SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

RESULTS

The board of directors (the "Directors") of Soundwill Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 with comparative figures for the previous years as follows:

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	2	**913,714**	713,714
Cost of sales		**(446,481)**	(343,115)
Gross profit		**467,233**	370,599
Other income	4	**7,045**	6,865
Administrative expenses		**(114,206)**	(79,840)
Other operating expenses		**(1,632)**	(18,084)
Gain on disposal/deregistration of subsidiaries		**7,520**	657
Gain on disposal of associates		**—**	234
Net gain on fair value adjustments on investment properties		**1,769,570**	964,377
Gain on disposal of an investment property		**1,061**	—
Gain on disposal of properties held for development		**—**	18,317
Gain on disposal of available-for-sale financial assets		**15,331**	—
Profit from operations		**2,151,922**	1,263,125
Finance costs	5	**(28,033)**	(25,424)
Share of profits/(losses) of:			
— associates		**—**	1,299
— a jointly-controlled entity		**(910)**	(212)
Profit before income tax	6	**2,122,979**	1,238,788
Income tax expense	7	**(384,129)**	(185,375)
Profit for the year		**1,738,850**	1,053,413

	Notes	2010 HK$'000	2009 HK$'000
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		**12,771**	97
Amount recognised in profit or loss on disposal/ deregistration of foreign subsidiaries		**(281)**	(2,694)
Surplus on revaluation of leasehold building, net of deferred tax		**3,948**	4,045
Other comprehensive income for the year		**16,438**	1,448
Total comprehensive income for the year		**1,755,288**	1,054,861
Profit for the year attributable to:			
Owners of the Company		**1,732,080**	1,058,583
Non-controlling interests		**6,770**	(5,170)
		1,738,850	1,053,413
Total comprehensive income attributable to:			
Owners of the Company		**1,748,436**	1,060,031
Non-controlling interests		**6,852**	(5,170)
		1,755,288	1,054,861
Earnings per share for profit attributable to owners of the Company during the year			
Basic	*8*	**HK$7.20**	HK$4.42
Diluted	*8*	**HK$7.09**	HK$4.38

Consolidated Statement of Financial Position

as at 31 December 2010

	Notes	**31 December 2010 HK$'000**	31 December 2009 HK$'000 (Restated)	1 January 2009 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties		**10,061,908**	7,143,620	6,083,771
Property, plant and equipment		**60,091**	54,431	51,178
Properties held for development		**47,278**	52,845	107,644
Interests in associates		**—**	—	113
Interests in a jointly-controlled entity		**44,288**	43,402	24,593
Available-for-sale financial assets		**10**	10	11
Intangible assets		**6,631**	6,772	7,230
Goodwill		**—**	—	—
Deposit for property development		**—**	10,511	10,461
		10,220,206	7,311,591	6,285,001
Current assets				
Inventories		**37,374**	37,449	32,708
Properties held for sale		**—**	89,102	279,480
Properties under development		**775,675**	489,207	278,616
Trade and other receivables	9	**163,290**	70,760	70,579
Available-for-sale financial assets		**—**	49,666	19,687
Deposits paid for acquisition of properties		**52,495**	7,462	19,046
Amount due from a minority shareholder		**—**	—	5,427
Bank deposit at escrow account		**237,766**	—	197,452
Cash and cash equivalents		**217,779**	143,811	131,470
		1,484,379	887,457	1,034,465
Current liabilities				
Trade and other payables	10	**233,511**	234,315	95,493
Deposit received from disposal of properties	11	**421,785**	29,475	196,709
Borrowings		**3,092,288**	2,103,733	2,420,391
Provision for income tax		**33,822**	15,491	19,152
		3,781,406	2,383,014	2,731,745
Net current liabilities		**(2,297,027)**	(1,495,557)	(1,697,280)
Total assets less current liabilities		**7,923,179**	5,816,034	4,587,721
Non-current liabilities				
Deferred tax liabilities		**1,206,420**	872,267	714,700
Net assets		**6,716,759**	4,943,767	3,873,021

	Notes	**31 December 2010** **HK$'000**	31 December 2009 *HK$'000* (Restated)	1 January 2009 *HK$'000* (Restated)
EQUITY				
Equity attributable to owners of the Company				
Share capital		**24,146**	24,003	23,918
Reserves		**6,601,615**	4,863,176	3,815,631
		6,625,761	4,887,179	3,839,549
Non-controlling interests		**90,998**	56,588	33,472
Total equity		**6,716,759**	4,943,767	3,873,021

Notes:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

These financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). They have been prepared under the historical cost convention except for the revaluation of investment properties and leasehold building which are stated at fair values.

1.1 Adoption of revised/amended HKFRSs — effective 1 January 2010

In the current year, the Group has applied for the first time the following revision and amendment to standards and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010:

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

Except for as explained below, the adoption of these revised/amended standards and interpretations has no significant impact on the consolidated financial statements.

HKFRS 3 (Revised) — Business Combinations and HKAS 27 (Revised) — Consolidated and Separate Financial Statements

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year and the new accounting policy is applied prospectively according to the transitional provisions in HKFRS 3 (revised).

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity, When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of the revised HKAS 27 has had no impact on the current year as the Group did not have these transactions during the year and the new accounting policies are applied prospectively according to the transitional provisions in the amendment.

