

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 00050)

2009 RESULTS ANNOUNCEMENT

BUSINESS RESULTS

The Group's consolidated profit after taxation for the year ended 31 December 2009 amounted to approximately HK\$1,099 million, compared with the consolidated loss after taxation in 2008 of HK\$526 million. The earnings per share were 308 cents, compared with the loss per share of 148 cents in the previous year.

Consolidated Profit and Loss Account

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3(a)	2,138,724	522,361
Cost of sales		<u>(1,188,048)</u>	<u>(383,716)</u>
		950,676	138,645
Other revenue	3(a) & 4	23,398	37,073
Other net income/(loss)	4	380,684	(621,013)
Fair value gain on transfer of properties held for sale to investment properties	3(d)	–	23,045
Valuation losses on investment properties	3(d)	(25,668)	(30,027)
Impairment on available-for-sale equity securities	3(h)	–	(15,932)
Reversal of provision for litigation		–	22,933
Selling and marketing expenses		(87,345)	(17,469)
Administrative expenses		(40,728)	(41,749)
Other operating expenses		<u>(41,583)</u>	<u>(38,703)</u>
Profit/(loss) from operations	3(b)	1,159,434	(543,197)
Finance costs	5(a)	(1,789)	(969)
Share of profits of associates		<u>662</u>	<u>242</u>
Profit/(loss) before taxation	5	1,158,307	(543,924)
Taxation	6	<u>(59,721)</u>	<u>17,879</u>
Profit/(loss) attributable to equity shareholders of the Company		<u>1,098,586</u>	<u>(526,045)</u>
Earnings/(loss) per share (<i>cents</i>)			
– Basic and diluted	9	<u>308.4</u>	<u>(147.7)</u>

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Profit/(loss) attributable to equity shareholders of the Company		1,098,586	(526,045)
Other comprehensive income/(expenses) for the year (after tax and reclassification adjustments):	8		
Available-for-sale equity securities:			
net movement in the securities revaluation reserve		161,332	(84,393)
Realisation of inter-company profits		(24)	(24)
Other comprehensive income/(expenses)		161,308	(84,417)
Total comprehensive income/(expenses) attributable to equity shareholders of the Company		1,259,894	(610,462)

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Fixed assets			
– Investment properties		837,900	872,000
– Investment properties held for development		89,000	–
– Other property, plant and equipment		127,660	109,139
– Interest in leasehold land		51,741	53,121
		<u>1,106,301</u>	<u>1,034,260</u>
Interest in associates		80,127	108,395
Available-for-sale equity securities		542,470	127,827
Employee benefits assets		10,841	10,482
Deferred tax assets		28,241	73,375
		<u>1,767,980</u>	<u>1,354,339</u>
Current assets			
Tax recoverable		2,154	2,414
Derivative financial instruments		300,433	191,624
Inventories		570,475	1,393,741
Trade and other receivables	10	501,725	100,161
Cash and cash equivalents		1,321,676	478,713
		<u>2,696,463</u>	<u>2,166,653</u>
Current liabilities			
Bank loan and overdraft		238	100,216
Trade and other payables	11	313,533	415,895
Tax payable		46,990	31,314
		<u>360,761</u>	<u>547,425</u>
Net current assets		<u>2,335,702</u>	<u>1,619,228</u>
Total assets less current liabilities		<u>4,103,682</u>	<u>2,973,567</u>
Non-current liabilities			
Deferred tax liabilities		(27,528)	(29,049)
NET ASSETS		<u>4,076,154</u>	<u>2,944,518</u>
CAPITAL AND RESERVES			
Share capital		356,274	356,274
Reserves		3,719,880	2,588,244
TOTAL EQUITY		<u>4,076,154</u>	<u>2,944,518</u>

Notes to the Accounts

1 BASIS OF PREPARATION

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s accounts:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*

The impact of these developments on the accounts is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The segments identified in accordance with HKFRS 8 do not differ materially from those previously disclosed under HKAS 14 and thus the adoption of HKFRS 8 has had no impact on the reported results or financial position of the Group.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated profit and loss account, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the accounts and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the accounts include expanded disclosures in the accounts about the fair value measurement of the group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries and associates, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3 SEGMENT INFORMATION

The Group has adopted HKFRS 8, *Operating segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has not changed.

