上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

Seeding for Future

Shanghai Industrial Urban Development Group Limited

Annual Report 2010

(Incorporated in Bermuda with limited liability)
Stock Code: 563

Prosperous Growth

Shanghai Industrial Urban Development Group Limited ("SIUD") currently has 15 real estate projects in 11 cities in China, spanning many major cities including Beijing, Sanhe, Shenyang, Tianjin, Shanghai, Xi'an, Chengdu, Chongqing, Changsha, Shenzhen and Zhuhai. Most of the projects belong to middle-to-high-end residential properties, and are already in the construction stage, presenting an excellent foundation for the Group's long term development with a land bank of over 12 million square meters.

Contents

Value Creation

The Group's core value is instrumental in our corporate culture; we embrace the spirit of market orientation and strive for excellence. Our projects are set to create value for the society, while our competent staff are striving to build the Group as an evergreen enterprise.

Highly Efficient Communication

Communicating in a highly efficient manner is the key for establishing trust between the Group and all stakeholders such as investors, customers, staff, partners, suppliers as well as government authorities. The Group will continue to maintain close connections with all stakeholders in a frank and open manner and endeavor to achieve win-win situations.

Staff is the most invaluable asset of the Group, thus the philosophy of both parties shall be identical in order to create team spirit. The Group encourages its staff to be open-minded and have mutual exchange, working together at their utmost for the development of the Group.

Unity as a Group

Responsible Developer

Property is an important asset for everyone. As a responsible developer, SIUD strives to ensure quality of its real estate projects and take account of its impact to local communities, creating an ideal environment for our customers.

Corporate Information

DIRECTORS

Executive Directors
Mr. Cai Yu Tian
Mr. Ni Jian Da
Mr. Qian Shi Zhen
Mr. Zhou Jun
Mr. Yang Biao
Mr. Chen An Min
Mr. Jia Bo Wei

Independent Non-Executive Directors
Mr. Doo Wai Hoi, William, J.P.
Dr. Wong Ying Ho, Kennedy, BBS, J.P.
Mr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David

AUTHORIZED REPRESENTATIVES

Mr. Jia Bo Wei
Mr. Yee Foo Hei, Jackson

COMPANY SECRETARY

Mr. Yee Foo Hei, Jackson

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

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

LEGAL ADVISERS

ReedSmith Richards Butler
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3005-3007
30th Floor, Great Eagle Centre
No. 23 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2544 8000
Fax: (852) 2544 8004
Website: http://www.siud.com

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary Shares
Code: 0563
Zero Coupon Convertible Bonds due 2011
Code: 2528

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

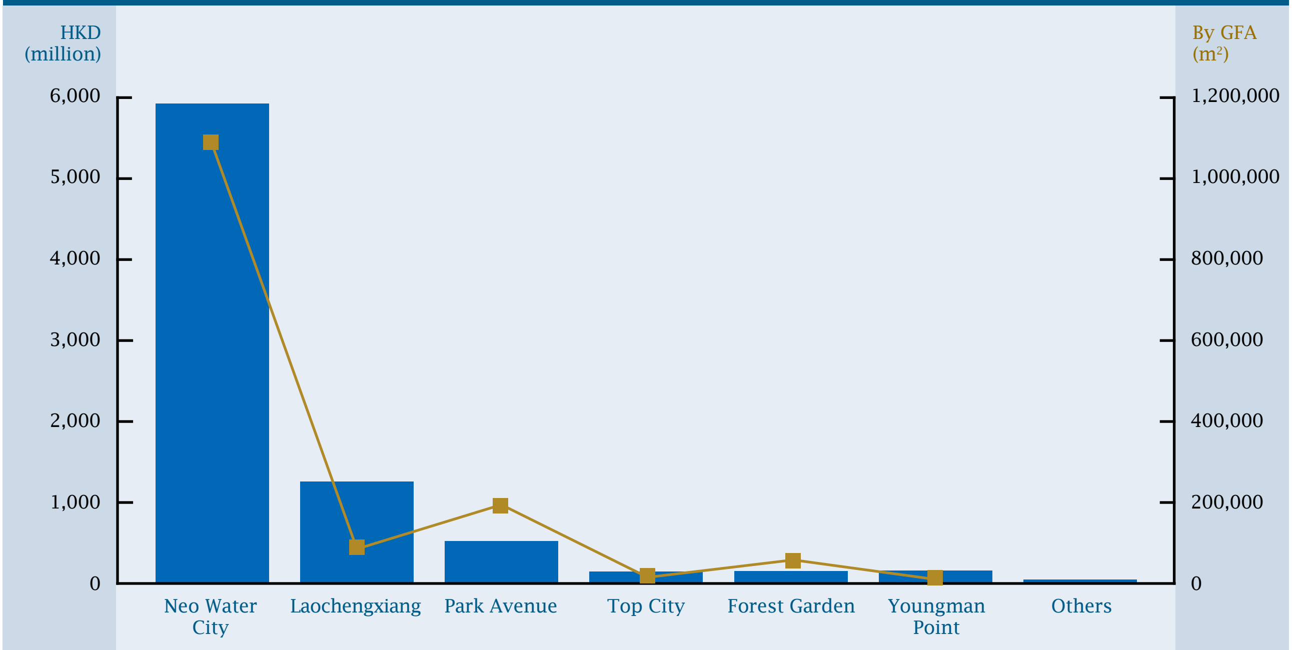
Financial Highlights

	For the year ended 31 December 2010	For the eight months ended 31 December 2009	Change %
Financial Highlights (HK$'000)			
Turnover	**4,110,291**	513,086	701.1
(Loss) / Profit attributable to equity shareholders of the Company	**(749,649)**	(2,106,392)	64.41
Financial Information per share (HK cents)			
Earnings (loss)			
– Basic	**(32.55)**	(108.26)	
– Diluted	**(32.55)**	(127.94)	

	As at 31 December 2010	As at 31 December 2009	Change %
Pre-sale receipts from customers (HK$'000)	**8,417,661**	8,763,402	(3.95)
Financial Ratios			
Net debt to shareholders' funds (%)	**37.2**	69.1	
Current ratio	**1.56**	1.50	

Notes: Net debt = total borrowings (including bank borrowings, loan payables, senior notes and convertible notes) – cash and cash equivalents and restricted bank deposits secured against bank borrowings.

Analysis on Pre-Sale Receipts from Customers



Chairman's Statement

2010 was an extraordinary year for Shanghai Industrial Urban Development Group Limited ("SIUD", formerly Neo-China Land)! As Shanghai Industrial Holdings Limited ("SIHL") completed the acquisition of SIUD in June 2010, our efforts which lasted for nearly two years have finally bore fruits. The shares of SIUD then resumed trading, presenting a solid foundation for the Group to become a top player in the China real estate sector.

What was a dark cloud is now a silver lining

Since SIHL became the controlling shareholder, financial position of the Group has been significantly strengthened. Gearing ratio and cash on hand were also substantially improved. In the second half of the year, the Group underwent a series of organizational restructuring. Directors from various sectors were added to the Board. All the newly appointed independent non-executive directors are well-respected and admired for their excellence in their respective industries. With the management structure of the project companies optimized, performance of these companies have been improved with higher cost-effectiveness. Moreover, the Group re-named the company to "Shanghai Industrial", reflecting huge support from the parent company. On the other hand, the Group appointed Deloitte Touche Tohmatsu as its auditor and PricewaterhouseCoopers to conduct risk assessment in order to improve corporate governance and strengthen the Group's long-term competitiveness.

The real estate business of SIHL includes property development and property investment, in both residential and commercial properties. The business is most vibrant in the Yangtze River Delta. At the same time, SIUD has a land bank of more than 12 million square meters with projects in major provinces and cities in China. With its industry competence and the business strengths of SIHL complementary to each other, the Group will further optimize its projects while extending its geographical footprint. Both companies will enjoy better operation efficiency. The Group resumed land acquisition in the market at the end of the year. Collaborating with a subsidiary of SIHL, it successfully acquired a land site in Shanghai, taking an important step in speeding up business development. The professional team of the Group together with its ample experience in real estate business will create synergy with SIHL that will expand the business scale and enhance competitive strengths. The Group will be crucial for SIHL to integrate its own real estate business.

In future, the Group's fundamental business directions will (1) operate with market forces as our basis so that both our pace of development and production efficiency shall be consistent with the market; (2) promote a corporate culture based on performance so as to maintain our growth impetus; (3) make use of the capital market wisely and to create favorable conditions to speed up business expansion; (4) enhance the operation efficiency of projects so as to improve their respective profitability; and (5) know how to identify talents and use them, and with our best effort we will retain the most important asset of the Group – people.

We look beyond the horizon as we are fully committed

"士不可以不弘毅，任重而道遠！"[1] Looking forward, the Group is still in want of integrating its own resources and it will refine its business strategies according to changes in the market. The management will continue to speed up business development and spare no effort in striving for the leading position in the China real estate sector and maximize the investment return for shareholders in return for their unceasing support of the Group.

The Group has made a lot of painstaking efforts to complete the changes in controlling shareholder and in preparing for the resumption of trading of shares, in the course of which we have been assisted by the unreserved support of various professional bodies. Certainly, our staff has been loyal to the Group and staying at their posts to help the Group through all the difficulties, thereby making incalculable contributions in consolidating the foundation of the Group. On behalf of the Board, I express my sincere gratitude to everyone! I shall march forward with everyone in the Group to scale new heights!

CAI Yu Tian
Chairman
18 March 2011

1 *English translation: We should have aspiration and determination, as we will be shouldering important missions to go a long way.*

Chat with President

The Group will focus on the Yangtze River Delta while tapping opportunities to expand into all major coastal cities. We will be a responsible developer in providing quality properties to customers. We will strive to become a leading player in the industry, and create value for our shareholders, staff and the Group.

President
Ni Jian Da

What are the benefits to the Group after SIHL became the controlling shareholder?

- SIHL is the Hong Kong listed flagship enterprise of the Shanghai Municipal Government with tremendous strength. After SIHL became the controlling shareholder, our finance and capital strengths have been significantly enhanced. The new management team has an average of over 20 years of experience in the area of real estate and related businesses, specialized in the development of mid- to high-end properties. They can precisely leverage on market information and changes, which in turn can optimize our project planning and enhance our architectural features. Besides, the close relationship between the new management and various business partners in the industry can bring economy of scale in many aspects, such as supplies of raw materials, property designs, construction works as well as the sales of property.

- SIHL has been a leading developer in Shanghai and the Yangtze River Delta for years, with an edge in acquiring quality land resources. With the support of SIHL, the outlook of the Group will be promising.

How does the new management enhance the corporate governance of SIUD?

- The new management believes that sound corporate governance is a key to an everlasting enterprise. The Group makes effort in improving the internal control system. Deloitte Touche Tohmatsu was appointed as our auditor and PricewaterhouseCoopers was assigned to carry out a comprehensive risk assessment. The Group will take a series of enhancement measures and set up our corporate governance system on a high plane which will benefit our long-term development.

? Will SIUD concentrate future expansion in the Yangtze River Delta?

- With our pre-eminent brand name, experience and corporate culture, SIUD is evidently having an edge in the Yangtze River Delta, and therefore we may be able to achieve expansion in the area with less effort. In the long run, the region will definitely take up a larger proportion of our business. Nevertheless, we already have nationwide mature projects in various provinces and cities. In the future, we will not limit our development in specific regions, but will rather depend on market opportunities and cost effectiveness.

? What are the major projects of SIUD in 2011?

- The Group had launched the Xi'an project on a rolling basis and the development has already reached a maturity stage. The location is at the intersection of Chan River and Ba River with magnificent view, good transportation network, world-class ancillary facilities and a five-star Kempinski Hotel. It is a highly esteemed project and will become our main source of income in the coming year.

- Chongqing's Top City is another main project. Situated at the golden triangle formed by Jiulongpo, Gaoxinqu and Yuzhongqu and next to Light Rail No. 2, the project comprises of large-scale commercial property, a five-star hotel, offices and residences. It is one of the largest integrated real estate projects in the main city of Chongqing. It is designed by a famous Canadian designer who integrated diversity, openness, internationalization and passion in the design concept. It will be a highly popular project.

? The market expects that the Chinese Government will adopt more measures to curb the property prices. How does the Group deal with this challenge?

- In China, the demand for housing is enormous, so we cannot ignore the effect of rising property price on the public. The Group definitely agreed that the Chinese property market should have an orderly and healthy development. Under the keen competition in the Chinese property market, the management takes a vigilant attitude. No matter there is any tightening measure in place, the Group will uphold the "Shanghai Industrial" tradition and endeavor to enhance our efficiencies. We will continue to introduce innovative thinking and develop properties that will improve our living standard. And the Group's success relies on this faith.

? What are the long-term and short-term goals of SIUD?

- The Group has three short-term goals:
  1) Improving financial position – to increase cash in hand and decrease gearing ratio, and improve our operation to embrace the challenges brought forward by rapid growth.
  2) Enhancing project quality – to leverage on the experienced and professional new management to improve project planning and architectural design in order to upgrade the product quality and prices and increase gross profit margin significantly.
  3) Increasing productivity – to assess market demand and increase area of project commencement and resumption to 3.5 million square meters in 2011 and to increase the number of saleable properties in order to increase the Group's income.

- In the long run, the Group will increase the proportion of investment property to balance against the sales cycle and increase the ratio of fixed revenue stream. Besides, we will put our focus in rate of investment return rather than quantity. In the future, the Group will focus in the Yangtze River Delta while tapping opportunities to expand into all major coastal cities. We will be a responsible developer in providing quality properties to customers. We will strive to become a leading player in the industry, and create value for our shareholders, staff and the Group.

Land Bank

The Group has 15 projects in 11 cities, comprising mid- to high-end residential units, service apartments, hotels, commercial and office buildings. As at 31 December 2010, the land bank of the Group was approximately 12.72 million sq.m.

The Group has restructured its land bank and will adopt prudent strategies in future land acquisition.

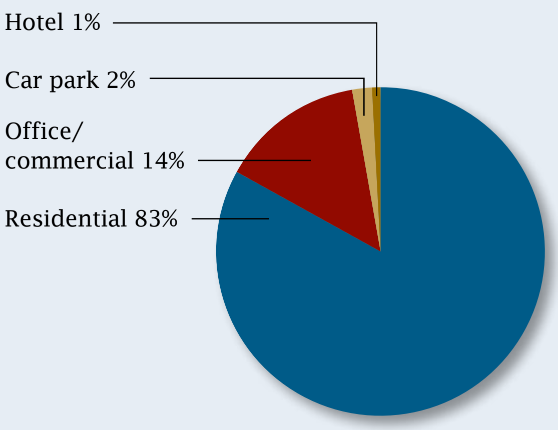
Land Bank Details

Project	City	GFA (sq.m.)	Saleable GFA (sq.m.)	Completed GFA (sq.m.)	Under development (sq.m.)	Expected Completion Date	Future development (sq.m.)	Ownership (%)
American Rock	Beijing	523,833	454,610	454,610	-	Completed	-	100%
Youngman Point	Beijing	352,905	289,700	256,922	32,778	2007-2011, in phases	-	100%
West Diaoyutai	Beijing	250,836	220,647	175,682	-	2007-2011, in phases	44,965	90%
Yanjiao	Sanhe	460,000	433,333	-	-	2011-2013, in phases	433,333	100%
Laochengxiang	Tianjin	752,883	646,205	498,544	80,750	2006-2012, in phases	66,911	100%
Beichen	Tianjin	2,263,000	2,125,500	-	-	2012-2014, in phases	2,125,500	40%
Jiujiu Youth City	Shanghai	213,755	162,888	140,720	22,168	2009-2012, in phases	-	100%
Mei Long Nanfang Shangcheng	Shanghai	421,300	421,300	-	-	-	421,300	25%
Neo Water City	Xi'an	3,534,736	3,205,699	467,322	1,441,165	2008-2013, in phases	1,297,212	71.5%*
Tai Yuan Street	Shenyang	244,950	216,215	-	216,215	2010-2012, in phases	-	80%
Top City	Chongqing	802,532	745,080	523,533	221,547	2008-2012, in phases	-	100%
Park Avenue	Chengdu	625,670	521,836	-	295,482	2011-2013, in phases	226,354	100%
Forest Garden	Changsha	1,073,600	1,005,862	157,136	93,197	2007-2013, in phases	755,529	67%
Qi Ao Island	Zhuhai	1,090,000	770,000	-	-	2012-2014, in phases	770,000	100%
Phoenix Tower	Shenzhen	106,190	79,391	79,391	-	Completed	-	91%
Total		**12,716,190**	**11,298,266**	**2,753,860**	**2,403,302**		**6,141,104**	

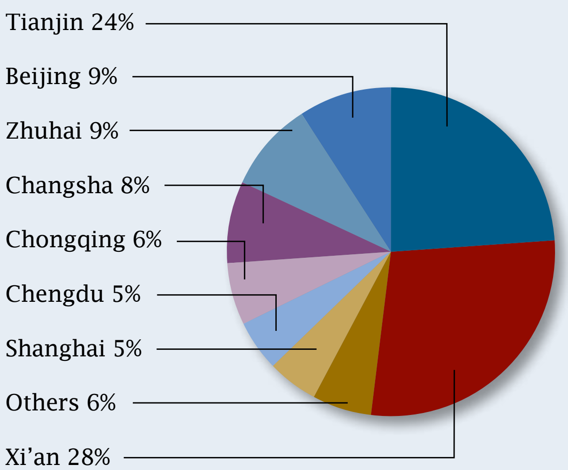
* Saleable area

Land Bank Breakdown
(As at 31 December 2010)

By category



By locaton



Project Portfolio

Beijing

American Rock

Address
No. 16 Baiziwan Road, Chaoyang District, Beijing

Type
Residential/Commercial

Characteristics
The project is situated in close proximity to the central business district. Phase I mainly targets at white-collar customer group in the central business district with various new elements added to the designs, highlighting the sense of modern style and avant-garde of the properties. Phase II mainly consists of offices and is designed specifically for growth companies highly concentrated in the eastern district. The entire development project is divided into five phases for which the development and sales are all completed.

Youngman Point

Address
No. 2 Gan Lu Yuan Zhong Li, Qingnian Road, Chaoyang District, Beijing

Type
Residential/Commercial

Characteristics
The project is situated in the junction of Qingnian Road, Chaoyang District and Chaoyang North Road, being close to the metroline # 6 which is under construction. It is opposite to the Chaobei Dayuecheng (朝北大悅城), a large-scale commercial complex in Chaoyang, only 3.8 km from the core of the central business district. The three sides of the project are greenbelts while the remaining side is next to a river, establishing a unique landscape. The entire development project is divided into three phases, of which Phase I and II completed and sold out, while Phase III has entered into the development stage.

West Diaoyutai

Address
Lot No. 1, 2, West Diaoyutai Village, Haidian District, Beijing

Type
Residential/Service apartment

Characteristics
The project is situated in the Western Third Ring (西三環), with Diaoyutai in the east and Kunyu River in the west, and its northern side is in proximity of the 137-hectare Yuyuan Pool (玉淵潭), enjoying the largest watery area in Beijing of 67 hectares. In respect of the scarcity of watery area in Beijing, such rare riverside landscape contributes to the excellence of the project. With the selling point of riverside luxury apartment, the project's target customer group is wealthy people. The entire project is divided into three phases, of which Phase I and Phase II have completed development and sales, while Phase III will be developed soon.

Sanhe

Yanjiao

Address
Yanjiao Economic Technology Development Zone, Hebei Province

Type
Residential/Commercial/Hotel

Characteristics
Yanjiao Economic Technology Development Zone is situated in the eastern part of Beijing, with Tiananmen located only approximately 30-km away. The Zone is connected by two expressways, Jingtong Expressway and Jingha Expressway, and the actual driving distance could be maintained to less than 40 minutes. Meanwhile, Hebei Province has reached an agreement with Beijing on extending the eastern part of Batong Line to Yanjiao, thereby creating a favorable condition for the integration of the real estate markets of these two places leveraging on convenient transportation. It is planned to develop the project into a large commercial and residential property with hotels, commercial buildings and residences.


* Artist's Impression

Project Portfolio

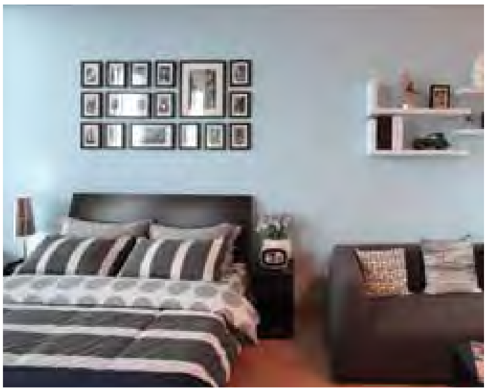
Shanghai

Jiujiu Youth City

Address
No. 1519 Husong Road,
Jiuting Zhen, Songjiang District,
Shanghai

Type
Residential/Commercial

Characteristics
The project is 40-km away from downtown Shanghai, and is located at the transportation hub of southwestern part of Shanghai. The project is located on the top of Jiuting Station of metroline # 9, which is the first station upon entering Songjiang from downtown area. The project comprises of eight blocks of small LOFT apartments, a block of office building, a block of mini residences and shops, possessing the characteristics of comprehensive hub of transportation exchange, pedestrian traffic and commercial and business complex. The project is divided into three phases for sale, of which Phase I and Phase II have been sold out, while Phase III will be open for sale in the first half of 2011.