HK Interpretation 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of HK Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Company had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to comparatives for the year ended 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

The adoption of this interpretation results in net current liabilities of HK$2,297,027,000 as at 31 December 2010 (2009: HK$1,495,557,000). Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such terms loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

HKAS 17 (Amendments) — Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Prior to this amendment, HKAS 17 generally required a lease of land to be classified as an operating lease and to present leasehold land as operating lease prepayments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The Group has reassessed the classification of the unexpired leasehold land as at 1 January 2010 on the basis of information existing at the inception of that lease according to transitional provision in the amendment, and has reclassified the land element of its leasehold building in Hong Kong from operating lease prepayment to property, plant and equipment. The corresponding amortisation has also been reclassified to depreciation.

The above amendments had no impact on the Group's retained earnings and current year's results and the effect of above changes are summarised as follows:

	2010	2009
	HK$'000	*HK$'000*
Consolidated statement of comprehensive income for the year ended 31 December		
Decrease in amortisation of operating lease prepayments	**(14)**	(14)
Increase in depreciation of property, plant and equipment	**14**	14

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position			
Decrease in operating lease prepayment, net	**(11,495)**	(11,509)	(11,523)
Increase in property, plant and equipment, net	**11,495**	11,509	11,523
Increase in current portion of borrowings	**2,134,731**	1,704,269	1,712,950
Decrease in non-current portion of borrowings	**(2,134,731)**	(1,704,269)	(1,712,950)

As a result of the above retrospective reclassification and restatement, an additional consolidated statement of financial position as at 1 January 2009 is presented in accordance with HKAS 1 Presentation of Financial Statements.

1.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[2&3]
Amendments to HKAS 32	Classification of Rights Issues[1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity lnstruments[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[4]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[5]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 February 2010
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 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKICPA amended HKAS 12 Income Taxes to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Currently HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The effective date for the amendment is annual periods beginning on or after 1 January 2012. The Group does not early adopt this amendment as permitted.

As at 31 December 2010, the Group had investment properties amounting to HK$10,061,908,000 (31 December 2009: HK$7,143,620,000), representing their fair values in accordance with the Group's accounting policy. All of the Group's investment properties are situated in Hong Kong. In Hong Kong, land leases can typically be renewed without a payment of a market-based premium which is consistent with their reclassification as finance leases under the amendment to HKAS 17. Given this, it is difficult to assert with a high degree of confidence that the Group would consume substantially all of the economic benefits embodied in the investment property over time. Consequently, as required by the amendment, the Group can re-measure the deferred tax relating to these investment properties based on the presumption that they are recovered entirely by sale as if this new policy had always been applied. There is no tax consequences in Hong Kong as there is currently no capital gain tax in Hong Kong. If the Company adopts this amendment, it will result in reversal of deferred tax liabilities arising from the fair value change of the Group's investment properties, with a consequential increase in the profit after tax attributable to the owners of the Company.

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of other new/revised HKFRSs will have no material impact on the Group's financial statements.

2. REVENUE

An analysis of the Group's revenue is as follows:

	2010	2009
	HK$'000	*HK$'000*
Property Assembly:		
— Sales of properties	**591,250**	423,000
Property leasing:		
— Rental Income	**203,753**	186,196
— Signage rental	**18,950**	18,284
— Office facilities and service	**2,739**	4,162
Building management and other services:		
— Property repairs and maintenance service income	**12,053**	9,756
— Building service income	**7,046**	6,647
Urban infrastructure:		
— Revenue from urban infrastructure construction works	**77,923**	65,669
	913,714	713,714

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

Property assembly business	:	Properties assembly and sales of properties
Property development	:	Development of residential and commercial properties
Property leasing	:	Property rental including signage rental and provision of office facilities and service
Building management and other services	:	Provision of building management, property repairs and maintenance services
Urban infrastructure	:	Urban infrastructure development

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as operating approaches.

The reporting segment results exclude the gain on disposal/deregistration of subsidiaries, gain on disposal of associates, finance costs, share of results of associates and jointly controlled entity, write-back of provision for impairment loss of amounts due from associates, net gain on fair value adjustments on investment properties, gain on disposal of an investment property, gain on disposal of properties held for development, income taxes and unallocated income and expenses which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The revenue of others segment represents the management fee income received from a fellow subsidiary.

Segment assets include property, plant and equipment, operating lease prepayments, inventories, loans and receivables and operating cash and mainly exclude available-for-sale financial assets, interests in associates and jointly controlled entity which are not directly attributable to the business activities of any operating segment.

Segment liabilities comprise operating liabilities and exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include income provision for income tax, deferred tax liabilities and corporate borrowings.

For the year ended 31 December 2010

	Property assembly business *HK$'000*	Property development *HK$'000*	Property leasing *HK$'000*	Building management and other services *HK$'000*	Urban infrastructure *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue							
External customers	591,250	—	225,442	19,099	77,923	—	913,714
Inter-segments	—	94,712	16,078	—	—	19,579	130,369
Reportable segment revenue	591,250	94,712	241,520	19,099	77,923	19,579	1,044,083
Reportable segment profit/(loss)	183,530	(36,455)	180,520	7,999	21,514	20,019	377,127
Bank interest income	1	97	7	—	294	4	403
Depreciation	—	(586)	(2,356)	(4)	(236)	(688)	(3,870)
Amortisation of intangible assets	—	—	—	—	(360)	—	(360)
Amortisation of properties held for development	—	(2,107)	—	—	—	—	(2,107)
Provision for obsolete inventories	—	—	—	—	(548)	—	(548)
Reportable segment assets	33	1,276,340	10,211,704	6,395	154,957	10,858	11,660,287
Additions to non-current segment assets during the year	—	22,347	1,383,527	—	376	1,041	1,407,291
Reportable segment liabilities	—	(525,095)	(61,936)	(14,158)	(48,202)	(5,905)	(655,296)