On first-time adoption of HKFRS 8 and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group is currently organised into five main reportable segments:

- Property development: development and sale of properties.
- Property investment: leasing of properties.
- Ferry, shipyard and related operations: operation of dangerous goods vehicular ferry service, cruise vessels and ship repairs and maintenance services.
- Travel and hotel operations: hotel operation and management and operation of travel agency services.
- Securities investment: equity investments.

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

Segment results, assets and liabilities

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

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

Segment assets include all tangible and current assets. Segment liabilities include provision for trade creditors and accruals and bank borrowings managed directly by the segments.

The segment information for the years ended 31 December 2009 and 2008 about these reportable segments is presented below:

(a) **Segment revenue**

	Total revenue		Elimination of inter-segment revenue		Revenue from external customers	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Property development	1,782,995	92,569	–	–	1,782,995	92,569
Property investment	42,768	45,560	44	–	42,724	45,560
Ferry, shipyard and related operations	159,382	228,442	2,031	3,755	157,351	224,687
Travel and hotel operations	162,660	168,569	154	84	162,506	168,485
Securities investment	9,142	15,567	–	–	9,142	15,567
Others	49,062	53,120	41,658	40,554	7,404	12,566
	<u>2,206,009</u>	<u>603,827</u>	<u>43,887</u>	<u>44,393</u>	<u>2,162,122</u>	<u>559,434</u>
Analysed by:						
Turnover					2,138,724	522,361
Other revenue					<u>23,398</u>	<u>37,073</u>
					<u>2,162,122</u>	<u>559,434</u>

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

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

(b) **Segment result**

	Reportable segment profit/(loss)	
	2009 HK\$'000	2008 HK\$'000
Property development	778,499	36,092
Property investment (<i>Note d</i>)	(3,579)	18,199
Ferry, shipyard and related operations	3,015	26,317
Travel and hotel operations	(1,358)	(6,065)
Securities investment	341,126	(611,249)
Others (<i>Note e</i>)	41,731	(6,491)
	<u>1,159,434</u>	<u>(543,197)</u>

(c) **Reconciliation of reportable segment profit/(loss)**

	2009	2008
	HK\$'000	HK\$'000
Reportable segment profit/(loss) derived from external customers	1,159,434	(543,197)
Finance costs	(1,789)	(969)
Share of profits of associates	662	242
	<hr/>	<hr/>
Consolidated profit/(loss) before taxation	1,158,307	(543,924)
	<hr/> <hr/>	<hr/> <hr/>

(d) The segment result of the property investment included valuation losses on investment properties and fair value gain on transfer of properties held for sale to investment properties of HK\$25,668,000 (2008: HK\$30,027,000) and HK\$NIL (2008: HK\$23,045,000) respectively.

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

(f) **Segment balance sheet**

	Segment assets		Inter-segment elimination		Total assets	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	1,063,325	1,510,581	–	–	1,063,325	1,510,581
Property investment	960,084	892,479	–	–	960,084	892,479
Ferry, shipyard and related operations	175,084	184,941	–	–	175,084	184,941
Travel and hotel operations	49,251	52,262	–	–	49,251	52,262
Securities investment	854,589	341,946	–	–	854,589	341,946
Others	1,362,110	538,783	–	–	1,362,110	538,783
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,464,443	3,520,992	–	–	4,464,443	3,520,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Segment liabilities		Inter-segment elimination		Total liabilities	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	240,074	291,899	–	–	240,074	291,899
Property investment	15,135	52,481	–	–	15,135	52,481
Ferry, shipyard and related operations	23,989	31,476	–	–	23,989	31,476
Travel and hotel operations	26,098	30,775	–	–	26,098	30,775
Securities investment	182	100,193	–	–	182	100,193
Others	82,811	69,650	–	–	82,811	69,650
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	388,289	576,474	–	–	388,289	576,474
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The "Others" segment mainly comprises financial assets, tax recoverable and payable and deferred tax assets and liabilities.