Mei Long Nanfang Shangcheng

Address
Nanfang Shangcheng, Mei Long Town,
Minhang District, Shanghai

Type
Commercial/Hotel/Office

Characteristics
With close proximity with Humin Elevated Road, the project is situated in the major transportation access, and is planned to develope into a large comprehensive commercial property targeting the rapidly growing enterprises surrounding Minhang District. The project is now in the preliminary stage of preparation and design.

Tianjin

Laochengxiang

Address
Lao Cheng Xiang Area,
Nankai District, Tianjin

Type
Residential/Commercial/Office/
Hotel

Characteristics
The project is situated in the core area of Tianjin with excellent location, and has become the landmark construction in the center of Tianjin. Being a large comprehensive community with residences, commercial buildings and hotels, the residential project includes villas, LOFT apartments and high-rise residences, etc.

* Artist's Impression

Beichen

Address
Yixingfu Old Village, Tianjin

Type
Residential/Commercial/
Apartment/Hotel

Characteristics
The project is a reconstruction plan of an old village, which is close to Beijing-Tianjin Intercity Railway and is situated in the transportation hub. It is planned to construct a comprehensive residential and commercial area with various types of properties. This large scale project is jointly developed by the Group and Wukuang Zhiye Company (五礦置業公司). The demolishment and removal work for Phase I has been completed.

Project Portfolio

Xi'an

Neo Water City

Address
East Lake Road, Xinjia Temple,
Chanba River Economic Development Zone, Xi'an

Type
Residential/Commercial/Hotel

Characteristics
Situated in the junction of Chan-Ba Avenue and Chan River in the core Chan-Ba Ecological District, Xi'an (西安滻灞生態區), the project is in a northeastern ecology zone with a site area of 3,854 mu, and is settled in the delta area within Chan River and Ba River. From the perspective of regional construction and development, the well developed road network with operation of public transport, as well as the 20,000-mu national wetland park and the upcoming International Horticultural Exposition 2011 (2011世界園藝博覽會) establish the project's leading position in the real estate industry in Xi'an.

12 parcels of land in Chan-Ba Peninsula have been planned, including the permanent site of Euro-Asia Economic Forum, the Kempinski Hotel, its corresponding ancillaries such as requisite facilities for daily life in respect of commerce, education, medication as well as shopping mall, are gradually completed.

Chongqing

Top City

Address
No.1 Olympic Road, Yuanjiagang, Gaoxin District, Chongqing

Type
Residential/Commercial/Office/Hotel

Characteristics
Situated in the center of downtown Chongqing, the project is settled in the premium triangular area, which is the junction among Jiulongpo District, Gaoxin District and Yuzhong District, and is in close proximity to the monorail line # 2, the transportation vein of the city and Chongqing Olympics Sports Center (重慶奧體中心). With the combination of large commercial buildings, five-star hotel, offices and residences, the project is currently one of the largest complex property projects in downtown Chongqing. The project is designed by a renowned Canadian company with the integration of spacious concept embracing diversification, openness and internationalization, bringing the HOPSCA international lifestyle from the West into full play and making it a scarce urban complex with vivid characteristics in Chongqing.

Shenyang

* Artist's Impression

Tai Yuan Street

Address
Taiyuan Business Avenue, Shenyang

Type
Hotel/Commercial/ Service Apartment

Characteristics
With Taiyuan Street as its center, "Taiyuan Commercial Area" is the most prosperous commercial street area in the downtown Shenyang. The historical and prolonged commercial activities along the street makes it titled "Number 1 Street in Northeastern China". Combining shopping, catering, leisure, entertainment, office and high-end serviced apartment, the project is a landmark and comprehensive commercial complex within the city. Upon completion, it will formulate a complete "Taiyuan Core Commercial Area" with the existing commercial streets, namely Taiyuan North Street and Zhonghua Road.

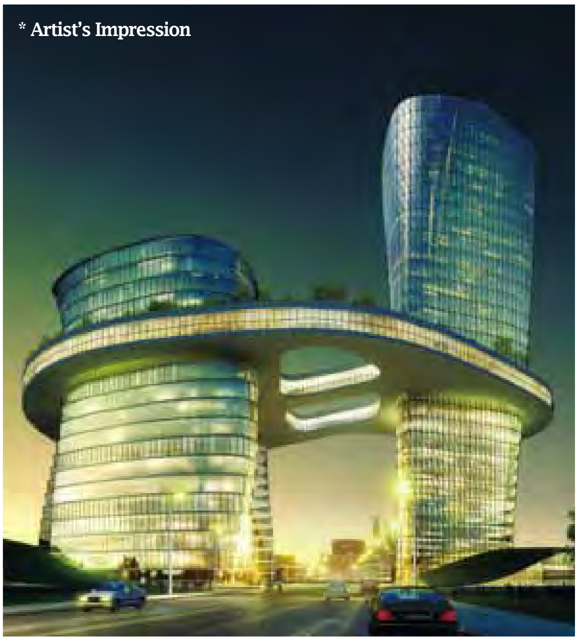
Chengdu

Park Avenue

Address
No. 66, Qingquan North Street, Yongquan Town, Wenjiang District, Chengdu

Type
Residential/Commercial

Characteristics
Situated in the northern side of Guanghua Avenue in Chengdu with Jiangan prefecture in the north, the project is only a few minutes away from downtown Chengdu. In general, the project adopts a layout with boundary formed by different groups, creating an ultra-wide interval among buildings with board view on all sides. Transportation network is also well developed with the access by metroline # 4, monorail and bus. The project is divided into two phases, of which Phase I is under construction.



* Artist's Impression

Project Portfolio

Changsha

Forest Garden

Address
No. 140, Guoliang North Road, Gaotang Ling Town, Wangcheng County, Changsha

Type
Residential/Commercial

Characteristics
Situated in the core area of Xiang Jiang New District where tremendous investment has been contributed by the municipality government, the project approaches the Modern Ecological and Technological Industrial Park (現代生態科技產業園區) in the south, where large renowned brand discount shopping outlets of Global Outlets is under construction. The western side of the project is next to the prosperous area of Wangcheng, while Banma Lake and Leifeng Avenue are located at its northern and northeastern side respectively. With innovative design concepts and comprehensive ancillary facilities, the project is entirely positioned as the "million-square-meter ecological new town" of an overall greenery ratio of over 40%. Properties mainly include multi-storey houses, low-rise garden houses, low-rise elevator houses and detached villas, which belong to the neo-classical architecture style, creating a low-density scenic community with high level of comfort.

Shenzhen

Phoenix Tower

Address
No. 2008, Shennan Road, Futian District, Shenzhen

Type
Office/Commercial/Apartment

Characteristics
Situated in the core area of Futian District, the project is in close proximity to the main transportation highway of Shenzhen, Shennan Boulevard. The Group jointly develops the project with another shareholder, Phoenix Satellite Television Holdings Limited. The project is comprised of a block of office building and a shopping mall and has entirely been developed and sold.

Zhuhai

Qi Ao Island

Address
Qi Ao Island, Xiangzhou District, Zhuhai

Type
Villa/Commercial/Hotel

Characteristics
The project is located at the eastern side of the planned main road of Qi Ao Island, Qi Ao Eastern Line Road (淇澳東線道路), and is approximately 20-km away from the city center. It is planned to develop the project as a large commercial and residential property with hotels and villa group. The project is now in the preliminary preparation stage.

Management Discussion and Analysis

As a review of 2010, the Group has successfully completed its equity interest re-organization. Since SIHL completed acquisition and became the controlling shareholder of the Group on 24 June, our financial position has been enhanced significantly. The Group has also completed the reorganization of the Board in the same year, under which a brand new management concept was introduced and the development direction as well as operation strategies were determined, presenting a solid foundation for the Group's future development.

The Group's real estate business includes property development and property investment of residential and commercial properties, establishing a solid foundation in real estate industry over past years, with projects spanning in key cities nationwide. On the other hand, SIHL is devoted to create a strong core business, placing its focus on the sectors of real estate, infrastructure facilities and consumer products. As the controlling shareholder, SHIL and the Group could create synergy, thereby achieving a favorable strategic deployment for the business segment for both parties. Under the name of the excellent ''Shanghai Industrial'' brand, the Group is set to become an important real estate business platform for SIHL.

Business Review

For the year ended 31 December 2010, the Group's revenue for the year amounted to HK$4.11 billion (for the eight months ended 31 December 2009: HK$510 million), representing an year-on-year increase of 701.1%. During the year, most of the sales income were generated from three projects, namely Laochengxiang in Tianjin, Jiujiu Youth City in Shanghai and Youngman Point in Beijing, which accounted for approximately 58%, 29% and 11% respectively.

Loss attributable to shareholders amounted to HK$750 million, representing a significant improvement from the loss of HK$2.11 billion last year. It was mainly due to the satisfactory sales result. The selling cost has recorded a significant decline as compared to income, while recurring monthly administrative cost dropped, thereby the financing cost was also lowered correspondingly upon the decline of liability level. In 2010, the basic loss per share was HK32.55 cents, and the diluted loss per share was HK32.55 cents (for the eight months ended 31 December 2009: basic loss per share of HK108.26 cents and diluted loss per share of HK127.84 cents).

In January 2010, the Group increased its interests in the Yanjiao project by 10% at a total consideration of RMB25 million (equivalent to approximately HK$28 million). After the completion of the transaction, the Group held the entire interests in the Yanjiao project. In October of the same year, the Group successfully bid for the land use right of a land in Mei Long Nanfang Shangcheng in Shanghai at a total consideration of RMB2.429 billion (equivalent to approximately HK$2.813 billion) together with 上海城開 (集團) 有限公司 and 城開綠碳 (天津) 股權投資基金合伙企業 via tendering. The total site area of the project was 87,246 sq.m, and a saleable area of approximately 421,300 sq.m. The Group has a 25% interest in this project.

During the year, the Company successfully raised HK$1.586 billion via issuing new shares to SIHL, which in turn enhanced our financial position and led to a significant improvement in our liability level. In December 2010, the Group has repaid RMB1.2 billion loan and all of its interests involved in the Zhuhai project. The net borrowing ratio decreased from 69.1% on 31 December 2009 to 37.2% on 31 December 2010. As at 31 December 2010, the Group's cash and cash equivalents amounted to HK$2.382 billion (31 December 2009: HK$1.627 billion). The net asset value was HK$7.64 billion in aggregate (31 December 2009: HK$6.66 billion), and the current ratio was approximately 1.56 (31 December 2009: 1.50).

Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2010 (for the eight months ended 31 December 2009: Nil).

Outlook

In 2011, although China's real estate industry will encounter various challenges, including inflationary risk, interest rate movement, surge of raw material costs and soaring salary, the Group is still confident about the middle-to-long-term development of the industry. With sustained urbanization and continuous increase in national income, the demand for quality housing in China will be increased correspondingly. It is believed that the real estate industry will remain in the growth trend in future. The Group's financial position is becoming more solid. Under the leadership of the new management team, the tightening policies adopted in previous years will be altered to pursuit progressive business expansion.

In the coming year, the Group will accelerate the construction progress of existing projects and the pace of product sales, and raise the quality of our products, actively capturing the market shares in regions where our projects are currently located. Neo Water City in Xi'an will still remain as the major source of pre-sale income, launching both residence and villa. Followed by the Park Avenue in Chengdu, the Top City project in Chongqing and the Jiujiu Youth City in Shanghai, which will all launch new units for sale.

Leveraging the strong competitiveness of SIHL, the Group receives strong support on various aspects such as capital, talents and brand. Looking forward, the Group will actively capture opportunity and seek for potential acquisition target, aiming to become the leader of China's real estate industry with our business focus put on the Yangtze River Delta and vision placed towards all major cities nationwide.

Biographies of Directors and Senior Management

2nd row (from left to right): Chen An Min, Zhou Jun, Qian Shi Zhen, Yang Biao, Jia Bo Wei
1nd row(from left to right): Anthony Fan, William Doo, Cai Yu Tian, Ni Jian Da, Kennedy Wong, David Li

Executive Directors

Mr. CAI Yu Tian,
Executive Director and Chairman

Mr. Cai, aged 61, is also the vice-chairman, chief executive officer and an executive director of SIHL (stock code: 363), and an executive Director and the president of SIIC. Concurrently, he is also the chairman of Shanghai Urban Development (Holdings) Co. Ltd., Shanghai SIIC South Pacific Hotel Co. Ltd. and General Water of China Co., Ltd., and the non-executive chairman of Asia Water Technology Ltd. (a company listed in Singapore). Mr. Cai obtained a master's degree from East China Normal University with major in world economics, and was a research associate. Mr. Cai was the chief executive officer of Zhong Hua Enterprises Co. During the period from September 1987 to November 2005, he had been the deputy director and the Director of the Shanghai Municipal Housing Administration Bureau, the director of the Shanghai Municipal Housing and Land Administration Bureau and the director of the Shanghai Municipal Housing, Land and Resources Administration Bureau respectively. Mr. Cai has more than 20 years' experience in real estate, economic and administrative management.

Mr. NI Jian Da,
Executive Director and President

Mr. Ni, aged 47, is also a deputy chief executive officer of SIHL (stock code: 363) and a director and president of Shanghai Urban Development (Holdings) Co. Ltd. He graduated from Shanghai University and La Trobe University of Australia with a master's degree in business administration. Mr. Ni was the general manager of Shanghai Xuhui Real Estate Management Co. Ltd., a deputy general manager of Shanghai Urban Development (Holdings) Co. Ltd. and the general manager of the real estate department of China Huayuan Group Ltd., and has more than 20 years' professional experience in real estate, economics and management. Mr. Ni was elected a member of the Shanghai Municipal People's Congress in 2003, and was honored as one of the 25 Chinese Entrepreneurs with Most Reforming Ideas, among the Top Ten Persons of the Year elected by the 2006 China International Real Estate and Archi-tech Fair, one of the 2007 Boao Forum- Most Influential Persons in China's Real Estate Industry in 20 Years and one of the Top Ten Entrepreneurs in the Shanghai Real Estate Sector in 18 Years in 2005. He was the vice chairman of Shanghai Youth Federation and is currently the chairman of Shanghai Young Entrepreneurs Association and the vice chairman of the Shanghai Real Estate Association.

Mr. QIAN Shi Zheng,
Executive Director

Mr. Qian, aged 58, is also an executive director and a deputy chief executive officer of SIHL (stock code: 363). He is also a vice president of SIIC, and a director of Shanghai Urban Development (Holdings) Co. Ltd. He graduated from Fudan University with a master's degree in economics and a doctorate degree in management and had taught at Fudan University. He joined SIIC in January 1998 and had been the chief accountant and the general manager of the internal audit department of SIIC. Currently, he is an independent non-executive director of Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd. (stock code: 1157) and Lonking Holdings Limited (stock code: 3339) and the vice chairman of Haitong Securities Co. Ltd. (a company listed in the Shanghai Stock Exchange). He has over 20 years' experience in the theory and practice of finance and accounting.

Mr. ZHOU Jun,
Executive Director
Mr. Zhou, aged 42, is also an executive director and a deputy chief executive officer of SIHL (stock code: 363). He is also a vice president of SIIC and the chairman of Shanghai Galaxy Investment Co., Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd., Shanghai Luqiao Development Co. Ltd. , Shanghai Industrial Management (Shanghai) Limited (上海實業管理(上海)有限公司), United Run Tong Water Company Limited (聯合潤通水務股份有限公司), Shanghai Shen-Yu Development Co., Ltd., and a director of Shanghai Urban Development (Holdings) Co. Ltd., Shanghai Industrial Investment (Shanghai) Limited (上海實業投資(上海)有限公司) and General Water of China Co., Ltd., and a non-executive director of Asia Water Technology Ltd. (a company listed in Singapore). He graduated from Nanjing University and Fudan University with a bachelor's and a master's degree respectively in economics (international finance), and is a member of the Shanghai Municipal People's Congress. He worked for Guotai Securities Co. Ltd. (now Guotai Junan Securities Co.) before joining Shanghai Industrial Investment (Holdings) Co. Limited in April 1996. He held the positions of a deputy general manager of SIIC Real Estate Holdings (Shanghai) Co. Ltd., deputy general manager of Shanghai United Industrial Co., Ltd. (now Shanghai Pharmaceutical Co., Ltd.) and general manager of the strategic department of SIIC. Mr. Zhou has more than 10 years' professional experience in securities, finance, real estate and project planning.

Mr. YANG Biao,
Executive Director
Mr. Yang, aged 47, is also the vice-chairman of Shanghai Urban Development (Holdings) Co., Ltd. He was also an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) during the period from 25 June 2008 to 3 September 2009. Mr. Yang had taught at Shanghai Normal University and was a deputy director of the Audit Bureau of Xuhui District in Shanghai and a Director of the Xuhui District State-owned Assets Administrative Committee. He has many years of teaching, administration and management experience.

Mr. CHEN An Min,
Executive Director and
Executive Vice President
Mr. Chen, aged 60, is also a director and executive vice president of Shanghai Urban Development (Holdings) Co. Ltd. He is also a director of China Haisum Engineering Co., Ltd. (a company listed in the Shenzhen Stock Exchange). He is designated a senior economist. He was the vice chairman of Shanghai Xingye Housing Co., Ltd. and a director of Ningbo Fubang Precision Industry Group Stock Co., Ltd. He has over 30 years of experience in the construction and property development industry.

Mr. JIA Bo Wei,
Executive Director
Mr. Jia, aged 44, has extensive experience in finance and management. He graduated from the monetary banking department of Xin Jiang Finance Institute and earned his post-graduate qualification in 2000. In 2003, he obtained a master's degree in business administration from Guanghua Management School of Peking University. Mr. Jia has 25 years of working experience. Before joining the Company, he worked as the general manager and a director for Suntime International Wine Co., Ltd. (a trading company whose shares are listed as A shares in the Shanghai Stock Exchange).

Independent Non-executive Directors

Mr. DOO Wai Hoi, William, JP,
Independent Non-executive Director and Chairman of the Remuneration Committee
Mr. Doo, aged 66, is a non-executive director and the vice-chairman of New World China Land Limited (stock code: 917), a non-executive director and the deputy chairman of NWS Holdings Limited (stock code: 659), an executive director of Lifestyle International Holdings Limited (stock code: 1212), an independent non-executive director of The Bank of East Asia, Limited (stock code: 23) and he was also an executive director of Haitong International Securities Group Limited until 13 January 2010 (stock code: 665), all being public companies listed in Hong Kong. He is also a director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. In June 2005, he was appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong.

Dr. WONG Ying Ho, Kennedy, BBS, JP,
Independent Non-executive Director and Chairman of the Nomination Committee
Dr. Wong, aged 48, is a solicitor, China Appointed Attesting Officer and a director of the China Law Society. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Dr. Wong is also an executive director of Hong Kong Resources

Holdings Company Limited (stock code: 2882), an independent non-executive director of Asia Cement (China) Holdings Corporation (stock code: 743), China Overseas Land & Investment Limited (stock code: 688), Goldlion Holdings Limited (stock code: 533), and was also an non-executive director of International Financial Network Holdings Limited (now known as ''First China Financial Network Holdings Limited'') (stock code: 8123) until 11 July 2008 and Qin Jia Yuan Media Services Company Limited (stock code: 2366) until 29 November 2010; and an independent non-executive director of Great Wall Technology Company Limited (stock code: 74) until 18 June 2010, all being public companies listed on the Stock Exchange. Dr. Wong is also a director of Pacific Alliance Asia Opportunity Fund Limited, Bohai Industrial Investment Fund Management Company Limited and Hong Kong Airlines Limited, all of which are listed companies or multi-national companies with substantial investments in the PRC or Asia. Dr. Wong is a National Committee Member of the Chinese People's Political Consultative Conference. He is also a member of the Election Committee of Hong Kong responsible for electing Hong Kong's Chief Executive and a deputy convener of the New Century Forum. He is also a cofounder of the Hong Kong Legal Forum. Dr. Wong served on Hong Kong's legislature from 1996 to 1998 and was selected as one of the Ten Outstanding Young Persons of Hong Kong in 1998 and one of the Ten Outstanding Young Persons of the World in 2003.

Mr. FAN Ren Da,
Independent Non-executive Director and Chairman of the Investment Committee

Mr. Fan, aged 51, is also the chairman and managing director of AsiaLink Capital Limited. His expertise lies in the field of general management, corporate finance, mergers and acquisitions, venture capital, company consolidation and restructuring. Mr. Fan held senior positions in a number of international financial institutions and was the managing director of a public company listed on the Stock Exchange. Mr. Fan received his master of business administration degree from the University of Dallas in the United States of America and is now a doctor of philosophy candidate in Shanghai Jiao Tong University. Mr. Fan is an independent non-executive director of Hong Kong Resources Holdings Company Limited (stock code: 2882), Uni-President China Holdings Limited (stock code: 220), Raymond Industrial Limited (stock code: 229), Chinney Alliance Group Limited (stock code: 385), Renhe Commercial Holdings Company Limited (stock code: 1387) and CITIC Resources Holdings Limited (stock code: 1205), all are public companies listed on the Hong Kong Stock Exchange. Mr Fan is also the independent director of Shenzhen World Union Properties Consultancy Company Limited (stock code: 002285), a company listed on the Shenzhen Stock Exchange.

