MAGNIFICENT ESTATES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 201)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2009

RESULTS

The board of directors (the "Board") of Magnificent Estates Limited (the "Company") announces that the audited consolidated profit attributable to owners of the Company and its subsidiaries (together the "Group") for the year ended 31st December, 2009 amounted to HK$143,560,000 (2008: HK$123,115,000). The audited consolidated results of the Group for the year, together with comparative figures for the previous year, are as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2009

	NOTES	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*3*	**249,506**	286,191
Cost of sales		**(3,818)**	(4,164)
Other service costs		**(91,327)**	(105,805)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(22,833)**	(22,718)
Gross profit		**131,528**	153,504
Increase in fair value of investment properties		**70,210**	24,804
Other income		**15,186**	15,532
Gain on disposal of available-for-sale investments		**3,617**	-
Gain (loss) on fair value changes of investments held for trading		**6**	(114)
Administrative expenses			
- Depreciation		**(4,099)**	(4,025)
- Others		**(15,346)**	(16,127)
		(19,445)	(20,152)
Other expenses		**(12,314)**	(11,351)
Finance costs	*5*	**(21,358)**	(33,878)
Profit before taxation	*6*	**167,430**	128,345
Income tax expense	*7*	**(23,870)**	(5,230)
Profit for the year attributable to owners of the Company		**143,560**	123,115

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31st December, 2009

	NOTE	**2009** **HK$'000**	2008 HK$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**5,333**	2,316
Reclassification adjustment upon disposal of available-for-sale investments		**(3,617)**	-
Fair value loss on available-for-sale investments		**(5,824)**	(84,400)
Other comprehensive expense for the year		**(4,108)**	(82,084)
Total comprehensive income for the year attributable to owners of the Company		**139,452**	41,031
		HK cents	HK cents
Earnings per share	*9*		
Basic		**1.74**	1.91
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-Current Assets			
Property, plant and equipment		**384,239**	407,376
Prepaid lease payments for land		**1,093,857**	1,101,064
Investment properties		**1,987,790**	1,917,580
Property under development		**843,299**	741,914
Available-for-sale investments		**108,559**	124,371
Deposit for acquisition of property, plant and equipment		**-**	167
		4,417,744	4,292,472
Current Assets			
Inventories		**647**	814
Properties held for sale		**21,650**	21,650
Investments held for trading		**7**	1
Prepaid lease payments for land		**12,542**	12,568
Trade and other receivables	*10*	**11,262**	18,888
Other deposits and prepayments		**4,323**	5,165
Amount due from immediate holding company		**26**	23
Amount due from an intermediate holding company		**29**	28
Pledged bank deposits		**110**	110
Time deposits		**-**	2,500
Bank balances and cash		**35,377**	18,644
		85,973	80,391
Assets classified as held for sale		**4,853**	-
		90,826	80,391
Current Liabilities			
Trade and other payables	*11*	**23,382**	40,374
Rental and other deposits received		**12,709**	4,053
Advance from immediate holding company		**55,141**	45,408
Advance from ultimate holding company		**60,917**	60,427
Advance from a fellow subsidiary		**4,745**	4,746
Tax liabilities		**7,958**	4,963
Bank loans		**567,425**	181,914
Mandatory convertible bonds liability		**16,802**	11,280
		749,079	353,165
Liabilities associated with assets classified as held for sale		**353**	-
		749,432	353,165
Net Current Liabilities		**(658,606)**	(272,774)
Total Assets less Current Liabilities		**3,759,138**	4,019,698
Capital and Reserves			
Share capital		**59,647**	59,647
Share premium and reserves		**2,908,379**	2,768,927
		2,968,026	2,828,574
Non-Current Liabilities			
Rental deposits received		**18,102**	26,055
Mandatory convertible bonds liability		**11,193**	27,995
Bank loans		**476,000**	862,425
Deferred tax liabilities		**285,817**	274,649
		791,112	1,191,124
		3,759,138	4,019,698