(g) Other segment information

	Depreciation and amortisation		(Reversal of impairment loss)/impairment loss		Capital expenditure incurred	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property investment	37	58	(217)	18	103,958	56,518
Ferry, shipyard and related operations	8,187	7,639	–	–	19,939	2,398
Travel and hotel operations	2,604	2,476	–	–	6,092	248
Securities investment						
(Note h)	–	–	–	15,932	–	–
Others	302	217	–	–	2,220	460
	<u>11,130</u>	<u>10,390</u>	<u>(217)</u>	<u>15,950</u>	<u>132,209</u>	<u>59,624</u>

- (h) During the year ended 31 December 2008, certain of available-for-sale equity securities were determined to be impaired on the basis of significant or prolonged decline in their fair values below costs and impairment losses of HK\$15.9 million had been made and recognised in the consolidated profit and loss account.

4 OTHER REVENUE AND NET INCOME/(LOSS)

	2009	2008
	HK\$'000	HK\$'000
Other revenue		
Other interest income	7,940	20,524
Management fee income	7,867	8,827
Air-conditioning charges income	5,422	5,947
Other income	2,169	1,775
	<u>23,398</u>	<u>37,073</u>
Other net income/(loss)		
Net realised and unrealised gains/(losses) on derivative financial instruments	278,609	(609,906)
Net profit on sale of available-for-sale equity securities	53,864	–
Net exchange gains/(losses)	40,444	(14,742)
Net profit on disposal of investment properties	2,901	321
Forfeited deposits	2,140	–
Income from sale of spare parts	267	737
Net loss on disposal of other property, plant and equipment	(12)	–
Sundry income	2,471	2,577
	<u>380,684</u>	<u>(621,013)</u>

5 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loan wholly repayable within five years	<u>1,789</u>	<u>969</u>

(b) Staff costs:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Decrease in liability for defined benefit retirement plan	(359)	(1,892)
Contributions to Mandatory Provident Funds	<u>2,325</u>	<u>2,409</u>
Retirement costs	<u>1,966</u>	517
Salaries, wages and other benefits	<u>75,787</u>	<u>78,676</u>
	<u>77,753</u>	<u>79,193</u>

(c) Other items:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Amortisation of leasehold land premium	1,380	1,380
Depreciation	9,750	9,010
Cost of inventories	989,050	163,296
Auditor's remuneration		
– audit services	1,279	1,281
– other services	231	240
Operating lease charges in respect of		
– premises	4,331	4,058
– vessels	–	220
(Reversal of impairment losses)/impairment losses on trade and other receivables	(217)	18
Rentals receivable from investment properties net of direct outgoings of HK\$16,907,000 (2008: HK\$16,343,000)	(12,750)	(14,443)
Rentals receivable from operating leases, other than those relating to investment properties, net of direct outgoings of HK\$544,000 (2008: HK\$612,000)	(3,007)	(2,512)
Interest income	(10,927)	(28,975)
Dividend income from listed investments	<u>(7,897)</u>	<u>(5,727)</u>

6 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Taxation in the consolidated profit and loss account represents:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	16,108	168
One-off rebate of Profits Tax	–	(75)
	<u>16,108</u>	<u>93</u>
Deferred tax		
Origination and reversal of temporary differences	43,613	(19,478)
Effect on opening deferred tax balances resulting from a decrease in tax rate	–	1,506
	<u>43,613</u>	<u>(17,972)</u>
	<u><u>59,721</u></u>	<u><u>(17,879)</u></u>

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

7 DIVIDENDS

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim dividend declared and paid of HK10 cents (2008: HK10 cents) per ordinary share	35,627	35,627
Final dividend proposed after the balance sheet date of HK26 cents (2008: HK26 cents) per ordinary share	92,631	92,631
	<u>128,258</u>	<u>128,258</u>

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

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK26 cents (2008: HK26 cents) per ordinary share	92,631	92,631
	<u>92,631</u>	<u>92,631</u>

8 OTHER COMPREHENSIVE INCOME/(EXPENSES)

(a) Tax effects relating to each component of other comprehensive income/(expenses)

	2009			2008		
	Before-tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>	Before-tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>
Available-for-sale equity securities: net movement in the securities revaluation reserve	164,557	(3,225)	161,332	(84,393)	–	(84,393)
Realisation of inter-company profits	(24)	–	(24)	(24)	–	(24)
Other comprehensive income/(expenses)	<u>164,533</u>	<u>(3,225)</u>	<u>161,308</u>	<u>(84,417)</u>	<u>–</u>	<u>(84,417)</u>