For the year ended 31 December 2009

	Property assembly business *HK$'000*	Property development *HK$'000*	Property leasing *HK$'000*	Building management and other services *HK$'000*	Urban infrastructure *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue							
External customers	423,000	—	208,642	16,403	65,669	—	713,714
Inter-segments	76,397	34,901	7,821	983	4,174	900	125,176
Reportable segment revenue	499,397	34,901	216,463	17,386	69,843	900	838,890
Reportable segment profit/(loss)	125,457	(4,751)	158,276	7,997	(8,053)	2,329	281,255
Bank interest income	51	24	75	—	861	1	1,012
Depreciation	—	(187)	(2,447)	(4)	(177)	(511)	(3,326)
Amortisation of intangible assets	—	—	—	—	(515)	—	(515)
Amortisation of properties held for development	—	(2,303)	—	—	—	—	(2,303)
Provision for obsolete inventories	—	—	—	—	(1,523)	—	(1,523)
Amount due from a minority shareholder written off	—	(5,427)	—	—	—	—	(5,427)
Provision for loss on litigation	—	—	—	—	(5,032)	—	(5,032)
Reportable segment assets	81,948	604,031	7,226,545	6,869	174,849	11,728	8,105,970
Additions to non-current segment assets during the year	—	6,349	81,038	—	212	98	87,697
Reportable segment liabilities	(29,603)	(104,350)	(62,993)	(13,261)	(49,175)	(4,408)	(263,790)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2010	2009
	HK$'000	*HK$'000*
Reportable segment revenue	**1,044,083**	838,890
Elimination of intersegments revenue	**(130,369)**	(125,176)
Revenue	**913,714**	713,714
Reportable segment profits	**377,127**	281,255
Net gain on fair value adjustments on investment properties	**1,769,570**	964,377
Gain on disposal of an investment property	**1,061**	—
Gain on disposal of properties held for development	**—**	18,317
Unallocated income and expenses	**(18,687)**	(4,443)
Gain on disposal/deregistration of subsidiaries	**7,520**	657
Gain on disposal of associates	**—**	234
Gain on disposal of available-for-sale financial assets	**15,331**	—
Finance costs	**(28,033)**	(25,424)
Share of profits less losses of associates	**—**	1,299
Share of loss of a jointly-controlled entity	**(910)**	(212)
Write-back of provision for impairment loss of amounts due from associates	**—**	2,728
Profit before income tax	**2,122,979**	1,238,788
Reportable segment assets	**11,660,287**	8,105,970
Interest in a jointly-controlled entity	**44,288**	43,402
Available-for-sale financial assets	**10**	49,676
Group assets	**11,704,585**	8,199,048
Reportable segment liabilities	**655,296**	263,790
Borrowings	**3,092,288**	2,103,733
Provision for income tax	**33,822**	15,491
Deferred tax liabilities	**1,206,420**	872,267
Group liabilities	**4,987,826**	3,255,281

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal markets				
Hong Kong (domicile)	**835,791**	648,045	**10,193,316**	7,275,879
PRC	**77,923**	65,669	**26,880**	35,702
	913,714	713,714	**10,220,196**	7,311,581

The geographical location of customers is based on the location at which the goods were delivered. The geographical location of non-current assets is based on the physical location of the asset.

For the years ended 31 December 2010 and 2009, the Group did not depend on any single customers under each of the segments.

4. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Bank interest income	**403**	1,012
Reversal of provision for impairment loss of trade receivables	**1,768**	32
Reversal of provision for impairment loss of other receivables	**1,178**	—
Write-back of other receivables	**1,256**	—
Write-back of provision for impairment loss of amounts due from associates	**—**	2,728
Gain on disposal of property, plant and equipment	**19**	46
Miscellaneous income	**2,421**	3,047
	7,045	6,865

5. FINANCE COSTS

	2010 *HK$'000*	2009 *HK$'000*
Interest charges on:		
Bank loans		
— wholly repayable within five years	**29,597**	27,474
— not wholly repayable within five years	**7,485**	5,978
Other borrowings wholly repayable within five years	**2,197**	232
Total borrowing costs	**39,279**	33,684
Less: Interest capitalised in investment properties and properties under development	**(11,246)**	(8,260)
	28,033	25,424

The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2010 and 2009, the interest on bank loans which contain a repayment on demand clause amounted to HK$7,485,000 and HK$5,978,000 respectively.