Mr. LI Ka Fai, David
Independent Non-executive Director and Chairman of the Audit Committee

Mr. Li, aged 56, is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is also a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, United Kingdom as well as The Institute of Chartered Secretaries and Administrators, United Kingdom and an associate member of The Institute of Chartered Accountants in England and Wales. He is an independent director and chairman of the audit committee of China Vanke Co., Ltd., a company listed on the Shenzhen Stock Exchange, an independent non-executive director and chairman of the audit committee of China-Hongkong Photo Products Holdings Limited, an independent non-executive director, chairman of the audit committee and member of the remuneration committee of Cosmopolitan International Holdings Limited, an independent non-executive director, member of the audit committee and member of the remuneration committee of AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited), an independent non-executive director, member of the audit committee and member of the remuneration committee of China Merchants Holdings (International) Company Limited and an independent non-executive director, chairman of the audit committee, member of the remuneration committee and member of the nomination committee of Goldlion Holdings Limited, all of which are listed on the Stock Exchange.

Biography of the Senior Management

Mr. CHEN An Min, Executive Director and Executive Vice President

(Biography details, see page 29)

Mr. SHU Chang, Vice President

Aged 52, Mr. Shu was graduated from Beijing Second Foreign Languages Institute and New York University in the U.S. with a master's degree in French literature and a master's degree in economics respectively. Mr. Shu was a director of the Europe Second Division of the Chinese People's Association for Friendship with Foreign Countries, manager of JPMorgan Co., a director and president of China Brillance International E-Business Co., the chairman of Jun An Investment Holding Co., the chief of the financial department and assets operation department of Shanghai Motors Co., a director of SAIC Motor Corporation Ltd., a director and chief investment officer of JinJiang International Holdings Co. Ltd. and a deputy general manager of Beijing Automobile Investment Co. Ltd. He has more than 20 years' experience in corporate management and finance.

Ms. HUANG Fei, Vice President

Aged 46, Ms. Huang was awarded a master's degree in philosophy. She was the league secretary of the Third Tramway Company of the Public Transport Corporation, chairman of the labour union of Xuhui Urban Construction Corporation, manager of sales division of Shanghai Urban Development (Group) Company Limited, general manager of Real Property Agent Company of Shanghai Urban Development. She is currently a party committee member and vice-president of Shanghai Urban Development (Group) Company Limited and deputy general manager (finance) of Shanghai Wanyuan Real Property Development Company Limited.

Mr. YE Wei Qi, Vice President

Aged 47, Mr. Ye was awarded a master's degree in philosophy. He was the manager of finance department, Shanghai Far East Aviation Technology Import and Export Company, manager of budget finance department of Shanghai Great World Plaza Company Limited, deputy manager of budget finance department Shanghai Great World (Group) Company, director of the auditing office, manager of investment and development department and assistant to the general manager of Shanghai Urban Development (Group) Company Limited. He is currently the vice-president of Shanghai Urban Development (Group) Company Limited and general manager of Shanghai Huanyu Investment Company Limited.

Mr. ZHONG Tao, Vice President

Aged 38, Mr. Zhong was awarded a master's degree in philosophy. He was a project manager of Shanghai Industrial Real Property Group (Shanghai) Company Limited, assistant to the general manager of Shanghai Xinghe Digital Investment Company Limited, chief planning officer of Shanghai Industrial Management (Shanghai) Company Limited. He is currently the vice president of Shanghai Urban Development (Group) Company Limited.

Ms. BAO Jing Tao, Chief Financial Officer,

Aged 35, Ms. Bao joined the Company in 2006. She was awarded a bachelor's degree in economics by Anhui University of Finance and Economics and a master's degree in finance by Southwestern University of Finance and Economics. Ms. Bao has worked in large-scale PRC state owned bank, securities and real estate companies, and possesses rich experience in finance and financial management.

Mr. YEE Foo Hei, Jackson, Company Secretary

Mr. Yee, aged 47, joined the Company in March 2011. He is also the Company Secretary of SIHL (stock code: 363). He graduated from City Polytechnic of Hong Kong (now City University of Hong Kong) and University of Wolverhampton, UK with a professional diploma in company secretaryship and administration and a LLB degree respectively. Mr. Yee is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries & Administrators and the Association of Chartered Certified Accountants. Mr. Yee has more than 20 years' practical company secretarial experience in international accountancy firm, multi-national conglomerate and large-scale PRC state owned enterprise.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2010.

CODE OF CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the ''Code'') as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010 except for the following:

(a) Provision A.4.1 of the Code ("Code A.4.1")

Code A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from Code A.4.1.

In accordance with the provisions of the bye-laws of the Company, all directors appointed by the Board during the year shall retire and submit themselves for re-election at general meeting. Furthermore, at each annual general meeting, one-third of the directors for the then time being, or if their number is not three or multiple of three, then the number nearest to but not less than one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. Details of the arrangement for the year under review are set out in the Company circular dated 11 April 2011. In view of the existing retirement and re-election requirements of the directors of the Company, the Company considers that it has taken up sufficient measures to comply with the provision as set out in Code A.4.1.

(b) Provision E.1.2 of the Code ("Code E.1.2")

Code E.1.2 specifies that the chairman of the board should attend the annual general meeting.

Mr. Liu Yi, former the chairman of the Board has been heavily involved in the business operations of the Group in the PRC and so he was unable to attend the Company's 2010 annual general meeting held on 28 May 2010. Mr. Gao Ling, the former chairman of the Audit Committee and the Remuneration Committee was unable to attend the said meeting due to urgent business engagement.

COMPOSITION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

As a result of the passing away of Mr. Zhang Qing Lin on 19 February 2010, the Company only had two independent non-executive directors and two Audit Committee members, namely Ms. Nie Mei Sheng and Mr. Gao Ling, and accordingly did not meet the requirements under rule 3.10(1) and rule 3.21 of the Listing Rules for the interim period from 19 February 2010 to 4 July 2010. On 5 July 2010, Mr. Doo Wai-Hoi, William, Dr. Wong Ying Ho, Kennedy, Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David were appointed as independent non-executive directors, and Ms. Nie Mei Sheng and Mr. Gao Ling resigned as independent non-executive directors on the same date.

CORPORATE GOVERNANCE PRACTICES

The Group strives to attain and maintain high standards of corporate governance to enhance shareholders' value and safeguard shareholders' interests.

The Company recognises the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code.

Throughout the year ended 31 December 2010, the Company has complied with the code provisions set out in the Code, save for certain deviations from the code provisions, details of which are explained in the relevant paragraphs above.

The Company has also put in place certain recommended best practices as set out in the Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules of the Stock Exchange. The Company had made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2010, and each of them confirmed that he/she has complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and agenda of each meeting are normally made available to the directors of the Company in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings and reasonable notice is generally given for other Board meetings. For committee meetings, notice is served in accordance with the required notice period stated in the relevant terms of reference.

Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The senior management, Financial Controller or Company Secretary will attend regular Board meetings and when necessary, and other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the committees is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are circulated to directors for comments within a reasonable period of time after each meeting and the executed copies are open for inspection by directors.

The Company's bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

BOARD OF DIRECTORS

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the business performance of the Group, preparing and approving financial statements, recommending directors' appointments or re-appointments, considering and approving material contracts and transactions as well as other significant policy and financial matters. The Board also gives clear directions as to the powers delegated to senior management for the day-to-day operation and administrative functions of the Group.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring the Board procedures and all applicable rules and regulations are followed.

Upon making request to the Board, each director is able to seek independent professional advice at the Company's expense, when necessary.

Corporate Governance Report

As at the date of this report, the Board comprised 11 members, including seven executive directors and four independent non-executive directors. At least one of the independent non-executive directors has relevant financial management expertise required by the Listing Rules. Save as disclosed in the section of "Biographical Detail of Directors and Company Secretary", there is no relationship among the members of the Board.

The Company has arranged appropriate insurance coverage for directors' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

Directors' Attendance Records

Code provision A.1.1 stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals. There were 21 Board meetings held during the year ended 31 December 2010. Two of which were regular meetings held for approving the final results for the eight months ended 31 December 2009 and interim results for the six months ended 30 June 2010 respectively. Another two regular Board meetings were held for reviewing and approving the financial and operating performance, considering and approving the overall strategies and policies and granting of share options of the Company. The other Board meetings were held for the business developments and operations of the Company.

The attendance records of each director at the meetings (physical meetings and tele-conferences) of the Board, Audit Committee and Remuneration Committee during the year ended 31 December 2010 are set out below:

Name of Directors	Attendance/Number of Meetings		
	Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Cai Yu Tian(1)	8/8		
Mr. Ni Jian Da(1)	8/8		
Mr. Qian Shi Zhen(1)	7/8		
Mr. Zhou Jun(1)	7/8		
Mr. Yang Biao(1)	6/8		
Mr. Chen An Min(1)	7/8		
Mr. Jia Bo Wei	19/21		
Mr. Liu Yi(2)	8/13		
Ms. Niu Xiao Rong(2)	5/13		
Mr. Yuan Kun(2)	7/13		
Ms. Liu Yan(2)	6/13		
Ms. Bao Jing Tao(2)	12/13		
Mr. Lam Kwan Sing(2)	12/13		
Non-executive Directors			
Mr. Lai Leong(2)	7/13		
Independent Non-executive Directors			
Mr. Doo Wai-Hoi, William, J.P.(1)	8/8	2/2	1/1
Dr. Wong Ying Ho, Kennedy, BBS, J.P.(1)	8/8	2/2	
Mr. Fan Ren Da, Anthony(1)	8/8	2/2	1/1
Mr. Li Ka Fai, David(1)	8/8	2/2	
Ms. Nie Mei Sheng(2)	9/13	2/2	1/1
Mr. Gao Ling(2)	9/13	2/2	1/1
Mr. Zhang Qing Lin(3)	3/4	1/2	

Notes:

(1) *Mr. Cai Yu Tian, Mr. Ni Jian Da, Mr. Qian Shi Zhen, Mr. Zhou Jun, Mr. Yang Biao, Mr. Chen An Min, Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David were appointed directors on 5 July 2010.*

(2) *Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan, Mr. Lam Kwan Sing, Mr. Lai Leong, Ms. Nie Mei Sheng and Mr. Gao Ling resigned as directors on 26 July 2010. Ms. Bao Jing Tao resigned as director on 27 July 2010.*

(3) *Mr. Zhang Qing Lin passed away on 19 February 2010.*

The Company has received the annual confirmation of independence from independent non-executive directors and the Company considers them independent.

Given the nature and business objectives of the Company, the Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The list of directors and their respective biographies are set out on pages 28 to 30 of this report.

CHAIRMAN AND PRESIDENT

Mr. Cai Yu Tian is the Chairman of the Board. Following the resignation of Mr. Jia Bo Wei as the Chief Executive Officer of the Company on 20 August 2010, Mr. Ni Jian Da is appointed as the President of the Company. The roles of the Chairman and the President are two distinctively separate positions. The Chairman is responsible for providing leadership for the Board and ensuring that the Board works effectively. The President, who also assumes the responsibility of the Chief Executive Officer, is responsible for the Group's daily operation, business development and management.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of 2 independent non-executive directors and 1 vice president of the Company, namely Mr. Fan Ren Da, Anthony, Mr. Doo Wai-Hoi, William and Mr. Ye Wei Qi (Chairman of Committee). Before 5 July 2010, the Remuneration Committee consisted of two members only, namely Ms. Nie Mei Sheng and Mr. Gao Ling.

The major responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management for submission to the Board for approval;

3. to review and approve above performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office;

5. to review and approve compensation arrangements relating to dismissal or removal of directors; and

6. to ensure that no director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2010, 2 Remuneration Committee meetings were held to review the remuneration packages of all Directors and senior management of the Company.

Corporate Governance Report

NOMINATION OF DIRECTORS

A nomination committee (the "Nomination Committee") was established during the year ended 31 December 2010. It currently consists of 2 independent non-executive directors of the Company, namely Mr. Fan Ren Da, Anthony and Dr. Wong Ying Ho, Kennedy (Chairman of the Committee) and 1 executive director, namely Mr. Ni Jian Da. The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of directors were nominated by the Nomination Committee based on considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

During the year, no Nomination Committee meeting was held.

EXTERNAL AUDITOR AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 49 and 50.

On 19 November 2010, Messrs. Deloitte Touche Tohmatsu ("Deloitte") was appointed as auditor of the Company in replacement of Crowe Horwath (HK) CPA Limited ("Crowe Horwath") (formerly known as "CCIF CPA Limited"), who resigned as auditor of the Company on 18 November 2010.

During the year ended 31 December 2010, the remuneration paid to the Company's auditor, Deloitte and Crowe Horwath, are set out below:

	HK$'000
For audit service – audit fee paid for the year ended 31 December 2010	$4,300
For non-audit service	$1,330

AUDIT COMMITTEE

The Audit Committee currently consists of four independent non-executive directors, namely Mr. Doo Wai-Hoi, William, Dr. Wong Ying Ho, Kennedy, Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David (Chairman of the Committee). Before 5 July 2010, the Audit Committee consisted of two members namely Ms. Nie Mei Sheng and Mr. Gao Ling.

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;
2. to review the financial reporting process and internal control system of the Group; and
3. to review the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors.

There were four Audit Committee meetings held for the year ended 31 December 2010. The Chairman of the Audit Committee, Mr. Li Ka Fai, David, possesses relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

During the year ended 31 December 2010, the Audit Committee reviewed the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors for the Board's approval. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 December 2010.

INVESTMENT COMMITTEE

An investment committee (the "Investment Committee") was established during the year. It currently consists of one independent non-executive Director, Mr. Fan Ren Da, Anthony, who is also the chairman of the Investment Committee; one executive Director, Mr. Zhou Jun and Mr. Ye Wei Qi (Vice President).

The main responsibilities of the Investment Committee are:

1. researches and advises on the long-term development strategy of the Company;
2. researches and advises on material investment projects of the Company;
3. researches and advises on material capital operation and asset operation projects of the Company;
4. researches and advises on material events which affect the development of the Company;
5. makes subsequent assessment on investment projects; and
6. reviews on the above matters.

ACCOUNTABILITY

The directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31 December 2010, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all directors of their responsibility for preparing the financial statements. It is the responsibility of the auditors to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibilities toward or accept liability to any other person for the contents of their report.

INTERNAL CONTROLS

During the year ended 31 December 2010, the Board has conducted a review of the effectiveness of the internal control system of the Group. Such review covered the financial, operational, compliance and risk management aspects of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and the assets of the Company, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

During the year, the Board appointed an independent professional firm to conduct a follow-up review of the findings identified in the Internal Control Report mentioned in the announcement dated 24th June 2010 (the "Announcement"). The findings of this follow-up report (the "Follow-up Report") have been reviewed and the Board and senior management of the Company are of the opinion that the internal control weaknesses as disclosed in the Announcement with respect to "control over contracts for material transactions" and "authorisation of cash payments", have substantially been remediated, while some progress of remediation has been made in the other areas of control weakness mentioned in the Announcement.

The Board and senior management are committed to continue strengthening the internal control systems of the Group. To monitor the effectiveness of the internal control system, in addition to the Internal Audit function of the Group, the Board will appoint an independent professional firm to conduct internal control reviews of selected areas of the Group, starting from year 2011.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of quality communication with all shareholders. Extensive information on the Company's activities is provided in the annual and interim reports, which are despatched to shareholders. The Board will make use of the general meetings as a valuable platform to communicate with Shareholders and answer their enquiries. Details of some transactions undertaken by the Group are also disclosed in a timely manner to shareholders through announcements to facilitate shareholders' understanding of the Group's activities.

The Company continues to enhance communication with its investors since the change of controlling shareholders during the year. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquires from investors are dealt with in an informative and timely manner.

As a channel to promote effective communication, the Company maintains a website at www.siud.com, where up-to-date information including updates on the Company's business development and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong or via facsimile at (852) 2544 8004 for any inquiries. On the other hand, the Group also established an investor database in order to dispatch timely information to investors interested in the Group.

In the previous year, the Group appointed senior management to meet analysts and fund managers to report on the latest development of the Company at appropriate times, and arranged visits to the Group's various projects in order to enhance their understanding. In addition, the Group also actively participates in investor conferences organized by various investment banks as it takes the initiatives to explain to investors future development strategies so that investors appreciate the potential investment value of the Group.

Trading in the Shares and the Convertible Bonds on the Main Board of the Stock Exchange were suspended with effect from 10:10 a.m. on 22 January 2008 at the request of the Company pending the release of an announcement in respect of certain price sensitive information. Trading in the Shares and the Convertible Bonds were resumed with effect from 9:30am on 25 June 2010.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings at which voting is taken on a poll are contained in the Company's bye-laws.

Directors' Report

The Board presents the annual report and the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and an associate are set out in note 46 and 18 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 51 respectively.

INVESTMENT PROPERTIES

Details of movements during the year ended 31 December 2010 in investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 31 December 2010 in other property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company during the year ended 31 December 2010 are set out in note 36 to the consolidated financial statements.

SENIOR NOTES/WARRANT

Details of senior notes/warrant of the Company during the year ended 31 December 2010 are set out in note 34 to the consolidated financial statements.

Directors' Report

FOREIGN EXCHANGE EXPOSURE

Details of exposure to currency risk are set out in note 39(b)(i) to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2010, the Group had cash and bank balances of approximately HK$2.38 billion. Its net assets was about HK$7.64 billion. The Group's current ratio was approximately 1.56. Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to the equity shareholders of the Company. For this purpose, the Group defines net debt as total debt (which includes loan payables and bank borrowings, convertible loan notes and senior notes) less cash and cash equivalents. As at 31 December 2010, the group's gearing ratio was 37.9%.

The Board believes that liquid assets, funds and future revenue will be sufficient for future expansion and working capital requirements.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 43 to the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2010, the Group employed 586 employees (including Hong Kong and PRC offices) (31 December 2009: 622).

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emolument of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Staff benefits include contributions to the Mandatory Provident Fund Schemes and discretionary bonus payments which are linked to the profit performance of the Group and individual performances.

The Group has always regarded its staff as its most invaluable asset. For the employment of new staff or maintenance of existing talents, the Group will formulate reasonable remuneration packages with reference to the economic environment and industry practices. The Group has established a share options scheme and other employee incentive schemes to encourage outstanding staff to continue to create value for the Group.

The Group also organizes annual internal conference including off-site meetings and exchanges among operation directors nationwide in order to raise morale and establish team spirit. Meanwhile, with a view to cope with the ever-changing environment and raise our professional standards, the Group also provides training programs to good performing staff, advocating the spirit of life-long learning and preparing the establishment of the Group as an evergreen enterprise.

MATERIAL ACQUISITIONS AND DISPOSALS

Details of material disposals of the Company are set out in note 40 to the consolidated financial statements. No material acquisitions and disposals occurred during the year ended 31 December 2010.

CHARGE ON GROUP'S ASSETS

Certain bank deposits of approximately HK$54 million (31 December 2009: HK$55 million) were pledged to banks to secure long-term mortgage loans granted by banks to the purchasers of pre-sold properties and are therefore also classified as non-current assets. These pledged deposits will be released upon the transfer of the property title certificates to the respective purchasers.

Certain inventories, a hotel property and certain investment properties of the Group located in the PRC, with total carrying amounts of approximately HK$0.9 billion (31 December 2009: HK$2.0 billion), HK$Nil (31 December 2009: HK$310 million) and HK$3.0 billion (31 December 2009: HK$2.9 billion) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 31 to the consolidated financial statements.

Inventories amounting to approximately HK$385 million are pledged to secure a loan payable denominated in RMB. Details of the loan payable are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company had no distributable reserve as at 31 December 2010.

Under the Companies Act 1981 of Bermuda (as amended), the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) it is, or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK$7,073,988,000 (31 December 2009: HK$5,515,551,000) may be distributed in the form of fully paid bonus shares.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2010 amounted to approximately HK$105,173,000 divided into 2,629,332,189 ordinary shares of HK$0.04 each.

During the year ended 31 December 2010, no convertible notes or warrants were converted into ordinary shares of the Company.

Directors' Report

DIRECTORS

The directors of the Company during the year ended 31 December 2010 and up to the date of this report were:

Executive Directors

Mr. Cai Yu Tian (appointed on 5 July 2010)
Mr. Ni Jian Da (appointed on 5 July 2010)
Mr. Qian Shi Zhen (appointed on 5 July 2010)
Mr. Zhou Jun (appointed on 5 July 2010)
Mr. Yang Biao (appointed on 5 July 2010)
Mr. Chen An Min (appointed on 5 July 2010)
Mr. Jia Bo Wei
Mr. Liu Yi (resigned on 26 July 2010)
Ms. Niu Xiao Rong (resigned on 26 July 2010)
Mr. Yuan Kun (resigned on 26 July 2010)
Ms. Liu Yan (resigned on 26 July 2010)
Ms. Bao Jing Tao (resigned on 27 July 2010)
Mr. Lam Kwan Sing (resigned on 26 July 2010)

Non-executive Directors

Mr. Lai Leong (resigned on 26 July 2010)

Independent Non-executive Directors

Mr. Doo Wai-Hoi, William, J.P. (appointed on 5 July 2010)
Dr. Wong Ying Ho, Kennedy, BBS, J.P. (appointed on 5 July 2010)
Mr. Fan Ren Da, Anthony (appointed on 5 July 2010)
Mr. Li Ka Fai, David (appointed on 5 July 2010)
Ms. Nie Mei Sheng (resigned on 26 July 2010)
Mr. Gao Ling (resigned on 26 July 2010)
Mr. Zhang Qing Lin (passed away on 19 February 2010)

In accordance with the bye-law 86(2) of the Company's bye-laws, Mr. Cai Yu Tian, Mr. Ni Jian Da, Mr. Qian Shi Zheng, Mr. Zhou Jun, Mr. Yang Biao, Mr. Chen An Min, Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David shall retire, and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with clause 87 of the Company's bye-laws, Mr. Jia Bo Wei will retire by rotation and, being eligible, offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

There is no service contract entered into between the Company and any of Mr. Cai Yu Tian, Mr. Jia Bo Wei, Mr. Qian Shi Zheng and Mr. Zhou Jun and they have not been appointed for any specified term.

