東 方 銀 座 控 股

Oriental Ginza Holdings

Oriental Ginza Holdings Limited

Stock Code : 00996

Unlimited
Business Opportunities

Annual Report 2010

BOARD OF DIRECTORS

Executive directors:

Ms. Tin Yuen Sin Carol *(Chairperson)*
Mr. Xu Yi
Mr. Ho Kam Chuen Alex
Mr. Zhang Feng
Mr. Li Sai Ho
Mr. Hon Ming Sang

Non-executive director:

Mr. Wang John Peter Ben

Independent non-executive directors:

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

AUDIT COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

REMUNERATION COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hon Ming Sang

LEGAL ADVISORS

K&L Gates
Fairbairn Catley Low & Kong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 903B-05, 9/F, Great Eagle Centre
23 Harbour Road, Wanchai, Hong Kong

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

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Chairperson's Statement

On behalf of the board (the "Board") of directors (the "Directors", each a "Director") of Oriental Ginza Holdings Limited (the "Company"), I take pleasure to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010.

During the year 2010, the Company has explored new investment opportunities in other areas in order to widen its business variety and to maximise the potential return from its investment property portfolio. In particular, the Company has completed acquisitions of certain properties in Shenyang and a complex plaza in Chongqing, People's Republic of China (the "PRC"), and disposed of certain properties in Beijing, the PRC, resulting in a gain on disposal of subsidiaries amounting to HK$172.1 million in 2010.

For the financial year ended 31 December 2010, the Group recorded a consolidated net loss of approximately HK$1.9 million as compared to the net loss of approximately HK$458.8 million for the last corresponding year. Our revenue for 2010 was approximately HK$311.7 million, representing a decrease of approximately HK$196.0 million or 38.6% when compared to 2009 because there was a substantial disposal of our subsidiaries, Winner Grace International Limited and Firm Top Investments Limited, during the year 2010. Major assets held by the disposed subsidiaries include two commercial and residential complexes, namely Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場) at Dongzhimen (東直門) and Shilipu (十里堡), respectively, in Beijing, the PRC.

The loss was primarily attributable to the impairment loss in respect of other receivables and increase in other operating expenses. The increase in impairment loss in respect of other receivables due to the conservative general provision on the other receivables aged over years and the amounts with an unsatisfactory repayment history. However, the Group is still optimistic that these debts will be recovered in coming years and the recovery is still in progress. The increase in other operating expenses mainly related to the increase in repair and maintenance for the refurbishment of the over-years properties. The basic loss per share for the year was HK$0.002. There was a significant reduction in loss per share compared to last corresponding year because there was no significant loss arising on change in fair value of investment properties in 2010. The Board does not recommend the payment of any final dividend for the 12 months ended 31 December 2010.

Similar to last year, the Group enjoyed the contribution from the investment properties in year 2010. Our asset portfolio possesses a significant residential, retail and commercial components. The rental income for the financial year 2010 was approximately HK$132.1 million, representing approximately 42.3% of the Group's total revenue.

The Group continues to look for new opportunities to enhance its investment property portfolio, with a particular focus on premium retail and commercial premises.

Our retail-related consultancy and management services faced great challenges in years 2009 and 2010. There is still room for improvement in customer flow and consumer spending levels at our managed retail premises. Operating tenants experienced difficulties in their business operations. The market competition was very keen because there was a great increase in the number of commercial centre service companies in Beijing, the PRC. In addition, clients became reluctant either to renew or enter into in new service contracts with us. We expect the general performance in this area of our business operation will continue to be tough in the coming year.

We have focused on allocating the Group's financial resources optimally while remaining vigilant to risk and uncertainty. We will continue to exercise discipline and prudence in this process and invest in the projects which can meet its criteria. For managing its existing development assets, the Group will consider feasible options to improve yields and add value to assets, to the extent consistent with prevailing market conditions.

Apart from searching for investment opportunities in the property market, the interim report of the Company for the six months ended 30 June 2010 disclosed that the Group has been exploring new businesses and investment opportunities in other areas in order to widen its business variety and to provide long-term benefits to the Group. In year 2011, the Group has explored new business opportunities with gasoline stations and retailers in order to expand its business variety. The Group entered into a conditional sale and purchase agreement with the vendor in relation to the acquisition of the Wide Merit Limited's (the "Target Company") shares, representing 51% of the equity interests in the Target Company, and its shareholder's loan on 13 January 2011. The Target Company and its subsidiaries are principally engaged in the research and development, manufacturing and sale of high clean unleaded gasoline and diesel. The acquisition represents an attractive opportunity for the Group to open up a new business segment with significant potential growth other than the property investment and retail-related consultancy and management services industries.

The Company is optimistic that the prospects of the gasoline industry in the PRC are promising and possess a considerable potential growth in view of the rapid urbanisation in the PRC. In light of the increasing environmental awareness in the PRC, the Group believes that the PRC government will continue to raise the environmental policies for gasoline with a view to minimising the air pollution in the PRC, which will in turn drive a higher demand for unleaded gasoline. Given that the pollutant emission levels of the Target Company's products are lower than the current requirement imposed by relevant government authorities, the Target Company is well positioned to ride on the potential boom of the unleaded gasoline business in the PRC.

In view of the growth potential of the Target Company and the future prospects of the gasoline industry, the Group believes that the acquisition is in the interest of the Company and its shareholders as a whole.

Taking this opportunity, I would like to express my sincere gratitude to our shareholders and business partners for their invaluable support to the Group. I am also grateful for our Directors, senior management and staff for their dedicated service and contributions.

Tin Yuen Sin Carol
Chairperson
25 March 2011

Management Discussion and Analysis

CORPORATE OVERVIEW

The principal businesses of the Group are (i) properties rental business; (ii) property sales; and (iii) retail-related consultancy and management services in the People's Republic of China (the "PRC").

Acquisition of subsidiaries

During the year 2010, the Group completed the following acquisitions with a view to diversifying its property investments into different provinces in the PRC, capturing the gain on its existing property investments and thereby maximising the potential return from its property portfolio.

On 19 October 2010, the Group completed the acquisition of the entire equity interests in Champion Concept Limited ("Champion Concept") with a cash consideration of HK$225.0 million. Champion Concept is an investment holding company and its subsidiaries are principally engaged in property holding business. Major assets owned by its indirect wholly-owned subsidiary include 21 properties located in Shenyang, the PRC, such as retail and office space, and residential units located in Shenyang. Reference is made to the announcements of the Company dated 26 August 2010 and 19 October 2010.