6. PROFIT BEFORE INCOME TAX

	2010 *HK$'000*	2009 *HK$'000* (Restated)
Profit before income tax is arrived at after charging:		
Amortisation of intangible assets*	**360**	515
Amortisation of deferred expenses*	**—**	21
Auditors' remuneration	**2,430**	1,699
Amortisation of properties held for development	**2,107**	2,303
Depreciation	**3,870**	3,326
Cost of inventories recognised as expense	**44,366**	49,570
Cost of properties held for sale recognised as expense	**384,330**	270,732
Operating lease charges in respect of premises	**3,454**	2,696
Provision for obsolete inventories*	**548**	1,437
Provision for impairment loss of trade receivables*	**—**	5,322
Provision for impairment loss of other receivables	**—**	101
Provision for loss in litigation*	**—**	5,032
Amount due from a minority shareholder written off*	**—**	5,427
Bad debts written off*	**—**	9
Deposits for property acquisition written off*	**724**	321
Property, plant and equipment written off	**417**	64
Staff costs (including directors' remuneration and defined contribution cost)^	**63,672**	40,152
And crediting:		
Gross rental income from investment properties	**(203,753)**	(186,196)
Less: Outgoings	**3,706**	3,913
	(200,047)	(182,283)
Other rental income less outgoings from other properties	**(1,718)**	(4,029)
	(201,765)	(186,312)

* included in other operating expenses

^ included share option expenses of HK$8,774,000 (2009: HK$2,925,000)

7. INCOME TAX EXPENSE

	Notes	2010 HK$'000	2009 HK$'000
Hong Kong profits tax			
Tax for the year	*(a)*	**46,779**	30,281
Overprovision in prior years		**(607)**	(3,579)
		46,172	26,702
PRC tax			
Tax for the year	*(b)*	**4,831**	1,965
		51,003	28,667
Deferred tax			
Current year	*(c)*	**333,126**	156,708
		333,126	156,708
		384,129	185,375

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit arising in Hong Kong for the year.

(b) The Group's certain subsidiaries established and operating in the PRC are exempt from enterprise income tax for the first two profitable years of operations, and thereafter, are eligible for a 50% relief from enterprise income tax for the following three years ("Tax Holiday"). Remaining subsidiaries operating in the PRC are subject to PRC enterprise income tax rate of 25%.

(c) Deferred tax expenses was principally arising from the fair value change of the Group's investment properties in HK.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on current year's profit attributable to owners of the Company of HK$1,732,080,000 (2009: HK$1,058,583,000) and the weighted average of 240,473,178 shares (2009: 239,687,257 shares) in issue during the year.

The calculation of diluted earnings per share is based on the weighted average of 244,299,214 shares (2009: 241,642,401 shares) in issue during the year, adjusted for the effect of all dilutive potential shares.

The weighted average number of shares used in the calculation of dilutive earnings per share is calculated based on the weighted average of 240,473,178 shares (2009: 239,687,257 shares) in issue during the year plus the weighted average of 3,826,036 shares (2009: 1,955,144 shares) deemed to be issued at no consideration if all the dilutive potential shares have been issued.

9. TRADE AND OTHER RECEIVABLES

	Note	2010 HK$'000	2009 HK$'000
Trade receivables, net	(a)	**97,653**	59,460
Other receivable, utility deposit and prepayment, net		**65,637**	11,300
		163,290	70,760

(a) The credit terms of the Group's trade receivables range from 30 to 60 days. At 31 December 2010, the ageing analysis of the trade receivables was as follows:

	2010 HK$'000	2009 HK$'000
0 — 30 days	**66,486**	35,974
31 — 90 days	**3,420**	3,702
91 — 180 days	**810**	1,579
Over 180 days	**26,937**	18,205
Total trade receivables	**97,653**	59,460

10. TRADE AND OTHER PAYABLES

	Note	2010 HK$'000	2009 HK$'000
Trade payables	(a)	**54,004**	47,916
Receipt in advance		**2,684**	6,777
Rental and other deposits received		**60,189**	60,174
Accrued expenses and other payables		**111,602**	114,416
Provision for loss in litigation		**5,032**	5,032
		233,511	234,315

(a) The Group was granted by its suppliers' credit periods from 30 to 60 days. At 31 December 2010, the ageing analysis of the trade payables was as follows:

	2010 HK$'000	2009 HK$'000
0 — 30 days	**25,760**	30,847
31 — 90 days	**4,660**	3,232
Over 90 days	**23,584**	13,837
Total trade payables	**54,004**	47,916

11. DEPOSIT RECEIVED FROM DISPOSAL OF PROPERTIES

	2010	2009
	HK$'000	*HK$'000*
Deposits and part payments associated with disposal of properties held for sale	**—**	29,475
Deposit receipt associated with pre-sales of properties under development	**421,785**	—
	421,785	29,475

REVIEW BY AUDIT COMMITTEE

The consolidated results of the Group for the year ended 31 December 2010 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditors, BDO Limited and is in line with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

DIVIDEND

The Directors recommend a payment of a final dividend of HK$0.10 (2009: HK$0.10) per share for the year ended 31 December 2010, subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be payable on or about 21 June 2011 to shareholders whose names appear on the register of members on 19 May 2011.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2010, the Group had pledged certain investment properties, properties under development and cash balances with a total carrying value of approximately HK$9,904,539,000 (2009: HK$7,254,886,000) to secure banking facilities for the Group.

EMPLOYEES REMUNERATION

The Group had 113 employees and 280 employees in Hong Kong and Mainland China respectively as at 31 December 2010. Employees were remunerated on the basis of their performance, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. During the year, share options were also granted to various directors and employees on a performance related basis. Total salaries and wages incurred in 2010, if excluding share option expenses of approximately HK$8,774,000 (2009: HK$2,925,000) were approximately HK$54,898,000 (2009: HK$37,227,000).

CLOSURE OF REGISTER OF MEMBER

The register of members of the Company will be closed from Monday, 16 May 2011 to Thursday, 19 May 2011 (both dates inclusive), during which no transfer of share will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer form must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 13 May 2011.