Mr. Ni Jian Da, Mr. Yang Biao, Mr. Chen An Min, Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David have entered into service contracts with the Company, all with a term of 3 years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND COMPANY SECRETARY

Biographical details of the directors and Company Secretary are set out on page 28 and 31 of this report.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2010, the interests of the directors and their associates in the shares and underlying shares of the share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long position

Name of director	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted	Percentage of the issued share capital of the Company
Cai Yu Tian	Beneficial owner	-	9,000,000 (Note)	0.34%
Ni Jian Da	Beneficial owner	-	8,000,000 (Note)	0.30%
Qian Shi Zheng	Beneficial owner	-	7,000,000 (Note)	0.27%
Zhou Jun	Beneficial owner	-	7,000,000 (Note)	0.27%
Yang Biao	Beneficial owner	-	7,000,000 (Note)	0.27%
Chen An Min	Beneficial owner	-	7,000,000 (Note)	0.27%
Jia Bo Wei	Beneficial owner	-	7,000,000 (Note)	0.27%
Doo Wai-Hoi, William	Beneficial owner	-	1,000,000 (Note)	0.04%
Wong Ying Ho, Kennedy	Beneficial owner	-	1,000,000 (Note)	0.04%
Fan Ren Da, Anthony	Beneficial owner	-	1,000,000 (Note)	0.04%
Li Ka Fai, David	Beneficial owner	-	1,000,000 (Note)	0.04%

Note: These options were granted by the Company under the share option scheme adopted on 12 December 2002.

Save as the disclosed above, as at 31 December 2010, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were 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 which they are taken or deemed to have taken under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

Directors' Report

SHARE OPTIONS

Pursuant to a resolution passed by shareholders of the Company on 12 December 2002, the Company adopted a share option scheme (the "Share Option Scheme"). The particulars of the Share Option Scheme are set out in note 37 to the consolidated financial statements.

As at 31 December 2010, the underlying shares of the outstanding share options were 111,500,000 units, representing 4.24% of the issued share capital of the Company at 31 December 2010.

The following table discloses movements in the Company's share options during the year ended 31 December 2010:

Name of category	Outstanding at 1.1.2010	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31.12.2010
Directors					
Mr. Cai Yu Tian	-	9,000,000	-	-	9,000,000
Mr. Ni Jian Da	-	8,000,000	-	-	8,000,000
Mr. Qian Shi Zheng	-	7,000,000	-	-	7,000,000
Mr. Zhou Jun	-	7,000,000	-	-	7,000,000
Mr. Yang Biao	-	7,000,000	-	-	7,000,000
Mr. Chen An Min	-	7,000,000	-	-	7,000,000
Mr. Jia Bo Wei	2,500,000	7,000,000	-	(2,500,000)	7,000,000
Mr. Doo Wai-Hoi, William	-	1,000,000	-	-	1,000,000
Dr. Wong Ying Ho, Kennedy	-	1,000,000	-	-	1,000,000
Mr. Fan Ren Da, Anthony	-	1,000,000	-	-	1,000,000
Mr. Li Ka Fai, David	-	1,000,000	-	-	1,000,000
Mr. Liu Yi#	10,000,000	-	-	(10,000,000)	-
Ms. Niu Xiao Rong#	8,625,000	-	-	(8,625,000)	-
Mr. Yuan Kun#	6,000,000	-	-	(6,000,000)	-
Ms. Liu Yan#	10,700,000	-	-	(10,700,000)	-
Ms. Bao Jing Tao#	250,000	-	-	(250,000)	-
Employees	87,550,000	55,500,000	-	(87,550,000)	55,500,000
Total	**125,625,000**	**111,500,000**	**-**	**(125,625,000)**	**111,500,000**

 # Note: Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun and Ms. Liu Yan resigned as directors of the Company on 26 July 2010, and Ms. Bao Jing Tao resigned as the director of the Company on 27 July 2010.

Details of share options granted were as follows:

Date of grant/ acceptance	Exercise period	Exercise price per share	Closing price immediately before date of grant
4 April 2006	4 April 2006 – 3 April 2016	HK$3.60*	HK$4.36*
17 November 2006	17 November 2006 – 22 October 2016	HK$3.72*	HK$3.92*
14 March 2007	14 March 2007 – 6 March 2017	HK$3.92*	HK$4.00*
24 September 2010	24 September 2010 – 23 September 2020	HK$2.98	HK$2.74

** Note: The above exercise prices and the above closing prices have been consolidated from 4 to 1 as previously disclosed in an announcement of the company.*

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme detailed in note 37 to the consolidated financial statements, at no time during the year ended 31 December 2010 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

Other than the transactions set out in note 44 to the consolidated financial statements, during the year ended 31 December 2010 and up to the date of this report, the Group entered into the following transactions with connected parties:

Acquisition of Land in Shanghai City

On 29 September 2010, 力暉投資有限公司 (Power Tact Investment Ltd) ("LH") (a wholly-owned subsidiary of the Company), 上海城開（集團）有限公司 (Shanghai Urban Development (Group) Co., Ltd#) ("SUDG") and 城開綠碳（天津）股權投資基金合伙企業 (Urban Development Green Carbon (Tianjin) Equity Investment Fund Joint Venture#) ("SUDG JV") made a successful bid for the land use right of a plot of land with a site area of 8.73 hectares (approximately 131 mu) (the "Land") in Meilong, Shanghai for the consideration of RMB2,429 million (equivalent to approximately HK$2,813 million).

The development of the Land is proposed to be carried out by a joint venture which is to be owned as to 25% by LH, as to 40% by SUDG and as to 35% by SUDG JV. Accordingly, LH will be responsible for the payment of 25% of the consideration.

Shanghai Industrial Holdings Limited ("SIHL") is the controlling shareholder of the Company. SUDG, a non-wholly owned subsidiary of SIHL, is therefore a connected person of the Company. SUDG may acquire an interest in SUDG JV. Therefore the Acquisition constitutes a connected transaction of the Company.

Details of the transaction were published in the announcement and circular dated 30 September 2010 and 2 November 2010 respectively.

for identification purpose only

Directors' Report

Sale and Purchase Agreement

On 19 January 2010, Novel Good Limited ("Novel Good"), a wholly-owned subsidiary of SIHL, entered into the Sale and Purchase Agreement with Invest Gain Limited (the "Vendor"), a company wholly owned by Mr. Li Song Xiao (a former executive director and chairman of the Company who resigned with effect from 22 August 2009), pursuant to which, amongst other things, the Vendor has conditionally agreed to sell, and Novel Good has conditionally agreed to purchase, 500,000,000 shares of the Company (the "Sale Shares") at a total consideration of HK$1,160,000,000, equivalent to approximately HK$2.32 per Sale Share.

Subscription Agreement

On 19 January 2010, Novel Good entered into the Subscription Agreement with the Company, pursuant to which, amongst other things, the Company has conditionally agreed subject to completion of the Sale and Purchase Agreement to allot and issue to Novel Good, and Novel Good has conditionally agreed to subscribe 683,692,000 shares of the Company (the "Subscribed Shares") at a subscription price of HK$1,585,784,000 (the "Subscription").

Whilst SIHL itself, and Novel Good, are independent third parties, the Subscription Agreement was entered into as part of or in connection with the overall Transactions, of which it forms part, and thus also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules, including the independent shareholders' approval requirements under Rule 14A.18 of the Listing Rules.

Details of the above transactions were published in the announcements dated 19 January 2010 and 24 June 2010 and the circular dated 14 May 2010 respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 44 to the consolidated financial statements, no significant contracts, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2010 or at any time during the year ended 31 December 2010.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 December 2010, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Ordinary shares of HK$0.04 each of the Company

Name of substantial shareholder	Long/ short position	Capacity	No. of shares of the Company interested	% of the Company's issued share capital
SIHL (Note 1)	Long	Held by controlled corporation	1,233,692,000 (Note 3)	46.92%
Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") (Note 2)	Long	Held by controlled corporation	1,233,692,000 (Note 3)	46.92%
Invest Gain Limited (Note 4)	Long	Beneficial owner	222,156,995	8.45%
	Short	Beneficial owner	50,000,000 (Note 3)	1.90%
Mr. Li Song Xiao (Note 4)	Long	Held by controlled corporation	222,156,995	8.45%
	Long	Beneficial owner	2,407,500	0.09%
	Short	Held by controlled corporation	50,000,000 (Note 3)	1.90%
Ms. Liu Hui (Note 5)	Long	Held by spouse	224,564,495	8.54%
	Short	Held by spouse	50,000,000 (Note 3)	1.90%

Notes:

1. *These shares are held by Novel Good Limited, a wholly owned subsidiary of SIHL.*
2. *SIIC through its subsidiaries, namely Shanghai Investment Holdings Ltd., SIIC Capital (B.V.I.) Ltd., SIIC Treasury (B.V.I.) Ltd., Shanghai Industrial Financial (Holdings) Co. Ltd., South Pacific International Trading Ltd., The Tien Chu Ve-Tsin (Hong Kong) Co. Ltd., SIIC Trading Co. Ltd., SIIC CM Development Funds Ltd., Billion More Investments Ltd. and SIIC CM Development Ltd. held approximately 53% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 1,233,692,000 shares held by SIHL for the purpose of the SFO.*
3. *These 50,000,000 Shares (short position) held by Invest Gain Limited was pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 Shares.*
4. *These shares are held by Invest Gain Limited, a company beneficially and wholly owned by Mr. Li Song Xiao.*
5. *Ms. Liu Hui was deemed to be interested in the interests/shares held beneficially by her spouse, Mr. Li Song Xiao.*

Save as disclosed above, as at 31 December 2010, no person (other than the directors of the Company whose interests are set out in the section headed "Directors' Interests in Shares and Underlying Shares" above) had an interest or a short position in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 2.5% of the Group's total revenue for the year ended 31 December 2010 and the sales attributable to the Group's largest customer were approximately 0.5% of the Group's total revenue for the year ended 31 December 2010.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 50.3% of the Group's total purchases and the purchases of the year ended 31 December 2010 attributable to the Group's largest supplier were approximately 26.9% of the Group's total purchases for the year ended 31 December 2010.

None of the directors, their associates or any shareholder of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 24 June 2010, the Company issued 683,692,000 ordinary shares of HK$0.04 each to Novel Good, a wholly-owned subsidiary of SIHL (an intermediate holding company of the Company as at 31 December 2010), at a price of HK$2.32 per ordinary share. On 15 October 2010, the Company paid in aggregate approximately HK$65,408,000 to redeem total principal amount of HK$50,160,000 of the Company's zero coupon convertible bonds due 2011 in respect of which valid put option notices were received. Immediately after the said redemption, approximately HK$2,000,000 in aggregate principal amount of Bonds remained outstanding. Save for the above, the Company confirms that neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2010.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial years, eight months ended 31 December 2009 and the year ended 31 December 2010 is set out on page 124 of this report.

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Details of the non-adjusting event after the reporting period are set out in note 45 on the financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned as auditor of the Company on 10 June 2008 while CCIF CPA Limited was appointed by the Board to fill the casual vacancy.

Following the resignation of Messrs. CCIF CPA Limited due to its merger of business with PCP CPA Limited, Crowe Horwath (HK) CPA Limited was appointed as the auditor of the Company to fill the casual vacancy on 18 January 2010.

Messrs. Crowe Horwath (HK) CPA Limited resigned as the auditor of the Company on 18 November 2010 while Messrs. Deloitte Touche Tohmatsu was appointed by the Board to fill the casual vacancy on 19 November 2010.

Apart from the foregoing, there were no other changes in auditors of the Company in any of the preceding three years.

Deloitte Touche Tohmatsu will retire and being eligible, offer itself for re-appointment. A resolution for the reappointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the AGM.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and to all our staff for their dedicated efforts during this year, as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support of our Group.

On behalf of the Board

Cai Yu Tian
Chairman
18 March 2011

Independent Auditor's Report

Deloitte.
德勤

To the members of
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED
上海實業城市開發集團有限公司
(Formerly known as Neo-China Land Group (Holdings) Limited
中新地產集團（控股）有限公司)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 123, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matter

The consolidated financial statements of the Group for the period from 1 May 2009 to 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 9 April 2010.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	NOTES	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Revenue	6	**4,110,291**	513,086
Cost of sales		**(3,476,750)**	(448,138)
Gross profit		**633,541**	64,948
Other income	7(a)	**30,841**	20,450
Other gains and losses	7(b)	**134,497**	(23,943)
Fair value changes on investment properties		**7,130**	(158,337)
Impairment loss in respect of inventories		**(178,326)**	(124,398)
Distribution and selling expenses		**(401,945)**	(252,359)
General and administrative expenses		**(566,800)**	(394,571)
Finance costs	8	**(359,661)**	(132,342)
(Loss) gain on redemption of convertible loan notes		**(3,163)**	426,074
Share of losses of associates		**(3,244)**	(1,789)
Gain on disposal of subsidiaries		**—**	336,866
Loss on disposal of an associate		**—**	(5,100)
Impairment loss on assets classified as held for sale		**—**	(1,790,000)
Loss before tax		**(707,130)**	(2,034,501)
Income tax	10	**(128,778)**	(149,798)
Loss for the year/period	9	**(835,908)**	(2,184,299)
Other comprehensive income (expense) for the year/period			
Exchange differences on translation into presentation currency		**160,954**	(1,235)
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in subsidiaries		**—**	(145,234)
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in an associate		**—**	(22,681)
Reclassification adjustment for realisation of revaluation gains transferred to profit or loss upon sale of completed properties held for sale		**(17)**	(270)
Other comprehensive income (expense) for the year/period		**160,937**	(169,420)
Total comprehensive expense for the year/period		**(674,971)**	(2,353,719)
Loss for the year/period attributable to:			
Owners of the Company		**(749,649)**	(2,106,392)
Non-controlling interests		**(86,259)**	(77,907)
		(835,908)	(2,184,299)
Total comprehensive expense attributable to:			
Owners of the Company		**(607,721)**	(2,275,812)
Non-controlling interests		**(67,250)**	(77,907)
		(674,971)	(2,353,719)
Loss per share			
Basic (HK cents)	14	**(32.55)**	(108.26)
Diluted (HK cents)	14	**(32.55)**	(127.84)

Consolidated Statement of Financial Position

At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current Assets			
Investment properties	15	3,003,575	2,949,328
Property, plant and equipment	16	857,660	740,362
Prepaid lease payments	17	85,856	85,238
Interest in an associate	18	330,401	328,380
Amount due from an associate	19	80,292	—
Restricted bank deposits	20	54,191	55,023
Derivative financial instrument			
— Redemption Right of the Issuer	33	—	600
Deferred tax assets	30	—	24,142
		4,411,975	4,183,073
Current Assets			
Inventories	21	18,042,959	14,462,055
Loan receivables	22	—	412,626
Trade and other receivables	23	702,770	783,926
Prepaid lease payments	17	2,339	2,300
Amount due from an associate	19	—	77,602
Consideration receivables for disposal of assets	24	21,381	1,370,386
Prepaid income tax and land appreciation tax		362,895	339,673
Bank balances and cash	25	2,381,542	1,627,196
		21,513,886	19,075,764
Assets classified as held for sale	35	—	2,732,943
		21,513,886	21,808,707
Current Liabilities			
Trade and other payables	26	2,358,019	1,918,894
Amounts due to a non-controlling shareholder	27	52,347	48,055
Amounts due to related companies	27	2,466	2,466
Consideration payables for acquisition of subsidiaries	28	350,262	443,592
Pre-sale proceeds received on sales of properties	29	8,417,661	8,763,402
Bank borrowings	31	120,901	702,240
Loan payables	32	1,471,810	1,402,200
Derivative financial instrument — Warrants	34	16,600	29,600
Income tax and land appreciation tax payables		998,891	1,238,927
Dividend payable		6,423	6,473
Convertible loan notes	33	2,607	—
		13,797,987	14,555,849
Liabilities associated with assets classified as held for sale	35	—	835
		13,797,987	14,556,684
Net Current Assets		7,715,899	7,252,023
Total Assets less Current Liabilities		12,127,874	11,435,096

	NOTES	2010 HK$'000	2009 HK$'000
Non-current Liabilities			
Bank borrowings	31	514,408	768,064
Convertible loan notes	33	—	62,136
Senior notes	34	2,974,260	2,942,803
Deferred tax liabilities	30	996,924	1,002,111
		4,485,592	4,775,114
		7,642,282	6,659,982
Capital and Reserves			
Share capital	36	105,173	77,826
Reserves		7,017,806	5,995,603
Equity attributable to owners of the Company		7,122,979	6,073,429
Non-controlling interests		519,303	586,553
		7,642,282	6,659,982

The consolidated financial statements on pages 51 to 123 were approved and authorised for issue by the Board of Directors on 18 March 2011 and are signed on its behalf by:

NI Jian Da
Director

QIAN Shi Zheng
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Other revaluation reserve HK$'000 (note (a))	Exchange reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 May 2009	77,826	5,515,551	44,365	208,384	46,229	796,775	1,627,254	8,316,384	755,759	9,072,143
Loss for the period	—	—	—	—	—	—	(2,106,392)	(2,106,392)	(77,907)	(2,184,299)
Other comprehensive expense for the period:										
Exchange differences on translation into presentation currency	—	—	—	—	—	(1,235)	—	(1,235)	—	(1,235)
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in subsidiaries	—	—	—	—	—	(145,234)	—	(145,234)	—	(145,234)
Reclassification adjustment for realisation of exchange differences transferred to profit or loss upon disposal of interest in an associate	—	—	—	—	—	(22,681)	—	(22,681)	—	(22,681)
Reclassification adjustment for realisation of fair value gains transferred to profit or loss upon sales of completed properties held for sale	—	—	—	—	(270)	—	—	(270)	—	(270)
Total comprehensive expense for the period	—	—	—	—	(270)	(167,150)	(2,106,392)	(2,275,812)	(77,907)	(2,353,719)
Transfer to accumulated (losses) profits upon redemption of convertible loan notes	—	—	(41,785)	—	—	—	61,566	19,781	—	19,781
Decrease in non-controlling interests										
— upon disposal of subsidiaries	—	—	—	—	—	—	—	—	(79,914)	(79,914)
— upon acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	(11,385)	(11,385)
Recognition of equity settled share-based payments	—	—	—	13,076	—	—	—	13,076	—	13,076
At 31 December 2009 and 1 January 2010	77,826	5,515,551	2,580	221,460	45,959	627,625	(417,572)	6,073,429	586,553	6,659,982

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Other revaluation reserve HK$'000 (note (a))	Exchange reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Loss for the year	—	—	—	—	—	—	(749,649)	(749,649)	(86,259)	(835,908)
Other comprehensive income for the year:										
Exchange differences on translation into presentation currency	—	—	—	—	—	141,945	—	141,945	19,009	160,954
Reclassification adjustment for realisation of fair value gains transferred to profit or loss upon sales of completed properties held for sale	—	—	—	—	(17)	—	—	(17)	—	(17)
Total comprehensive expense for the year	—	—	—	—	(17)	141,945	(749,649)	(607,721)	(67,250)	(674,971)
Issue of shares	27,347	1,558,437	—	—	—	—	—	1,585,784	—	1,585,784
Transfer to accumulated losses upon redemption of convertible loan notes	—	—	(2,560)	—	—	—	4,681	2,121	—	2,121
Recognition of equity-settled share-based payments	—	—	—	69,366	—	—	—	69,366	—	69,366
Transfer to accumulated losses upon cancellation of share options	—	—	—	(227,083)	—	—	227,083	—	—	—
At 31 December 2010	105,173	7,073,988	20	63,743	45,942	769,570	(935,457)	7,122,979	519,303	7,642,282

Note:

(a) The other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in the profit and loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	NOTE	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(707,130)**	(2,034,501)
Adjustments for:			
Fair value changes on investment properties		**(7,130)**	158,337
Depreciation of property, plant and equipment		**42,530**	28,868
Amortisation of prepaid lease payments		**2,399**	1,533
Impairment loss on assets classified as held for sale		**—**	1,790,000
Finance costs		**359,661**	132,342
Interest income		**(13,884)**	(13,231)
Loss on disposal of investment properties		**—**	23,639
Loss on disposal of property, plant and equipment		**—**	51
Gain on fair values of derivative financial instruments		**(12,400)**	(3,100)
Loss (gain) on redemption of convertible loan notes		**3,163**	(426,074)
Impairment loss in respect of inventories		**178,326**	124,398
Gain on disposal of subsidiaries		**—**	(336,866)
Loss on disposal of an associate		**—**	5,100
Share of losses of associates		**3,244**	1,789
Impairment loss on trade receivables		**—**	6,840
Transfer from equity on sales of completed properties held for sale		**(17)**	(270)
Equity-settled share-based payment expenses		**69,366**	13,076
Foreign exchange gain		**(104,521)**	(1,235)
Operating cash flows before movements in working capital		**(186,393)**	(529,304)
Increase in inventories		**(184,726)**	(2,615,522)
Decrease in investments in securities held for trading		**—**	1,513
Decrease (increase) in trade and other receivables		**107,360**	(94,973)
Increase in trade and other payables		**204,009**	467,656
(Decrease) increase in pre-sale proceeds received on sales of properties		**(643,791)**	3,347,814
Cash (used in) from operations		**(703,541)**	577,184
The People's Republic of China (the "PRC") income tax and land appreciation tax paid		**(433,855)**	(191,552)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(1,137,396)**	385,632

	NOTE	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of subsidiaries	40(b)	836,154	1,767,782
Proceeds from disposal of interest in an associate		518,966	120,897
Repayment from (advance of) loan receivables		422,176	(412,626)
Proceeds from disposal of investment properties		54,334	160,911
Interest received		13,884	13,231
Decrease in restricted bank deposits		2,726	137,406
Proceeds from disposal of property, plant and equipment		485	54
Payments for purchases of property, plant and equipment		(133,559)	(222,815)
Advance to an associate		—	(74,857)
NET CASH FROM INVESTING ACTIVITIES		1,715,166	1,489,983
FINANCING ACTIVITIES			
Proceeds from issue of shares		1,586,165	—
Loan advances from related companies		1,289,956	—
Loan advance from a third party		173,974	—
Proceeds from new bank borrowings		129,231	302,100
Advance from a non-controlling shareholder		2,554	—
Repayment of loan payables to third parties		(1,426,583)	(604,200)
Repayments of bank borrowings		(1,000,386)	(1,357,500)
Interest paid		(479,103)	(603,357)
Payments for consideration payable for acquisition of subsidiaries		(107,150)	(22,800)
Payment for redemption of convertible loan notes		(65,408)	(544,856)
Expenses on issue of shares		(381)	—
Dividend paid		(50)	—
Repayments to related parties		—	(415)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		102,819	(2,831,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		680,589	(955,413)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		1,662,692	2,618,105
Effect of foreign exchange rate changes		38,261	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY		2,381,542	1,662,692
Bank balances and cash		2,381,542	1,627,196
Cash and cash equivalents included in assets classified as held for sale		—	35,496
		2,381,542	1,662,692

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1. General

The Company is incorporated in Bermuda as an exempted company with limited company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Following the capital reorganisation during the year, Shanghai Industrial Holdings Limited ("SIHL") has become the parent of the Company. Its ultimate parent is Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), a private limited company also incorporated in Hong Kong. The address of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" in the annual report.