On 13 December 2010, the Group completed the acquisition of the entire equity interests in Angel Fay Limited ("Angel Fay") and its shareholder's loan with a cash consideration of HK$210.0 million. Angel Fay is an investment holding company and its subsidiary is principally engaged in property rental business. The principal assets of Angel Fay are the properties located at Taipingyang Plaza (太平洋廣場) on Shangqingsi Road (上清寺路) in Yuzhong District (渝中區), Chongqing, the PRC. Reference is made to the announcements of the Company dated 19 November 2010 and 13 December 2010.

On 13 January 2011, the Group has entered into a conditional sale and purchase agreement in relation to acquire 51% of the equity interests in Wide Merit Limited ("Wide Merit") and its shareholder's loan with a total cash consideration of HK$489.6 million, subject to adjustment. Wide Merit and its subsidiaries are principally engaged in the research and development, manufacturing and sale of high clean unleaded gasoline and diesel in the PRC. Reference is made to the announcements of the Company dated 17 January 2011 and 14 March 2011 and the circular of the Company dated 28 March 2011. The acquisition constitutes a major transaction of the Company under the Rules governing the Listing of securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to the approval of the Company's shareholders.

Disposal of subsidiaries

On 8 September 2010, the Company entered into a sale and purchase agreement to dispose of its entire equity interests in Winner Grace International Limited ("Winner Grace") and Firm Top Investments Limited ("Firm Top") and their respective sale loans with a total cash consideration of HK$1.2 billion. The principal assets of Winner Grace and Firm Top include two commercial and residential complexes, namely Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場) at Dongzhimen (東直門) and Shilipu (十里堡), respectively, in Beijing, the PRC. Such disposal was completed on 30 November 2010. The deferred consideration of HK$600 million would be paid within six months from the date of completion, dated 30 November 2010, and has been recognised as other receivable for disposal of subsidiaries. Reference is made to the announcements of the Company dated 17 September 2010 and 30 November 2010 and the circular of the Company dated 15 October 2010.

BUSINESS REVIEW

The global financial crisis has greatly recovered during the year 2010 and the economic environment in the PRC has significantly improved especially in the real-estate market. However, the keen competition for the retail-related consultancy and management services brought us the adverse effects on our business operations, particularly our retail-related consultancy and management service sectors. In the financial year 2010, much of the Group's revenue was generated from rental incomes of our investment property portfolio and sales of properties. This was attributable to the components of our assets which comprised mainly the residential, retail and office space as well as the properties' prime locations in the PRC. The Board was pleased of this contribution from the investment properties as it demonstrated that the properties acquisition brought positive contributions to the Group.

Property Investment

The Group's investment property portfolio comprising portions of Taipingyang Plaza (太平洋廣場) ("Taipingyang Plaza") on Shangqingsi Road (上清寺路) in Yuzhong District (渝中區), Chongqing, the PRC and various properties located in Shenyang of Liaoning Province, the PRC, covers a total gross area of approximately 60,700m^2 , with approximately 13,000m^2 or 21% of the total gross area being retail space, approximately 40,600m^2 or 67% of the total gross area being office space, approximately 1,800m^2 or 3% of the total gross area being residential units and approximatley 5,300m^2 or 9% of the total gross area being car park spaces. Rental income for the period from the date of acquisition to 31 December 2010 was approximately HK$0.64 million.

Taipingyang Plaza (太平洋廣場) consists of an office tower and a residential tower built over a 2-storey commercial podium and a 2-level basement car parks. The whole office tower and portions of the residential tower together with portions of the commercial podium and the whole 2-level basement car parks belong to our Group. The complex has a total gross area of approximately 28,900m^2 (offices: approximately 23,200m^2, residential units: approximately 400m^2 and car park spaces: approximately 5,300m^2).

Properties in Shenyang of Liaoning Province, the PRC with gross area of approximately 31,800m^2 comprise six retail shops which have a gross area of approximately 13,000m^2, nine office units which have a gross area of approximately 17,400m^2, and six residential units which have a gross area of approximately 1,400m^2.

Retail-related Consultancy and Management Services

The Group offers comprehensive retail-related consultancy and management services to its clients, encompassing different service areas including development and planning consultancy services for shopping malls, advertising and promotion consultancy services and operation of retail premises and store management services. During the year ended 31 December 2010, the Group managed a total floor area of approximately 41,000m^2 of retail premises operated by individual operators under different business themes.

Total revenue from the Group's retail-related consultancy and management services sector was approximately HK$59.8 million for the financial year of 2010, representing a decrease of approximately HK$13.8 million or 18.7% when compared to that of 2009. The main reason for the decrease was due to the reduction in number of service contracts, contract amounts and management fees.

Sales of Properties

The Group's properties for sale mainly comprised Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場). Total revenue for the Group's sales of properties was approximately HK$119.8 million (2009: HK$244.3 million). The decrease in sales of properties was due to the disposal of subsidiaries which included Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場) during the year.

FINANCIAL REVIEW

Financial Results

For the year ended 31 December 2010, the loss attributable to shareholders of the Company was approximately HK$1.9 million, representing a decrease of 99.6% as compared to the loss of approximately HK$458.8 million for the year ended 31 December 2009. The substantial decrease in net loss was mainly due to the following items:

1. Gain on disposal of subsidiaries of approximately HK$172.1 million was recognised for the year due to the disposal of Winner Grace and Firm Top;

2. Loss arising on change in fair value of investment properties of approximately HK$69.0 million decreased significantly by 87.5% as compared to approximately HK$551.9 million in last year; and

3. Finance costs of approximately HK$85.2 million decreased significantly by 15.7% as compared to approximately HK$101.1 million in last year.

For the year ended 31 December 2010, total revenue of approximately HK$311.7 million decreased significantly by 38.6% as compared to approximately HK$507.7 million in last year, which was due to the decrease of sales of properties approximately 51.0%, property rental income of approximately 30.4% and retails-related consultancy and management services income of approximately 18.7%.

For the year ended 31 December 2010, the other operating expenses increased approximately HK$26.8 million as compared to last year, which was mainly due to the increase in the repair and maintenance expenses of approximately HK$11.0 million, the marketing expenses of approximately HK$18.0 million and decrease in the other administrative expenses of approximately HK$2.0 million.

The Group has recognised an impairment loss in respect of other receivables of approximately HK$119.8 million for the year ended 31 December 2010 (2009: HK$6.4 million), which was due to the fact that the Group cannot fully recover those debts in the foreseeable future. The above reasons constituted the loss for the year ended 31 December 2010.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2010, the authorised share capital of the Company was HK$1,000.0 million divided into 5,000,000,000 shares of HK$0.2 each and the issued share capital of the Company was approximately HK$219.1 million divided into 1,095,542,931 shares of HK$0.2 each.

