipment, other non-current assets, properties, debtors and prepayments, tax recoverable and cash, deposits and bank balances and other assets mainly include non-current investments and other non-operating assets held by the corporate office. Segment liabilities comprise mainly creditors and accruals, amounts due to jointly controlled entities, borrowings, current and deferred taxation liabilities. Other liabilities included liabilities not arising from the operation of the operating segments.

	Property development			Property investment	Trading	Others	Total
	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2009							
Revenue	162,290	2,206,030	—	258,862	110,005	—	2,737,187
Adjusted EBITDA	58,026	1,169,255	(1,433)	225,652	5,039	(120,014)	1,336,525
Other income/gain, net							107,285
Depreciation and amortisation							(6,978)
Change in fair value of investment properties							608,646
Finance costs							(33,811)
Share of profits of jointly controlled entities	159	40,639					40,798
Share of losses of associated companies	(57)						(57)
Profit before taxation							2,052,408
Taxation charge							(772,496)
Profit for the year							1,279,912
As at 31 December 2009							
Segment assets	1,726,077	7,977,047	60,772	4,518,487	26,566	—	14,308,949
Other assets	—	—	—	—	—	725,597	725,597
Jointly controlled entities	1,739,707	651,655	—	—	—	—	2,391,362
Associated companies	739,898	—	—	—	—	—	739,898
Total assets	4,205,682	8,628,702	60,772	4,518,487	26,566	725,597	18,165,806
Total liabilities	3,350,928	2,696,751	23,870	1,633,034	14,244	49,763	7,768,590

Notes to the Financial Statements

6 SEGMENT INFORMATION (cont'd)

	Property development			Property investment	Trading	Others	Total
	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2008							
Revenue	662,222	59,748	21,704	261,845	147,470	—	1,152,989
Adjusted EBITDA	329,053	(24,812)	7,417	217,157	4,293	(133,579)	399,529
Other income/gain, net							20,025
Depreciation and amortisation							(21,346)
Change in fair value of investment properties							(62,298)
Impairment loss on non-current investments							(667,053)
Finance costs							(130,694)
Share of profits of jointly controlled entities	2,219	52,683					54,902
Share of losses of associated companies	(63)						(63)
Loss before taxation							(406,998)
Taxation charge							(164,869)
Loss for the year							(571,867)
As at 31 December 2008							
Segment assets	1,190,156	6,253,187	51,548	3,985,030	33,398	—	11,513,319
Other assets	—	—	—	—	—	453,294	453,294
Jointly controlled entities	1,613,295	669,370	—	—	—	—	2,282,665
Associated companies	714,198	—	—	—	—	—	714,198
Total assets	3,517,649	6,922,557	51,548	3,985,030	33,398	453,294	14,963,476
Total liabilities	2,205,907	2,100,289	23,167	1,571,706	23,715	134,437	6,059,221

Geographical segment information

The Group operates in four main geographical areas, including Hong Kong, Mainland China, Singapore and Japan.

The revenue for the years ended 31 December 2009 and 2008 and total non-current assets as at 31 December 2009 and 2008 by geographical area are as follows:

Revenue

	2009 HK\$'000	2008 HK\$'000
Hong Kong	185,101	688,652
Mainland China	2,422,619	276,167
Singapore	19,462	40,700
Japan	110,005	147,470
	2,737,187	1,152,989

6 SEGMENT INFORMATION (cont'd)**Geographical segment information (cont'd)***Non-current assets*

	2009 HK\$'000	2008 HK\$'000
Hong Kong	3,604,241	3,019,635
Mainland China	4,669,342	3,851,720
Singapore	150,240	173,018
Japan	424	694
	8,424,247	7,045,067

Certain comparative figures have been restated to conform with the adoption of HKFRS8 — Operating Segments.

7 REVENUE

	2009 HK\$'000	2008 HK\$'000
Sale of properties	2,368,320	743,674
Rental income	258,862	261,845
Sale of goods	110,005	147,470
	2,737,187	1,152,989

Notes to the Financial Statements

8 PROFIT/(LOSS) BEFORE TAXATION

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) before taxation is stated after crediting:		
Interest income from banks	15,869	18,342
Interest income from mortgage loans	499	1,011
Net exchange gains	33,433	72,050
Write-back of impairment loss on land deposits	64,008	—
Write-back of provision for construction costs	19,459	—
Gain on disposal of property, plant and equipment	240	—
Gain on disposal of a subsidiary	—	3,985
and after charging:		
Cost of properties sold	1,047,993	319,724
Cost of inventories sold	93,991	132,206
Depreciation (net of amount capitalised under properties under development of HK\$185,000 (2008: HK\$1,674,000))	6,271	3,875
Amortisation for leasehold land and land use rights (2008: net of amount capitalised under properties under development of HK\$13,760,000)	707	17,471
Provision for doubtful debts	24	14,065
Impairment loss on land deposit	—	63,897
Employee benefit expenses (including Directors' remuneration) (note)	145,269	147,645
Donations	136	169
Auditor's remuneration		
Audit services		
Provision for the year	2,734	2,376
Underprovision for prior years	127	451
Non-audit services	1,336	831
Loss on disposal of property, plant and equipment	—	76
Operating lease rental for land and buildings	2,640	2,580
Outgoings in respect of investment properties		
Direct operating expense of investment properties that generate rental income	3,762	4,637
Direct operating expense of investment properties that did not generate rental income	388	698

Note: Employee benefit expenses are stated after amount capitalised under properties under development of HK\$24,790,000 (2008: HK\$26,290,000).

9 EMPLOYEE BENEFIT EXPENSES

	2009 HK\$'000	2008 HK\$'000
Staff costs including directors' emoluments	155,957	151,855
Share options granted to directors and employees	5,720	14,717
Pension costs — defined contribution plans	8,382	7,363
	170,059	173,935

The Group operates two defined contribution schemes in Hong Kong which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance ("ORSO") and Mandatory Provident Fund ("MPF") Schemes Ordinance. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage ranging from 5% to 10% (depending upon the length of employment) of the basic salary of the employee, minus the mandatory contributions to the MPF Scheme. The contributions to the ORSO Scheme may be reduced by contributions forfeited in respect of those employees who leave the scheme prior to the full vesting of the contributions of the Group on the employee.

Employees in Mainland China participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to those plans at rates ranging from 20% to 22% of the basic salaries of the employees, depending upon the applicable local regulations. The Group has no other obligations for the payment of pension and other post-retirement benefits of employees other than the above payments.

During the year, forfeitures contributions of HK\$347,000 (2008: HK\$171,000) were utilised, leaving HK\$nil (2008: HK\$110,000) available at the balance sheet date to reduce future contributions.

Notes to the Financial Statements

10 DIRECTORS' REMUNERATION

Name	Directors'	Salaries, allowances and benefits	Discretionary	Pension scheme	Share	2009	2008
	fee	in kind	bonuses	contributions	options (a)	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Che-woo Lui	120	4,725	457	480	904	6,686	6,999
Francis Lui Yiu Tung	100	1,050	—	105	—	1,255	1,255
Eddie Hui Ki On ^(b)	150	289	—	—	—	439	4,782
Paddy Tang Lui Wai Yu	100	2,000	161	176	805	3,242	4,364
Lennon Lun Tsan Kau ^(b)	46	—	—	—	—	46	1,951
Albert Lam Kwong Yu ^(b)	60	690	161	—	—	911	1,279
Sir David Akers-Jones	100	—	—	—	—	100	477
Michael Leung Man Kin	180	—	—	—	—	180	557
Moses Cheng Mo Chi ^(c)	—	—	—	—	—	—	—
Philip Wong Kin Hang ^(b)	40	—	—	—	—	40	100
Leo Lee Tung Hai	100	—	—	—	—	100	477
Robin Chan Yau Hing	100	—	—	—	—	100	477
Charles Cheung Wai Bun ^(b)	97	—	—	—	—	97	240
Robert George Nield	220	—	—	—	—	220	597
William Yip Shue Lam	128	—	—	—	—	128	—
Poon Chung Kwong ^(c)	—	—	—	—	—	—	—
	1,541	8,754	779	761	1,709	13,544	23,555

- (a) The value of the share options granted to the Directors under the Share Option Scheme of the Company represented the fair value of those options charged to the profit and loss statement for the year in accordance with the accounting policies of the Group.
- (b) Resigned / retired.
- (c) Newly appointed.

11 FIVE HIGHEST PAY INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2008: three) Directors whose emoluments are reflected in note 10 above. The emoluments of the remaining three (2008: two) individuals are as follows:

	2009 HK\$'000	2008 HK\$'000
Salaries and other emoluments	9,585	5,540
Pension cost — defined contribution plans	769	510
Discretionary bonuses	947	402
Share options	930	1,749
	12,231	8,201

11 FIVE HIGHEST PAY INDIVIDUALS (cont'd)

The emoluments of the individuals fell within the following bands:

	Number of employees	
	2009	2008
HK\$3,000,001–HK\$3,500,000	2	1
HK\$5,000,001–HK\$5,500,000	—	1
HK\$5,500,001–HK\$6,000,000	1	—
	3	2

12 FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest expense		
Bank loans, overdrafts and others, wholly repayable within five years	146,167	186,461
Finance cost of convertible bonds, wholly repayable within five years	202	1,489
Capitalised as cost of properties under development	(112,558)	(57,256)
	33,811	130,694

The capitalisation rates applied to funds borrowed generally and used for the development of properties are between 1% and 6% per annum (2008: 3% to 5% per annum).