The principal activities of the Group are property development, property investment and hotel operations in the PRC.

The consolidated financial statements are presented in Hong Kong dollars as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong. The functional currency of the Company is Renminbi ("RMB").

Pursuant to the board of directors' meeting on 11 December 2009, the financial year end date of the Group and the Company had been changed from 30 April to 31 December in order to bring the annual reporting period end date of the Group in line with that of its major operating subsidiaries engaged in the business of property development. As a result, the comparative figures (which cover a period of eight months from 1 May 2009 to 31 December 2009) for the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and related notes to the consolidated financial statements are not comparable with those of the current period which covers a twelve-month period from 1 January 2010 to 31 December 2010.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognize all assets, liabilities and non-controlling interests at their carrying amounts and to recognize the fair value of the consideration received. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

The application of the other new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 February 2010.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of making an assessment of the impact of the amendments to HKAS 12.

The directors of the Company anticipate that the application of the other new or revised Standards, Amendments or Interpretations will have no material impact on the financial performance and financial position of the Group.

3. Significant accounting policies

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments and investment properties, which are measured at fair value, and assets classified held for sale, which are measured at the lower of carrying amount and fair value less costs to sell as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year/period are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. Significant accounting policies (continued)

Investment in an associate (continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

If the Group has classified non-current assets (or disposal group) as held for sale, but the criteria described above are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale.

The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell.

The Group includes any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss in the period in which the criteria described in above are no longer met.

3. Significant accounting policies (continued)

Investment properties

Investment properties are held to earn rentals properties and/or for capital appreciation.

Investment properties are initial measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including land and building held for use in the production or supply of goods or services, or for administrative purposes (other than building under development as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of items of property, plant and equipment, other than construction in progress, less their estimated useful lives and after taking into account of their estimated residual value, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant accounting policies (continued)

Building under development for future owner occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, amount due from an associate, consideration receivables for disposal of assets, restricted bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of loans and receivables

Loan and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loan and receivables, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

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

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to non-controlling shareholders, related companies, consideration payables for acquisition of subsidiaries, bank borrowings, loan payables and senior notes are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible loan notes (continued)

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the accumulated profits/losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Properties under development for sale, property held for sale and inventories for hotel operations are stated at the lower of cost and net realisable value.

Cost of property in the course of development comprises of land use rights, development costs and borrowing costs capitalised during the development period.

Cost of inventories of hotel operations is calculated using the weighted average cost method and comprises all costs of purchase.

3. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund Scheme and stated-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits (losses).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Significant accounting policies *(continued)*

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Revenue from hotel operations which includes room rental, food and beverage sales and other ancillary services is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Company (i.e. Hong Kong dollars ("HKD")) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (exchange reserve).

4. Key sources of estimates

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Key sources of estimates (continued)

Impairment of trade and other receivables, loan receivables, consideration receivables for disposal of assets and amount due from an associate

The Group estimates impairment losses for trade and other receivables, loan receivables, consideration receivables for disposal of assets and amount due from an associate resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the aging of the trade and other receivables balance, debtor credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the aggregate carrying amount of trade and other receivables, loan receivables, consideration receivables for disposal of assets and amount due from an associate is HK$804,443,000 (2009: HK$2,644,540,000).

Current taxation and deferred taxation

The Group is subject to Enterprise Income Tax ("EIT") in the PRC. Estimations are required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred taxation relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation in the periods in which such estimate is changed.

As at 31 December 2010, the carrying amount of deferred tax assets is nil (2009: HK$24,142,000) and enterprise income tax payable is HK$539,333,000 (2009: HK$645,568,000).

People's Republic of China ("PRC") Land Appreciation Tax

PRC Land Appreciation Tax ("LAT") 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 expenditure including borrowing costs and all property development expenditure.

The Group is subject to LAT in the PRC which has been included in income tax of the Group. However, the Group has not finalised its land appreciation tax returns with the tax authorities for certain of its property development projects. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. As at 31 December 2010, the carrying amount of LAT provision is HK$459,558,000 (2009: HK$573,359,000), which included in income tax and LAT payables.

4. Key sources of estimates (continued)

Write-down of properties under development and properties held for sale

The Group's properties under development and properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in write-down of properties under development and/or completed properties held for sale. Such write-down requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying amount and write-down of properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the write-down of properties would affect profit or loss in future years. For the year ended 31 December 2010, impairment loss of HK$178,326,000 (1.5.2009 to 31.12.2009: HK$124,398,000) in respect of inventories is recognised in profit or loss. As at 31 December 2010, the carrying amount of properties under development and properties held for sales are HK$16,878,217,000 (2009: HK$13,677,143,000) and HK$1,159,806,000 (2009: HK$780,952,000), respectively.

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated cost of each phase as a percentage of the total estimated cost of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

5. Segment information

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

Property development — developing and selling commercial and residential properties in the PRC.

5. Segment information (continued)

Property leasing — leasing office and residential premises in the PRC to generate rental income and to gain from the appreciation in the properties' values in the long term.

Hotel operations — engaging in renting of hotel room accommodation, leasing of commercial shopping arcades and the provision of food and beverage at restaurant outlets and other services and facilities such as telephone, guest transportation and laundry within hotel premises in the PRC. The Group commenced its hotel operations in July 2008.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment.

For the year ended 31 December 2010

	Property development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Total HK$'000
REVENUE				
External sales	4,033,379	17,278	59,634	4,110,291
Inter-segment sales	—	—	1,603	1,603
Segment revenue	4,033,379	17,278	61,237	4,111,894
Eliminations				(1,603)
Group revenue				4,110,291
Segment (loss) profit	(280,067)	501	(45,391)	(324,957)
Unallocated finance costs				(338,285)
Unallocated other gains and losses				102,026
Unallocated corporate expenses				(85,785)
Gain on fair value changes on derivative financial instruments				12,400
Loss on redemption of convertible loan notes				(3,163)
Equity-settled share-based payment expenses				(69,366)
Loss before tax				(707,130)

5. Segment information (continued)

Segment revenue and results (continued)

For the period ended from 1 May 2009 to 31 December 2009

	Property development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Total HK$'000
REVENUE				
External sales	477,796	7,345	27,945	513,086
Inter-segment sales	—	—	4,591	4,591
Segment revenue	477,796	7,345	32,536	517,677
Eliminations				(4,591)
Group's Revenue				513,086
Segment loss	(583,234)	(219,772)	(44,561)	(847,567)
Unallocated finance costs				(103,330)
Unallocated other gains and losses				8,423
Unallocated corporate expenses				(49,891)
Gain on fair value changes on derivative financial instruments				3,100
Gain on redemption of convertible loan notes				426,074
Equity-settled share-based payment expenses				(13,076)
Impairment loss on assets classified as held for sales				(1,790,000)
Gain on disposal of subsidiaries				336,866
Loss on disposal of an associate				(5,100)
Loss before tax				(2,034,501)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss) profit from each segment without allocation of finance costs, unallocated other gains and losses, unallocated corporate expenses, gain on fair value changes on derivatives financial instruments, (loss) gain on redemption of convertible loan notes, equity-settled share-based payment expenses, impairment loss on assets classified as held for sales, gain on disposal of subsidiaries and loss on disposal of an associate. This is the measure reported to the Board of Directors of the Company for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The Group does not allocate impairment loss on assets held for sale to segment result, whereas the related assets and liabilities of the assets/liabilities held for sales are allocated to segment assets/liabilities.

5. Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

	2010 HK$'000	2009 HK$'000
Assets		
Property development	20,052,311	19,386,601
Property leasing	3,095,927	3,066,882
Hotel operations	811,077	815,331
Total segment assets	23,959,315	23,268,814
Deferred tax assets	—	24,142
Prepaid income tax and land appreciation tax	362,895	339,673
Consideration receivables for disposal of assets	—	1,349,154
Derivative financial instrument	—	600
Unallocated bank and cash balances	1,436,264	733,465
Unallocated corporate assets	167,387	275,932
Consolidated assets	25,925,861	25,991,780

Segment liabilities

	2010 HK$'000	2009 HK$'000
Liabilities		
Property development	11,209,867	13,058,678
Property leasing	550,052	435,098
Hotel operations	42,429	44,377
Total segment liabilities	11,802,348	13,538,153
Convertible loan notes	2,607	62,136
Senior notes	2,974,260	2,942,803
Derivative financial instrument	16,600	29,600
Income tax and land appreciation tax payables	998,891	1,238,927
Deferred tax liabilities	996,924	1,002,111
Dividend payable	6,423	6,473
Unallocated loan payables	1,000,000	—
Unallocated corporate liabilities	485,526	511,595
Consolidated liabilities	18,283,579	19,331,798

For the purposes of monitoring segment performances and allocating resources between segments:

— all assets are allocated to operating segments other than deferred tax assets, prepaid income tax and land appreciation tax, consideration receivables for disposal of assets, derivative financial instruments, unallocated bank and cash balances and unallocated corporate assets; and

5. Segment information (continued)

Segment assets and liabilities (continued)

— all liabilities are allocated to operating segments other than convertible notes, senior notes, derivative financial instruments, income tax and land appreciation tax payables, deferred tax liabilities, dividend payable, unallocated loan payables and unallocated corporate liabilities.

Other segment information

Amounts included in the measure of segment results and segment assets:

	Property development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Segment Total HK$'000
For the year ended 31 December 2010				
Fair value changes on investment properties	—	7,130	—	7,130
Interest income on bank deposits	4,521	325	38	4,884
Interest expenses	—	(21,376)	—	(21,376)
Depreciation of property, plant and equipment	(10,777)	(424)	(30,518)	(41,719)
Impairment loss in respect of inventory	(178,326)	—	—	(178,326)
Amortisation of prepaid lease payments	—	—	(2,339)	(2,339)
Share of loss of an associate	(3,244)	—	—	(3,244)
Interest in an associate	330,401	—	—	330,401
Additions of property, plant and equipment	6,106	—	125,842	131,948
For the period from 1 May 2009 to 31 December 2009				
Fair value changes on investment properties	—	(158,337)	—	(158,337)
Interest income on bank deposits	4,308	700	27	5,035
Interest expenses	(10,283)	(18,729)	—	(29,012)
Depreciation of property, plant and equipment	(4,984)	(706)	(22,246)	(27,936)
Impairment loss in respect of inventory	(124,398)	—	—	(124,398)
Impairment loss on trade receivables	(6,840)	—	—	(6,840)
Amortisation of prepaid lease payments	—	—	(1,533)	(1,533)
Share of loss of an associate	(1,789)	—	—	(1,789)
Interest in an associate	328,380	—	—	328,380
Assets classified held for sale	2,732,943	—	—	2,732,943
Additions of property, plant and equipment	3,516	—	217,639	221,155

Revenue from major products and services

The analysis of the Group's revenue from property development, property leasing and hotel operations are set out in note 6.

5. Segment information (continued)

Other segment information (continued)

Geographical information

As all segments of the Group are operating in the PRC and customers are mostly located in the PRC, no geographical information was disclosed.

Information about major customers

For the year ended 31 December 2010 and the period from 1 May 2009 to 31 December 2009, there is no customer contributing more than 10% of the total revenue.

6. Revenue

Revenue represents revenue from sale of properties (net of business tax), rental income from leasing of properties (net of business tax) and revenue from hotel operations (net of business tax).

An analysis of the Group's revenue for the year/period is as follows:

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Revenue from sale of properties	**4,033,379**	477,796
Rental income from leasing of properties	**17,278**	7,345
Revenue from hotel operations	**59,634**	27,945
	4,110,291	513,086

7(a) Other income

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Government unconditional subsidies	**16,186**	5,980
Interest income on bank deposits	**13,884**	9,469
Interest charged on delay in refund of deposits in respect of the cancellation of acquisition of a company	**—**	3,762
Others	**771**	1,239
	30,841	20,450

7(b) Other gains and losses

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Exchange gain on senior notes	102,026	—
Gain on fair value change of derivative financial instruments	12,400	3,100
Other net exchange gain	20,071	3,487
Net loss on disposal of investment properties	—	(23,639)
Net loss on disposal of property, plant and equipment	—	(51)
Impairment loss in respect of trade and other receivables	—	(6,840)
	134,497	(23,943)

8. Finance costs

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	47,724	66,025
Bank borrowings wholly not repayable within five years	41,556	18,728
Loan payables	246,592	227,785
Convertible loan notes	4,634	14,015
Senior notes	335,657	223,097
Total borrowing costs	676,163	549,650
Less: amount capitalized under properties under development	(316,502)	(417,308)
	359,661	132,342

Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 10.8% (1.5.2009 to 31.12.2009: 12.7%) per annum to expenditure on qualifying assets.

9. Loss for the year/period

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Loss for the year/period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	43,185	29,805
Less: depreciation capitalized into properties under development	(655)	(937)
	42,530	28,868
Amortization of prepaid lease payments	2,339	1,533
Auditors' remuneration	4,300	4,100
Gross rental income from investment properties (note)	(17,278)	(7,345)
Less: Operating expenses	4,533	2,780
	(12,745)	(4,565)
Directors' remuneration (note 11)	48,308	14,695
Other staff costs		
Retirement benefit scheme contributions	9,504	6,319
Equity-settled share-based payment expenses	37,349	9,219
Salaries, wages and other benefits	111,464	86,782
	158,317	102,320
Total staff costs	206,625	117,015
Less: staff costs capitalized into properties under development	(24,861)	(20,020)
	181,764	96,995
Cost of properties held for sale recognized as an expense	3,459,998	437,015
Cost of inventories for hotel operations recognised as an expense	10,592	12,127

Note: Including contingent rental income of HK$8,327,000 (2009: HK$2,052,000) from investment properties.

10. Income tax

Taxation in the consolidated statement of comprehensive income represents:

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Current tax:		
PRC EIT	**92,412**	196,940
PRC LAT	**84,103**	32,129
	176,515	229,069
Under(over)provision in prior periods:		
PRC EIT	**41,630**	—
PRC LAT (note)	**(74,878)**	—
	(33,248)	—
Deferred tax (note 30)	**(14,489)**	(79,271)
	128,778	149,798

Note: In 2010, a group entity completed the tax clearance of a property project in Beijing and resulted in an overprovision of LAT of approximately HK$74,878,000, underprovision of related EIT of approximately HK$18,720,000.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the Provisional Regulations of LAT (《中華人民共和國土地增值税暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值税暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and properties development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands in respect of the year ended 31 December 2010 (1.5.2009 to 31.12.2009: Nil).

10. Income tax (continued)

The tax charge for the year/period can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Loss before tax	(707,130)	(2,034,501)
Tax at PRC EIT rate of 25%	(176,783)	(530,513)
Tax effect of share of losses of associates	811	447
Tax effect of expenses not deductible for tax purposes	144,982	513,127
Tax effect of income not taxable for tax purposes	(32,422)	(1,647)
Tax effect of tax losses not recognised	120,699	122,130
Utilisation of tax losses previously not recognised	(21,289)	—
Tax effect of deductible temporary differences not recognised	24,561	—
Income tax on concessionary rate	—	(1,173)
Provision for LAT for the year/period	84,103	32,129
Overprovision of LAT in prior periods	(74,878)	—
Tax effect of LAT deductible for PRC EIT	(2,306)	(8,032)
Underprovision of EIT in prior years	41,630	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	19,309	—
Others	361	1,330
Tax charge for the year/period	128,778	149,798

11. Directors' emoluments

The emoluments paid or payable to each of the 21 (2009: 13) directors were as follows:

For the year ended 31 December 2010

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000 (note 1)	Total emoluments HK$'000
Executive director:					
Liu Yi (note ii)	—	1,795	—	—	1,795
Niu Xiao Rong (note ii)	—	1,860	—	—	1,860
Yuan Kun (note ii)	—	1,980	—	—	1,980
Liu Yan (note ii)	—	1,556	—	—	1,556
Jia Bo Wei	—	2,835	—	4,002	6,837
Bao Jing Tao (note ii)	—	693	—	—	693
Lam Kwan Sing (note ii)	—	1,505	8	—	1,513
Cai Yu Tian (note iii)	—	—	—	5,145	5,145
Chen An Min (note iii)	—	1,031	—	4,002	5,033
Ni Jian Da (note iii)	—	1,237	—	4,574	5,811
Qian Shi Zheng (note iii)	—	—	—	4,002	4,002
Yang Biao (note iii)	—	1,031	—	4,002	5,033
Zhou Jun (note iii)	—	—	—	4,002	4,002
Non-executive director:					
Lai Leong (note ii)	—	—	—	—	—
Independent non-executive director:					
Doo Wai Hoi, William (note iii)	190	—	—	572	762
Wong Ying Ho, Kennedy (note iii)	190	—	—	572	762
Fan Ren Da, Anthony (note iii)	190	—	—	572	762
Li Kai Fai, David (note iii)	190	—	—	572	762
Nie Mei Sheng (note ii)	—	—	—	—	—
Gao Ling (note ii)	—	—	—	—	—
Zhang Qing Lin (note iv)	—	—	—	—	—
Total	760	15,523	8	32,017	48,308

11. Directors' emoluments (continued)

For the period ended from 1 May 2009 to 31 December 2009

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000 (note 1)	Total emoluments HK$'000
Executive director:					
Li Song Xiao (note v)	—	900	—	14	914
Liu Yi (note ii)	—	1,800	—	996	2,796
Niu Xiao Rong (note ii)	—	1,200	—	996	2,196
Yuan Kun (note ii)	—	1,420	—	652	2,072
Liu Yan (note ii)	—	1,200	—	615	1,815
Jia Bo Wei	—	2,000	—	531	2,531
Bao Jing Tao (note ii)	—	910	—	53	963
Lam Kwan Sing (note ii)	—	1,400	8	—	1,408
Non-executive director:					
Lai Leong (note ii)	—	—	—	—	—
Independent non-executive director:					
Nie Mei Sheng (note ii)	—	—	—	—	—
Gao Ling (note ii)	—	—	—	—	—
Zhang Qing Lin (note iv)	—	—	—	—	—
Lai Man Leung (note vi)	—	—	—	—	—
Total	—	10,830	8	3,857	14,695

Notes:

i. Share-based payments represent the fair value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment.