As at 31 December 2010, the current assets and current liabilities of the Group were approximately HK$1,297.3 million (2009: HK$3,719.8 million) and HK$271.0 million (2009 (restated): HK$1,797.5 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 4.8 times as compared to that of 2.1 times at the previous year ended 31 December 2009. The increase in liquidity ratio was mainly due to the Group did not have any bank borrowings as at 31 December 2010.

The Group's total assets and total liabilities amounted to approximately HK$1,807.6 million (2009: HK$3,751.3 million) and HK$369.7 million (2009: HK$2,180.2 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was 0.2 times as at 31 December 2010, as compared to that of 0.6 times as at 31 December 2009, which slightly decreased as compared to last year due to no bank borrowing as at 31 December 2010.

The cash and cash equivalents as at 31 December 2010 was approximately HK$579.5 million (2009: HK$867.8 million). The decrease was mainly attributable to cash outflow on acquisition of subsidiaries and decrease in proceeds from sales of properties.

The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 31 December 2010, the Group did not have any bank borrowings and long-term debts (2009: HK$1,322.0 million). Therefore, the gearing ratio was not applicable for the year 2010 (2009: 84.2%).

The Group will have sufficient financial resources to fund its operations.

FOREIGN EXCHANGE EXPOSURE

Substantially all of the Group's sales and operating costs are denominated in the functional currency of the Group entity making the sales or incurring the costs. Accordingly, the Directors consider that the currency risk is not significant. The Group currently does not have a formal currency hedging policy in relation to currency risk. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2010, the Group had no charge on the Group's assets. As at 31 December 2009, the Group's certain assets classified as held for sale with carrying value of approximately HK$2,254.0 million and bank deposits of approximately HK$83.4 million were charged to secure bank borrowings and other banking facilities.

EMPLOYEE INFORMATION

As at 31 December 2010, the Group had 88 employees and before the completion of the disposal of Winner Grace and Firm Top as disclosed in the above section, "Disposal of subsidiaries", the Group had a total of 156 employees. The employees of the Group are remunerated in accordance with their working experience and performance, and their salaries and benefits are kept at market level. For the year ended 31 December 2010, the total staff costs of the Group were approximately HK$20.9 million (2009: HK$19.6 million), representing an increase of approximately 6.6% over the year 2009.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Other staff benefits include discretionary performance-based bonus, medical scheme, share options and sales commission.

PROSPECTS

The PRC government has implemented suitable monetary and fiscal policies with the aim of maintaining the steady growth in the economy. Though there is an economic recovery in 2010, the Directors continue to adopt a conservative approach towards the Group's business. The Directors are confident that the long-term economic growth in the PRC remains positive due to its solid fundamentals and growing underlying consumer demands.

In year 2011, the Group has explored new business opportunities with gasoline stations and retailers in order to expand its business variety. The Group entered into a conditional sale and purchase agreement in relation to the acquisition of Wide Merit's shares, which represent 51% of the equity interests in the Wide Merit, and its shareholder's loan on 13 January 2011. Wide Merit and its subsidiaries are principally engaged in the research and development, manufacturing and sale of high clean unleaded gasoline and diesel. The details of the acquisition were disclosed in the Company's announcements dated 17 January 2011 and 14 March 2011 and the Company's circular dated 28 March 2011. The Company is optimistic that the prospects of the gasoline industry in the PRC are promising and possessing considerable potential growth in view of the rapid urbanisation of the PRC.

Such acquisition represents an attractive opportunity for the Group to diversify into a new business segment with significant growth potential other than the property investment and retail-related consultancy and management services industries. As the PRC government curbs credit growth and clamps down on speculation, it is believed that the real estate market may be going through a period of consolidation and stablisation though the demand for properties in the PRC will continue.

As part of its business plan and investment strategy, the Group will continue to identify and consider other property investments and/or developments and to explore and evaluate new business and investment opportunities which could be of good potential and/or long-term benefit to the Group and the Company's shareholders.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Tin Yuen Sin Carol, aged 45, was appointed as an executive Director with effect from 1 September 2005 and was appointed Chairperson of the Board on 16 November 2006. Ms. Tin has extensive experience in Hong Kong — China trading business. She is responsible for the overall strategic planning and policy making for the Company as well as the development of cordial relationship with business associates in the commercial sector.

Mr. Xu Yi, aged 46, was appointed as an executive Director with effect from 7 July 2009. He holds a Master of Business Administration from The University of Liverpool, United Kingdom. Mr. Xu worked for an international bank and was in charge of real estate financing business. He also worked for several property investment companies in the Peoples' Republic of China (the "PRC") and has experience in commercial property investment, development and management for over 20 years.

Mr. Ho Kam Chuen Alex, aged 48, was appointed as an executive Director with effect from 14 January 2010. He has over 10 years of working experience in listed companies. Mr. Ho graduated from the School of Professional and Continuing Education of Hong Kong University and obtained a diploma in legal studies. Prior to joining the Company, Mr. Ho worked for China Power New Energy Development Company Limited, a company listed on the Stock Exchange of Hong Kong Limited (Stock Code: 0735), as a deputy general manager and was responsible for business development of the Group.

Mr. Zhang Feng, aged 43, was appointed as an executive Director with effect from 15 June 2007. He is currently a director and the general manager of Oriental Kenzo (Beijing) Company Limited (東方銀座商業(北京)有限公司), Beijing Oriental Kenzo Investment Consultancy Limited (北京東方銀座商業投資顧問有限公司) and Beijing Oriental Kenzo Management Limited (北京東方銀座商業管理有限公司), all being indirectly wholly-owned subsidiaries of the Company. He possesses many years of experience in commercial estate development and is principally responsible for the commercial project planning of the Company, specialising in organisational management and decision making. He holds a bachelor degree in engineering and once held the positions of sales manager of the Beijing branch of a renowned United States company and as a regional sales director in Vancouver, Canada. He has concrete experiences in both Mainland China and overseas sales planning and management. He is responsible for the Group's business development in the PRC.

Mr. Li Sai Ho, aged 44, was appointed as an executive Director with effect from 25 October 2007. He is currently a director and the general manager of an indirectly wholly-owned subsidiary of the Company. He has rich experience in international real estate planning, marketing and management for about 17 years. He had received an award in real estate marketing in Canada. He integrated the overseas professional experience in real estate development into the projects in the PRC and had received several awards. Mr. Li holds a Master Degree in Business Administration. He is responsible for the business development of the Company in the PRC.

EXECUTIVE DIRECTOR, FINANCIAL CONTROLLER, COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Hon Ming Sang, aged 32, was appointed as an executive Director with effect from 14 January 2010, the authorised representative required under the Listing Rules with effect from 1 February 2009, as the company secretary and qualified accountant of the Company with effect from 4 June 2008 and as the financial controller of the Group with effect from 1 July 2008. Mr. Hon graduated with an honor degree of Professional Accountancy in the School of Accountancy from the Chinese University of Hong Kong. He is a CFA charter, a member of the Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators. He has previously worked in an international audit firm and has several years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services.