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) - Int") ("new and revised HKFRSs") issued by the HKICPA. Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) *"Presentation of Financial Statements"*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 *"Operating Segments"*

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments. However, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 *"Financial Instruments: Disclosures"*)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE

	2009	2008
	HK$'000	*HK$'000*
Income from operation of hotels	**162,397**	207,135
Property rental	**87,109**	78,345
Interest from debt securities	**-**	671
Dividend	**-**	40
	249,506	286,191

4. SEGMENT INFORMATION

The Group’s operating and reportable segments under HKFRS 8 are as follows:

1. Hospitality services - Ramada Hotel Kowloon
2. Hospitality services - Ramada Hong Kong Hotel
3. Hospitality services - Best Western Hotel Taipa, Macau
4. Hospitality services - Magnificent International Hotel, Shanghai
5. Property investment - 633 King’s Road
6. Property investment - Shun Ho Tower
7. Property investment - 19-23 Austin Avenue (Note)
8. Property investment - Shops
9. Securities investment and trading
10. Property development - 239-251 Queen’s Road West
11. Property development - 19-23 Austin Avenue (Note)
12. Property development - 30-40 Bowrington Road
13. Property development - 338-346 Queen’s Road West

Note: In prior year, the property situated at 19-23 Austin Avenue previously held as investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

4. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment for the years:

	Segment revenue		Segment profit (loss)	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**162,397**	207,135	**45,691**	80,690
- Ramada Hotel Kowloon	**49,095**	61,504	**10,523**	19,623
- Ramada Hong Kong Hotel	**60,994**	80,294	**22,262**	37,731
- Best Western Hotel Taipa, Macau	**38,213**	45,004	**12,767**	18,451
- Magnificent International Hotel, Shanghai	**14,095**	20,333	**139**	4,885
Property investment	**87,109**	78,345	**156,047**	96,907
- 633 King's Road	**61,264**	48,514	**80,223**	72,021
- Shun Ho Tower	**16,952**	14,364	**51,631**	23,181
- 19-23 Austin Avenue (Note)	**-**	5,635	**-**	8,073
- Shops	**8,893**	9,832	**24,193**	(6,368)
Securities investment and trading	**-**	711	**3,623**	597
Property development	**-**	-	**-**	-
- 239-251 Queen's Road West	**-**	-	**-**	-
- 19-23 Austin Avenue (Note)	**-**	-	**-**	-
- 30-40 Borwington Road	**-**	-	**-**	-
- 338-346 Queen's Road West	**-**	-	**-**	-
	249,506	286,191	**205,361**	178,194
Other income			**15,186**	15,532
Other expenses			**(12,314)**	(11,351)
Unallocated administration costs and directors' salaries			**(19,445)**	(20,152)
Finance costs			**(21,358)**	(33,878)
Profit before taxation			**167,430**	128,345

Note: In prior year, the property situated at 19-23 Austin Avenue previously held as investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

Geographical information

The following is an analysis of the Group's revenue primarily by geographical markets based on location of assets:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**194,763**	218,419
Macau	**40,648**	47,439
The People's Republic of China (the "PRC")	**14,095**	20,333
	249,506	286,191

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interests on :		
Bank loans wholly repayable within five years	**18,489**	28,818
Effective interest expense on mandatory convertible bonds	**12,514**	3,165
Advance from ultimate holding company wholly repayable within five years	**704**	1,427
Advance from immediate holding company wholly repayable within five years	**605**	13,491
	32,312	46,901
Less: amount capitalised in property under development	**(10,954)**	(13,023)
	21,358	33,878