Details of share options granted to directors and other employees, including the principal terms and number of options granted, are set out in note 37.

ii. The directors, except for Bao Jing Tao, resigned on 26 July 2010. Bao Jing Tao resigned on 27 July 2010 as director.

iii. The directors were appointed on 5 July 2010.

iv. The director passed away on 19 February 2010.

v. The director resigned on 22 August 2009.

vi. The director resigned on 9 May 2009.

11. Directors' emoluments (continued)

During the year 31 December 2010 and for the period from 1 May 2009 to 31 December 2009, no emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year/period.

12. Employees' emoluments

The five highest paid individuals in the Group in 2010 were all directors of the Company and details of their emoluments are included in note 11.

Of the five individuals with the highest emoluments in the Group, for the period from 1 May 2009 to 31 December 2009, four were directors of the Company whose emoluments are included in the disclosures in note 11. The emoluments of the remaining one individual were as follows:

	1.5.2009 to 31.12.2009 HK$'000
Salaries and other benefits	189
Share-based payments	2,656
Contributions to retirement benefits schemes	5
	2,850

13. Employee retirement benefits

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the employee's relevant income to the MPF Scheme subject to a cap of monthly relevant income of HK$20,000, which contribution is matched by employees.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at rates ranging from 18% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

14. Loss per share

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

Losses

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Loss for the purpose of basic loss per share:		
Loss for the year/period attributable to owners of the Company	**(749,649)**	(2,106,392)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	—	12,925
Gain recognised on the derivative component of convertible notes	—	(600)
Gain recognised on redemption of convertible notes	—	(436,711)
Loss for the purpose of diluted earnings per share	**(749,649)**	(2,530,778)

Number of shares

	Year ended 31.12.2010 '000	8 months ended 31.12.2009 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,303,408**	1,945,640
Effect of dilutive potential ordinary shares:		
Convertible loan notes	—	33,883
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,303,408**	1,979,523

The computation of diluted loss per share does not assume:

(i) the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share for the year ended 31 December 2010; and

(ii) the exercise of the Company's options/warrants because the exercise price of those option/warrants was higher than the average market price for the year ended 31 December 2010 and for the period from 1 May 2009 to 31 December 2009.

15. Investment properties

	HK$'000
FAIR VALUE	
At 1 May 2009	3,313,447
Net decrease in fair value recognised in profit or loss	(158,337)
Disposals	(205,782)
At 31 December 2009 and 1 January 2010	2,949,328
Exchange realignment	101,451
Net increase in fair value recognised in profit or loss	7,130
Disposals	(54,334)
At 31 December 2010	3,003,575

The fair value of the Group's investment properties, which are located in the PRC, at 31 December 2010 and 2009 have been arrived at on the basis of a valuation carried out on those dates by Savills Valuation and Professional Services Limited, an independent qualified professional valuers not connected with the Group. Savills Valuation and Professional Services Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in similar locations and conditions, where appropriate.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Certain investment properties of the Group have been pledged to secure banking facilities granted to the Group, details of which are set out in note 31.

The carrying value of investment properties shown above comprises:

	2010 **HK$'000**	2009 HK$'000
Land in PRC		
Medium-term lease	**3,003,575**	2,949,328

16. Property, plant and equipment

	Hotel buildings HK$'000	Hotel furniture and equipment HK$'000	Leasehold improvements HK$'000	Other furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 May 2009	214,076	256,175	2,030	26,536	47,063	65,267	611,147
Transfer upon completion	21,999	10,601	—	—	—	(32,600)	—
Additions	—	3,053	1,342	967	2,926	214,527	222,815
Disposals							
— through disposal of subsidiaries	—	—	—	(3,418)	(2,246)	—	(5,664)
— others	—	(44)	—	—	(858)	—	(902)
Transfer to assets classified as held for sale (note 35)	—	—	—	(730)	(637)	—	(1,367)
At 31 December 2009 and 1 January 2010	236,075	269,785	3,372	23,355	46,248	247,194	826,029
Exchange realignment	8,964	10,238	59	723	1,368	8,563	29,915
Transfer upon completion	40,360	40,995	—	—	—	(81,355)	—
Additions	5,351	10,904	980	3,165	1,985	111,174	133,559
Disposals	—	—	(677)	(592)	(112)	—	(1,381)
Transfer from assets classified as held for sale (note 35)	—	—	—	730	637	—	1,367
At 31 December 2010	290,750	331,922	3,734	27,381	50,126	285,576	989,489
DEPRECIATION							
At 1 May 2009	7,849	16,628	1,965	13,814	18,654	—	58,910
Provided for the period	6,106	15,941	131	2,688	4,939	—	29,805
Eliminated on disposals							
— through disposal of subsidiaries	—	—	—	(1,205)	(600)	—	(1,805)
— others	—	(12)	—	—	(785)	—	(797)
Transfer to assets classified as held for sale (note 35)	—	—	—	(234)	(212)	—	(446)
At 31 December 2009 and 1 January 2010	13,955	32,557	2,096	15,063	21,996	—	85,667
Exchange realignment	906	1,227	59	478	757	—	3,427
Provided for the year	24,736	5,782	383	4,455	7,829	—	43,185
Eliminated on disposals	—	—	(677)	(156)	(63)	—	(896)
Transfer from assets classified as held for sale	—	—	—	234	212	—	446
At 31 December 2010	39,597	39,566	1,861	20,074	30,731	—	131,829
CARRYING VALUES							
At 31 December 2010	251,153	292,356	1,873	7,307	19,395	285,576	857,660
At 31 December 2009	222,120	237,228	1,276	8,292	24,252	247,194	740,362

16. Property, plant and equipment (continued)

The above property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Hotel buildings	25 years
Hotel furniture and equipment	5–20 years
Leasehold improvements	5 years
Other furniture and equipment	3–5 years
Motor vehicles	5–8 years

The Group has pledged interest in leasehold land held for own use under operating leases and hotel buildings and improvements to secure general banking facilities granted to the Group, details of which are set out in note 31.

17. Prepaid lease payments

	2010 HK$'000	2009 HK$'000
Medium-term leasehold land in PRC analysed for reporting purposes as:		
Current asset	2,339	2,300
Non-current asset	85,856	85,238
	88,195	87,538

18. Interest in an associate

	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost less impairment loss recognised	324,249	330,170
Share of post-acquisition profits and other comprehensive income, net of dividends received	6,152	(1,790)
	330,401	328,380

18. Interest in an associate (continued)

The following list contains only the particulars of an associate, which is an unlisted corporate, which principally affected the results or assets of the Group:

Name of associate	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital/ registration capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by subsidiary	Principal activity
天津市億嘉合置業有限公司 ("億嘉合置業")	Incorporated	The PRC	RMB38,000,000	40%	40%	Property development

During the year ended 31 December 2009, the Group entered into a sale and purchase agreement and supplemental agreement with Wukuang Zhiye Company ("Wukuang"), a company established in of the PRC, whereby the Group agreed to sell and Wukuang agreed to purchase the Group's 40% equity interest in 億嘉合置業, a company established in the PRC and engaged in property development in Tianjin. After the disposal, the Group holds 40% of interests in 億嘉合置業, which became an associate of the Group. Prior to this disposal, the Group held 80% equity interest in 億嘉合置業.

Upon the completion of disposal of 40% equity interest in 億嘉合置業 (the "Disposal"), the Group agreed to pledge the Group's shareholdings in 億嘉合置業 after the Disposal to Wukuang during the period, the major shareholder of 億嘉合置業, which owned 60% of the equity interest in 億嘉合置業 upon the completion of Disposal, as security for any possible breach of the responsibilities of the Group under the supplemental agreement. The main responsibilities of the Group are as follows:

(i) The Group is responsible for undertaking the preliminary development works of the property development project in respect of the piece of land (the "Land") situated at Tianjin Beichen Qu Yi Xing Bu Jiu Chun (the "Project") including demolishment and re-settlement and obtaining planning approval and land clearance;

(ii) Wukuang is responsible for contributing a total amount of funds of RMB1,584 million (equivalent to approximately HK$1,796 million) ("Wukuang's Contribution") for the demolishment and re-settlement expenses of the land lot nos. 7 and 8 with a gross construction area of 800,000 square meters of the Land, whilst the Group is responsible for payment of any excess amount of the actual amount of the demolishment and re-settlement expenses over Wukuang's Contribution; and

(iii) In the event that there is any change in the shareholding of the Project, the affected outgoing shareholder shall provide complete and full disclosure to the new shareholder of the Project of all relevant matters and legal documents, and agreed terms of co-operation among the parties with respect to the Project.

Details of such disposal and pledge of equity shares were set out in the circular as issued by the Company on 15 July 2009.

18. Interest in an associate (continued)

The summarised financial information in respect of the Group's associate is set out below:

	2010 HK$'000	2009 HK$'000
Total assets	2,026,812	1,756,267
Total liabilities	(1,663,823)	(1,391,675)
Net assets	362,989	364,592
Group's share of net assets of an associate	145,196	146,175
Add: land premium paid upon acquisition	185,205	182,205
Total Group's share of net assets of an associate	330,401	328,380

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Revenue	—	—
Loss for the year/period	(8,110)	(4,416)
Group's share of losses of an associate for the year/period	(3,244)	(1,789)

19. Amount due from an associate

The amount due from an associate is non-trade in nature, unsecured, interest free and repayable on demand. The directors of the Company consider that the amount will not be repaid within twelve months. Accordingly, the amount due from an associate is classified as non-current assets as at 31 December 2010.

20. Restricted bank deposits

The Group has entered into agreements with certain banks with respect to mortgage loans provided to the buyers of the Group's property units. The Group made deposits as security for the settlement of the mortgage instalments by the mortgagors under these agreements. Should the mortgagors fail to pay the mortgage instalments, the banks can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to pay the outstanding balance to the extent that the deposit balance is insufficient. These restricted bank deposits will be released when the property title deeds are pledged to banks as security for respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers. Thus, the above restricted bank deposits are not expected to be released within one year.

The pledged deposits carry fixed interest rate from 2.25% to 4.55% (2009: form 1.71% to 3.6% per annum.

21. Inventories

Inventories in the consolidated statement of financial position comprise:

	2010 HK$'000	2009 HK$'000
Property development		
Properties under development	16,878,217	13,677,143
Properties held for sale	1,159,806	780,952
	18,038,023	14,458,095
Hotel operations		
Food and beverage and others	4,936	3,960
	18,042,959	14,462,055

All of the properties under development and completed properties held for sale are located in the PRC.

At 31 December 2010, properties under development of approximately HK$3,423,909,000 (2009: HK$743,969,000) and properties held for sale of approximately HK$212,000,000 (2009: HK$172,083,000) were carried at net relisable value.

Certain of the Group's properties under development and completed properties held for sale were pledged as collateral for the Group's bank borrowings, details of which are set out in note 31. At 31 December 2010, property under development of HK$10,418,721,000 (2009: HK$9,130,420,000) are expected to be recovered more than one year.

22. Loan receivables

Non-trade unsecured loan receivables from independent third parties comprise:

	Maturity date	Effective interest-rate	Carrying amount	
			2010 HK'000	2009 HK'000
RMB208,000,000 fixed-rate loan receivable	28 March 2010	5%	—	235,786
RMB156,000,000 fixed-rate loan receivable	28 March 2010	5%	—	176,840
			—	412,626

The entire amounts of principal had been settled in full during the year ended 31 December 2010.

23. Trade and other receivables

	2010 HK$'000	2009 HK$'000
Trade receivables	6,769	39,495
Other receivables	33,068	60,811
Advance payments to contractors	65,006	42,377
Prepaid sales commission	156,302	155,354
Prepaid other taxes	418,528	441,461
Deposits and prepayments	23,097	44,428
Total trade and other receivables	702,770	783,926

The Group allows an average credit period of 90 days to its corporate hotel customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of billing at the end of the reporting period.

	2010 HK$'000	2009 HK$'000
0–90 days	661	16,442
91–180 days	—	6,284
>180 days	6,108	16,769
	6,769	39,495

Ageing of trade receivables which are past due but not impaired

	2010 HK$'000	2009 HK$'000
91–180 days	—	6,284
>180 days	6,108	16,769
Total	6,108	23,053

Trade receivables that were past due but not provided for impairment loss relate to a number of independent customers. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. Consideration receivables for disposal of assets

	2010 HK$'000	2009 HK$'000
Consideration receivables for disposal of:		
Investment properties	21,381	21,232
An associate	—	513,000
Subsidiaries (note 40b)	—	836,154
	21,381	1,370,386

25. Bank balances and cash

Bank balances carry interest at market rates which range from 0.001% to 0.360% (2009: 0.001% to 0.360%) per annum.

26. Trade and other payables

	2010 HK$'000	2009 HK$'000
Accrued expenditure on properties under development	1,765,031	1,054,251
Amounts due to former shareholders of the Company's former subsidiaries (note (a))	141,032	137,039
Retentions payable to contractors	1,766	1,712
Receipts from customers for payment of expenses on their behalf	99,799	98,168
Interest payable	143,148	199,085
Accrued charges and other payables	196,765	393,225
Other taxes payables (note (b))	10,478	35,414
	2,358,019	1,918,894

Notes:

(a) The amounts are non-trade in nature, interest free and repayable on demand.

(b) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.

27. Amounts due to a non-controlling shareholder/related companies

The amounts due to a non-controlling shareholder and related companies are non-trade in nature, interest free, unsecured and repayable on demand. These related companies are controlled by Mr. Li Song Xiao, the former controlling shareholder of the Company. Mr. Li Song Xiao is a substantial shareholder of the Company at 31 December 2010.

28. Consideration payables for acquisition of subsidiaries

In November 2007, the Group entered into purchase agreements with independent third parties to acquire in aggregate a 80% equity interest in 瀋陽向明陽益置業有限公司 ("向明陽益置業"), a company established in the PRC to carry out a property development project in Shenyang, the PRC, for a total cash consideration of approximately HK$609,800,000. At the December 2010, a consideration payable of HK$70,771,000 (2009: HK$68,500,000) is not yet settled.

In November 2007, the Group entered into purchase agreements with independent third parties to acquire a 100% equity interest in 珠海市淇州島影視城有限公司 ("淇州島影視城"), a company established in the PRC to carry out a property development project in Zhuhai, the PRC, for a total cash consideration of approximately HK$3,076,232,000. At the December 2010, a consideration payable of HK$151,094,000 (2009: HK$146,051,000) is not yet settled.

In December 2007, the Group entered into purchase agreements with independent third parties to acquire a 90% equity interest in 中歐城開有限公司 ("中歐城開"), a company established in the PRC to carry out a property development project in Hebei Province, the PRC, for a total cash consideration of approximately HK$547,260,000. 中歐城開 became a wholly-owed subsidiary of the Company. At the December 2010, a consideration payable of HK$101,439,000 (2009: HK$160,740,000) is not yet settled.

On 30 June 2008, the Group acquired 12% equity interest in 北京君合百年房地產開發有限公司 ("君合百年"), a company established in the PRC and engaged in property development in Beijing, the PRC, for a total consideration of RMB82,090,000 (equivalent to approximately HK$93,369,000). Prior to the acquisition, the Group held 43.95% interest in 君合百年 and this has been accounted for as interest in an associate. 君合百年 then became a 55.95% owned subsidiary of the Group subsequent to the acquisition. At the December 2010, a consideration payable of HK$26,958,000 (2009: HK$68,400,000) is not yet settled.

The consideration payables are not yet paid due to certain conditions of the respective sales and purchase agreements are not yet fulfilled as at the end of the reporting period.

29. Pre-sale proceeds received on sales of properties

Pre-sale proceeds received on sales of properties represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy. An amount of HK$2,126,251,000 (2009: HK$2,754,024,000) is expected to be recognised as revenue after more than one year.

30. Deferred taxation

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior year/period:

	Convertible loan notes HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on properties under development/ properties held for sale HK$'000	Fair value adjustment on hotel properties HK$'000	Impairment on property, plant and equipment HK$'000	Total HK$'000
At 1 May 2009	(12,165)	(533,239)	(608,598)	(19,974)	24,832	(1,149,144)
Disposal of subsidiaries	—	—	81,267	—	—	81,267
Redemption of convertible loan notes	10,637	—	—	—	—	10,637
(Charge) credit to profit or loss	1,090	66,637	12,097	137	(690)	79,271
At 31 December 2009 and 1 January 2010	(438)	(466,602)	(515,234)	(19,837)	24,142	(977,969)
Exchange realignment	—	(16,069)	(17,313)	(684)	419	(33,647)
Redemption of convertible loan notes	203	—	—	—	—	203
(Charge) credit to profit or loss	230	(1,783)	40,394	209	(24,561)	14,489
At 31 December 2010	(5)	(484,454)	(492,153)	(20,312)	—	(996,924)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 HK$'000	2009 HK$'000
Deferred tax assets	**—**	24,142
Deferred tax liabilities	**(996,924)**	(1,002,111)
	(996,924)	(977,969)

At the end of the reporting period, the Group has unused tax losses of approximately HK$1,534,698,000 (2009: HK$1,044,403,000) and deductible temporary difference of HK$98,244,000 (2009: nil) available for offset against future profits, which are subjected to the confirmation from Hong Kong Inland Revenue Department and the PRC Tax Bureau. No deferred tax asset has been recognised in respect of such losses and deductible temporary difference due to the unpredictability of future profit streams. The unrecognised tax losses at the end of reporting periods will expire in the following years.

	2010 HK$'000	2009 HK$'000
2011	**1,101**	1,064
2012	**21,914**	21,180
2013	**239,628**	280,122
2014	**484,010**	503,219
2015	**372,409**	—
Indefinite	**415,636**	238,818
	1,534,698	1,044,403

30. Deferred taxation (continued)

Deferred tax liabilities not recognised

Under the Corporate Income Tax Law of the PRC with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 8 December 2006, the withholding income tax rate was reduced to 5% if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25% equity interest. On 22 February 2008, the Minister of Finance and State Administration of Tax approved Caishui (2008) No. 1, pursuant to which dividend distributions out of accumulated profits of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

As at 31 December 2010, temporary differences relating to the distributable profits of certain subsidiaries since 2008 amounted to HK$698,600,000 (2009: HK$763,700,000). Deferred tax liabilities of HK$34,900,000 (2009: HK$38,800,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these accumulated profits as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

31. Bank borrowings

	2010 HK$'000	2009 HK$'000
Secured bank borrowings repayable within a period of		
Within one year	120,901	702,240
More than one year, but not exceeding two years	183,092	116,850
More than two years but not exceeding five years	—	321,754
More than five years	331,316	329,460
	635,309	1,470,304
Less: Amounts due within one year shown under current liabilities	(120,901)	(702,240)
	514,408	768,064

All the bank borrowings are denominated in RMB and variable-rate borrowings which carry interest at Benchmark Lending Rate of the People's Bank of China in the PRC. The effective interest rates on the Group's bank borrowings range from 4.86% to 6.05% (1.5.2009 to 31.12.2009: 5.40% to 6.43%) per annum.

31. Bank borrowings (continued)

Assets that have been pledged as collateral to secure bank borrowings are as follows:

	2010 HK$'000	2009 HK$'000
Investment properties	2,960,604	2,912,586
Inventories	900,605	2,011,311
Property, plant and equipment	—	309,658
	3,861,209	5,233,555

In addition, the net asset value of a group entity is pledged to a bank to secure a bank borrowing granted to the Group. The net asset value of that group entity at 31 December 2010 is approximately HK$595,175,500 (2009: nil).

As at 31 December 2010, corporate guarantees of HK$319,048,000 (2009: HK$384,032,000) were given by 北京新松投資集團有限公司, which was controlled by Mr. Li Song Xiao, a former major shareholder of the Company.

32. Loan payables

	2010 HK$'000	2009 HK$'000
Loan Payables from related parties (note (a))	1,294,881	—
Loan Payable A (note (b))	176,929	—
Loan Payable B (note (c))	—	1,368,000
Loan Payable C (note (d))	—	34,200
	176,929	1,402,200
Loan payables from independent third parties	1,471,810	1,402,200

Notes:

(a) On 29 December 2010, the Company and SIHL Finance Limited, a wholly owned subsidiary of SIHL, which is an intermediate holding of the Company since June 2010, entered into a loan agreement pursuant to which SIHL Finance Limited agreed to grant a principal amount of HK$1,000,000,000 to the Company, which is unsecured and bearing interest at 5.5% per annum. The loan will be repaid to the SIHL Finance Limited on 30 December 2011.

In December 2010, the Group obtained borrowing of RMB250,000,000 (equivalent to approximately HK$294,881,000) from Shanghai Urban Development (Holdings) Company Limited ("SUDH"), a company controlled by SHIL, through an entrusted loan agreement administrated by Shanghai Pudong Development Bank. Such loan balance was bearing interest at 6.972% per annum and repayable by 28 December 2011. The loan was provided for property project development of the Group.

(b) The Group obtained a loan from a financial institution amounting to RMB150,000,000 (equivalent to approximately HK$176,929,000) ("Loan Payable A"). The proceeds were used to finance the development of properties. Loan Payable A is secured by (i) certain properties under development of the Group located in the PRC with total carrying amount of approximately RMB325,752,000 (equivalent to approximately HK$384,232,000) and (ii) equity pledge over 10% of registered capital of 天津中新濱海房地產開發有限公司 ("天津濱海"), a wholly owned subsidiary of the Company in the PRC. This loan will be repayable on 7 July 2011 and is bearing interest at 12% per annum.