13 TAXATION CHARGE

	2009 HK\$'000	2008 HK\$'000
Current		
Hong Kong profits tax	139	40,747
Mainland China		
— Income tax	255,947	51,445
— Land appreciation tax	354,899	2,995
Overseas	2,963	3,923
(Over)/under provision in previous years	(4,440)	5,327
Deferred (note 34)	162,988	60,432
	772,496	164,869

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year after setting off available tax losses brought forward.

Notes to the Financial Statements

13 TAXATION CHARGE (cont'd)

Taxation assessable on profits generated in Mainland China and overseas has been provided at the rates of taxation prevailing in Mainland China and overseas in which the Group operates.

With effect from 1 January 2008, the corporate income tax rate for the Group's subsidiaries in Mainland China is reduced from 33% to 25% upon coming into effect of the new Corporate Income Tax Law in Mainland China approved by the National People's Congress on 16 March 2007. Dividends to be paid out from earnings of Mainland China incorporated enterprises arising on or after 1 January 2008 in Mainland China to overseas investors are subject to a withholding tax of 5% or 10%, depending on the tax jurisdiction of the holding company and deferred taxation is provided for in this respect.

Land appreciation tax in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the profit and loss statement as taxation charge.

The taxation charge on the profit/(loss) before taxation differs from the theoretical amount that would arise using the applicable taxation rate being the weighted average of rates prevailing in the countries in which the Group operates, as follows:

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) before taxation	2,052,408	(406,998)
Share of profits of jointly controlled entities	(40,798)	(54,902)
Share of losses of associated companies	57	63
	2,011,667	(461,837)
Tax calculated at applicable tax rate	402,522	(76,070)
Income not subject to taxation	(24,486)	(3,259)
Expenses not deductible for taxation purposes	9,233	145,667
Utilisation of previously unrecognised tax losses	(1,800)	(4,429)
Tax loss not recognised	16,902	33,568
Change in tax rate	(799)	30
(Over)/under provision in previous years	(4,440)	5,327
	397,132	100,834
Withholding tax	20,465	61,040
Land appreciation tax	354,899	2,995
Taxation charge	772,496	164,869

14 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK\$66,626,000 (2008: HK\$24,481,000).

15 DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Interim cash dividend of 1 HK cent (2008: cash dividend of 1 HK cent) per share	24,704	24,704
Proposed final scrip dividend (with a cash option) of 10 HK cents (2008: cash dividend of 1 HK cent) per share (a)	247,484	24,704
	272,188	49,408
The dividends have been settled by cash as follows:		
Interim	24,704	24,704
Final	—	24,704
	24,704	49,408

- (a) The Board of Directors recommended the payment of a final scrip dividend (with a cash option) in respect of 2009 of 10 HK cents (2008: cash dividend of 1 HK cent) per share. This dividend will be accounted for as an appropriation of revenue reserve in the year ending 31 December 2010.

16 EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share for the year is based on the following:

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) attributable to equity holders of the Company	916,393	(617,247)
Effect of dilutive potential shares		
Interest on convertible bonds, net of tax	169	1,244
Profit/(loss) for calculation of diluted earnings/(loss) per share	916,562	(616,003)
	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings/(loss) per share	2,470,383,000	2,465,575,000
Effect of dilutive potential shares		
Convertible bonds (Note)	—	15,233,000
Share options	676,000	2,207,000
Weighted average number of shares for calculating diluted earnings/(loss) per share	2,471,059,000	2,483,015,000

(Note) The entire amount of the outstanding convertible bonds were redeemed at 91.49% by the Group on 23 March 2009.

17 PROPERTY, PLANT AND EQUIPMENT**Group**

	Buildings	Assets under construction	Plant and machinery	Other assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost					
At 31 December 2007	54,353	—	2,778	29,090	86,221
Exchange differences	815	—	170	979	1,964
Additions	—	—	—	9,432	9,432
Disposals	—	—	—	(457)	(457)
At 31 December 2008	55,168	—	2,948	39,044	97,160
Exchange differences	94	—	5	(4)	95
Additions	—	—	—	15,137	15,137
Transfer from development properties	—	153,085	—	—	153,085
Disposals	—	—	—	(2,963)	(2,963)
At 31 December 2009	55,262	153,085	2,953	51,214	262,514
Accumulated depreciation					
At 31 December 2007	12,158	—	500	20,831	33,489
Exchange differences	41	—	33	594	668
Charge for the year	1,159	—	263	4,127	5,549
Disposals	—	—	—	(377)	(377)
At 31 December 2008	13,358	—	796	25,175	39,329
Exchange differences	30	—	2	11	43
Charge for the year	1,161	—	265	5,030	6,456
Disposals	—	—	—	(2,957)	(2,957)
At 31 December 2009	14,549	—	1,063	27,259	42,871
Net book value					
At 31 December 2009	40,713	153,085	1,890	23,955	219,643
At 31 December 2008	41,810	—	2,152	13,869	57,831

Buildings with carrying values of HK\$40,713,000 (2008: HK\$41,810,000) were pledged to secure the banking facilities of the Group. Other assets comprise cruiser, furniture and equipment, leasehold improvements and motor vehicles.

18 INVESTMENT PROPERTIES

Group

	2009 HK\$'000	2008 HK\$'000
At beginning of year	3,746,543	3,679,112
Exchange differences	9,366	185,953
Disposal	—	(56,224)
Change in fair value	608,646	(62,298)
At end of year	4,364,555	3,746,543

- (a) Investment properties held under medium-term leases in Mainland China and Hong Kong amounting to HK\$3,724,895,000 (2008: HK\$3,161,705,000) and HK\$311,400,000 (2008: HK\$265,800,000) respectively, were valued at 31 December 2009 on an open market value basis by Savills Valuation and Professional Services Limited, independent professional valuers. Investment properties held under long-term leases in Hong Kong amounting to HK\$180,000,000 (2008: HK\$148,000,000) were valued at 31 December 2009 on an open market value basis by Savills Valuation and Professional Services Limited, independent professional valuers. Investment properties held under long-term leases in Singapore amounting to HK\$148,260,000 (2008: HK\$171,038,000) were valued at 31 December 2009 on an open market value basis by Chesterton International Property Consultants Pte Ltd., independent professional valuers.
- (b) Investment properties with carrying values of HK\$3,873,155,000 (2008: HK\$3,332,743,000) were pledged to secure the banking facilities of the Group.
- (c) The Group had no unprovided contractual obligations for future repairs and maintenance of the investment properties.

19 LEASEHOLD LAND AND LAND USE RIGHTS

Group

	2009 HK\$'000	2008 HK\$'000
At beginning of year	66,739	67,390
Exchange differences	1	57
Amortisation	(707)	(708)
At end of year	66,033	66,739
Long-term lease in Hong Kong	65,096	65,778
Medium-term lease in Mainland China	937	961
	66,033	66,739

The interests in leasehold land and land use rights represent prepaid operating lease payments. Leasehold land and land use rights with carrying values of HK\$66,033,000 (2008: HK\$66,739,000) were pledged to secure the banking facilities of the Group.

Notes to the Financial Statements

20 SUBSIDIARIES

	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost less provision	259,561	259,561

Amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Details of subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are given in note 40(a).

21 JOINTLY CONTROLLED ENTITIES

Group

	2009 HK\$'000	2008 HK\$'000
Share of net assets	731,377	749,684
Loan receivables	1,659,985	1,532,981
	2,391,362	2,282,665

The share of the aggregate amounts of the assets, liabilities and results of the jointly controlled entities, all of which are unlisted, attributable to the Group is as follows:

	2009 HK\$'000	2008 HK\$'000
Assets	4,099,953	3,872,898
Liabilities	(3,368,576)	(3,123,214)
Net assets	731,377	749,684
Revenue	257,183	566,976
Profit after taxation	40,798	54,902

Company

	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	438,568	438,568

Loan receivables from jointly controlled entities represent equity funding by the Group to the respective jointly controlled entities and are measured in accordance with the Group's accounting policy for investments in jointly controlled entities.

21 JOINTLY CONTROLLED ENTITIES (cont'd)

The amounts due from/(to) jointly controlled entities are unsecured, non-interest bearing and have no fixed terms of repayment.

Details of jointly controlled entities of the Group are given in note 40 (b). The jointly controlled entities do not have any material contingent liabilities as at 31 December 2009.

22 ASSOCIATED COMPANIES

Group

	2009 HK\$'000	2008 HK\$'000
Share of net liabilities	(124)	(67)
Loan receivables	740,022	714,265
	739,898	714,198

The share of the aggregate amounts of the assets, liabilities and results of the associated companies, all of which are unlisted, attributable to the Group is as follows:

	2009 HK\$'000	2008 HK\$'000
Assets	1,407,385	1,371,608
Liabilities	(1,407,509)	(1,371,675)
Net liabilities	(124)	(67)
Revenue	—	—
Loss after taxation	(57)	(6)

Loan receivables from associated companies represent equity funding by the Group to the respective associated companies and are measured in accordance with the Group's accounting policy for investments in associated companies.