FINANCIAL REVIEW

Financial Summary

	2010	2009
Total asset value *(HK$'000)*	**11,704,585**	8,199,048
Net assets *(HK$'000)*	**6,716,759**	4,943,767
Earnings per share *(HK$)*	**7.20**	4.42
Total borrowings *(HK$'000)*	**3,092,288**	2,103,733
Gearing ratio	**46%**	43%
Net asset value per share *(HK$)*	**27.82**	20.60

Results of Operations

For the year ended 31 December 2010, the Group has recorded a revenue of approximately HK$913,714,000 (2009: HK$713,714,000), representing an increase of about 28% over last year, which was mainly due to a substantial growth of the property assembly business and the leasing rental income in 2010. The revenue of the property assembly business recorded HK$591,250,000, representing 65% of the Group's income, substantial growth in this segment as the Group successfully completed the acquisitions and disposal of 3 projects during 2010 while the leasing rental income amounted to HK$225,442,000, (2009: HK$208,642,000) representing 25% of the Group's income. The Group's gross profit for the year amounted to approximately HK$467,233,000 (2009: HK$370,599,000), representing an increase of 26% as compared with last year.

Increase in administrative expenses is mainly due to the expansion of property acquisition in HK as well as property development team in HK and PRC. Share option expense of HK$8,774,000 is charged in this year as compared with HK$2,925,000 included in last year. Also, the gain on disposal of available-for-sale financial assets was generated from the disposal of residential units developed through our PRC subsidiary during the year.

Substantial increase in income tax expenses during the year is mainly due to the increase in deferred tax expense approximately HK$333,126,000 (2009: HK$156,708,000) as a result of increase in net gain on fair value adjustment on investment properties.

Profit attributable to owners of the Company

During the year, the Group has achieved a profit attributable to owners of the Company of approximately HK$1,732,080,000 (2009: HK$1,058,583,000), an increase of 64% as compared with last year. This increase was mainly due to a gain on fair value adjustments on investment properties during the year. Earnings per share was HK$7.20 (2009: HK$4.42), representing an increase of 63% over last year.

If the gain on fair value adjustments on investment properties (net of deferred tax) were to be excluded, the Group's profit for the year would be HK$290,089,000 (2009: HK$249,906,000), representing an increase of about 16% as compared with last year.

Net Assets

The total net asset of the Group as at 31 December 2010 is amounting HK$6,716,759,000 (2009: HK$4,943,767,000). This has been taken into account the deferred tax liabilities of HK$1,156,707,000 (2009: HK$829,129,000) arising from the fair value change of the Group's investment properties in Hong Kong. Since there is currently no capital gain tax in Hong Kong, if such provision is reversed after adoption of amendment to HKAS 12, the net asset of the Group would becomes higher amounting HK$7,873,466,000 (2009: HK$5,772,896,000).

OPERATIONS REVIEW

Overview

In 2010, there were encouraging signs of global economy recovery which stimulate the economic development in Hong Kong. Among the industries showing strong growth by the middle of the year, the real estate sector was the spearhead with a dynamic sales environment. Leveraging on the arising market opportunities, the Group launched the boutique-style luxurious residential development "WarrenWoods" in Tai Hang which recorded remarkable sales and marked new heights for the Group's real estate business. In terms of property acquisition business, the Group upheld the philosophy of meticulous overall planning for the long term and proactively acquired prime locations for redevelopment purposes.

The government relaxed the restrictions on acquisition of old buildings in April last year and lowered the compulsory auction sale threshold to 80% of the ownership. The government also adopted various measures to curb the rising property prices, but the Group has not changed its long-standing practice or operation and management and continued to meet the demand of the owners of the old buildings and actively provide assistance as appropriate. Committed to contributing to the sustainable development of its community, the Group strives to achieve the optimal balance between the community, commercial development and the environment, with the aim to create a better living environment for the community.

Furthermore, the retailing industry showed significant improvement in sales against the backdrop of numerous favorable factors such as positive market sentiments and the further relaxation of the individual visitor scheme by the Chinese government. The rent level of both retail properties and private residential properties went up as a result and stimulated the interests of mainland people in buying properties in Hong Kong.

Business Review

For the year ended 31 December 2010, the Group recorded a turnover of approximately HK$913,714,000, up by 28% from the same period last year of HK$713,714,000. The increase was mainly attributable to the sizeable profits from the disposal of assembled properties during the year. In addition, mortgage interest rate remained at an exceptionally low level during the year, heating up the sentiments for the property investments, which was in turn favorable to the pricing of the "WarrenWoods" project. The gross profit of the Group increased by 26% as a result, or up from last year's HK$370,599,000 to approximately HK$467,233,000 of this year.

Land Bank

The Group has an active presence in the acquisition of old buildings in various districts on Hong Kong Island. The Group places special values on the various urban redevelopment projects in Causeway Bay area and is committed to invigorating the community environment, enhancing the quality of buildings and auxiliary facilities, in order to benefit the new and existing owners alike.

To fully capitalize on the opportunities brought forward by the growth of the Hong Kong market, the Group also resolutely undertake operations at a number of prime locations to increase its market share, and participates in urban redevelopment projects there. Paralleled to this, the Group will also look for locations with strong potential outside Hong Kong Island and increase its land bank at a reasonable cost, meticulously evaluate its portfolio of investment properties and select projects with a strong potential for self-development, in order to enhance the Group's profit.