NON-EXECUTIVE DIRECTOR

Mr. Wang John Peter Ben, aged 50, was appointed as a non-executive Director with effect from 24 August 2009. Mr. Wang is currently a director of Melco Crown Entertainment Limited, a company listed on NASDAQ in the United States. He has also been appointed as non-executive directors of China Precious Metal Resources Holdings Co., Ltd., a company listed on Main Board of the Stock Exchange (Stock Code: 1194) with effect from 21 January 2010 and MelcoLot Limited, a company listed on the Growth Enterprises Market of the Stock Exchange (Stock Code: 8198) with effect from 16 November 2009. Prior to joining the Company, Mr. Wang was Chief Financial Officer of Melco International Development Limited, a company listed on the Stock Exchange (Stock Code: 200) (the "Melco Group"). He had over 20 years of working experience in the investment banking industry and had worked for Deutsche (HK), CLSA (HK), Bear Stearns (HK), Barclays (Singapore), SG Warburg (London), Salomon Brothers (London), the London Stock Exchange and Deloitte Haskins and Sells (London). Mr. Wang was qualified as a Chartered Accountant with the Institute of Chartered Accountants of England and Wales in 1985.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Yip Freeman, aged 47, was appointed as an independent non-executive Director with effect from 26 October 2006. He is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Taxation Institute of Hong Kong. He is a practicing certified public accountant and possesses over 20 years of professional experience in auditing and tax consultancy services.

Mr. Ng Ka Chung Simon, aged 54, was appointed as an independent non-executive Director with effect from 28 February 2006. Mr. Ng has extensive experience in the legal field and is currently a Barrister-at-law.

Ms. Leung Po Ying Iris, aged 40, was appointed as an independent non-executive Director with effect from 26 October 2006. Ms. Leung graduated with a BBA degree from the University of Hong Kong and received a MBA degree from the Hong Kong University of Science & Technology. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Leung is currently General Manager of Growth-Link Trade Services Company Limited, a trade services company in Hong Kong, and possesses over 15 years of professional and business experience in finance and investment services.

Corporate Governance Report

INTRODUCTION

The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), are established throughout the year ended 31 December 2010.

Throughout the year ended 31 December 2010, the Company met all the code provisions as set out in the CG Code, except for the deviations summarised as follows:

CG Code	Code Provisions	Deviations and considered reasons
A.2.1	The roles of Chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.	During the year ended 31 December 2010, the Company did not have officer with the title of CEO. The CEO's duties have been undertaken by the members of the Board since Mr. Yip Ying Chi Benjamin, appointed as CEO on 11 April 2008 and resigned as CEO on 4 December 2008. To rectify this deviation, the Company is in process of identifying a suitable candidate as its CEO and will issue a further announcement in due course.
A.4.1	Non-executive director should be appointed for a specific term.	Although Mr. Wang John Peter Ben is not appointed for a specific term, Mr. Wang is subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CG Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the CG Code.

BOARD OF DIRECTORS AND BOARD MEETING

Board Composition

The Board currently comprises six executive Directors ("EDs"), namely, Ms. Tin Yuen Sin Carol (Chairperson), Mr. Xu Yi, Mr. Ho Kam Chuen Alex, Mr. Zhang Feng, Mr. Li Sai Ho and Mr. Hon Ming Sang, one non-executive Director ("NED"), namely, Mr. Wang John Peter Ben, and three independent non-executive Directors ("INEDs"), namely, Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris.

There are respective service contracts between the Company and Mr. Ho Kam Chuen Alex and between the Company and Mr. Hon Ming Sang, as respectively disclosed in the announcement dated 14 January 2010 of the Company. There is no service contract between the Company and other Directors. Mr. Wang John Peter Ben, becoming the non-executive Director with effect from 24 August 2009, is not appointed for a specific term. Each of the EDs and NED will be subject to retirement by rotation and re-election at least once every three years and all the INEDs will be subject to retirement and re-election every year, all at the annual general meeting.

The Company complies with Rule 3.10 of the Listing Rules that there is sufficient number of INEDs and each of them has appropriate professional qualifications. The Company has received from each of the INEDs an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

There is no financial, business, family or other material or relevant relationship among the Board members of the Company.

OPERATION OF THE BOARD

The Board is responsible for directing the Group's objectives and strategies, monitoring the implementation, managing risks of the Group. Material matters are reserved for the Board's considerations. The Board has delegated the daily operational responsibilities to the management of the Company.

The Board held 17 meetings during the year ended 31 December 2010, of which 6 were full Board meetings and 11 were ED meetings, and the respective attendance of each director at the board meetings are set out as follows:

	Attendance	
	Full Board Meetings	**ED Meetings**
Executive Directors:		
Ms. Tin Yuen Sin Carol *(Chairperson)*	6/6	11/11
Mr. Xu Yi	6/6	10/11
Mr. Ho Kam Chuen Alex (Note 1)	5/6	10/11
Mr. Zhang Feng	5/6	10/11
Mr. Li Sai Ho	5/6	10/11
Mr. Hon Ming Sang (Note 1)	6/6	11/11
Mr. Fok Wai Ming Eddie (Note 2)	N/A	N/A
Non-executive Director:		
Mr. Wang John Peter Ben	5/6	N/A
Independent Non-executive Directors:		
Mr. Chan Wai Yip Freeman	6/6	N/A
Mr. Ng Ka Chung Simon	5/6	N/A
Ms. Leung Po Ying Iris	5/6	N/A

Notes:
(1) Appointed with effect from 14 January 2010.
(2) Resigned with effect from 14 January 2010.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 9 November 1999. The Audit Committee is chaired by Mr. Chan Wai Yip Freeman and its members are Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris, who are all INEDs of the Company. The terms of reference of the Audit Committee had been complied since the establishment of the Audit Committee and the primary roles and functions of the Audit Committee are (i) reviewing and supervising the financial reporting system and internal control mechanism of the Company; (ii) monitoring the integrity of the financial statements of the Group; (iii) reviewing the compliance issues with the Listing Rules and other compliance requirements; and (iv) reviewing and considering the appointment of auditors and auditors' remuneration.

In 2010, the Audit Committee held 3 meetings and details of the attendance of each member of the committee are set out as follows:

Members:	Attendance
Mr. Chan Wai Yip Freeman	3/3
Mr. Ng Ka Chung Simon	3/3
Ms. Leung Po Ying Iris	3/3

During the year ended 31 December 2010, the Audit Committee has reviewed and commented on each of the interim and annual financial reports of the Group, reviewed the Company's financial reporting system, financial and accounting policies and practices and internal control procedures, reviewed and approved the terms of engagement and remuneration of the external auditors, discussed with external auditors on the financial matters of the Group that arose during the course of the audit and reported to and made relevant recommendations to the management of the Company on matters set out in the CG Code.