Details of associated companies of the Group are given in note 40 (c). The associated companies do not have any material contingent liabilities as at 31 December 2009.

23 NON-CURRENT INVESTMENTS

Group

	2009 HK\$'000	2008 HK\$'000
Listed equity securities, at fair value	518,324	172,233

The listed securities represent the Group's 4.1% (2008: 4.1%) equity interest in Galaxy Entertainment Group Limited ("GEG"), which is incorporated and listed in Hong Kong. The principal activities of GEG are gaming, sale, manufacture and distribution of construction materials.

Notes to the Financial Statements

24 OTHER NON-CURRENT ASSETS

Group

	2009 HK\$'000	2008 HK\$'000
Loan receivable	96,325	—
Mortgage loans, net of provision	3,787	4,858
	100,112	4,858

The loan receivable is unsecured, interest free, denominated in RMB and repayable in 2011. The fair value of the loan as at 31 December 2009 is HK\$96,325,000, which is based on cash flows discounted using a rate based on the borrowing rate of 5%, which is made reference to the benchmark rate announced by the People's Bank of China.

Mortgage loans are advances to purchasers of development properties of the Group and are secured by second mortgages on the related properties. The current portion of the loans is included under other debtors. The Group has recognised an impairment of HK\$420,000 (2008: HK\$1,342,000) for its mortgage loans during the year and included in other operating expenses in the profit and loss statement.

25 DEVELOPMENT PROPERTIES

Group

	Completed HK\$'000	Under development HK\$'000	2009 HK\$'000	2008 HK\$'000
Leasehold land and land use rights	355,745	2,588,933	2,944,678	1,860,853
Development costs	580,482	3,580,872	4,161,354	3,821,246
	936,227	6,169,805	7,106,032	5,682,099

Development properties with carrying values of HK\$4,286,625,000 (2008: HK\$2,967,547,000) were pledged to secure the banking facilities of the Group.

The leasehold land and land use rights represent prepaid operating lease payments and under the following terms:

	Hong Kong HK\$'000	Mainland China HK\$'000	Singapore HK\$'000	2009 HK\$'000	2008 HK\$'000
Long-term lease	559,377	1,779,272	32,479	2,371,128	1,508,228
Medium-term lease	573,550	—	—	573,550	352,625
	1,132,927	1,779,272	32,479	2,944,678	1,860,853

26 DEBTORS AND PREPAYMENTS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade debtors, net of provision	12,016	12,693	—	—
Other debtors, net of provision	31,300	40,643	—	—
Land deposits, net of impairment	235,646	860,709	—	—
Prepayments and deposits	19,461	25,330	290	435
	298,423	939,375	290	435

The debtors and prepayments are denominated in the following currencies:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	20,488	20,031	290	435
RMB	267,186	900,693	—	—
Japanese Yen	10,600	18,391	—	—
Singapore dollar	149	260	—	—
	298,423	939,375	290	435

Trade debtors mainly comprise receivable for sales of goods and rental. Rental from tenants is due and payable in advance. The terms for sales of goods vary and are determined with reference to the prevailing market conditions.

The aging analysis of the trade debtors of the Group based on the dates of invoices and net of provision for bad and doubtful debts is as follows:

	2009 HK\$'000	2008 HK\$'000
Within one month	9,268	10,757
Two to three months	2,738	1,816
Four to six months	10	120
	12,016	12,693

Notes to the Financial Statements

26 DEBTORS AND PREPAYMENTS (cont'd)

The Group has made provision for impairment of HK\$24,000 (2008: HK\$14,065,000) for its trade and other debtors during the year and included in other operating expenses in the profit and loss statement. As at 31 December 2009, trade and other debtors of HK\$16,183,000 (2008: HK\$16,159,000) were impaired and full provision has been made. Movements on the provision are as follows:

	2009 HK\$'000	2008 HK\$'000
At beginning of year	16,159	2,094
Provision	24	14,065
At end of year	16,183	16,159

Land deposits as at 31 December 2008 were stated net of impairment loss of HK\$63,897,000.

The carrying amounts of the debtors and prepayments approximate to their fair value based on prevailing market interest rate. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

27 STRUCTURED BANK DEPOSITS

The structured bank deposits are principal-protected deposits with fixed maturity dates of not more than 3 months and their interest rates range from 0.36% to 6.00% per annum, with reference to certain interest rate and foreign currency exchange rates. The Group uses the deposits primarily to enhance the interest yield.

28 CASH AND BANK BALANCES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash at bank and in hand	1,188,372	956,301	632	756
Short-term bank deposits	585,465	334,878	—	50,582
	1,773,837	1,291,179	632	51,338

The cash and bank balances include HK\$555,122,000 (2008: HK\$256,563,000) which have been pledged or assigned for specific purposes under certain conditions.

28 CASH AND BANK BALANCES (cont'd)

The cash and bank balances are denominated in the following currencies:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	224,193	350,042	632	51,338
RMB	1,367,486	904,950	—	—
United States dollar	138,300	3,993	—	—
Others	43,858	32,194	—	—
	1,773,837	1,291,179	632	51,338

The credit quality of cash and bank balances by reference to Standard & Poor's and Moody's credit ratings is as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Credit Rating:				
AA	565,262	176,554	575	556
A	1,107,508	1,035,588	—	50,582
BBB	34,945	29,196	19	144
Others	66,122	49,841	38	56
	1,773,837	1,291,179	632	51,338

29 CREDITORS AND ACCRUALS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade creditors	264,674	287,248	—	—
Other creditors	64,665	19,183	2,799	2,916
Amounts due to minority shareholders	108,941	119,146	—	—
Accrued operating expenses	44,703	32,379	—	—
Advanced proceeds on sale of properties	134,201	22,129	—	—
Deposits received	86,318	82,777	—	—
	703,502	562,862	2,799	2,916

Balances with minority shareholders are unsecured, non-interest bearing and have no fixed terms of repayments.

Notes to the Financial Statements

29 CREDITORS AND ACCRUALS (cont'd)

The creditors and accruals are denominated in the following currencies:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	166,480	155,149	2,799	2,916
RMB	517,760	384,213	—	—
Japanese Yen	12,008	17,978	—	—
Singapore dollar	7,254	5,522	—	—
	703,502	562,862	2,799	2,916

The carrying amounts of the creditors and accruals approximate to their fair value based on prevailing market interest rate.

The aging analysis of the trade creditors of the Group based on the dates of the invoices is as follows:

	2009 HK\$'000	2008 HK\$'000
Within one month	263,071	285,936
Two to three months	1,547	1,295
Four to six months	24	—
Over six months	32	17
	264,674	287,248

30 SHARE CAPITAL

	2009		2008	
	Shares of HK\$0.10 each	HK\$'000	Shares of HK\$0.10 each	HK\$'000
Authorised:				
At beginning and end of year	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid:				
At beginning of year	2,470,383,196	247,038	2,458,690,508	245,869
Share options exercised (a)	—	—	940,000	94
Conversion of convertible bonds (b)	—	—	10,752,688	1,075
At end of year	2,470,383,196	247,038	2,470,383,196	247,038

- (a) During the year, no share options to subscribe shares were exercised. During the year of 2008, share options to subscribe for 940,000 shares were exercised, of which HK\$94,000 was credited to share capital and HK\$1,914,000 to the share premium account and HK\$216,000 was debited to share option reserve.
- (b) During the year of 2008, convertible bonds with face value of HK\$20,000,000 were converted into 10,752,688 ordinary shares of the Company, of which HK\$1,075,000 was credited to share capital and the balance to the share premium account.

31 SHARE OPTION SCHEME

The Company operates a share option scheme under which options to subscribe for shares in the Company may be granted to Directors, senior executives or employees of the Company or its affiliates and other qualifying grantees. Options are exercisable at a price equal to the average closing prices of the shares for the five business days immediately preceding the date of grant. Consideration to be paid on each grant of option is HK\$1.00. The vesting period is one year. The period within which the shares must be taken up under an option is determined by the Board from time to time, except that such period shall not expire more than ten years from the date of grant of the option.

Movements in the number of share options outstanding and their related weighted average exercise prices during the year are as follows:

	2009		2008	
	Average exercise price HK\$	Number of share options	Average exercise price HK\$	Number of share options
At beginning of year	3.7775	24,779,000	3.7426	22,691,000
Granted	0.9380	22,123,210	3.8820	7,933,000
Exercised	—	—	1.9060	(940,000)
Lapsed	3.5170	(3,366,390)	4.1441	(4,905,000)
At end of year	2.3547	43,535,820	3.7775	24,779,000
Vested at end of year	3.7421	21,995,000	3.7775	24,779,000

No options were exercised during the year. The weighted average share price at the date of exercise for share options exercised during the year of 2008 was HK\$3.317.

The options outstanding at 31 December 2009 have exercise prices ranging from HK\$0.72 to HK\$4.636 (2008: HK\$0.72 to HK\$4.636) with weighted average remaining contractual life of 5.23 years (2008: 7.43 years).