6. PROFIT BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,681**	1,651
Staff costs including directors' emoluments	**63,744**	67,198
Depreciation of property, plant and equipment	**20,679**	20,464
Release of prepaid lease payments for land	**12,542**	12,375
Less: amount capitalised and included in property under development	**(6,289)**	(6,096)
	6,253	6,279
Operating lease rental in respect of rented premises and equipment	**1,238**	1,371
Gross rental income from investment properties	**(87,109)**	(78,345)
Less: Direct operating expenses from investment properties that generated rental income during the year	**1,272**	6,242
	(85,837)	(72,103)

7. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	**11,377**	9,736
The PRC	**-**	1,010
Other jurisdiction	**1,030**	1,712
	12,407	12,458
Overprovision in prior years		
Hong Kong	**(49)**	(567)
Other jurisdiction	**-**	(255)
	(49)	(822)
Deferred tax		
Current year	**11,512**	8,774
Attributable to a change in tax rate	**-**	(15,180)
	11,512	(6,406)
	23,870	5,230

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDEND

	2009 *HK$'000*	2008 *HK$'000*
Dividend recognised as distribution during the year:		
No final dividend in respect of the year ended 31st December, 2008 was declared to shareholders (2008: Final dividend in respect of the year ended 31st December, 2007 of HK0.24 cents per share)	**-**	14,315

The final dividend in respect of the year ended 31st December, 2009 of HK0.1 cent per share amounting to HK$5,965,000 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2009 *HK$'000*	2008 *HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**143,560**	123,115
Effective interest expense on mandatory convertible bonds	**12,514**	3,165
Earnings for the purpose of basic earnings per share	**156,074**	126,280

Number of shares	2009 *'000*	2008 *'000*
Weighted average number of ordinary shares in issue	**5,964,701**	5,964,701
Effect of ordinary shares to be issued upon the conversion of mandatory convertible bonds	**2,982,350**	643,731
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,947,051**	6,608,432

Diluted earnings per share for both years are not shown as there are no potential ordinary shares subsist during both of the years presented.

10. TRADE AND OTHER RECEIVABLES

Except for a credit period of 30 to 60 days granted to travel agencies and customers of the hotels, the Group does not allow any credit period to customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	2009 *HK'000*	2008 *HK'000*
Not yet due	**3,729**	9,494
0-30 days	**5,556**	6,772
31-60 days	**960**	634
Over 60 days	**6**	96
	10,251	16,996
Analysed for reporting as:		
Trade receivables	**10,251**	16,996
Other receivables	**1,011**	1,892
	11,262	18,888

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2009	2008
	HK'000	*HK'000*
0-30 days	**7,826**	8,522
31-60 days	**1,237**	633
Over 60 days	**369**	6,488
	9,432	15,643
Analysed for reporting as:		
Trade payables	**9,432**	15,643
Other payables	**13,950**	24,731
	23,382	40,374

DIVIDEND

The Board recommends a final dividend of HK0.1 cent per share for the year ended 31st December, 2009 (2008: Nil) payable on 18th June, 2010 to shareholders whose names appear on the register of members of the Company on 3rd June, 2010.

In view of the substantial construction costs outlay for 2010 to 2011, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

BOOK CLOSURE

The register of members will be closed from Monday, 31st May, 2010 to Thursday, 3rd June, 2010, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Thursday, 3rd June, 2010, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 28th May, 2010 and all conversion of bonds must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at the above address in accordance with the terms and conditions of the bonds not later than 4:30 p.m. on Friday, 28th May, 2010.

Bondholders are advised to take note that the conversion of bonds into shares during the period from Monday, 31st May, 2010 to Thursday, 3rd June, 2010, both dates inclusive, will not be entered into the register of members until on or after Friday, 4th June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group continued with its operations of property investment, development and operation of hotels.

The audited consolidated profit attributable to shareholders of the Company for the year ended 31st December, 2009 amounted to HK$143,560,000 (2008: HK$123,115,000).