(c) On 29 November 2007, a loan agreement was entered into between the Group and an independent third party, pursuant to which a term loan of RMB1,500,000,000 ("Loan Payable B") and repayable on 5 December 2009. The loan is bearing interest at 20% per annum and secured by a pledge of equity interest in the 淇州島影視城 and a charge of the entire issued share capital of Moral Luck Group Limited, a wholly-owned subsidiary of the Company. In addition, Loan Payable B is secured by subordination of intra-group's balance between certain wholly-owned subsidiaries of the Company in favour of this independent third party and the corporate guarantees given by the Company and certain of the Company's subsidiaries.

32. Loan payables (continued)

Notes: (continued)

(c) (continued)

On 2 December 2009, the Group refinanced Loan Payable B by agreeing to repay by nine instalments until 5 December 2011. The Group might repay the entire loan with certain early repayment rebate on the interest accrual on the 5 December 2010 or 5 June 2011. During the period from 1 May 2009 to 31 December 2009, the Group failed to repay Loan Payable B according to the repayment schedule. Accordingly, the entire loan amount became due as at 31 December 2009. The amount was fully repaid during the year ended 31 December 2010.

(d) According to an agreement in February 2007, an independent third party ("Lender C") contributed an amount of RMB60,000,000 in respect of 30% of the registered capital in a subsidiary (the "Project Company") and granted a loan facility of RMB240,000,000 ("Loan Payable C") to the Project Company. However, under the agreement, Lender C has no right to share any profits of the Project Company. The Group is obliged to purchase from Lender C the 30% registered capital of the Project Company for a consideration of RMB60,000,000 and repay the loan of RMB240,000,000 plus a guaranteed additional amount of RMB100,000,000 within 24 months from the date of the agreement. As the Group has contractual obligations to deliver cash in accordance with the agreement and Lender C has no profit sharing rights in the Project Company irrespective of his equity ownership, Loan Payable C was classified as a financial liability.

In 2008, the Group purchased the 30% registered capital of the Project Company for RMB60,000,000 from Lender C. As of 31 December 2009, the Group has settled RMB210,000,000 of Loan Payable C and the remaining RMB30,000,000 (equivalent to HK$34,200,000) is outstanding. The outstanding balance was fully repaid during the year ended 31 December 2010.

33. Convertible loan notes

On 12 June 2006, the Company issued zero coupon convertible loan notes at par with a principal amount of HK$1,340,000,000 ("Convertible Loan Note 2011"). Convertible Loan Note 2011 will be redeemed at 135.7% of the principal amount on 11 May 2011 ("Maturity Date"). Convertible Loan Note 2011 is listed on the Stock Exchange.

The holders of Convertible Loan Note 2011 have the right to convert all or any portion of Convertible Loan Note 2011 into shares of the Company at an initial conversion price of HK$1.5048 per share, subject to anti-dilutive adjustments. The conversion right can be exercised at any time on or after 60 days from the date on which Convertible Loan Note 2011 is issued up to, and including, the close of business on the business day seven days prior to the Maturity Date.

On 12 June 2009, the holders of Convertible Loan Note 2011 can put back the Convertible Loan Note 2011 to the Company at the price of 120.103% of principal amount ("Redemption Right of the Holder"). As the economic characteristics and risks of the Redemption Right of the Holder are not closely related to the host contract, the Redemption Right of the Holder is separately accounted for at fair value at the end of each reporting period as a derivative financial instrument. The Redemption Right of the Holder expired on 12 June 2009.

At any time after 12 June 2009 but not less than seven business days prior to the Maturity Date, the Company may redeem Convertible Loan Note 2011 in whole but not in part at a pre-determined redemption amount if the closing price of the shares for any 20 trading days out of the 30 consecutive trading days prior to the date upon which notice of such redemption is given is at least 130 per cent of the applicable early redemption amount divided by the conversion ratio ("Redemption Right of the Issuer"). As the economic characteristics and risks of the Redemption Right of the Issuer are not closely related to the host contract, the Redemption Right of the Issuer is separately accounted for at fair value at the end of each reporting period as a derivative financial instrument. The fair value of the Redemption Right of the Issuer at 31 December 2010 was insignificant (2009: HK$600,000). Accordingly, a change in the fair value of the derivative financial instrument of HK$600,000 was charged (1.5.2009 to 31.12.2009: HK$600,000 was credited) to the profit or loss for the year.

33. Convertible loan notes (continued)

In the event that the Company's shares cease to be listed or admitted to trading on the Stock Exchange, each holder of Convertible Loan Note 2011 shall have a right, at such holder's option, to require the Company to redeem Convertible Loan Note 2011 on the twentieth business day after notice has been given to the holder at the early redemption amount ("Delisted Put Right"). As the economic characteristics and risks of the Delisted Put Right are not closely related to the host contract, the Delisted Put Right is separately accounted for at fair value at the end of each reporting period as a derivative financial instrument. The fair value of the Delisted Put Right is insignificant as at 31 December 2010 and 2009.

Convertible Loan Note 2011 contains a liability element, Redemption Right of the Holder, Redemption Right of the Issuer, Delisted Put Right and equity element. The equity element is represented in the equity heading "convertible loan note equity reserve". The effective interest rate of the liability element is 9.44%.

Pursuant to the terms and conditions of the Convertible Loan Note 2011, the conversion price of the conversion right to the holders was adjusted with the consolidation of shares effective on 29 October 2007, and the holders are entitled to convert the Convertible Loan Note 2011 for a fully paid share at the adjusted conversion price of HK$6.0193 per share. The number of shares issuable on the exercise of the conversion right is reduced to one-fourth of the outstanding shares issuable under the Convertible Loan Note 2011 with effect from 29 October 2007.

No Convertible Loan Note 2011 was converted into the Company's new ordinary shares for the year ended 31 December 2010 and the period from 1 May 2009 to 31 December 2009.

On 11 January 2009, the Company announced, among other things, that the Company proposed to amend the terms of the Redemption Right of the Holder, at the option of the holders of the Convertible Loan Note 2011, so as to enable the holders of the Convertible Loan Note 2011 to exercise the Redemption Right of the Holder requiring the Company to redeem all of the Convertible Loan Note 2011 at a price of HK$6,300 for each HK$10,000 principal amount of the Convertible Loan Note 2011 ("Amendments to the Terms of the Redemption Right of the Holder") on 12 June 2009.

The meeting of holders of the Convertible Loan Note 2011 held on 13 May 2009 passed an extraordinary resolution of holders of the Convertible Loan Note 2011 to approve the Amendments to the Terms of the Redemption Right of the Holder.

On 12 June 2009, the Company redeemed Convertible Loan Note 2011 of total principal amount of HK$864,850,000 for a total consideration of HK$544,855,500 (the "Redemption 2009"), pursuant to the terms and conditions of Convertible Loan Note 2011. Immediately after the Redemption 2009, the principal amount of HK$52,160,000 remained outstanding, and a gain of approximately HK$426,074,000 from the Redemption 2009 was recognised in profit or loss.

On 15 October 2010, the Company redeemed Convertible Loan Note 2011 of total principal amount of HK$50,160,000 for a total consideration of HK$65,408,000 (the "Redemption 2010"), pursuant to the terms and conditions of Convertible Loan Note 2011. Immediately after the Redemption 2010, the principal amount of HK$2,000,000 remained outstanding, and a loss of approximately HK$3,163,000 from the Redemption 2010 was recognised in profit and loss.

34. Senior notes/warrants

On 23 July 2007, the Company issued 4,000 units of senior notes at a par value of US$400,000,000, (equivalent to approximately HK$3,120,000,000) ("Senior Notes 2014") and 264,000,000 warrants ("Warrants 2012"). The Senior Notes 2014 bear interest at 9.75% per annum and will mature on 23 July 2014 ("Notes Maturity Date"). The Senior Notes 2014 are guaranteed by all of the Company's existing subsidiaries at the date of issue other than those established under the laws of the PRC.

The Senior Notes 2014 and Warrants 2012 are separated immediately upon their issuance and the Warrants 2012 are detachable from the Senior Notes 2014.

The Warrants 2012 are exercisable at any time from the date of issue to 23 July 2012 at an exercise price of HK$1.68 per share, subject to anti-dilutive adjustments, to subscribe for shares of the Company. The Warrants 2012 are denominated in HKD and settlement of the warrant is structured at a net share settlement basis. As the Warrants 2012 may be settled other than by exchange of a fixed amount of cash for a fixed number of the Company's shares, the Warrants 2012 is classified as a derivative financial liability and measured at fair value with changes in fair value recognised in the profit or loss.

The fair value of Warrants 2012 at 31 December 2010 was HK$16,600,000 (2009: HK$29,600,000). Accordingly, a change in fair value of warrants of HK$13,000,000 (1.5.2009 to 31.12.2009: HK$2,500,000) was charged to the profit or loss for the year.

Pursuant to the terms and conditions of Warrants 2012, on 29 October 2007, the subscription price of Warrants 2012 was adjusted following the consolidation on a 4 to 1 basis of the Company's shares. Warrants 2012 holders were entitled to subscribe in cash for fully paid shares at the adjusted subscription price of HK$6.72 per share. The number of shares issuable on the exercise of the Warrants 2012 was reduced to one-fourth of the outstanding number of shares issuable under Warrants 2012 as at 29 October 2007.

As at 31 December 2010, 66,000,000 (2009: 66,000,000) of Warrants 2012 were outstanding. Exercise in full of the outstanding Warrants 2012 would result in the issue of 66,000,000 (2009: 66,000,000) additional shares with an aggregate subscription value of HK$443,520,000 (2009: HK$443,520,000).

At any time prior to the Notes Maturity Date, the Company may redeem the Senior Notes 2014, in whole or in part, at a redemption price equal to 100% of the principal amount plus the greater of (1) 1% of the principal amount of Senior Notes 2014 being redeemed and (2) the excess of (A) the present value at such redemption date of (i) 100% of the principal amount of the Senior Notes 2014 plus (ii) all required remaining scheduled interest payments due on Senior Notes 2014 through to the Notes Maturity Date, computed using a discount rate equal to the comparable treasury issue plus 100 basis points, over (B) the principal amount of Senior Notes 2014 on such redemption date ("100% Redemption Right of the Issuer — Senior Notes 2014"). As the economic characteristics and risks of the 100% Redemption Right of the Issuer — Senior Notes 2014 are not closely related to the host contract, the 100% Redemption Right of the Issuer — Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 100% Redemption Right of the Issuer — Senior Notes 2014 was insignificant as at 31 December 2010 and 2009.

34. Senior notes/warrants (continued)

At any time prior to 23 July 2011, the Company may redeem up to 35% of the principal amount of the Senior Notes 2014 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 109.75% of the principal amount of the Senior Notes 2014 ("35% Redemption Right of the Issuer — Senior Note 2014"). As the economic characteristics and risk of the 35% Redemption Right of the Issuer — Senior Notes 2014 are not closely related to the host contract, the 35% Redemption Right of the Issuer — Senior Notes 2014 is separately accounted for at fair value at each reporting date as a derivative financial instrument. The fair value of the 35% Redemption Right of the Issuer — Senior Notes 2014 was insignificant as at 31 December 2010 and 2009.

The Senior Notes 2014 contain a liability element, Warrants 2012, 100% Redemption Right of the Issuer — Senior Notes 2014 and 35% Redemption Right of the Issuer — Senior Notes 2014. At 31 December 2010, the effective interest rate of the liability element is 11.35% (2009: 11.35%).

35. Disposal group classified as held for sale

The directors resolved to dispose of a parcel of land, which is located at Qiao Island, Zhuhai, the PRC, through the disposal of 淇州島影視城, a subsidiary of the Company, as at 31 December 2009. Negotiations with several interested parties had taken place as at 31 December 2009.

On 19 January 2010, the Group entered into an agreement with Turbo Wise Limited ("Turbo Wise"), a company wholly owned by Mr. Li Song Xiao, the then major shareholder of the Company, subject to certain conditions, to sell 淇州島影視城 at a consideration of HK$2,500,000,000 ("Disposal Agreement").

Therefore, the directors of the Company considered the disposal of 淇州島影視城 as highly probable and the assets and liabilities attributable to 淇州島影視城, which was expected to be sold within twelve months, were classified as assets held for sale and presented separately in the consolidated statement of financial position at 31 December 2009. Because the proceeds of the disposal were expected to be less than the net carrying amount of assets and liabilities of 淇州島影視城, and accordingly, an impairment loss of HK$1,790,000,000 was recognised in profit or loss for the period from 1 May 2009 to 31 December 2009.

In addition, the completion of i) the sale and purchase agreement between Novel Good Limited ("Novel Good"), a wholly owned subsidiary of SIHL, and Investment Gain Limited ("Investment Gain"), a company controlled by Mr. Li Song Xiao, which Novel Good will acquire 500,000,000 ordinary shares of the Company from Mr. Li Song Xiao ("Sale and Purchase Agreement") and ii) the subscription agreement between Novel Good and the Company for the subscription of 683,692,000 shares of the Company ("Subscription Agreement") is subject to, among others, the completion of the disposal of 淇州島影視城.

35. Disposal group classified as held for sale (continued)

As at 31 December 2009, the major classes of assets and liabilities of 淇州島影視城 classified as held for sale were as follows:

	HK$'000
Properties under development, at cost	4,486,145
Less: impairment loss	(1,790,000)
Properties under development, at fair value less costs to sell	2,696,145
Property, plant and equipment	921
Trade and other receivables	381
Cash and cash equivalents	35,496
Total assets classified as held for sale	2,732,943
Trade and other payables	285
Income tax payable	550
Total liabilities classified as held for sale	835

On 11 May 2010, Novel Good, Invest Gain and the Company entered into a supplemental agreement to waive the disposal of 淇州島影視城 as a condition of the Sale and Purchase Agreement and the Subscription Agreement. At the same time, the Company entered into a termination agreement with Turbo Wise to terminate the Disposal Agreement. Accordingly, the disposal of 淇州島影視城 is not considered as highly probable and the assets and liabilities of 淇州島影視城 ceased to be classified as held for sale and included in the property development segment.

36. Share capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.04 each		
Authorised:		
At 1 May 2009, 31 December 2009 and 31 December 2010	10,000,000	400,000
Issued and fully paid:		
At 1 May 2009 and 31 December 2009	1,945,640	77,826
Issue of shares under private placement	683,692	27,347
At 31 December 2010	2,629,332	105,173

On 24 June 2010, 683,692,000 ordinary shares of HK$0.04 each were issued to Novel Good Limited, a wholly-owned subsidiary of SIHL, at a price of HK$2.32 per share for a total consideration of approximately HK$1,585,784,000. The proceeds were used to reduce the Group's borrowings and for future development of the Group when investment opportunities arise. These new shares rank pari passu with other shares in issue in all respects.

37. Share options

Pursuant to a special general meeting of the Company held on 12 December 2002, the Company adopted a share option scheme (the "Scheme"). Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and options granted and yet to be exercised under any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors of the Company, but in any case must be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

At 31 December 2010, the number of shares of the Company in respect of which options had been granted and remained outstanding under the Scheme was 111,500,000 (2009: 125,625,000), representing 4.2% (2009: 6.5%) of the shares of the Company in issue at that date.

37. Share options (continued)

The following tables disclose movements of the Company's share options during the year/period.

Grantees	Date of grant	Outstanding at 1.1.2010	Granted during year	Exercised during year	Cancelled during year	Outstanding at 31.12.2010	Exercisable period	Exercised price per share (subject to anti-dilutive adjustment) HK$
Directors of the Company	4 April 2006	8,625,000	—	—	(8,625,000)	—	4 April 2006-3 April 2016	3.6
	17 November 2006	21,950,000	—	—	(21,950,000)	—	17 November 2006-22 October 2016	3.72
	14 March 2007	7,500,000	—	—	(7,500,000)	—	14 March 2007-6 March 2017	3.92
	24 September 2010	—	56,000,000	—	—	56,000,000	24 September 2010-23 September 2020	2.98
		38,075,000	56,000,000	—	(38,075,000)	56,000,000		
Employees	4 April 2006	4,500,000	—	—	(4,500,000)	—	4 April 2006-3 April 2016	3.6
	17 November 2006	43,050,000	—	—	(43,050,000)	—	17 November 2006-22 October 2016	3.72
	14 March 2007	40,000,000	—	—	(40,000,000)	—	14 March 2007-6 March 2017	3.92
	24 September 2010	—	55,500,000	—	—	55,500,000	24 September 2010-23 September 2020	2.98
		87,550,000	55,500,000	—	(87,550,000)	55,500,000		
Exercisable at the end of the year						44,600,000		
Weighted average exercise price (HK$)		3.78	2.98	—	3.78	2.98		

37. Share options (continued)

Grantees	Date of grant	Outstanding at 1.5.2009	Granted during period	Exercised during period	Cancelled during period	Outstanding at 31.12.2009	Exercisable period	Exercised price per share (subject to anti-dilutive adjustment)
								HK$
Directors of the Company	4 April 2006	8,625,000	—	—	—	8,625,000	4 April 2006- 3 April 2016	3.6
	17 November 2006	21,950,000	—	—	—	21,950,000	17 November 2006- 22 October 2016	3.72
	14 March 2007	7,500,000	—	—	—	7,500,000	14 March 2007- 6 March 2017	3.92
		38,075,000	—	—	—	38,075,000		
Employees	4 April 2006	4,500,000	—	—	—	4,500,000	4 April 2006- 3 April 2016	3.6
	17 November 2006	43,050,000	—	—	—	43,050,000	17 November 2006- 22 October 2016	3.72
	14 March 2007	40,000,000	—	—	—	40,000,000	14 March 2007- 6 March 2017	3.92
		87,550,000	—	—	—	87,550,000		
Exercisable at the end of the year						103,575,000		
Weighted average exercise price (HK$)		3.78	—	—	—	3.78		

On 24 September 2010, 111,500,000 options were granted to directors and employees of the Group. The options are vested in three tranches over two years and the estimated fair values of the options granted are HK$129,898,000.

These fair values were calculated using the Binominal model. The inputs into the model were as follows:

	2010
Closing share price at the date of offer	**HK$2.98**
Exercise price	**HK$2.98**
Expected volatility	**50%**
Expected life	**5.6 years**
Risk-free rate	**2.18%**
Expected dividend yield	**0%**

Expected volatility was determined by using the historical volatility of the Company's share price over the previous four years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of HK$69,366,000 for the year ended 31 December 2010 (1.5.2009 to 31.12.2009: HK$13,076,000) in relation to share options granted by the Company.

37. Share options (continued)

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of an average 13% of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted.

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of share option varies with different variables of certain subjective assumptions.

38. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, loan payables, senior notes and convertible loan notes, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company actively and regularly review the capital structure. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not more than 100% determined as the proportion net debt (which includes loan payables, senior notes, convertibles loan notes and bank borrowings less bank balances and cash and restricted bank deposits) to equity. As at 31 December 2010, the gearing ratio of the Group was 37.2% (2009: 69.1%). Based on recommendations of the directors, the Group will balance its overall capital structure through new shares issued, and share buy-backs as well as the issue of new debt or the redemption of exiting debts.

39. Financial instruments

39a. Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Derivative financial instruments		
Redemption Right of the Issuer	—	600
Loans and receivables (including cash and cash equivalents)	2,577,582	3,643,139
Financial liabilities		
Derivative financial instruments		
Warrants	16,600	29,600
Financial liabilities	5,835,776	6,709,392

39. Financial instruments (continued)

39b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, restricted bank deposits, bank balances and cash, loan receivables, trade and other receivables, loan payables, trade and other payables, amounts due from an associate, amounts due to non-controlling shareholders and related companies, consideration receivables for disposal of assets, consideration payables for acquisition of subsidiaries, bank borrowings, convertible loan notes and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if the project development can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

Market risk

(i) Currency risk

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollar ("USD")	**(3,108,019)**	(3,076,562)	**480,932**	1,942
HKD	**(1,016,526)**	(74,103)	**1,116,227**	934,546

39. Financial instruments (continued)

39b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the currency of USD and HKD against RMB, the functional currency of relevant group entities.

The following table details the Group's sensitivity to a 5% (2009: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2009: 5%) are the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive/negative number below indicates a decrease/increase in post-tax profit where RMB strengthen 5% (2009: 5%) against USD and HKD respectively. For a 5% (2009: 5%) weakening of RMB against USD and HKD respectively, there would be an equal and opposite impact on the loss.

	USD Liabilities			HKD Assets		
	2010	2009		**2010**	2009	
	HK$'000	HK$'000		**HK$'000**	HK$'000	
Profit or loss for the year/period	**109,681**	128,365	(i)	**(4,163)**	(35,923)	(ii)

(i) This is mainly attributable to the exposure outstanding on senior note denominated in USD at the year/period end.

(ii) This is mainly attributable to the exposure to bank balances and loan payables denominated in HKD at 31 December 2010 and consideration receivable for disposal of assets, bank balances and convertible loan notes denominated in HKD at 31 December 2009.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 31 for details of these borrowings) and bank balances and cash. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate loan payables, convertible loan notes, senior notes and restricted bank deposits. The Group currently do not enter into any hedging instrument for fair value interest rate risks.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the Benchmark Lending Rate of the People's Bank of China arising from the Group's Renminbi denominated borrowings.