Notes to the Financial Statements

31 SHARE OPTION SCHEME (cont'd)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Exercise period	Exercise price	Number of share options	
	per share HK\$	2009	2008
Directors			
1 March 2004 to 28 February 2013	0.720	150,000	150,000
22 October 2006 to 21 October 2011	1.906	4,120,000	4,120,000
27 November 2008 to 26 November 2017	4.636	4,495,000	4,905,000
27 November 2008 to 26 November 2017	3.882	800,000	1,600,000
3 March 2010 to 2 March 2014	0.938	6,650,900	—
Employees and others			
1 March 2004 to 28 February 2013	0.720	—	49,000
22 October 2006 to 21 October 2011	1.906	1,715,000	1,780,000
27 November 2008 to 26 November 2017	4.636	7,346,000	7,956,000
27 November 2008 to 26 November 2017	3.882	3,369,000	4,219,000
3 March 2010 to 2 March 2014	0.938	14,889,920	—
		43,535,820	24,779,000

The fair value of options granted during the year, as determined by using the Black-Scholes valuation model, was HK\$5.7 million (2008: HK\$10.1 million). The significant inputs into the model were share price of HK\$0.88 (2008: HK\$3.84) at the valuation date, exercise price at the date of granting the options, expected volatility of 49% (2008: 46%), expected life of options of 3 years (2008: 5.35 years), expected dividend paid out rate of 1.4% (2008: 3%) and annual risk-free interest rate of 1.14% (2008: 2.08%). The volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over the past 3 years (2008: 5.35 years).

32 RESERVES

(a) Group

	Share premium	Share option reserve	Contributed surplus	Capital redemption reserve	Capital reserve	Convertible bonds reserve	Investment reserve	Exchange reserve	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As 31 December 2008	1,682,615	27,923	99,089	13	482	4,498	—	550,264	5,093,777	7,458,661
Translation differences	—	—	—	—	—	—	—	11,379	—	11,379
Release of realised exchange difference	—	—	—	—	—	—	—	(32,248)	—	(32,248)
Redemption of convertible bonds	—	—	—	—	—	(4,498)	—	—	5,387	889
Fair value of share options	—	5,720	—	—	—	—	—	—	—	5,720
Lapse of share options	—	(3,642)	—	—	—	—	—	—	3,642	—
Change in fair value of non-current investments	—	—	—	—	—	—	346,091	—	—	346,091
Profit for the year	—	—	—	—	—	—	—	—	916,393	916,393
2008 final dividend	—	—	—	—	—	—	—	—	(24,704)	(24,704)
2009 interim dividend	—	—	—	—	—	—	—	—	(24,704)	(24,704)
At 31 December 2009	1,682,615	30,001	99,089	13	482	—	346,091	529,395	5,969,791	8,657,477
Retained by:										
Company and subsidiaries	1,682,615	30,001	99,089	13	482	—	346,091	424,370	5,823,446	8,406,107
Jointly controlled entities	—	—	—	—	—	—	—	105,025	146,471	251,496
Associated companies	—	—	—	—	—	—	—	—	(126)	(126)
	1,682,615	30,001	99,089	13	482	—	346,091	529,395	5,969,791	8,657,477
As 31 December 2007	1,658,740	13,422	99,089	13	482	8,888	351,722	314,847	5,809,499	8,256,702
Translation differences	—	—	—	—	—	—	—	235,417	—	235,417
Conversion of convertible bonds, net of tax	21,961	—	—	—	—	(4,390)	—	—	—	17,571
Exercise of share options	1,914	(216)	—	—	—	—	—	—	—	1,698
Fair value of share options	—	14,717	—	—	—	—	—	—	—	14,717
Change in fair value of non-current investments	—	—	—	—	—	—	(351,722)	—	—	(351,722)
Loss for the year	—	—	—	—	—	—	—	—	(617,247)	(617,247)
2007 final dividend	—	—	—	—	—	—	—	—	(73,771)	(73,771)
2008 interim dividend	—	—	—	—	—	—	—	—	(24,704)	(24,704)
At 31 December 2008	1,682,615	27,923	99,089	13	482	4,498	—	550,264	5,093,777	7,458,661
Retained by:										
Company and subsidiaries	1,682,615	27,923	99,089	13	482	4,498	—	446,424	4,927,882	7,188,926
Jointly controlled entities	—	—	—	—	—	—	—	103,840	165,964	269,804
Associated companies	—	—	—	—	—	—	—	—	(69)	(69)
	1,682,615	27,923	99,089	13	482	4,498	—	550,264	5,093,777	7,458,661

Notes to the Financial Statements

32 RESERVES (cont'd)

(b) Company

	Share premium HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Convertible bonds reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
As 31 December 2008	1,682,615	27,923	213,560	13	4,498	1,313,522	3,242,131
Redemption of convertible bonds	—	—	—	—	(4,498)	5,387	889
Fair value of share options	—	5,720	—	—	—	—	5,720
Lapse of share options	—	(3,642)	—	—	—	3,642	—
Profit for the year	—	—	—	—	—	66,626	66,626
2008 final dividend	—	—	—	—	—	(24,704)	(24,704)
2009 interim dividend	—	—	—	—	—	(24,704)	(24,704)
At 31 December 2009	1,682,615	30,001	213,560	13	—	1,339,769	3,265,958
As 31 December 2007	1,658,740	13,422	213,560	13	8,888	1,387,516	3,282,139
Conversion of convertible bonds, net of tax	21,961	—	—	—	(4,390)	—	17,571
Exercise of share options	1,914	(216)	—	—	—	—	1,698
Fair value of share options	—	14,717	—	—	—	—	14,717
Profit for the year	—	—	—	—	—	24,481	24,481
2007 final dividend	—	—	—	—	—	(73,771)	(73,771)
2008 interim dividend	—	—	—	—	—	(24,704)	(24,704)
At 31 December 2008	1,682,615	27,923	213,560	13	4,498	1,313,522	3,242,131

The distributable reserves of the Company at 31 December 2009, under the Companies Act 1981 of Bermuda (as amended), amounted to HK\$1,553,329,000 (2008: HK\$1,527,082,000).

33 BORROWINGS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Long-term bank loans (a)				
Secured	2,047,257	1,971,568	—	—
Unsecured	3,031,041	1,983,476	—	100,000
Convertible bonds (c)	5,078,298	3,955,044	—	100,000
	—	18,096	—	—
Short-term bank loans (a)	5,078,298	3,973,140	—	100,000
Secured	30,000	—	—	—
Unsecured	527,180	770,547	—	—
Current portion included in current liabilities	5,635,478	4,743,687	—	100,000
	(1,207,899)	(2,418,072)	—	(100,000)
	4,427,579	2,325,615	—	—

33 BORROWINGS (cont'd)

The long-term bank loans are repayable within the following periods:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Within one year	650,719	1,629,429	—	100,000
Between one to two years	1,999,834	388,568	—	—
Between two to five years	2,427,745	1,937,047	—	—
	5,078,298	3,955,044	—	100,000

- (a) The carrying amounts of the long-term and short-term bank loans approximate to their fair value based on prevailing market interest rate. The effective interest rate is approximately 2.0% (2008: 3.9%).
- (b) The borrowings are denominated in the following currencies:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	4,234,934	3,294,456	—	100,000
RMB	1,221,163	1,269,815	—	—
Others	179,381	179,416	—	—
	5,635,478	4,743,687	—	100,000

- (c) In March 2004, the Group issued an aggregate amount of HK\$864,260,000 0.5% guaranteed convertible bonds due in March 2009. The bonds were listed on the Luxembourg Stock Exchange and were convertible into shares of the Company on or after 23 April 2004 up to their maturity by 8 March 2009. The initial conversion price was HK\$2.25 per share, which was adjusted to HK\$1.88 per share in November 2005 and further to HK\$1.86 per share in January 2008 due to the payment of the special interim dividends.

During the year of 2008, convertible bonds with face value of HK\$20,000,000 were converted into 10,752,688 ordinary shares of the Company and the remaining face value of convertible bonds amounted to HK\$20,000,000 were carried at amortised cost.

The fair value of the liability component of the convertible bonds at 31 December 2008 amounted to HK\$18 million. The fair value is calculated using the cash flows discounted at a rate based on the borrowing rate of 3.1%. Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 5.5% to the liability component.

The bonds matured on 23 March 2009 and the entire outstanding amount of HK\$20 million were redeemed at 91.49% of their principal amount.

Notes to the Financial Statements

34 DEFERRED TAXATION

Group

	2009 HK\$'000	2008 HK\$'000
Deferred taxation assets	24,320	—
Deferred taxation liabilities	(788,177)	(608,888)
	(763,857)	(608,888)

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset taxation assets against taxation liabilities and when the deferred taxes relate to the same fiscal authority. The above assets/(liabilities) are determined after appropriate offsetting of the relevant amounts.