REMUNERATION COMMITTEE

The Company has maintained a remuneration committee (the "Remuneration Committee") throughout the year ended 31 December 2010. The Remuneration Committee is chaired by Mr. Chan Wai Yip Freeman and its members are Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris. All the Remuneration Committee members are INEDs of the Company. The roles and functions of the Remuneration Committee are (i) making recommendations to the Board on the policies and structure for the remuneration of Directors and senior management; (ii) reviewing and approving the remuneration package of each director and member of senior management; (iii) reviewing and approving the performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iv) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and (v) engaging external professional advisors to assist and/or advise the remuneration committee on its duties when necessary and reasonable.

In 2010, the Remuneration Committee held 1 meeting and details of the attendance of each member of the committee are set out as follows:

Members:	Attendance
Mr. Chan Wai Yip Freeman	1/1
Mr. Ng Ka Chung Simon	1/1
Ms. Leung Po Ying Iris	1/1

During the year ended 31 December 2010, the Remuneration Committee has received and approved the remuneration package of each director.

NOMINATION OF DIRECTORS

Although no nomination committee was established by the Company, the Company has adopted a nomination policy for the criteria, procedures and process of appointment and removal of directors. Criteria for the selection of director include, amongst others, qualification, working experience and the relevant requirements of the Listing Rules. Each of the directors shall possess high and professional standard of a set of core criteria of competence.

At the meetings held by the Board, with the presence of all the Directors, it was resolved that all the existing Directors shall be recommended to be retained by the Company. Moreover, with reference to the Bye-laws of the Company and the CG Code, Mr. Zhang Feng, Mr. Li Sai Ho, Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

AUDITORS' REMUNERATION

Fee for audit services and non-audit services were HK$1,550,000 and HK$1,240,000, respectively, which were charged to the Group's consolidated statement of comprehensive income.

INTERNAL CONTROL

The Board acknowledges that it is responsible for the Company's internal control system and the review of the Group's effectiveness. The Board has adopted detailed process to, on a regular basis, conduct reviews over the effectiveness of the Group's internal control system, which covered the major controls, including financial, operational, compliance controls and risk management functions to ensure that appropriate levels of protection are in place. The Board has established internal control process to identify, evaluate and manage any significant risks faced by the Company and to monitor the management and control of the Group's businesses, assets, liabilities, profits and expenditures and merger and acquisition projects. No significant deficiency/problem was identified and the Company has internal guidelines to deal with any material internal control aspects of any significant problems once discovered. The Board was satisfied with the effectiveness of the Group's internal control procedures.

Despite that the Listing Rules have been amended to remove the requirement for a qualified accountant, Mr. Hon Ming San, the executive Director, remains the qualified accountant of the Company. With regard to the revised Listing Rules and the CG Code, which came into effect on 1 January 2009, regarding the specific references to the responsibility of the directors to conduct an annual review of adequacy of staffing of the financial reporting function and the oversight role of the Audit Committee, the Company has in place a system to ensure that the annual budget, the recruitment process, training and development programme will be sufficient and adequate to enable the Directors to discuss with the Audit Committee and the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial report functions and their training programmes and budget.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standard as set out in the Model Code and its code of conduct regarding the directors' securities transactions adopted by the Company during the year ended 31 December 2010.

FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities as the directors for preparing the financial statements. The auditors' reporting responsibilities on the financial statements and other further details are set out in the independent auditors' report contained in this annual report.

The Directors are pleased to present the annual report and the audited consolidated financial statements of Oriental Ginza Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in Note 35 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 24. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2010.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements during the year in the investment properties of the Group are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in Note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's contributed surplus available for distribution to its shareholders as at 31 December 2010 amounted to HK$9,404,000 (2009: HK$9,404,000).

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.

DIRECTORS

The Directors during the year and up to the date of this report were:

Ms. Tin Yuen Sin Carol
Mr. Xu Yi
Mr. Ho Kam Chuen Alex (Appointed with effect from 14 January 2010)
Mr. Zhang Feng
Mr. Li Sai Ho
Mr. Hon Ming Sang (Appointed with effect from 14 January 2010)
Mr. Fok Wai Ming Eddie (Resigned with effect from 14 January 2010)

Non-executive Director

Mr. Wang John Peter Ben

Independent Non-executive Directors

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM") of the Company:

(1) Mr. Zhang Feng and Mr. Li Sai Ho, the executive Directors, shall retire in accordance with the Bye-law 111 of the Bye-laws.

(2) Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon, Ms. Leung Po Ying Iris, the independent non-executive Directors, shall retire at the AGM in each year in accordance with their terms of office of directorship.

DIRECTORS' SERVICE CONTRACTS

No Director to be proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, either directly or indirectly, subsisted during or at the end of the year.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Company's share option scheme are set out in Note 31 to the consolidated financial statements.

Details of the Group's retirement benefit plans are set out in Note 30 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 December 2010, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code, were as follows:

Long positions - Ordinary shares of HK$0.20 each of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	(a) Beneficial owner	(a) 25,958,000	(a) 2.37
	(b) Interest of controlled corporation (Note i)	(b) 53,155,135	(b) 4.85
	(c) Total:	(c) 79,113,135	(c) 7.22

Note i: At 31 December 2010, Ms. Tin was deemed to be interested in 53,155,135 ordinary shares of the Company through her 100% beneficial interest in Fit Top Investments Limited.

Remarks: Up to 27 September 2010, Mr. Wang John Peter Ben was deemed to be interested in 60,000,000 ordinary shares of the Company, representing 5.48% of the issued share capital of the Company, through his 100% beneficial interest in Super Marble Limited.

After 27 September 2010 and at 31 December 2010, Mr. Wang was not interested in any share of the Company.

Save as disclosed above, as at 31 December 2010, none of the Directors, chief executive and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors and the chief executive, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Ordinary shares of HK$0.20 each of the Company

Name	Capacity		Number of ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	(a) Beneficial Owner	(a)	25,958,000	(a) 2.37
	(b) Interest of controlled corporation (Note 1)	(b)	53,155,135	(b) 4.85
	(c) Total	(c)	79,113,135	(c) 7.22
Mr. Long Rui Ming ("Mr. Long")	Interest of controlled corporation (Note 2)		154,909,800	14.14

Note 1: This interest is held by Fit Top Investments Limited of which Ms. Tin wholly owns the entire issued share capital. Pursuant to SFO, Ms. Tin is deemed to be interested in the shares held by Fit Top Investments Limited.