39. Financial instruments (continued)

39b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The Group does not anticipate there is any significant impact on its interest-bearing assets resulting from the changes in interest rates as the interest rates of bank deposits are not expected to change significantly.

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate borrowings. The analysis is prepared assuming the Group's variable-rate borrowings of which the borrowing costs are not qualified for capitalisation outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2009: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2009: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2010 would increase/decrease by HK$2,485,000 (2009: increase/decrease by HK$2,880,000).

The Group's sensitivity to interest rates has decreased during the current year mainly due to the decrease in variable-rate bank borrowings.

(iii) Other price risk

The Group is exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of financial derivatives of the Group. As the end of reporting period, the Group is exposed to this risk through redemption rights attached to the convertible loan notes issued by the Company and the warrants as disclosed in notes 33 and 34, respectively.

No sensitivity analysis on other price risk is presented as the directors of the Company consider a reasonable possible change to the Company's own share price will not have a significant effect to the profit and loss.

Credit risk

As at 31 December 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

— the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

— the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 43.

39. Financial instruments (continued)

39b. *Financial risk management objectives and policies (continued)*

Credit risk (continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances and restricted bank deposits is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2009: 100%) of the total trade receivable as at 31 December 2010.

In relation to the Group providing guarantees to secure obligations of the buyers of the property units for the repayment of their mortgage loans, if there is a default in repayment by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to retain the customer's deposits, take over the ownership of the relevant properties and sell the properties to recover any amounts paid by the Group to banks. In this regard, the directors of the Company consider that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosure of these guarantees has been made in note 43.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group had no significant concentrations of credit risk within the property development business segment and hotel operations segment.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings, loan payable and senior notes as a significant source of liquidity. As at 31 December 2010, the Group has no available unutilised short-term bank loan facilities (2009: HK$ nil). Borrowings are usually drawn on a project-by-project basis.

39. Financial instruments (continued)

39b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
As at 31 December 2010							
Non-derivative financial liabilities							
Trade and other payables	—	346,705	—	—	—	346,705	346,705
Amounts due to non-controlling shareholders	—	52,347	—	—	—	52,347	52,347
Amount due to related companies	—	2,466	—	—	—	2,466	2,466
Consideration payables for acquisition of subsidiaries	—	350,262	—	—	—	350,262	350,262
Bank borrowings	4.9-6.1	154,043	209,149	59,041	370,677	792,910	635,309
Loan payables	5.5-12.0	1,552,984	—	—	—	1,552,984	1,471,810
Convertible notes	9.4	2,714	—	—	—	2,714	2,607
Senior notes	11.4	304,200	305,033	3,728,400	—	4,337,633	2,974,260
Financial guarantees issued:							
Maximum amount guaranteed (note 43)	—	2,618,654	—	—	—	2,618,654	—
		5,384,375	514,182	3,787,441	370,677	10,056,675	5,835,766

39. Financial instruments (continued)

39b. *Financial risk management objectives and policies (continued)*

Liquidity risk (continued)

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
As at 31 December 2009							
Non-derivative financial liabilities							
Trade and other payables	—	377,836	—	—	—	337,836	337,836
Amount due to non-controlling shareholders	—	48,055	—	—	—	48,055	48,055
Amount due to related companies	—	2,466	—	—	—	2,466	2,466
Consideration payables for acquisition of subsidiaries	—	443,590	—	—	—	443,592	443,592
Bank borrowings	5.4-6.4	773,508	160,392	387,108	379,340	1,700,348	1,470,304
Loan payables	20.0	1,675,800	—	—	—	1,675,800	1,402,200
Convertible loan notes	9.4	—	70,782	—	—	70,782	62,136
Senior notes	11.4	304,200	304,200	4,033,433	—	4,641,833	2,942,803
Financial guarantees issued:							
Maximum amount guaranteed (note 43)	—	2,592,713	—	—	—	2,592,713	—
		6,178,170	535,374	4,420,541	379,340	11,513,425	6,709,392

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

39c. *Fair value*

The fair value of financial assets and financial liabilities are determined as follows:

— the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and

39. Financial instruments (continued)

39c. Fair value (continued)

- the fair value of financial guarantee contracts is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantee not been available, where reliable estimates of such information can be made.

- the fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discount cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

Fair value measurements recognised in the consolidated statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2 and total 2010 HK$'000	Level 2 and total 2009 HK$'000
Financial assets		
Derivative financial instrument		
— Redemption Right of the Issuer	—	600
Total	—	600
Financial liabilities		
Derivative financial instrument		
— Warrants	**16,600**	29,600
Total	**16,600**	29,600

There were no transfer between instruments in level 1 and level 2 in current year.

40. Disposal of subsidiaries

(a) Disposal of subsidiaries

(i) *君合百年*

In July 2009, the Group completed the disposal of its entire interest in 北京國銳民合投資有限公司 ("北京國銳") for a total cash consideration of approximately HK$1,175,397,000. 北京國銳 owns a 55.95% equity interest in 君合百年, a company established in the PRC and engaged in property development in Beijing, the PRC. A gain on disposal of approximately HK$105,526,000 arose from this disposal.

(ii) *北京新松建築研究發展有限公司 ("北京新松建築")*

In August 2009, the Group completed the disposal of the entire equity interest in 北京新松建築, a company established in the PRC and engaged in design and construction business, for a cash consideration of approximately HK$1,129,000. A gain on disposal of approximately HK$1,815,000 arose from this disposal.

(iii) *億嘉合置業*

In June 2009, the Group completed the disposal of a 40% equity interest in 億嘉合置業, a company established in the PRC and engaged in property development in Tianjin, for a cash consideration of approximately HK$410,400,000. After the disposal, the Group retains 40% interests in 億嘉合置業, which became an associate of the Group. A gain on disposal of approximately HK$115,485,000 arose from this disposal.

(iv) *天津新潤房地產開發有限公司 ("天津新潤")*

In December 2009, the Group completed the disposal of the entire equity interest in Star Profit Group Limited ("Star Profit") and its subsidiaries for a total consideration of approximately HK$1,120,000,000. Profit Kingsway Limited, a wholly-owned subsidiary of Star Profit, owns the entire equity interest in 天津新潤, a company established in the PRC and engaged in property development in Tianjin, the PRC. A gain on disposal of approximately HK$69,523,000 arose from this disposal.

(v) *北京世銘企業管理有限公司 ("北京世銘")*

In December 2009, the Group completed the disposal of the entire equity interest in 北京世銘, a company established in the PRC and engaged in corporate management in Beijing, for a cash consideration of approximately HK$25,000. A gain on disposal of approximately HK$28,000 arose from this disposal.

(vi) *榮鑫(北京)企業管理有限公司, 中新方圓科技(深圳)有限公司, 天津中新同城房地產開發有限公司, 天津中新泰華房地產開發有限公司 and 天津中新宜城房地產開發有限公司 ("Deregistered Subsidiaries")*

During the period from 1 May 2009 to 31 December 2009, the Group applied for and completed the deregistration of the Deregistered Subsidiaries, which were established in the PRC and had not yet commenced any business. A gain on disposal of approximately HK$44,489,000 arose from this disposal due to the release of exchange reserve.

40. Disposal Of Subsidiaries (continued)

(b) Summary of disposal of subsidiaries

For the period from 1 May 2009 to 31 December 2009, the net assets disposed in respect of the disposal of subsidiaries were summarised below:

	HK$'000
Consideration received:	
Cash	1,870,797
Consideration receivable	836,154
Total consideration received	2,706,951
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	3,859
Properties under development	4,886,668
Trade and other receivables	3,961
Prepaid income tax	324
Bank balances and cash	103,015
Accruals and other payables	(104,693)
Income tax payables	(322)
Deferred tax liabilities	(81,267)
Loan payables	(615,719)
Advance payment from a non-controlling shareholder for the property development project	(798,000)
Amounts due to group companies	(472,424)
Net assets disposal of	2,925,402
Gain on disposal of subsidiaries:	
Total consideration received	2,706,951
Net asset disposal of	(2,925,402)
Non-controlling interests	79,914
Net assets transfer to interests in an associate	330,169
Cumulative exchange differences of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	145,234
	336,866
Net cash inflow arising on disposal:	
Cash consideration	1,870,797
Less: bank balances and cash disposed of	(103,015)
	1,767,782

The subsidiaries disposed of in prior period did not contribute significantly to the Group's results and cash flows.

41. Capital commitments

Capital expenditure in respect of the acquisition of properties under development:

	The Group	
	2010 HK$'000	2009 HK$'000
Expenditure in respect of the acquisition of properties under development contracted for but not provided in the consolidated financial statements	3,316,257	3,210,742
Capital expenditure in respect of the capital contribution to an associate authorised but not contracted for	1,216,000	—

The Group is responsible for payment of any excess amount of the actual amount of the demolishment and re-settlement expenses over Wukuang's Contribution. As the demolishment and re-settlement of the property project is still at an early stage, in the opinion of directors of the Company, the capital commitment cannot be quantified as at 31 December 2010 and 2009.

42. Operating leases

The Group as lessee

Minimum lease payments paid under operating leases during the year/period in respect of office premises are HK$20,121,000 (1.5.2009 to 31.12.2009: HK$14,674,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	22,464	5,684
In the second to fifth years inclusive	25,250	2,285
	47,714	7,969

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for a term ranging from three months to three years.

The Group as lessor

Property rental income earned during the year was HK$17,278,000 (1.5.2009 to 31.12.2009: HK$7,345,000). Certain of the Group's properties have committed tenants for the next 2 to 20 years with an option to renew the lease after that date at which time all terms are renegotiated.

Contingent rental income were calculated based on the higher of a fixed monthly rental or a certain percentage of the turnover of the relevant operation that occupied the premise.

42. Operating leases (continued)

The Group as lessor (continued)

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010 HK$'000	2009 HK$'000
Within one year	36,311	39,602
In the second to fifth year inclusive	58,755	55,834
After five years	38,561	15,004
	133,627	110,440

43. Contingent liabilities

(a) Corporate guarantees

(i) Guarantees in respect of mortgage facilities for certain purchasers

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of guarantees, upon default in payments of mortgage instalments by these buyers, the Group is responsible to pay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property title deeds are passed to the buyers. The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries was approximately HK$2,618,654,000 as at 31 December 2010 (2009: HK$2,377,313,000).

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

(ii) Guarantees in respect of bank loans for a former subsidiary

The Company has entered into agreements with two banks to provide corporate guarantees with respect to bank loans granted to a former subsidiary. Pursuant to the terms of guarantees, upon default in payments of bank loans by the former subsidiary, the Company is responsible to repay the outstanding loan principals together with accrued interest and penalty owed by the former subsidiary to the banks. The guarantees will be released when the bank loans of the former subsidiary are repaid in full. The maximum liability of the Company at the end of the reporting period under such guarantees is the outstanding amount of the bank loans to the former subsidiary of RMB nil (equivalent to approximately HK$nil) (2009: RMB224,000,000 (equivalent to approximately HK$255,360,000)).

43. Contingent liabilities (continued)

(a) Corporate guarantees (continued)

As at 31 December 2009, the Company held a deposit of RMB36,000,000 (equivalent to approximately HK$39,960,000) from the holding company of the former subsidiary as a collateral for the guarantees, and such deposit was refunded to the holding company of the former subsidiary during the year ended 31 December 2010 after the facility expired.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and, the directors of the Company consider that the possibility of default by the former subsidiary is remote and, in case of default in payments, the net realisable value of the net assets of the former subsidiary can recover the repayment of the outstanding principals of the bank loans together with the accrued interest and penalty. Accordingly, no provision has been made in respect of such guarantees.

(b) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in the PRC laws and regulations which are covered by back-to-back warranties provided by the relevant contractors of the projects.

(c) Legal proceedings

From time to time, the Group may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Group's business. The directors of the Company are currently not aware of any such legal proceedings or claims that they believe will have, individually or in the aggregate, a material adverse affect on the Group's business, financial condition or operating results of the Group.

44. Related party transactions

(a) Balances with related parties

Details of the balances with related parties are set out in notes 19, 27 and 32.

(b) Transactions with key management personnel

(i) During the period from 1 May 2009 to 31 December 2009, Mr. Liu Yi and Ms. Liu Yan, directors of the Company, entered into sale and purchase agreements with the Company's subsidiaries for the purchase of the Group's properties for a total consideration of approximately HK$1,335,000 and HK$1,265,000, respectively. At 31 December 2009, the Group received an amount of approximately HK$6,000 from Ms. Liu Yan as deposits in accordance with these agreements.

(ii) Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 11, is as follows:

	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
Short-term employee benefits	**16,283**	10,830
Post-employment benefits	**8**	8
Equity compensation benefits	**32,017**	3,857
	48,308	14,695

Total remuneration is included in "staff costs" (see note 9).

44. Related party transactions (continued)

(c) *Transactions with related parties*

The Group entered into the following significant transactions with related parties during the year/period:

Name of related company	Notes	Nature of transactions	1.1.2010 to 31.12.2010 HK$'000	1.5.2009 to 31.12.2009 HK$'000
北京欣錦佳資產管理有限公司	(i)	Building management fee paid	4,899	4,817
天津博華物業管理有限公司	(i)	Agency fees paid	—	1,896
重慶中新嘉業物業管理有限公司	(i)	Agency fees paid	—	2,843
北京西宇嘉業管理有限公司 — 深圳分公司	(ii)	Agency fees paid	—	1,334
上海中大物業管理有限公司	(iii)	Building management fee paid	697	—
SIHL Finance Limited	(iii)	Finance cost paid	301	—
Moon Yik Company Limited	(iv)	Rental expense and management fee paid	2,081	—

Notes:

(i) The former controlling shareholder of the Company, Mr. Li Song Xiao, has controlling interest of these entities.

(ii) A former director of the Company, Ms. Lin Yan, has controlling interest of this entity.

(iii) These entities are subsidiaries of SHIL, the parent of the Company.

(iv) This entity is controlled by an independent non-executive director of SIHL, the parent of the Company.

Except for the above transactions, the Group had the following guarantees and arrangement loan during the year/period:

(i) The Group entered into the loan agreements with subsidiaries of SIHL as set out in note 32(a).

(ii) Corporate guarantees were given by 北京新松投資集團有限公司 as set out in note 31.

45. Event after the reporting period

On 29 September 2010, the Company announced that Power Tact Investment Ltd ("Power Tact"), a wholly-owned subsidiary of the Company, SUDH and Urban Development Green Carbon (Tianjin) Equity Investment Fund Joint Venture ("SUDG JV") (collectively the "Purchasers") won the bid for the acquisition of the land use right at a consideration of RMB2,429 million (equivalent to approximately HK$2,813 million) (the "Land Acquisition Cost"). Pursuant to the the letter dated 29 September 2010 between the Purchasers and the Shanghai Land Exchange Centre, the investment ratio of Power Tact, SUDH and SUDG JV in the land is 25%, 40% and 35%, respectively. Power Tact, SUDH and SUDG JV will establish 上海城開集團龍城置業有限公司 ("JV Company") for the purpose of holding and developing the land. The registered capital of the JV Company shall be RMB2,100 million (equivalent to approximately HK$2,432 million), of which RMB525 million (equivalent to approximately HK$608 million) will be contributed by Power Tact. The total investment of the JV Company shall be RMB4,200 million (equivalent to approximately HK$4,864 million). The JV company was established on 28 February 2011.

46. Particulars of principal subsidiaries of the Company

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held in 2009 and 2010		Principal activities
			Directly	Indirectly	
中置(北京)企業管理有限公司 (note (b))	The PRC	HK$200,000,000	—	100%	Investment holding
深圳鳳凰置業有限公司 (note (a))	The PRC	US$10,000,000	—	82%	Property investment
北京金馬文華園房地產開發有限公司 (note (a))	The PRC	US$12,000,000	—	100%	Property development
北京新松房地產開發有限公司 (note (a))	The PRC	RMB190,000,000	—	100%	Property development
北京市御水苑房地產開發有限責任公司 (note (c))	The PRC	RMB20,000,000	—	90%	Property development
北京新松置地投資顧問有限公司 (note (c))	The PRC	RMB30,000,000	—	100%	Investment holding
成都中新錦泰房地產開發有限公司 (note (a))	The PRC	RMB200,000,000	—	100%	Property development

46. Particulars of principal subsidiaries of the Company (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held in 2009 and 2010 Directly	Indirectly	Principal activities
西安滻灞建設開發有限公司 (note (a))	The PRC	US$86,880,000	—	71.5%	Property development
西安中新滻灞歐亞酒店發展有限公司 (note (c))	The PRC	RMB50,000,000	—	71.5%	Hotel operations
西安中新永榮房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新佳園房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新永佳房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新沁園房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新新柳域房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新華勝房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新榮景房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新濱河房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
西安中新永景房地產開發有限公司 (note (c))	The PRC	RMB10,000,000	—	71.5%	Property development
湖南淺水灣湘雅溫泉花園有限公司 (note (c))	The PRC	RMB30,000,000	—	67%	Property development
重慶中華企業房地產發展有限公司 (note (c))	The PRC	RMB200,000,000	—	100%	Property development
天津中新濱海房地產開發有限公司(note (b))	The PRC	HK$100,000,000	—	100%	Property development

46. Particulars of principal subsidiaries of the Company (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/ and paid-up registered capital held in 2009 and 2010 Directly	Indirectly	Principal activities
天津中新華安房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	—	100%	Property development
天津中新華城房地產開發有限公司 (note (b))	The PRC	RMB80,000,000	—	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (b))	The PRC	RMB120,000,000	—	100%	Property development
天津中新信捷房地產開發有限公司 (note (b))	The PRC	RMB240,000,000	—	100%	Property development
天津凱津房地產開發有限公司 (note (c))	The PRC	RMB210,000,000	—	100%	Property development
上海九久廣場投資開發有限公司 (note (c))	The PRC	RMB226,160,000	—	100%	Property development
瀋陽向明長益置業有限公司 (note (a))	The PRC	USD63,750,000	—	80%	Property development
珠海市淇洲島影視城有限公司 (note (a))	The PRC	RMB90,000,000	—	100%	Property development
中歐城開有限公司 (note (c))	The PRC	RMB100,000,000	—	100%	Property development
北京盈通房地產開發有限公司 (note (a))	The PRC	USD6,000,000	—	67.5%	Primary land development

Notes:

(a) These companies were established in the PRC in the form of sino-foreign equity joint ventures.

(b) These companies were established in the PRC in the form of wholly-owned foreign enterprises.

(c) These companies were established in the PRC in the form of a limited liability company.

The above table only includes those subsidiaries which, in the opinion of the Company's directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

47. Statement of financial position of the Company

	2010 HK$'000	2009 HK$'000
Non-current Assets		
Property, plant and equipment	3,826	3,145
Investments in subsidiaries	—	—
Amounts due from subsidiaries	12,051,307	13,101,192
Derivative financial instruments	—	600
	12,055,133	13,104,937
Current Assets		
Loan receivables	—	—
Other receivables	313,990	327,766
Deposits and prepayments	182,569	76,044
Bank balances and cash	1,429,860	75,777
	1,926,419	479,587
Current Liabilities		
Other payables and accruals	1,055,468	578,809
Amounts due to subsidiaries	1,301,625	1,013,299
Amount due to a related company	2,466	2,466
Dividend payable	6,423	6,473
Derivative financial instruments	16,600	29,600
Convertible loan notes	2,607	—
Loan payables	1,000,000	1,368,000
	3,385,189	2,998,647
Net Current Liabilities	(1,458,770)	(2,519,060)
Total Assets less Current Liabilities	10,596,363	10,585,877
Non-current Liabilities		
Deferred liability	5	438
Convertible loan notes	—	62,136
Senior notes	2,974,260	2,942,803
	2,974,265	3,005,377
Total Asset less Total Liabilities	7,622,098	7,580,500
Capital and Reserves		
Share capital	105,173	77,826
Reserves	7,516,925	7,502,674
	7,622,098	7,580,500

Financial Summary

	Year ended 30 April			8 months ended 31 December	**Year ended 31 December**
	2007	2008	2009	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	2,779,845	5,029,260	2,534,580	513,086	**4,110,291**
Profit (loss) before taxation	1,041,943	2,375,514	338,698	(2,034,501)	**(707,130)**
Income tax expense	(223,703)	(808,990)	(249,142)	(149,798)	**(128,778)**
Profit (loss) for the year/period	818,240	1,566,524	89,556	(2,184,299)	**(835,908)**
Attributable to:					
Owners of the Company	833,319	1,550,486	126,567	(2,106,392)	**(749,649)**
Non-controlling interests	(15,079)	16,038	(37,011)	(77,907)	**(86,259)**
Profit (loss) for the year/period	818,240	1,566,524	89,556	(2,184,299)	**(835,908)**

	As at 30 April			**As at 31 December**	
	2007	2008	2009	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities					
Total assets	14,144,131	27,563,524	29,295,748	25,991,780	**25,925,861**
Total liabilities	(8,632,580)	(18,484,201)	(20,223,605)	(19,331,798)	**(18,283,579)**
	5,511,551	9,079,323	9,072,143	6,659,982	**7,642,282**
Owners to equity					
Owners of the Company	4,958,831	8,374,052	8,316,384	6,073,429	**7,122,979**
Non-controlling interests	552,720	705,271	755,759	586,553	**519,303**
	5,511,551	9,079,323	9,072,143	6,659,982	**7,642,282**