	Accelerated depreciation allowance HK\$'000	Fair value gains HK\$'000	Convertible bonds HK\$'000	Undistributed profits of subsidiaries & a jointly controlled entity HK\$'000	Other temporary differences HK\$'000	Total HK\$'000
At 31 December 2007	(39,242)	(476,685)	(1,885)	—	(9,567)	(527,379)
Exchange differences	(2,452)	(26,428)	—	—	(750)	(29,630)
Conversion of convertible bonds	—	—	996	—	—	996
(Charged)/credited to profit and loss statement	(14,422)	7,485	—	(61,040)	7,545	(60,432)
Disposal of a subsidiary (note 35b)	—	7,557	—	—	—	7,557
At 31 December 2008	(56,116)	(488,071)	(889)	(61,040)	(2,772)	(608,888)
Exchange differences	(116)	(1,100)	—	(105)	—	(1,321)
Redemption of convertible bonds	—	—	889	—	—	889
(Charged)/credited to profit and loss statement	(15,809)	(141,318)	—	(18,480)	12,619	(162,988)
Transferred to tax payable	—	—	—	8,451	—	8,451
At 31 December 2009	(72,041)	(630,489)	—	(71,174)	9,847	(763,857)

Except for the tax losses, all the other deferred taxation assets and liabilities are expected to be recovered or settled after twelve months.

Deferred taxation assets of HK\$82,231,000 (2008: HK\$86,214,000) arising from unused tax losses and other temporary differences totalling of HK\$450,743,000 (2008: HK\$453,357,000) have not been recognised in the financial statements. Unused tax losses of HK\$358,285,000 (2008: HK\$319,124,000) have no expiry date and the balance will expire at various dates up to and including 2014.

As at 31 December 2009, deferred taxation liabilities arising from withholding tax on undistributed profits of certain overseas subsidiaries have not been provided as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

34 DEFERRED TAXATION (cont'd)**Company**

	Convertible bonds	Others	Total
	HK\$'000	HK\$'000	HK\$'000
At 31 December 2007	(1,885)	—	(1,885)
Conversion of convertible bonds	996	—	996
Charged to profit and loss statement	—	(17,066)	(17,066)
At 31 December 2008	(889)	(17,066)	(17,955)
Redemption of convertible bonds	889	—	889
Credited to profit and loss statement	—	17,066	17,066
At 31 December 2009	—	—	—

35 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**(a) Reconciliation of profit/(loss) before taxation to cash from/(used in) operations**

	2009	2008
	HK\$'000	HK\$'000
Profit/(loss) before taxation	2,052,408	(406,998)
Share of profits of jointly controlled entities	(40,798)	(54,902)
Share of losses of associated companies	57	63
Finance costs	33,811	130,694
Change in fair value of investment properties	(608,646)	62,298
Depreciation	6,456	3,875
Amortisation of leasehold land and land use rights	707	17,471
Interest income	(16,368)	(19,353)
(Gain)/loss on disposal of property, plant and equipment	(240)	76
(Write-back of impairment loss)/impairment loss on land deposits	(64,008)	63,897
Write-back of provision for construction costs	(19,459)	—
Provision for mortgage loans receivable	420	1,342
Share options expenses	5,720	14,717
Release of realised exchange difference from exchange reserve	(32,248)	—
Impairment of trade and other debtors	24	14,065
Impairment loss of non-current investments	—	667,053
Gain on disposal of a subsidiary	—	(3,985)
Operating profit before working capital changes	1,317,836	490,313
Increase in development properties	(647,165)	(635,288)
Increase in debtors and prepayments	(101,674)	(657,356)
Decrease in mortgage loans receivable	480	685
Increase/(decrease) in creditors and accruals	160,771	(346,886)
Cash from/(used in) operations	730,248	(1,148,532)

Notes to the Financial Statements

35 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (cont'd)

(b) Disposal of a subsidiary

	2009 HK\$'000	2008 HK\$'000
Net assets disposed:		
Investment properties	—	56,224
Development properties	—	1,822
Deferred taxation liabilities	—	(7,557)
Creditors and accruals	—	(575)
Taxation payable	—	(56)
Exchange reserve	—	(3,839)
Gain on disposal	—	46,019
Cash consideration	—	3,985
	—	50,004

(c) Analysis of changes in financing

	Share capital and share premium HK\$'000	Minority interests HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 31 December 2007	1,904,609	1,056,774	4,579,498	7,540,881
Change in exchange rates	—	71,278	119,836	191,114
Transfer from share option reserve	216	—	—	216
Conversion of convertible bonds	23,036	—	(17,828)	5,208
Share of profits of minority interests	—	45,380	—	45,380
Capital contribution	—	19,864	—	19,864
Effective interest of convertible bonds	—	—	1,489	1,489
Cash flows from financing activities	1,792	5,260	60,692	67,744
At 31 December 2008	1,929,653	1,198,556	4,743,687	7,871,896
Change in exchange rates	—	2,400	8,757	11,157
Redemption of convertible bonds	—	—	(18,298)	(18,298)
Share of profits of minority interests	—	363,519	—	363,519
Effective interest of convertible bonds	—	—	202	202
Dividends paid to minority shareholders	—	(71,774)	—	(71,774)
Cash flows from financing activities	—	—	901,130	901,130
At 31 December 2009	1,929,653	1,492,701	5,635,478	9,057,832

36 COMMITMENTS**Group**

	2009 HK\$'000	2008 HK\$'000
(a) Contracted but not provided for		
Commitments in respect of property developments of the Group and its jointly controlled entities	1,603,057	1,715,755

(b) Operating lease commitments

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following periods:

	2009 HK\$'000	2008 HK\$'000
Within one year	431	1,134
Two to five years	32	396
	463	1,530

(c) Operating lease rental receivables

The future aggregate minimum lease rental income in respect of land and buildings under non-cancellable operating leases is receivable in the following periods:

	2009 HK\$'000	2008 HK\$'000
Within one year	262,059	260,327
Two to five years	323,085	300,848
After five years	15,418	17,639
	600,562	578,814

Notes to the Financial Statements

37 GUARANTEES

As of 31 December 2009, the Group and the Company has executed the following guarantees in favour of the following parties:

Group

	2009		2008	
	Outstanding HK\$000	Utilised HK\$000	Outstanding HK\$000	Utilised HK\$000
Banks and financial institutions in respect of loan facilities granted to:				
— jointly controlled entities	2,404,250	1,494,750	2,404,250	1,437,350
— associated companies	1,008,750	658,350	1,008,750	641,550
	3,413,000	2,153,100	3,413,000	2,078,900

Company

	2009		2008	
	Outstanding HK\$000	Utilised HK\$000	Outstanding HK\$000	Utilised HK\$000
Banks and financial institutions in respect of loan facilities granted to:				
— subsidiaries	5,651,560	4,351,735	5,952,747	4,016,144
— jointly controlled entities	2,404,250	1,494,750	2,404,250	1,437,350
— associated companies	1,008,750	658,350	1,008,750	641,550
	9,064,560	6,504,835	9,365,747	6,095,044
Convertible bondholders in respect of the convertible bond issued by a subsidiary	—	—	20,000	20,000
	9,064,560	6,504,835	9,385,747	6,115,044

The Company has executed a guarantee in favour of the HKSAR Government in respect of the performance obligation of an investee company under a contract with the HKSAR Government.

38 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the financial statements which in the opinion of the Directors, were carried out in the normal course of business during the year:

- (a) Key management personnel comprise Executive Directors of the Company and their emoluments are set out as follows:

	2009 HK\$000	2008 HK\$000
Fees	576	570
Salaries and other emoluments	8,754	13,035
Discretionary bonuses	779	2,329
Pension costs-defined contribution plans	761	857
Share options	1,709	3,839
	12,579	20,630

- (b) Rental income from an investee company amounted to HK\$1,992,000 (2008: HK\$2,007,845) based on the terms of rental agreement between the parties.

39 POST BALANCE SHEET EVENTS

- (1) On 7 January 2010, the Group through public auction acquired a piece of land in Shanghai with a consideration of RMB1,014.4 million. The land is located in Qingpu District with a total gross floor area of approximately 70,000 square metres.
- (2) On 25 February 2010, the Group completed the acquisition of a company holding a 30% equity interest in its subsidiary, Shanghai Jia Hui Da Real Estate Development Co., Ltd. ("JHD"). Upon the completion of the acquisition, the effective interest of the Group in JHD has been increased from 39.6% to 69.6%.