Before revaluation surplus of all investment properties and its related deferred taxation, depreciation and release of prepaid lease payment for land, the operating profit attributable to shareholders of the Company for year ended 31st December, 2009 is HK$112 million (2008: HK$115 million). The 2.6% fall in operating profit is considered minimal despite unprecedented financial turmoil, global recession and the flu epidemic.

The net assets before deferred tax and **before** revaluation on all asset properties of the Group amounted to HK$3,254 million (HK$0.55 per ordinary share) as at 31st December, 2009.

The net assets before deferred tax and **after** revaluation on all asset properties of the Group amounted to **HK$5,187 million (HK$0.87 per ordinary share)** as at 31st December, 2009.

The corporate strategy is to build hotels on grade B commercial locations which are most suitable for hotel business in terms of low acquisition costs and high yields. The Group benefits from the development of these hotels from good operating incomes, but most importantly is their capital value gain. The Group presently owns and operates the Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai with 1,000 rooms together with four new hotels under development, the Group will have about 2,300 hotel rooms which will be one of the largest hotel group in Hong Kong. Such strategy has successfully helped to increase the value of the Group substantially:-

	2006 *HK$ million*	2007 *HK$ million*	2008 *HK$ million*	**2009** ***HK$ million***
Adjusted Shareholders' Fund	3,226	4,729	4,976	**5,187**
Adjusted Net Asset Value Per Ordinary Share	HK$0.62	HK$0.80	HK$0.83	**HK$0.87**

- For the year ended 31st December, 2009, the Group's income was mostly derived from the aggregate of income from operation of hotels and properties rental income, which is analysed as follows:

Revenue	2008 *HK$'000*	**2009** ***HK$'000***	Change *%*
Income from operation of hotels	207,135	**162,397**	-22
Properties rental	78,345	**87,109**	+11
Interest from debt securities	671	**-**	-
Dividend	40	**-**	-
	286,191	**249,506**	-13
Other income	15,532	**15,186**	-2
Total	301,723	**264,692**	-12

The total income for the Group decreased by 12% from HK$302 million to HK$265 million compared with last year. The decrease of revenue for the year was due to 22% drop in hotel revenue but there was 11% increase in rental income.

The income from operation of hotels decreased by 22% to HK$162 million (2008: HK$207 million). Despite continuous high occupancy, the decrease of hotel turnover for the whole year was due to lower room rates due to loss of business travelers suffering from the global recession which affected Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

	Ramada Hotel Kowloon		**Ramada Hong Kong Hotel**		**Best Western Hotel Taipa, Macau**		**Magnificent International Hotel, Shanghai**	
2009	Avg Room Occcpancy *%*	Avg Room Rate *HK$*	Avg Room Occcpancy *%*	Avg Room Rate *HK$*	Avg Room Occcpancy *%*	Avg Room Rate *HK$*	Avg Room Occcpancy *%*	Avg Room Rate *HK$*
Jan	96	775	90	643	87	462	52	277
Feb	96	570	92	518	97	326	64	272
Mar	98	621	95	557	99	326	68	286
Apr	96	658	92	560	98	360	78	281
May	95	538	80	440	93	319	67	277
Jun	95	481	80	431	91	297	58	283
Jul	96	475	90	400	95	296	71	270
Aug	97	520	94	434	97	378	67	282
Sep	91	588	83	457	92	360	59	291
Oct	97	772	92	653	97	469	69	314
Nov	98	661	95	600	99	403	68	301
Dec	98	781	95	678	98	475	65	293
Avg/yr	96	565	90	535	95	388	66	286
2009 Total	**HK$49,095,000**		**HK$60,994,000**		**HK$38,213,000**		**HK$14,095,000**	
	==========		==========		==========		==========	
2008 Total	HK$61,504,000		HK$80,294,000		HK$45,004,000		HK$20,333,000	
	==========		==========		==========		==========	

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK$87 million (2008: HK$78 million). The growth was derived from 633 King's Road. At the date of this announcement, it provided an annual rental income of HK$71 million (excluding rates and management fee). However, rental income was affected by the demolition of Swire & Maclaine House.