Note 2: This interest is held by Bold Merit International Limited of which Mr. Long wholly owns the entire issued share capital. Pursuant to SFO, Mr. Long is deemed to be interested in the shares held by Bold Merit International Limited.

Remarks: Up to 27 September 2010, Mr. Wang John Peter Ben was deemed to be interested in 60,000,000 ordinary shares of the Company, representing 5.48% of the issued share capital of the Company, through his 100% beneficial interest in Super Marble Limited.

After 27 September 2010 and at 31 December 2010, Mr. Wang was not interested in any share of the Company.

Save as disclosed above, as at 31 December 2010, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year ended 31 December 2010.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2010, the Group's largest customer and five largest customers accounted for approximately 18% and 39% of its total revenue respectively.

Purchases of the Group's five largest suppliers accounted for less than 30% of the Group's total purchase for the year.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in Note 33 to the consolidated financial statements.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by Messrs HLB Hodgson Impey Cheng.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs HLB Hodgson Impey Cheng as auditors of the Company.

On behalf of the Board

Tin Yuen Sin Carol
Chairperson

25 March 2011

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street Central
Hong Kong

To the shareholders of
Oriental Ginza Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Oriental Ginza Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 86, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider 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 Group's state of affairs as at 31 December 2010 and of its 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 25 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	**2010 HK$'000**	2009 HK$'000
Revenue	5	**311,702**	507,694
Other income and net gains	7	**27,218**	11,463
Reversal of impairment loss in respect of other receivables		**–**	10,775
Gain on disposal of subsidiaries	26	**172,143**	–
Cost of properties sold		**(93,622)**	(186,138)
Operating lease rentals		**(42,312)**	(39,440)
Employee benefits expense		**(20,929)**	(19,587)
Depreciation of property, plant and equipment	15	**(7,848)**	(7,765)
Gain on bargain purchases		**4,038**	–
Loss arising on change in fair value of investment properties	16	**(68,965)**	(551,898)
Gain arising on change in fair value of assets classified as held for sale		**84,669**	–
Impairment loss in respect of properties held for sale		**–**	(8,135)
Impairment loss in respect of other receivables		**(119,771)**	(6,436)
Finance costs	8	**(85,198)**	(101,116)
Other operating expenses		**(170,176)**	(143,365)
Loss before tax		**(9,051)**	(533,948)
Income tax credit	9	**7,110**	75,193
Loss for the year	10	**(1,941)**	(458,755)
Other comprehensive income (expense)			
Reclassification adjustment for translation reserve released upon disposal of subsidiaries	26	**(147,691)**	–
Exchange differences on translation of foreign operations		**16,428**	18,948
Total comprehensive expense for the year		**(133,204)**	(439,807)
Loss attributable to:			
Owners of the Company		**(1,941)**	(458,755)
Non-controlling interests		**–**	–
		(1,941)	(458,755)
Total comprehensive expense attributable to:			
Owners of the Company		**(133,204)**	(439,807)
Non-controlling interests		**–**	–
		(133,204)	(439,807)
Loss per share			
Basic and diluted (HK$ per share)	14	**(0.002)**	(0.456)

Consolidated Statement of Financial Position

At 31 December 2010

	Notes	31/12/2010 HK$'000	31/12/2009 HK$'000 (restated)	01/01/2009 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	15	**27,733**	31,440	48,284
Investment properties	16	**482,596**	—	3,075,941
		510,329	31,440	3,124,225
Current assets				
Properties held for sale	17	**—**	132,426	327,787
Trade receivables	18	**32,875**	107,955	70,652
Deferred cash consideration receivable from disposal of subsidiaries	26	**600,000**	—	—
Prepayments, deposits and other receivables		**84,836**	106,525	357,372
Pledged bank deposits	19	**—**	83,436	78,259
Bank balances and cash	19	**579,543**	889,909	39,858
		1,297,254	1,320,251	873,928
Assets classified as held for sale	20	**—**	2,399,590	—
		1,297,254	3,719,841	873,928
Total assets		**1,807,583**	3,751,281	3,998,153
Current liabilities				
Trade payables	21	**2,177**	108,048	188,491
Accrued liabilities and other payables	21	**233,487**	321,735	188,960
Taxation payable		**35,312**	45,767	33,631
Bank borrowings, secured	22	**—**	1,321,967	1,586,522
		270,976	1,797,517	1,997,604
Net current assets/(liabilities)		**1,026,278**	1,922,324	(1,123,676)
Total assets less current liabilities		**1,536,607**	1,953,764	2,000,549

Consolidated Statement of Financial Position

At 31 December 2010

	Notes	**31/12/2010 HK$'000**	31/12/2009 HK$'000 (restated)	01/01/2009 HK$'000 (restated)
Capital and reserves				
Share capital	24	**219,109**	219,109	193,109
Share premium and reserves		**1,218,760**	1,351,964	1,334,188
Equity attributable to owners of the Company		**1,437,869**	1,571,073	1,527,297
Non-controlling interests		**—**	2	2
Total equity		**1,437,869**	1,571,075	1,527,299
Non-current liabilities				
Deferred tax liabilities	23	**98,738**	382,689	473,250
		1,536,607	1,953,764	2,000,549

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 March 2011 and were signed on its behalf by:

Tin Yuen Sin Carol
Director

Hon Ming Sang
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 Note (a)	Contributed surplus HK$'000 Note (b)(c)	Translation reserve HK$'000	PRC statutory reserves HK$'000 Note (d)	Accumulated losses HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010	219,109	1,887,839	9,404	149,972	25,005	(720,256)	1,351,964	2	1,571,075
Loss for the year	–	–	–	–	–	(1,941)	(1,941)	–	(1,941)
Exchange differences arising on translation of foreign operations	–	–	–	16,428	–	–	16,428	–	16,428
Reclassification adjustment for translation reserve released upon disposal of subsidiaries (Note 26)	–	–	–	(147,691)	–	–	(147,691)	–	(147,691)
Total comprehensive expense for the year	–	–	–	(131,263)	–	(1,941)	(133,204)	–	(133,204)
Disposal of a subsidiary (Note 26)	–	–	–	–	–	–	–	(2)	(2)
At 31 December 2010	**219,109**	**1,887,839**	**9,404**	**18,709**	**25,005**	**(722,197)**	**1,218,760**	**–**	**1,437,869**

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 Note (a)	Contributed surplus HK$'000 Note (b)(c)	Translation reserve HK$'000	PRC statutory reserves HK$'000 Note (d)	Accumulated losses HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2009	193,109	1,430,256	9,404	131,024	23,172	(259,668)	1,334,188	2	1,527,299
Loss for the year	–	–	–	–	–	(458,755)	(458,755)	–	(458,755)
Exchange differences arising on translation of foreign operations	–	–	–	18,948	–	–	18,948	–	18,948
Total comprehensive expense for the year	–	–	–	18,948	–	(458,755)	(439,807)	–	(439,807)
Issue of new shares	26,000	468,000	–	–	–	–	468,000	–	494,000
Share issue expenses	–	(10,417)	–	–	–	–	(10,417)	–	(10,417)
Transfer from retained profits	–	–	–	–	1,833	(1,833)	–	–	–
At 31 December 2009	219,109	1,887,839	9,404	149,972	25,005	(720,256)	1,351,964	2	1,571,075

For the year ended 31 December 2010

Notes:

(a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) The contributed surplus of the Group represented the net amount arising from the reduction of share premium account, capital reduction and amounts transferred to write off the accumulated losses.