Notes to the Financial Statements

40 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

(a) Subsidiaries

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share		
Directly held by the Company					
Incorporated in the British Virgin Islands					
			US\$		
Sutimar Enterprises Limited	Hong Kong	100	1	100	Investment holding
Indirectly held by the Company					
Incorporated in Hong Kong					
			HK\$		
Bright City Development Limited	Hong Kong	2	1	100	Property development
Chely Well Limited	Hong Kong	1,000	1	72	Investment holding
Chinapex Company Limited	Singapore	1,000	10	100	Property investment and development
China Win Enterprise Limited	Hong Kong	5,000,000	1	100	Investment holding
Colour Day International Limited	Hong Kong	2	1	100	Investment holding
Enjoy International Limited	Hong Kong	1	1	100	Investment holding
Full Wealth Limited	Hong Kong	2	1	100	Property development
Grand Place Limited	Hong Kong	1	1	100	Investment holding
Grand Spark Limited	Hong Kong	1	1	100	Property development and Investment
Greenwell Investments Limited	Guangzhou	2	1	100	Investment holding
Golden Arrow Limited	Hong Kong	1	1	100	Investment holding
Goldstar Power Limited	Hong Kong	1	1	100	Investment holding
Hero Plaza Limited	Hong Kong	2	1	100	Property development
Infinity Profit Limited	Hong Kong	1	1	100	Investment holding
K. Wah Management Services Limited	Hong Kong	100	100	100	Provision of management services
K. Wah Project Management Service Limited	Hong Kong	2	1	100	Provision of management services
K. Wah Properties Investment Limited	Hong Kong	1,000	10	100	Investment holding
K. Wah Stones (Holdings) Limited	Hong Kong	439,463,724	0.2	100	Investment holding
King Rays Limited	Hong Kong	2	1	100	Property development
Lucky Way Investment Limited	Hong Kong	2	1	100	Property development
Minter Limited	Hong Kong	2	1	100	Investment holding
New Fine Limited	Hong Kong	1	1	100	Property development
Orient Profit Limited	Hong Kong	1	1	100	Property development
Origin World Limited	Hong Kong	2	1	100	Property investment
Perfect Development Limited	Hong Kong	2	1	100	Property development
Polynice Limited	Hong Kong	2	1	100	Provision of finance
Sun City Limited	Hong Kong	2	1	100	Property management
Union Profits Limited	Hong Kong	2	1	100	Property investment and development
Victory Way Limited	Hong Kong	9,901,000	1	99.9	Investment holding
Wealthy Vision Limited	Hong Kong	1	1	100	Investment holding
Winway Global Development Limited	Hong Kong	1	1	100	Investment holding
Worldtop China Limited	Hong Kong	1	1	100	Investment holding
Incorporated in Japan					
			Yen		
Asahi Kohatsu Corporation	Japan	240	50,000	75	Trading

40 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (cont'd)

(a) Subsidiaries (cont'd)

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share		
Indirectly held by the Company (cont'd)					
Incorporated in the British Virgin Islands					
			US\$		
All Smart Profits Limited	Hong Kong	10	1	100	Investment holding
Amazing Enterprises Limited	Hong Kong	10	1	100	Investment holding
Bestfull Profits Limited	Hong Kong	10	1	100	Investment holding
Cyber Point Assets Limited	Hong Kong	10	1	100	Investment holding
Greatest Smart Limited	Hong Kong	10	1	100	Investment holding
Grow Ever Limited	Hong Kong	1	1	100	Investment holding
K. Wah International Finance Limited	Hong Kong	10	1	100	Provision of finance
League Trend Limited	Hong Kong	1	1	100	Investment holding
Leharne Properties Limited	Hong Kong	10	1	100	Investment holding
Million Link Group Limited	Hong Kong	1	1	100	Investment holding
Ontrack Developments Limited	Hong Kong	10	1	100	Investment holding
Proper Land Limited	Hong Kong	1	1	100	Investment holding
Ragon Properties Limited	Hong Kong	10	1	100	Investment holding
Repton Developments Limited	Hong Kong	10	1	100	Investment holding
Select Vantage Profits Limited	Hong Kong	10	1	100	Investment holding
Top Ridge Management Limited	Singapore	10	1	100	Property investment
Incorporated in Mainland China					
Wholly-owned foreign enterprise					
廣州市嘉華花都置業有限公司	Guangzhou		HK\$165,000,000 (Paid up: HK\$136,440,000)	100	Property development
廣州嘉揚房地產開發有限公司	Guangzhou		HK\$300,000,000 (Paid up: HK\$226,000,000)	100	Property development
江門市嘉豐房地產開發有限公司	Jiangmen		HK\$200,000,000 (Paid up: HK\$70,000,000)	100	Property development
Tianjin Jia Run Hua Property Development Co., Ltd.	Tianjin		US\$29,880,000	100	Property development
Tianjin JiaRunHe Property Development Co., Ltd.	Tianjin		US\$29,980,000	100	Property development
K. Wah (China) Investment Co., Ltd.	Shanghai		US\$118,000,000 (Paid up: US\$47,600,000)	100	Investment holding
Shanghai Guoguang Real Estate Development Co., Ltd.	Shanghai		US\$31,000,000	100	Property development
上海嘉敏房地產開發經營有限公司	Shanghai		US\$143,000,000 (Paid up: US\$110,230,198)	100	Property development
Cooperative joint venture					
廣州滙城房地產開發有限公司	Guangzhou		HK\$600,000,000 (Paid up: HK\$280,000,000)	99.99	Property development
廣州市越華房地產發展有限公司	Guangzhou		HK\$187,000,000	100	Property development
廣州東鏡泰豐房地產開發有限公司	Guangzhou		US\$10,000,000	100	Property development
Shanghai Jia Zhao Real Estate Development Co., Ltd.	Shanghai		US\$119,500,000	100	Property development
Equity joint venture					
Shanghai Jia Hui Da Real Estate Development Co., Ltd.	Shanghai		US\$53,000,000	39.6	Property development and investment
Shanghai Jia Gang Cheng Real Estate Development Co., Ltd.	Shanghai		US\$13,000,000	95	Property development
Shanghai Jiashen Real Estate Development Co., Ltd.	Shanghai		US\$126,000,000 (Paid up: US\$55,600,000)	99	Property development
上海凱邁文安建設開發有限公司	Shanghai		RMB10,000,000	53.61	Property development

Notes to the Financial Statements

40 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (cont'd)

(b) Jointly Controlled Entities

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share		
Directly held by the Company					
Incorporated in Mainland China					
Shanghai Baoland Co., Ltd.	Shanghai		Registered capital RMB717,674,797	41.5	Property development
Indirectly held by the Company					
Incorporated in Hong Kong					
			HK\$		
Anglers' Bay Property Management Company Limited	Hong Kong	2	1	50	Property management
Golden Famous International Limited	Hong Kong	2	1	25	Property development
Prime Force Limited	Hong Kong	2	1	50	Property development
Top Falcon Limited	Hong Kong	2	1	50	Provision of finance
Teamer International Limited	Hong Kong	1	1	35	Property development
Ace Glory Limited	Hong Kong	1	1	25	Property development
Ample Excellent Limited	Hong Kong	2	1	50	Property development
Incorporated in the British Virgin Islands					
			US\$		
Full Raise International Limited	Hong Kong	1,000	1	25	Investment holding
Homeast Limited	Hong Kong	1,000	1	35	Investment holding

(c) Associated Companies (note)

Name of company	Principal place of operation	Issued share capital		Effective percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share		
Indirectly held by the Company					
Incorporated in Hong Kong					
			HK\$		
Pacific Bond Limited	Hong Kong	1	1	15	Property development
Union King (Hong Kong) Limited	Hong Kong	1	1	15	Property development
Incorporated in the British Virgin Islands					
			US\$		
Garwin Investment Limited	Hong Kong	1,000	1	15	Investment holding
Nimble Limited	Hong Kong	100	1	15	Investment holding

Note: Despite its 15% equity interest in each of these companies, significant influence is exercised in the management and thus these companies have been treated as associated companies of the Group.

Schedule of the Group's Significant Properties

	Type of Property	Gross Floor Area sq. metres	Group's Interest %	Lease Term	Stage of Completion	Estimated Completion Date
INVESTMENT AND OTHER PROPERTIES						
Singapore						
San Centre, 171 to 187 Chin Swee Road, Singapore (Note)	Office	5,747	100	2068	Completed	Existing
Hong Kong						
K. Wah Centre, 28th, 29th and 30th Floors 191 Java Road, North Point	Office	2,926	100	2106	Completed	Existing
Skyline Commercial Centre, 71, 73, 75 & 77 Wing Lok Street, Sheung Wan	Office/ Commercial	3,894	100	2841	Completed	Existing
Mainland China						
Shanghai K. Wah Centre Lot No. 26, Street No. 6, Huaihai Zhong Road, Xuhui District, Shanghai	Office	72,000	69.6	2047	Completed	Existing
Note: Floor area of 1,964 sq. metres of San Centre is held for sale.						
DEVELOPMENT PROPERTIES						
Hong Kong						
Kingsfield Centre, 18–20 Shell Street, North Point, Tsing Lung Tau	Office	1,873	100	2069	Completed	Existing
The Great Hill No. 8 Tung Lo Wan Hill Road, Sha Tin	Residential	11,000	100	2054	Completed	Existing
No. 6 Shiu Fai Terrace	Residential	6,340	100	2070	Construction	2010
2 Grampian Road, Kowloon	Residential	6,100	100	2047	Planning	2012
Tai Po Town Lot No. 188 at Pak Shek Kok, Reclamation Phase 1, Site C, Tai Po, New Territories	Residential	69,700	25	2057	Construction	2011