The properties rental income was analysed as follows:-

	2008	**2009**	**Change**
	HK$'000	*HK$'000*	*%*
633 King's Road	48,514	**61,264**	**+26**
Shun Ho Tower	14,364	**16,952**	**+18**
Shops	9,832	**8,893**	**-10**
Swire & Maclaine House	5,635	**demolished**	**-100**
Total	78,345	**87,109**	**+11**
	======	========	

Other income amounted to HK$15 million (2008: HK$15.5 million) which was mostly property management fee income of HK$14 million (2008: HK$14 million).

- Overall service costs for the Group for the year was HK$95 million (2008: HK$110 million), which HK$94 million (2008: HK$104 million) was for the hotel operations including food and beverage and costs of sales and HK$1 million (2008: HK$6 million) was for leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

  The approximate operating costs, food and beverage and improvement costs for each operating hotel were as follows:

Name of Hotel	HK$
Centralized sales office	0.4 million per month
Ramada Hotel Kowloon	2.2 million per month
Ramada Hong Kong Hotel	2.6 million per month
Best Western Hotel Taipa, Macau	1.8 million per month
Magnificent International Hotel, Shanghai	0.8 million per month
Total	**HK$7.8 million per month (HK$94 million per year)**

  Administrative expenses of HK$15 million (2008: HK$16 million) for the year or HK$1.25 million (2008: HK$1.33 million) per month was for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

  Other expenses were property management expenses of HK$12 million (2008: HK$11 million).

- At 31st December, 2009, the overall debt was HK$1,159 million (2008: HK$ 1,150 million) of which, HK$1,043 million (2008: HK$1,044 million) was bank borrowings and HK$116 million (2008: HK$106 million) was advance from shareholders.

  The debt ratio was 18% (2008: 18%) in term of overall debt of HK$1,159 million (2008: HK$1,150 million) against the fully revalued assets of HK$6,442 million (2008: HK$6,246 million).

  The gearing ratio was approximately 39% (2008: 41%) against funds employed of HK$2,968 million (2008: HK$2,829 million).

  The overall debts was analysed as follows:-

	2008 *HK$ million*	**2009** *HK$ million*	**Change** *HK$ million*	**Interest Paid 2009** *HK$ million*
Overall debt	1,150	1,159	+9	32
- bank loans	1,044	1,043	-1	18
- shareholders' loans	106	116	+10	1
Debt ratio (based on Fully Revalued Assets)	18%	18%	-	-
Mandatorily convertible bonds (The bonds will be mandatorily converted to share capital on 13th April 2011)	477	477	-	13

- Of these loans, the total interest expenses amounted to HK$32 million (2008: HK$47 million), of which HK$18 million (2008: HK$29 million) was paid to bank borrowings, HK$1 million (2008: HK$15 million) was paid to shareholder loans and HK$13 million (2008: HK$3 million) was paid to bondholders.

  Out of these interests totally paid, HK$11 million (2008: HK$13 million) was capitalized and HK$21 million (2008: HK$34 million) reflected in the expenses account.

  Regarding the cash flow of the Group for the year, the gross income of the Group was HK$264,692,000 with operating expenses of HK$138,408,000 and interests paid out of the Group of HK$42,283,000, the positive cash flow was therefore HK$84 million which was spent on various construction expenses.

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the year under review, there was no significant change in the Group's staffing level, remuneration and benefit. Remuneration and benefit were set with reference to the market.