(c) Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

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

(ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(d) The People's Republic of China (the "PRC") statutory reserves consist of a reserve fund and an expansion fund provided in accordance with the articles of association of the PRC subsidiaries. Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after tax, prepared in accordance with the PRC rules and regulations, an annual amount to the reserve fund and expansion fund according to the decision of the board or the articles of association.

The reserve fund is to be used to expand the working capital of the PRC subsidiaries. When the PRC subsidiaries suffer losses, the reserve fund may be used to make up accumulated losses under special circumstances.

The expansion fund is to be used for business expansion and, if approved, can also be used to increase the capital of the PRC subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Operating activities			
Loss for the year		**(1,941)**	(458,755)
Adjustments for:			
Income tax		**(7,110)**	(75,193)
Interest income		**(718)**	(517)
Finance costs		**85,198**	101,116
Depreciation of property, plant and equipment		**7,848**	7,765
Gain on disposal of property, plant and equipment		**(3)**	(5,401)
Gain on disposal of subsidiaries		**(172,143)**	—
Loss arising on change in fair value of investment properties		**68,965**	551,898
Gain arising on change in fair value of assets classified as held for sale		**(84,669)**	—
Impairment loss in respect of properties held for sale		**—**	8,135
Impairment loss in respect of other receivables		**119,771**	6,436
Gain on bargain purchases		**(4,038)**	—
Operating cash flows before movements in working capital		**11,160**	135,484
Movements in working capital:			
Trade receivables		**22,532**	(37,303)
Properties held for sale		**33,263**	186,138
Prepayments, deposits and other receivables		**(549,371)**	244,411
Trade payables		**107,789**	(80,443)
Accrued liabilities and other payables		**(17,984)**	135,038
Cash (used in)/generated by operations		**(392,611)**	583,325
PRC Enterprise Income Tax paid		**(32,006)**	(4,499)
Net cash (used in)/generated by operating activities		**(424,617)**	578,826
Investing activities			
Interest received		**718**	517
Proceeds from disposal of property, plant and equipment		**22**	17,905
Decrease/(increase) in pledged bank deposits		**58,510**	(5,177)
Additions to property, plant and equipment		**(2,858)**	(3,564)
Proceeds from disposal of investment properties		**—**	116,984
Proceeds from disposal of assets classified as held for sale		**133,005**	—
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	25	**(419,014)**	—
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed)	26	**510,840**	—
Net cash generated by investing activities		**281,223**	126,665

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Financing activities			
Interest paid		**(85,198)**	(101,116)
Proceeds on issue of ordinary shares		**—**	494,000
New bank borrowings		**1,024,089**	—
Repayment of bank borrowings		**(1,140,673)**	(260,852)
Expenses on issue of shares		**—**	(10,417)
Net cash (used in)/generated by financing activities		**(201,782)**	121,615
Net (decrease)/increase in cash and cash equivalents		**(345,176)**	827,106
Cash and cash equivalents at the beginning of the year		**867,837**	17,660
Effects of foreign exchange rate changes		**56,882**	23,071
Cash and cash equivalents at the end of the year		**579,543**	867,837
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		**579,543**	889,909
Bank overdrafts	22	**—**	(22,072)
Cash and cash equivalents		**579,543**	867,837

1. GENERAL INFORMATION

Oriental Ginza Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business in Hong Kong is situated at Suites 903B-5, 9/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property investment business and retail-related consultancy and management services business in the PRC.

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

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards 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

Except as described below, the application of the 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.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has had no material effect on the accounting for business combinations in the current year.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The application of HKFRS 3 (Revised) has had no material impact on the Group's results for the reported periods.

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

New and revised Standards and Interpretations applied in the current year *(Continued)*

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

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK$1,092,816,000 and HK$1,214,172,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities (see Note 22).

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

New and revised Standards, Amendments and Interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfer 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 July 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

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

New and revised Standards, Amendments and Interpretations in issue but not yet effective *(Continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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. However, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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 in 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010
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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010
Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or gain on bargain purchases being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefits arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations that took place on or after 1 January 2010 (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interests in the acquiree was initially measured at the non-controlling interests' proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs include freehold and leasehold land cost, development cost, borrowing costs and other direct costs attributable to such properties, until the relevant properties reach a marketable state. Net realisable value is determined by reference to management estimates of the selling price based on prevailing market conditions, less all estimated costs to completion and costs to be incurred in marketing and selling.

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.

Property rental income is recognised on a straight-line basis over the terms of the relevant leases.

Revenue from sales of completed properties is recognised upon the execution of binding sale agreements.

Service income is recognised when services are provided.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land for own use

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. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at 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 at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

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.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and 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 original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When 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 retained earnings.

Share options granted by an acquiree to its employees in an equity-settled share-based payment arrangement

When share options in an equity-settled share-based payment transaction (acquiree awards) are replaced by share options of the Company or its subsidiaries (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with HKFRS 2 Share-based Payment ("market-based measure") at the acquisition date.

The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with HKFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Share options granted by an acquiree to its employees in an equity-settled share-based payment arrangement (Continued)

At the acquisition date, when the outstanding share options held by the employees of an acquiree are not exchanged for share options of the Company and its subsidiaries, the share options granted by the acquiree are measured at their market-based measure at the acquisition date. If those share options have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if those share options have not vested by the acquisition date, the market-based measure of the unvested share options is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance is recognised as remuneration cost for post-combination service.

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 of items of income or expense that are taxable or deductible in other years and 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 bases 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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, 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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 realised, based on tax rates (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.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including land and buildings (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using fair value model. Gains and 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 the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions *(Continued)*

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Financial instruments

Financial assets and financial liabilities are recognised 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 and 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 are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (“FVTPL”), “available-for-sale” (“AFS”) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets *(Continued)*
AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, deferred cash consideration receivable from disposal of subsidiaries and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and 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 financial assets *(Continued)*
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL *(Continued)*
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including trade and other payables and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is 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 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 within the next financial year:

(a) Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down obsolete assets that have been abandoned or sold.