Schedule of the Group's Significant Properties

	Type of Property	Gross Floor Area sq. metres	Group's Interest %	Lease Term	Stage of Completion	Estimated Completion Date
DEVELOPMENT PROPERTIES (cont'd)						
Hong Kong (cont'd)						
Kowloon Inland Lot No. 11073 at Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road	Residential/ Commercial	60,500	15	2057	Construction	2011
Tai Po Town Lot No. 186 at Pak Shek Kok Development Area, Phase I, Site B, Tai Po, New Territories	Residential	66,500	15	2057	Construction	2011
Aberdeen Inland Lot No. 451 at Welfare Road, Aberdeen	Residential	60,000	35	2057	Construction	2012
No. 30 Po Shan Road, Mid-levels	Residential	3,000	50	2090	Planning	2012 and beyond
Tai Po Town Lot No. 201, Tai Po	Residential	67,000	15	2059	Planning	2012 and beyond
Mainland China						
Xinhua Zhen, Huadu City, Guangdong	Mix Use	1,147,000	99.99	2034 to 2068	Construction	2011 and beyond
廣州市花都區新華鎮迎賓大道北地塊	Residential/ Commercial/ Office	323,000	100	2039 to 2069	Construction	2010 and beyond
廣州市花都區建設北路地塊	Residential	46,000	100	2077	Construction	2011 and beyond
Lot A&B, No. 68 Jianguo Xi Road, Xuhui District, Shanghai	Mix Use	140,000	100	2065	Construction	2011 and beyond
Plot Phase III of Yanjiazhai Jingan District, Shanghai	Residential	100,000	99	2072	Construction	2011 and beyond
Lot No. 701 Guangzhong Road, Zhabei District, Shanghai (Phase III)	Residential	100,000	100	2073	Construction	2012
上海市閔行區吳涇鎮385街坊	Residential/ Commercial	168,000	100	2048 to 2078	Construction	2012 and beyond
上海市閘北區北站街道43街坊10丘	Commercial	20,000	53.61	2056	Planning	2014
Plot B3, B4 Zhujiajiao Qingpu District Shanghai	Residential/ Commercial	70,000	100	2050 to 2080	Planning	2013



Project Gallery

項目一覽



Jingan District Project, Shanghai 上海靜安區嚴家宅項目

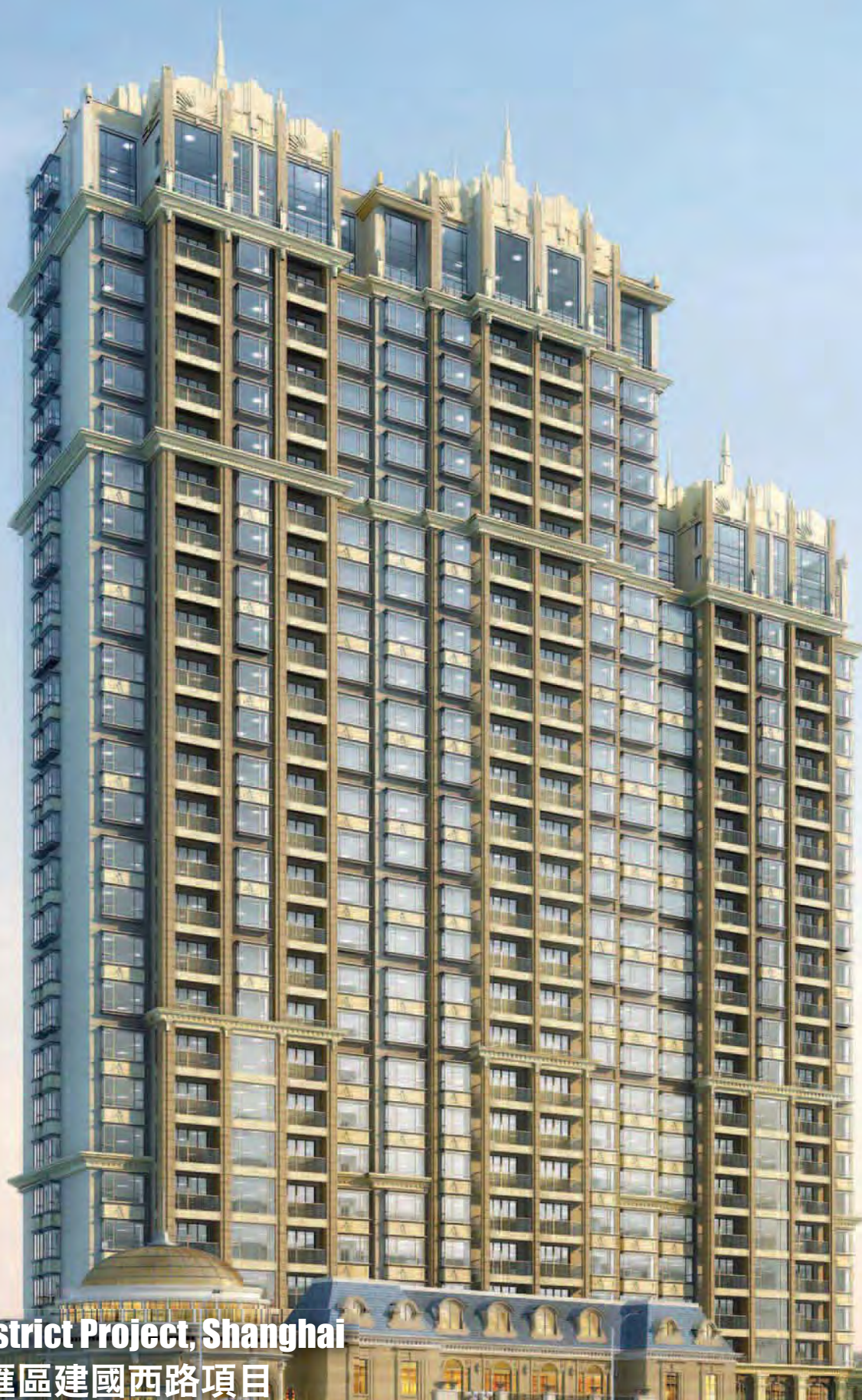
Type 項目類別
Contemporary residential development
時尚高級住宅

Location 位置
Urumqi Bei Road, Jingan District, Shanghai
上海靜安區烏魯木齊北路

Gross Floor Area 總樓面面積
100,000 sqm / 平方米



Four towers have been topped out as of March 2010
直至2010年3月已有4幢大樓平頂



Xuhui District Project, Shanghai 上海徐匯區建國西路項目

Type 項目類別

French-style high-end residential units and serviced apartments

法式高級住宅及服務式公寓

Location 位置

Jianguo Xi Road, Xuhui District, Shanghai

上海徐匯區建國西路

Gross Floor Area 總樓面面積

140,000 sqm / 平方米



Ten towers have been topped out as of February 2010
直至2010年2月已有10幢大樓平頂



Shanghai Westwood III 上海慧芝湖花園第三期

Type 項目類別
Large-scale residential project
大型住宅項目

Location 位置
Daning International Community, Zhabei, Shanghai
上海閘北大寧國際社區

Gross Floor Area 總樓面面積
100,000 sqm / 平方米



The outstanding sales and reputable brand name of Shanghai Westwood II are expected to benefit the launch of phase III.
嘉寧薈銷售成績突出，深受市場追捧，預期第三期推出時將受惠於整體項目的卓著口碑。



Minhang District Project, Shanghai 上海閔行區項目

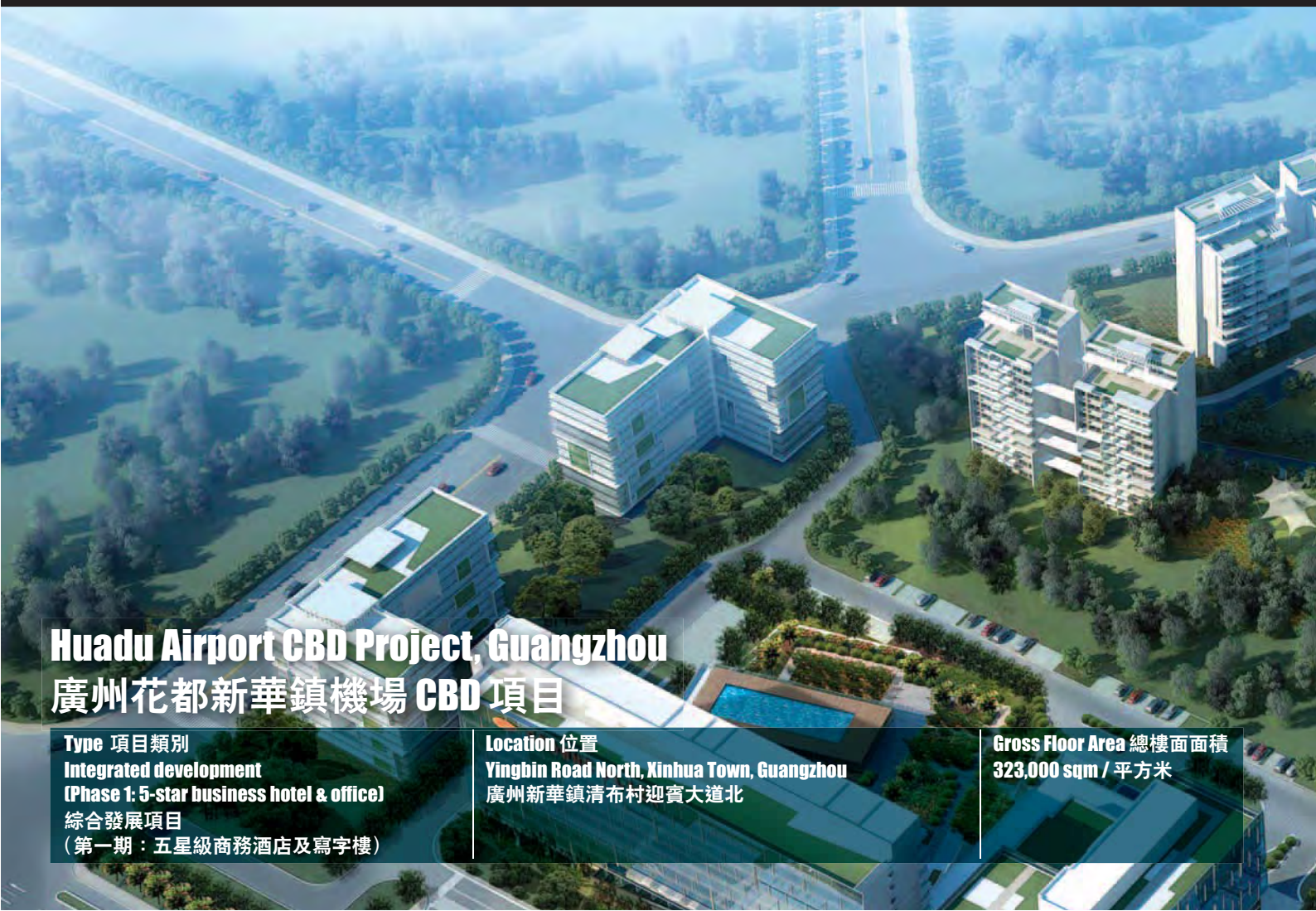
Type 項目類別
Luxurious integrated development
高級商住綜合項目