- The accounting standards continue to have adverse impact on the results from hotel businesses, these hotels are now stated at cost less depreciation resulting in the following significant impact:

  (a) The properties of the Group as valued by the independent professional valuer at market value as at 31st December, 2009 and the valuation surplus (before accounting for any deferred taxes) not included in accounts are as follows:

Name of properties	**Independent professional valuation report (from Dudley Surveyors Limited)**	**Carrying amounts (in the accounts under accounting standard)**	**Valuation surplus not included in accounts (before accounting for any deferred taxes)**
	at 31.12.2009	**at 31.12.2009**	**at 31.12.2009**
	HK$'000	*HK$'000*	*HK$'000*
Ramada Hotel Kowloon	733,000	287,294	445,706
Ramada Hong Kong Hotel	975,000	379,925	595,075
Best Western Hotel Taipa, Macau	362,000	263,681	98,319
Magnificent International Hotel, Shanghai	267,000	89,154	177,846
633 King's Road	1,310,000	1,310,000	-
239-251 Queen's Road West	578,000	351,497	226,503
338-346 Queen's Road West	244,000	205,972	38,028
19-23 Austin Avenue	795,000	690,042	104,958
30-40 Bowrington Road	523,000	297,692	225,308
Shun Ho Tower	417,000	410,985	6,015
Properties at Gold Coast	37,000	21,650	15,350
Total	**6,241,000**	**4,307,892**	**1,933,108**

If the valuation of the Group's properties by the independent professional valuer was accounted for in the financial statements, the net asset value of the Group will be increased as follows:

	HK$'000
Total net assets (before deferred tax) of the Group	3,253,843
Add: Valuation surplus (before accounting for any related taxes) not recognised in the accounts	1,933,108
Adjusted equity attributable to shareholders of the Company	**5,186,951**
Adjusted net asset value per ordinary share	**HK$0.87**

(b) Reduction of hotel operating profits due to depreciation of the hotel properties amounting to HK$23 million (2008: HK$23 million) for the year under review.

FUTURE PROSPECTS

- For the year under review, the investment properties such as Shun Ho Tower and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau remained fully let. It is expected that the rental revenue from these properties will have modest increase in 2010.

  As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved HK$71 million (excluding rates and management fee) per annum. The management envisages the office building will have modest rental increase in 2010 as most leases are due for renewal.

  For the year under review, there was no significant property being disposed of. The houses at Gold Coast, New Territories are already available for leasing and rental income.

  For the year under review, the hotel market experienced major difficulties such as global financial turmoils and the flu epidemic, the turnover for the four hotels was amounted to HK$162 million, decreased by 22%.

Name of Hotel	**Avg Room Rates**		
	2008	**2009**	**Change**
	HK$	*HK$*	%
Ramada Hotel Kowloon	777	565	-27
Ramada Hong Kong Hotel	680	535	-21
Best Western Hotel Taipa, Macau	409	388	-5
Magnificent International Hotel, Shanghai	354	286	-19

In the coming year, it is envisaged that the hotel business would be improving due to the recovery of world economy thus more business travelling. The leisure travelling continues to improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely. The management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

The hotel turnover for the first three months of 2010 of the four hotels amounted to HK$46,647,000, representing 10% improvement compared with 2009 (The turnover for the first three months of 2009 of the four hotels was 18% down compared with 2008).

	Ramada Hotel Kowloon		**Ramada Hong Kong Hotel**		**Best Western Hotel Taipa, Macau**		**Magnificent International Hotel, Shanghai**	
2010	Avg Room Occpancy %	Avg Room Rate HK$	Avg Room Occpancy %	Avg Room Rate HK$	Avg Room Occpancy %	Avg Room Rate HK$	Avg Room Occpancy %	Avg Room Rate HK$
Jan	98	731	94	621	97	424	64	277
Feb	95	684	90	593	95	600	52	300
Mar	98	759	97	648	97	397	76	330
2010 Total (Jan to Mar)	**HK$13,985,000**		**HK$18,037,000**		**HK$11,236,000**		**HK$3,389,000**	
Change	**+10%**		**+11%**		**+22%**		**+7%**	

With the positive cash flow surplus of HK$84 million for the year ended 31st December, 2009, the forecasted increase of rental incomes and steady hotel operations will ensure stronger future annual cash flow surplus which will help to ease the construction costs required to build the new hotels that will increase the incomes and value of the Group.