Property Assembly

During the year, the Group successfully disposed of a number of properties after unified its ownership. Details are as follows:

- ***11-13A Lin Fa Kung Street West, Tai Hang***

  The site at 11-13A Lin Fa Kung Street West, Tai Hang was disposed of HK$98,250,000. The total site area was approximately 1,900 square feet, and the transaction at completed in January 2010, bringing forward a profit of approximately HK$7,592,000.

- ***118-120 Electric Road, North Point***

  The total site area is approximately 2,100 square feet. It was originally planned for a hotel development providing approximately 99 hotel rooms. By reason of the lucrative gain, the Group elected to dispose of the site in May 2010 at HK$168,000,000. The transaction was completed in July 2010, bringing forward a profit of approximately HK$75,084,000.

- ***1-11A San Wai Street, Hung Hom***

  In September 2010, the site at 1-11A San Wai Street, Hung Hom was disposed of at HK$325,000,000. The total site area is approximately 7,300 square feet. The transaction was completed in late November 2010, bringing forward a profit of approximately HK$94,718,000.

Since the lowering of the compulsory auction sale threshold of old buildings from 90% to 80% by the government in April 2010, the Group has successfully unified the ownership for a number of projects during the year, including:

- ***11-13 Sharp Street East and 1-1A Yiu Wa Street***

  The acquisition of the entire ownership of 11-13 Sharp Street East and 1-1A Yiu Wa Street was completed in November 2010. The site has a total site area of approximately 3,200 square feet, comprising a total of 23 residential units and street-level retail shops. Upon redevelopment, the site is expected to become another landmark in Causeway Bay district.

- ***32-50 Haven Street, Causeway Bay***

  The acquisition of the last two units of 32-50 Haven Street, Causeway Bay was fully completed in August 2010. The total site area of the project amounted to approximately 12,900 square feet and the buildable gross floor area amounted to approximately 186,200 square feet in case of non-domestic development.

- ***18-21 School Street, Tai Hang***

  The Group now holds 83% of the ownership of 18-21 School Street, Tai Hang. The entire project have a total site area of approximately 2,250 square feet. The site was zoned for R(A) residential use and can be developed into a residential property with sea view.

- ***13-15 Mercury Street, North Point***

  The Group now holds 87.5% of the ownership of 13-15 Mercury Street, North Point, and has applied for compulsory auction sale of the entire site. Based on the site area of 2,580 square feet, the permitted gross floor area upon redevelopment will be about 38,640 square feet.

In the future, the Group will pertinently use its land resources and explore the best development proposals to meet the changes in the market environment, and hence to maximise the shareholders' benefit.

Property Leasing

As at the year end of 31 December 2010, the Group's flagship rental property, Soundwill Plaza has a gross floor area of approximately 246,400 square feet, of which approximately 18,300 square feet were areas of retails, and approximately 228,100 square feet were of commercial. During the year, individual spending increased significantly and the number of visitors to Hong Kong continued to increase. Coupled with the preference for luxurious brands by the individual visitors from Mainland China and the intensification of inflation in Mainland China during the second half of the year, the retail industry in Hong Kong continue to prosper. As Soundwill Plaza on Russell Street is located at the prime shopping area in Causeway Bay, where boosts a high pedestrian flow and is highly sought after by retail brands. For the year, Soundwill Plaza recorded an occupancy rate of 99%, which generating one of the most steady income streams for the Group currently.

Benefited from rental increases for new leases and renewed leases, the Group's total rental income for the year increased by 8% to approximately HK$225,442,000 (2009: HK$208,642,000), accounting for 25% of the Group's income for the year. In the coming year, the Group will continue to improve its retail tenant portfolio, reinforce promotion and enhance its auxiliary facilities with the aim to provide innovative shopping experience to cater for the different needs of customers and to uphold the quality standard of a Grade A commercial building.

Property Development

Since its incorporation, the Group has been committed to constructing residential projects of different types in a number of prime areas in Hong Kong, whilst striving for the quality standard of its property development business, with the objective to exemplify the importance it attaches to the living standard of the residents.

Benefited from the successive interest rate cut and the influx of Mainland China buyers, the property value in Hong Kong continued to rise. During the year, the Group successfully captured the best timing in launching the luxurious new residential project "WarrenWoods" at 13-27 Warrens Street, Tai Hang which provides 164 residential units with different designs. The project was warmly received by the buyers upon launch and 162 units were sold within a short period of three days. The remarkable performance contributed a total sales income of approximately HK$1,212,133,000 to the Group, which will be accounted for in the year 2012. Some buyers have already elected to make early payment of the full purchase price in response to promotion offered by the Group. As at the end of the year, the Group has received approximately HK$341,131,000, and the balance of the sales income of approximately HK$871,002,000 will be received upon delivery of the units to the buyers.

The Group is optimistic towards the strong momentum of the future property market and will continue to develop its property business. The Group further acquired 1-3 Tang Lung Street, Causeway Bay in late October 2010 through site assembling. This site will merge with the site for development at 5-29 Tang Lung Street, the total site area will reach approximately 12,500 square feet and the buildable gross floor area will reach 148,800 square feet. The site is located at a prime area and is in the vicinity of Soundwill Plaza and Times Square. It is intended to be developed into a composite development property by the Group, which is expected to be completed in 2013.