(b) Reclassification adjustments relating to components of other comprehensive income/(expenses)

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Available-for-sale equity securities		
Changes in fair value recognised during the year	215,848	(100,325)
Reclassification adjustments for amounts transferred to profit or loss:		
– gains on disposal	(54,516)	–
– impairment	–	15,932
Net movement in the securities revaluation reserve during the year recognised in other comprehensive income/(expenses)	<u>161,332</u>	<u>(84,393)</u>

9 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK\$1,098,586,000 (2008: loss of HK\$526,045,000) and 356,273,883 (2008: 356,273,883) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares in existence during the years 2008 and 2009, therefore diluted earnings/(loss) per share are the same as basic earnings/(loss) per share for both years.

10 TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	457,740	52,964
Less: allowance for doubtful debts	(542)	(1,359)
	<u>457,198</u>	<u>51,605</u>
Other receivables and prepayments	44,527	48,556
	<u>501,725</u>	<u>100,161</u>

All of the trade and other receivables except instalment receivables of HK\$98,232,000 (2008: HK\$4,973,000) are expected to be recovered within one year.

Ageing analysis

Included in trade and other receivables are trade receivables excluding retention money recoverable of HK\$Nil (2008: HK\$2,822,000) and net of allowance for doubtful debts with the following ageing analysis as of the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current	447,928	37,664
1 to 3 months overdue	5,969	9,081
More than 3 months overdue but less than 12 months overdue	2,993	1,265
More than 12 months overdue	308	773
	<u>457,198</u>	<u>48,783</u>

Debts are due ranging from 7 to 45 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted.

11 TRADE AND OTHER PAYABLES

All of the trade and other payables (2008: apart from the retention payables of HK\$10,055,000) are expected to be settled within one year.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Due within 1 month or on demand	235,949	315,980
Due after 1 month but within 3 months	4	303
Due after 12 months	231	10,218
	<u>236,184</u>	<u>326,501</u>

DIVIDENDS

The Board of Directors recommended a final dividend of HK26 cents (2008: HK26 cents) per share. Subject to the shareholders' approval at the annual general meeting to be held on Friday, 7 May 2010, the final dividend will be paid on or about Thursday, 20 May 2010 to equity shareholders whose names appear on the register of members at the close of business on Friday, 7 May 2010. This dividend, together with the interim dividend of HK10 cents per share already paid, will make a total distribution of HK36 cents for the full year.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 5 May 2010 to Friday, 7 May 2010, both days inclusive, during which period no requests for the transfer of shares will be accepted.

In order to qualify for the final dividend and the entitlement to attend and vote at the annual general meeting to be held on Friday, 7 May 2010, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrars, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 4 May 2010.

BUSINESS REVIEW

For the year under review, the Chinese and western governments had introduced stimulation plans to stabilize the economies. With the prevailing record low interest rates, the global economy had shown signs of gradual recovery, the Chinese economy being the most prominent. The Hong Kong economy in the second half of 2009 also showed improvement. Local consumption and employment had recorded growth and confidence on investment enhanced. The stock market was active and the demand for the property was buoyant, with substantial price increase during the period.

Property Development and Investment Operations

For the year under review, the Group sold more than 50% of the units of Shining Heights and more than one third of the units of The Spectacle. A total of 372 residential units were sold which accounted for a profit of approximately HK\$770 million. Rental and other income from the commercial arcade of the Group amounted to approximately HK\$32 million for the year. At the end of the year, the occupancy rates of commercial arcade of Metro Harbour View and Shining Heights were 95% and 66% respectively. The commercial arcade of MetroRegalia was fully let.

The Group acquired a property located at 52-56 Kwun Chung Street for leasing purpose. There is a potential to redevelop into a new building with a gross floor area of 14,000 sq. ft. The Group also acquired a great majority of the ownership of the property at 204-214 Tung Chau Street, Sham Shui Po, Kowloon (the "Property"). The Property comprises six blocks of buildings, with a site area of approximately 6,600 sq. ft. It will be re-developed into a commercial/residential building with a gross floor area of approximately 55,000 sq. ft. if and when the Group acquired the entire ownership of the property.