It is the intention of the Group to build a portfolio of 3-4 stars hotels with significant market shares in Hong Kong. The expected annual operating return on these hotels will be about 10% on development cost and real estate capital gain potential of 50%. The Board believes these opportunities are readily available. The current four hotels owned by the Group offer about 1,000 rooms and the newly acquired hotel development sites in Sheung Wan, Causeway Bay and Tsimshatsui will add an additional 1,300 rooms. The number of hotel rooms will soon be about 2,300 rooms to become a leading hotel rooms supplier in Hong Kong. Such Strategy has and will continue to increase the value and recurring income of the Group substantially.

Nos. 239 -251 Queen's Road West Hotel Development

A 435 rooms hotel development has been approved by the relevant authorities. Foundation work was completed. Superstructure construction contract has been awarded. The recent commencement of the Western MTR Line will improve future value of this property significantly.

Nos. 338 -346 Queen's Road West Hotel Development

A 214 serviced apartments hotel development is approved to be built. Foundation contract was already awarded. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. The recent commencement of the Western MTR Line will improve future value of this property significantly.

Nos. 19-23 Austin Avenue, Tsimshatsui

Approval has been obtained to increase from 300 rooms to 400 rooms hotel development. Foundation piling was completed. Commencement of superstructure construction is expected to begin this Autumn.

Nos. 30-40 Bowrington Road, Causeway Bay

A 265 rooms hotel development has been approved by the relevant authorities, Superstructure construction is in progress and completion expected in Summer 2010. The new hotel will be named as the Best Western Hotel, Causeway Bay.

During the financial year under review, efforts have already made by the Group to lower the Group's staffing level. Administrative and operating expenses have successfully been lowered by 14%.

Looking ahead, significant lowering of bank lending rate from 4% to 0.05%, before bank's interest spreads, will reduce the Group's interest expenses.

Looking ahead, the management expects 2010 will be a much improved year for hotel operation. The hotels occupancy remain high because of the increasing leisure travelling from the PRC and their further visa relaxation. The hotels room rates will increase due to the return of higher yield commercial travellers because of the global economic recovery. The first three months of 2010 of the hotels revenue have increased by 10% compared with last year 2009. With the signs of many global economic recovery, the world's economic activities should resume normal at later part of this year. Thus, the management expects higher yield commercial travellers will return in trade fair seasons that will compliment the already busy leisure travelling market which will result in room rates and revenue recovery.

The improving hotel business will help to increase the Group's overall turnover.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase since most leases are due for renewal in 2010/2011.

The slowdown of economic demands and lower inflation have helped to control operating costs and most importantly the lowering of construction costs for the four hotel developments.

The low interest rate environment and tight land supply government policy back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point. The conservative 18% debt ratio ensures the Group's stability over any further unforeseeable global financial turmoils.

The management will continue to adopt a conservative approach and to make best endeavour to complete the construction of the four new hotels in Hong Kong to substantially increase the earning base and value for the Group. In view of the substantial construction costs outlay for 2010 to 2011, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

Purchase, sale or redemption of listed securities

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

Corporate Governance

(a) Compliance with the Code on Corporate Governance Practices

During the year, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules except the following:

Code Provision A.2.1

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William CHENG Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It will also facilitate the planning and execution of the Company's strategy and is hence, for the interests of the Company and its shareholders.

Code Provision A.4.1

Non-executive directors of the Company have no set term of office but retire from office on a rotational basis at least once every three years. Amendment to the articles of association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 27th May, 2005 whereby every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code.

(b) Compliance with the Model Code

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

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2009.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board

William Cheng Kai Man
Chairman

Hong Kong, 9th April, 2010

As at the date hereof, the Board comprises six Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and, Mr. Albert Hui Wing Ho; one is Non-executive Director, Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.