Property Management, E&M and Building Maintenance

The four property management and maintenance subsidiaries under the Group capitalize on their extensive experience and professional service to provide quality maintenance and property management services for property facilities of large-scale commercial buildings, small to medium sized residential properties, estates and shopping malls. Over the years, the Group has emphasized on talent training and provided ample room for career development to its staff. The Group has also organized a competition for "Outstanding Property Management Staff/Quality Service Award" as a recognition for the outstanding performance of its staff, with the objective of building a strong team spirit. During the year, the four subsidiaries recorded satisfactory results of a turnover of approximately HK$19,099,000 (2009: HK$16,403,000) in aggregate, up by 16% from the last year and accounted for 2% of the Group's income for the year.

Business in Mainland China

Urban Infrastructure Development

Soundwill Infrastructure Limited undertakes the underground telecommunication pipelines development business for the Group. It carries out underground telecommunication pipelines construction in a number of cities in the PRC such as Nanchang, Xi'an, Jingdezhen, Yuxi, and cooperates with the local governments in development projects and lays cable networks for information data transmission for its clients and other telecommunication and commercial purposes. Soundwill Infrastructure Limited has recorded stable revenue during the recent years, and has recorded a total turnover of approximately HK$77,923,000 (2009: HK$65,669,000) in 2010, accounting for 9% of the Group's income for the year. It's profit margin grew by 19% as compared with the last year.

Real Estate development

As the economy continues to bloom in Mainland China, coupled with strong consumption power of its citizens, there is increasing demand for infrastructures and sustained overall increase in the people's income, quality living environment are much sought after.

Riding on the increasing market demand for quality properties, the Group has launched a number of residential projects during the year. Among these includes a low density residential project in garden style located in Qian Wu Town in Zhuhai, namely "Shan Shui Heng Yuan" which was already completed.

In addition, pre-sale was also launched for our residential development "Long Feng Chun Xiao" located in Doumen, Zhuhai during the year. The first phase consists of 5 blocks of building with a total of 192 units, and 175 units of which were sold. This development is expected to be completed in 2011.

Besides, the Group also launched pre-sale of another boutique-style residence "Soundwill • LingDu" in Zhangtai county in Fujian Province in November 2010. It is a single block building with 85 residential units and 9 retail shops. The pre-sale was warmly received with 65 units and 5 retail shops sold within a short period of time. This development is expected to be completed in 2011.

Corporate Citizen

The Group has always strived to fulfill its social responsibilities as a corporate citizen and has committed itself to serving the community. In an effort to performing its obligations as a "Caring Company", the Group actively participates in charity fundraising and encourages its staff to participate in different charity activities and social services, with the aim to propagate the spirit of building a caring community. Moreover, the Group efforts to arouse environmental protection awareness in the office through paper recycle, separation and collection, promotion of energy saving and establishment of a sound working environment. As a good corporate citizen, the Group will continue to support charity activities and perform its social responsibilities in the future.

Prospects

Since 2009, the Group has focused further on the acquisition of old buildings for urban redevelopment and has invested in the construction of properties in Tai Hang and Causeway Bay on Hong Kong Island. Pre-sale of properties developed by the Group launched during the period well captured market attention and were warmly received.

With limited land supply in the urban area in Hong Kong, the government has promulgated a number of measures related to property development industry and is to increase the sale of government land to ensure the healthy development of the real estate market. As before, the Group will proactively expand its business scope while aligning with the guidance under the government's real estate policies and measures, and will continue old building acquisition and unification in various prime locations in the urban area. On the other hand, with their stronger value preservation potential, properties on the urban areas on Hong Kong Island have always gained the attention and favor of investors in Hong Kong Island properties, the concept of old district invigoration undoubtedly will continue to be the hot topic. The Group will take a more active approach in increasing its land bank and stepping up its property self-development efforts in the future, with the goal of realizing urban invigoration, enhancing the quality of community environment, and creating a more desirable living environment.

The Group carries out meticulous and multi-faceted review on each property development project and proactively responds to any policy changes in order to devise the most advantageous development plan in order to ensure the value and margin of each project. It also systematically devises sales strategies, leverages on market investment opportunities and capitalizes land resources so as to efficiently launch the most advantageous sales projects and property development plans to ensure the profit margin of its capital value. According to the timetable of its existing targeted acquisitions and completion of property construction, it is expected that a number of projects will reach the harvesting time in the coming two to three years, further enhancing our performance and bringing fruitful results to its shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2010, the Group's total borrowings amounted to HK$3,092,288,000 (2009: HK$2,103,733,000). Cash and bank balances amounted to HK$217,779,000 (2009: HK$143,811,000) and net borrowings amounted to HK$2,874,509,000 (2009: HK$1,959,922,000).

The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) has been increased from 43% in 2009 to 46% in 2010. The total interest expenses for the year ended 31 December 2010 amounted to HK$28,033,000 (2009: HK$25,424,000) respresenting an increase of HK$2,609,000 as compared with last year. It is mainly due to increase in bank borrowings for acquisition of properties and slightly increase in funding cost during the year. As at 31 December 2010, the Group's borrowings were on a floating rate basis.

As at 31 December 2010, the Group's total net assets amounted to HK$6,716,759,000 (2009: HK$4,943,767,000), an increase of HK$1,772,992,000 or 36% when compared with last year. With the total number of ordinary shares in issue of 241,464,135 (2009: 240,034,135) as at 31 December 2010, the net asset value per share was HK$27.82 (2009: HK$20.60).

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its PRC operations. Given that the continuous appreciation of Renminbi would have positive impact on the Group's assets in the PRC and income generated from the PRC, the Group had not implemented any hedging measures during the year.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year, there was no material acquisitions and disposals of subsidiaries by the Group.