The Group's investments in available-for-sale securities and equity-link-notes ("ELNs") recorded marked-to-market profits of HK\$54 million and HK\$257 million respectively in 2009.

Ferry, Shipyard and Related Operations

The Harbour Cruise operation achieved a profit of HK\$2 million. Due to the slide of 22% in its turnover, the Shipyard operation recorded a loss of approximately HK\$3.1 million. The Ferry, Shipyard and Related Operations recorded a profit of approximately HK\$3 million in total, a decrease of 17% as compared with last year.

Travel and Hotel Operations

The Travel operation recorded a profit of HK\$0.7 million. After the completion of renovation of Silvermine Beach Hotel, its turnover rose 2.8%, reducing the loss to HK\$2 million, a decrease of 11%.

FINANCIAL REVIEW

Review of Results

The Group's turnover for the year amounted to approximately HK\$2,139 million, representing an increase of 309% when compared to the previous year. This was mainly attributed to the sales of the residential units in Shining Heights and The Spectacle.

Liquidity, Financial Resources and Capital Structure

As of 31 December 2009, shareholders' fund of the Group showed an increase of 38% as compared to the previous year and amounted to approximately HK\$4,076 million. The increase was mainly due to the net effects of the increase in property sales, increase in fair value of available-for-sale equity securities, the realized and unrealized gain in ELNs and the payment of dividends.

There was no change as to the capital structure of the Group during the year. The Group had repaid the bank borrowing of HK\$100 million and had no bank borrowing as of 31 December 2009. Funding for the Group's activities in the year under review was mainly generated from the sale of residential units of Shining Heights and The Spectacle.

During the year, there was no material acquisition and disposal of subsidiary and associate. A net repayment of approximately HK\$30 million was received from an associate who provided mortgage loans to buyers of residential units of Metro Harbour View.

Current assets of the Group were recorded at approximately HK\$2,696 million as compared to the current liabilities of approximately HK\$361 million as of 31 December 2009. Current ratio of the Group had been increased to 7.5, mainly attributed to the increase in sales proceeds from the sales of the residential units of Shining Heights and The Spectacle, the proceeds from the sale of securities and the increase in the market value of the ELNs.

Gearing Ratio and Financial Management

As there was no borrowing as at 31 December 2009, no gearing ratio, which is calculated on the basis of bank borrowing as a ratio of the Group's shareholders' fund, was shown. Assets of the Group had not been charged to any third parties in the year under review.

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

Employees

As at 31 December 2009, the number of employees of the Group stood at about 380 (2008: 380). The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees included medical insurance, retirement scheme, training programmes and educational subsidies. Total employees' costs for the year amounted to approximately HK\$78 million, which was commensurate with that recorded in the previous year.

PROSPECTS

Although the leading central banks have prepared for the strategic withdrawal of stimulus packages, so far it has little impact on the recovery of the global economy. With the support of the sustained growth of Chinese economy, Hong Kong is expected to benefit. Under loose monetary policies, massive capital inflow, limited supply in property and the strong demand for high quality premises, the outlook of the property market is still favorable in the coming year. The average selling price is on an intact uptrend.

The Group will continue to look for properties with re-development potential at reasonable prices. The revenue from the sale of flats at Shining Heights and The Spectacle will be the major source of income of the year.

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

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

CORPORATE GOVERNANCE

The Company considers that it has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2009.

PUBLICATION OF FURTHER INFORMATION

This annual results announcement is published on HKExnews at **www.hkexnews.hk** and on the website of the Company at **www.hkf.com**. The 2009 Annual Report of the Company inclusive of the Directors' Report and Accounts for the year ended 31 December 2009 and Corporate Governance Report will be available on both websites and will be dispatched to the shareholders of the Company in due course.

On behalf of the Board
Colin K. Y. Lam
Chairman

On behalf of the Board
Li Ning
Director

Hong Kong, 22 March 2010

As at the date of this announcement, the executive directors of the Company are Mr. Lam Ko Yin, Colin (Chairman) and Mr. Li Ning, the non-executive directors are Mr. Au Siu Kee, Alexander, Mr. Lau Yum Chuen, Eddie, Dr. Lee Shau Kee, Mr. Leung Hay Man and Mr. Wong Man Kong, Peter and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.