Location 位置
Wujing, Minhang District, Shanghai
上海閔行區吳涇鎮

Gross Floor Area 總樓面面積
168,000 sqm / 平方米



Progress as of January 2010
直至2010年1月之進度



Huadu Airport CBD Project, Guangzhou 廣州花都新華鎮機場 CBD 項目

Type 項目類別
Integrated development
(Phase 1: 5-star business hotel & office)
綜合發展項目
(第一期：五星級商務酒店及寫字樓)

Location 位置
Yingbin Road North, Xinhua Town, Guangzhou
廣州新華鎮清布村迎賓大道北

Gross Floor Area 總樓面面積
323,000 sqm / 平方米



Crowne Plaza Guangzhou Huadu Hotel is expected to launch in 2010
廣州皇冠花都假日酒店預計於2010年開業





Huadu Jianshebei Road Project, Guangzhou 廣州花都建設北路項目

Type 項目類別
High-end residential
高級住宅

Location 位置
Jianshe Bei Road, Huadu, Guangzhou
廣州花都區建設北路

Gross Floor Area 總樓面面積
46,000 sqm / 平方米



Progress as of March 2010
直至2010年3月之進度



Huadu Mega Integrated Project, Guangzhou 廣州花都新華鎮超大型國際社區項目

Type 項目類別
Integrated development
綜合發展項目

Location 位置
Dongjing Cun, Xinhua Town, Guangzhou
廣州花都新華鎮東鏡村

Gross Floor Area 總樓面面積
1,147,000 sqm / 平方米







6 Shiu Fai Terrace, Hong Kong 香港東半山肇輝臺 6 號

Type 項目類別
Luxury residential
豪華住宅

Location 位置
6 Shiu Fai Terrace, Stubbs Road, Hong Kong
香港司徒拔道肇輝臺 6 號

Gross Floor Area 總樓面面積
6,340 sqm / 平方米





The Great Hill, Hong Kong 香港嘉御山

Type 項目類別
Luxury residential
超級豪宅

Location 位置
Mid-levels of Southern Shatin, Hong Kong
香港沙田南半山

Gross Floor Area 總樓面面積
11,000 sqm / 平方米
(Remaining units 餘下現樓單位)





Shanghai K. Wah Centre 上海嘉華中心

Type 項目類別
Grade A office
甲級商廈

Location 位置
1010 Huaihai Zhong Road, Shanghai
上海淮海中路1010號

Gross Floor Area 總樓面面積
72,000 sqm / 平方米



嘉华中心
K. WAH CENTRE

嘉华中心
K. WAH CENTRE



J SENSES, Hong Kong
香港嘉薈軒商場

Type 項目類別
Arcade
特色商舖

Location 位置
60 Johnston Road, Wanchai, Hong Kong
香港灣仔莊士敦道 60 號

Gross Floor Area 總樓面面積
3,400 sqm / 平方米





Aberdeen Inland Lot No. 451, Hong Kong 香港仔惠福道內地段451號

Year of Acquisition 購入年份
2007

Gross Floor Area 總樓面面積
60,000 sqm / 平方米

Group's Interest 集團權益
35%

Status 完成階段
Construction
施工



Tai Po Town Lot No. 186, 188 & 201, Hong Kong 香港大埔市地段186, 188 及201號

Year of Acquisition 購入年份
186/188 : 2007
201 : 2010

Gross Floor Area 總樓面面積
186 : 66,500 sqm / 平方米
188 : 69,700 sqm / 平方米
201 : 67,000 sqm / 平方米

Group's Interest 集團權益
186 : 15%
188 : 25%
201 : 15%

Status 完成階段
186/188: Construction
施工
201: Planning
籌劃



Kowloon Inland Lot No. 11073, Hong Kong 香港西九龍海泓道內地段 11073號

Year of Acquisition 購入年份
2007

Gross Floor Area 總樓面面積
60,500 sqm / 平方米

Group's Interest 集團權益
15%

Status 完成階段
Construction
施工

**2 Grampian Road, Kowloon,
Hong Kong**
香港九龍嘉林邊道2號

Year of Acquisition 購入年份
2009

Gross Floor Area 總樓面面積
6,100 sqm / 平方米

Group's Interest 集團權益
100%

Status 完成階段
Planning
籌劃



**30 Po Shan Road,
Hong Kong**
香港寶珊道30號

Year of Acquisition 購入年份
2010

Gross Floor Area 總樓面面積
3,000 sqm / 平方米

Group's Interest 集團權益
50%

Status 完成階段
Planning
籌劃



**Plot B3, B4, Zhujiajiao,
Qingpu District, Shanghai**
**上海市青浦區
朱家角B3,B4地塊**

Year of Acquisition 購入年份
2010

Gross Floor Area 總樓面面積
70,000 sqm / 平方米

Group's Interest 集團權益
100%

Status 完成階段
Planning
籌劃





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Financial Calendar

DATES	EVENTS
23 July 2010	Payment of 2009 final scrip dividend (with a cash option)
21 June 2010	2010 annual general meeting
14 June 2010 to 21 June 2010 (both days inclusive)	Closure of registers of members
13 April 2010	Announcement of annual results for the year ended 31 December 2009
6 November 2009	Payment of 2009 interim cash dividend
17 September 2009	Announcement of interim results for the six months ended 30 June 2009

財務誌要

日期	事宜
二零一零年七月二十三日	派發二零零九年度之末期股息以股代息(附現金選擇)
二零一零年六月二十一日	二零一零年股東週年大會
二零一零年六月十四日至 二零一零年六月二十一日(首尾兩天包括在內)	暫停辦理股份過戶登記手續
二零一零年四月十三日	公佈截至二零零九年十二月三十一日止年度之全年業績
二零零九年十一月六日	派發二零零九年度之中期現金股息
二零零九年九月十七日	公佈截至二零零九年六月三十日止六個月之中期業績

Unless otherwise stated, in this annual report: (i) the **Company** means K. Wah International Holdings Limited and the **Group** includes the Company and its subsidiaries, (ii) the **Board** means the board of directors of the Company and **Directors** are the directors of the Company, (iii) **Share** and **Shareholder** are, respectively, ordinary share of the Company and holder of Share, (iv) **Listing Rules** refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, **Stock Exchange** is The Stock Exchange of Hong Kong Limited, (v) **SFO** is the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, (vi) **Bye-laws** refers to the Bye-laws of the Company, (vii) **GEG** is Galaxy Entertainment Group Limited (Hong Kong listed stock code 0027), (viii) **2009 Financial Statements** refers to the audited consolidated financial statements of the Company for the year ended 31 December 2009, and (ix) **PwC** is PricewaterhouseCoopers, external auditor of the Company.

除文義另有所指，否則於本年報內：(i)「**本公司**」指 K. Wah International Holdings Limited (嘉華國際集團有限公司)及「**本集團**」包括本公司及其附屬公司，(ii)「**董事會**」指本公司之董事會及「**董事**」指本公司之董事，(iii)「**股份**」及「**股東**」分別指本公司之普通股股份及股份持有人，(iv)「**上市規則**」指香港聯合交易所有限公司證券上市規則，「**聯交所**」指香港聯合交易所有限公司，(v)「**證券及期貨條例**」指香港法例第571章證券及期貨條例，(vi)「**公司細則**」指本公司之公司細則，(vii)「**銀河娛樂**」指銀河娛樂集團有限公司(於香港上市股份代號0027)，(viii)「**二零零九年財務報表**」指本公司截至二零零九年十二月三十一日止年度之經審核綜合財務報表，及(ix)「**羅兵咸永道**」指羅兵咸永道會計師事務所，本公司之外聘核數師。



KW K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司

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