CONTINGENT LIABILITIES

(a) In September 2009 the Group commenced legal proceedings HCA1902/2009 against a joint venture partner, with whom a subsidiary of the Company has a joint venture agreement for the development and construction of village houses on a number of pieces of land in New Territories, and a number of individuals seeking, inter alia, declaratory relief for its proprietary interests in a number of pieces of land in New Territories and injunctive relief against the said individuals, in response to the allegations and claims of Mr. Wong to oust the Group from the joint venture development on the alleged ground that the Group was in breach of the terms of the joint venture agreement. Thereafter, two further sets of legal proceedings were also instituted between the Group and the parties related (HCMP1760/2009 and HCA1931/2009).

There were contested interlocutory applications heard in 2010, and the High Court ordered six pieces of land and the houses erected thereon be vested with a *Tso T'ong* which is not a party to the legal proceedings. The appeal (CACV195/2010, CACV205/2010, CACV206/206) was heard on 16 March 2011. The Court of Appeal has reserved judgment. The above appeal in effect relates to the issue as to whether the Group should be given extra security of another 6 houses due to the relevant defendant's breach of the Joint Venture Agreement, which the Group would not have been so entitled if the agreement were duly performed. The Group's claims against the relevant defendants are indeed, inter alia, that if the relevant Joint Venture Agreement were duly performed, the sale proceeds of the relevant 11, rather than 17, houses, should be used to answer the expenses incurred by the Group; and then the net profits out of the said relevant 11 houses should be shared with our Group. Hence, if the appeal is allowed, the Group would be given extra security of 6 houses, for the Group's claims. Even if the appeal is dismissed, the Group's claims still remain almost intact, which under the said Joint Venture Agreement and on the basis that it were duly performed, would relate to 11 houses only.

The Directors having taken legal advice into account is of the opinion that it is not necessary to make any provisions for impairment against the outstanding balances as at the reporting date.

(b) Legal proceedings (by way of appeals) arising from the orders made by the Lands Tribunal (LDCS5000/2007) for compulsory sales of all units of the old buildings (now demolished) situated at 44 and 46 Haven Street are still under progress. A former owner is challenging the reserve price for the auction sales. The Court of Appeal in May 2010 dismissed his appeal. The former owner further appealed and the Court of Final Appeal (FACV13/2010) will hear his appeal on 13 May 2011. The former owner is to challenge the price of auction sale was too low and alleges he has been deprived of around HK$6,200,000 in his share of the proceeds of the sales as a result.

In November 2010, the Lands Tribunal varied the portion of the costs the former owner is to pay to the Group for the trial hearing before the Lands Tribunal. The former owner is ordered to bear 60% (and not 90%) of the costs of the Group. Nonetheless, the former owner is still not satisfied with this order. The Lands Tribunal refused leave for the former owner to appeal to Court of Appeal against this costs order. The former owner now applies to the Court of Appeal for leave to appeal, such application is fixed to be heard on 15 April 2011.

If the cost order is reversed against the Group and the former owner succeeds in the appeal, the Group may have to bear all costs incurred in the Lands Tribunal proceeding and top up the shortfall of the portion of the reserve price payable which amounted to HK$2,800,000 and HK$6,200,000 respectively.

According to the legal advice taken by the Group, the Directors are of the opinion that the Group has a fair chance to succeed in the appeal to the Court of Appeal, and resisting the appeal on costs and hence no provision was made for this legal proceeding as at reporting date.

(c) The legal proceedings resulted from the successful application by the Group to the Lands Tribunal (LDCS6000/2007) for the auction sale of all units of the old buildings (now demolished) situated at 48 and 50 Haven Street now be limited to the costs. In November 2010, the Lands Tribunal made absolute and affirmed the former owners of the one of the units of the old building are to pay 80% of the costs of the Group in the Lands Tribunal proceedings. The Court of Appeal allowed leave for the former owner to appeal against this cost order. The appeal is to be heard by the Court of Appeal on 25 November 2011 (CACV32/2011). If the costs order is reversed against the Group, the Group may have to bear certain costs of the Lands Tribunal as well as for the appeal, which may be in the region of HK$1,800,000.

According to the legal advice taken by the Group, the Directors are of the opinion that the Group has a fair chance to succeed in the appeal to the Court of Appeal, and resisting the appeal on costs and hence no provision was made for this legal proceeding as at reporting date.

EVENT AFTER REPORTING DATE

Mr. Kwan Kai Cheong resigned as Independent Non-executive Director, member of the Audit Committee and Remuneration Committee of the Company on 7 January 2011.

Mr. Ng Chi Keung has been appointed as Independent Non-executive Director, member of Audit Committee and Remuneration Committee of the Company with effect from 18 March 2011. Mr. Ng will hold the office until the forthcoming annual general meeting and will be eligible for re-election according to the Bye-Laws of the Company.

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

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except that:

(1) Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are not separated and performed by two different individuals. Madam Foo Kam Chu, Grace is the founder and the Chairman of the Group. She is responsible for the Group's overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Groups are delegated to other executive directors, the management and various department heads.

(2) Code Provision A.4.1

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term. The non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Bye-Laws.

APPRECIATION

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance in the past financial year.

By order of the Board
Foo Kam Chu, Grace
Chairman

Hong Kong, 23 March 2011

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu, Grace, Chan Wai Ling, Kong Siu Man, Kenny, Tse Wai Hang; (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.