(b) Valuation of investment properties

As described in Note 16, the investment properties were revalued by independent professional valuers on a market value basis at the end of each reporting period. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Any increase or decrease in the valuations would affect the Group's results in future years.

(c) Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's judgements. Considerable judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

5. REVENUE

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

	2010 **HK$'000**	2009 HK$'000
Property rental income	**132,142**	189,857
Sales of properties	**119,768**	244,283
Income from retail-related consultancy and management services	**59,792**	73,554
	311,702	507,694

See Note 6 for an analysis of revenue by major principal activities.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the directors of the Company that are used to assess performance and allocate resources. The Group is principally engaged in property investment business, retail-related consultancy and management services business in the PRC.

Segment revenues and results

The segment information provided to the directors of the Company for the reportable segments for the year ended is as follows:

For the year ended 31 December 2010

	Property investment business HK$'000	Retail-related consultancy and management services business HK$'000	**Consolidated** HK$'000
REVENUE			
External sales	251,910	59,792	311,702
RESULTS			
Segment results	42,442	(104,925)	(62,483)
Finance costs			(85,198)
Unallocated income			176,898
Unallocated corporate expenses			(38,268)
Loss before tax			(9,051)
Income tax credit			7,110
Loss for the year			(1,941)

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2009

	Property investment business HK$'000	Retail-related consultancy and management services business HK$'000	**Consolidated** HK$'000
REVENUE			
External sales	434,140	73,554	507,694
RESULTS			
Segment results	(439,606)	24,781	(414,825)
Finance costs			(101,116)
Unallocated income			609
Unallocated corporate expenses			(18,616)
Loss before tax			(533,948)
Income tax credit			75,193
Loss for the year			(458,755)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2009: NIL).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs including directors' salaries, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

	31/12/2010 HK$'000	31/12/2009 HK$'000	01/01/2009 HK$'000
Property investment business	**507,973**	3,153,463	3,904,711
Retail-related consultancy and management services business	**80,100**	117,403	80,809
Total segment assets	**588,073**	3,270,866	3,985,520
Unallocated head office and corporate assets	**1,219,510**	480,415	12,633
Consolidated assets	**1,807,583**	3,751,281	3,998,153

Segment liabilities

	31/12/2010 HK$'000	31/12/2009 HK$'000 (restated)	01/01/2009 HK$'000 (restated)
Property investment business	**36,043**	338,194	304,384
Retail-related consultancy and management services business	**167,273**	84,776	70,358
Total segment liabilities	**203,316**	422,970	374,742
Unallocated corporate liabilities	**166,398**	1,757,236	2,096,112
Consolidated liabilities	**369,714**	2,180,206	2,470,854

Note: All liabilities are allocated to reportable segments other than bank borrowings and current and deferred tax liabilities.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2010

	Property investment business HK$'000	Retail-related consultancy and management services business HK$'000	**Consolidated** HK$'000
Capital expenditure	437,769	89	437,858
Depreciation of property, plant and equipment	5,864	1,984	7,848
Impairment loss in respect of other receivables	12,161	107,610	119,771
Net foreign exchange losses	146	—	146
Gain on disposal of property, plant and equipment	3	—	3
Loss arising on change in fair value of investment properties	68,965	—	68,965
Gain arising on change in fair value of assets classified as held for sale	(84,669)	—	(84,669)

For the year ended 31 December 2009

	HK$'000	HK$'000	HK$'000
Capital expenditure	3,299	265	3,564
Depreciation of property, plant and equipment	5,128	2,637	7,765
Reversal of impairment loss in respect of other receivables	(10,775)	—	(10,775)
Impairment loss in respect of other receivables	5,971	465	6,436
Impairment loss in respect of properties held for sale	8,135	—	8,135
Net foreign exchange losses	15	—	15
(Gain)/loss on disposal of property, plant and equipment	(5,978)	577	(5,401)
Loss arising on change in fair value of investment properties	551,898	—	551,898

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

Property rental income from customers of corresponding years contributing over 10% of total revenue of the Group are as follows:

	2010	2009
	HK$'000	HK$'000
Customer A	**55,058**	59,556
Customer B	**4,720**	56,091
Customer C	**45,286**	—

7. OTHER INCOME AND NET GAINS

	2010	2009
	HK$'000	HK$'000
Compensation claims	**23,343**	—
Interest income	**718**	517
Gain on disposal of property, plant and equipment	**3**	5,401
Others	**3,154**	5,545
	27,218	11,463

8. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Interest on bank borrowings:		
— wholly repayable within five years	**81,675**	80,267
— not wholly repayable within five years	**3,523**	20,849
	85,198	101,116

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 December 2010 and 2009, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$84,195,000 and HK$100,014,000 respectively.

9. INCOME TAX CREDIT

	2010 HK$'000	2009 HK$'000
Current tax:		
PRC Enterprise Income Tax	**32,478**	14,304
Deferred tax (Note 23):	**(39,588)**	(89,497)
Total income tax recognised in profit or loss	**(7,110)**	(75,193)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

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

	2010 HK$'000	2009 HK$'000
Loss before tax	**(9,051)**	(533,948)
Tax at PRC Enterprise Income Tax rate of 25%	**(2,263)**	(133,487)
Tax effect of income not taxable for tax purpose	**(162,037)**	(90,871)
Tax effect of withholding tax on undistributed profits of PRC subsidiaries	**(4,126)**	—
Tax effect of expenses not deductible for tax purpose	**163,194**	153,215
Unrecognised tax losses	**—**	6,118
Others	**(1,878)**	(10,168)
Tax credit for the year	**(7,110)**	(75,193)

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2010 HK$'000	2009 HK$'000
Impairment loss in respect of other receivables (Note)	**119,771**	6,436
Auditors' remuneration	**1,550**	1,400
Operating lease rentals in respect of premises		
— Minimum lease payments	**42,312**	39,440
Employee benefits expense (including directors' emoluments)		
— Salaries and other benefits	**20,372**	19,153
— Contributions to retirement benefits schemes	**557**	434
	20,929	19,587

Note: For the year ended 31 December 2010, the Group has provided for those receivables with evidence indicating that the receivables may not be fully recoverable.

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors of the Company were as follows:

For the year ended 31 December 2010	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors				
Ms. Tin Yuen Sin Carol	—	1,775	12	1,787
Mr. Zhang Feng	—	200	—	200
Mr. Li Sai Ho	—	—	—	—
Mr. Xu Yi	—	1,200	—	1,200
Mr. Ho Kam Chuen Alex (Note (a))	—	1,129	12	1,141
Mr. Hon Ming Sang (Note (b))	—	895	28	923
Mr. Fok Wai Ming Eddie (Note (c))	—	—	—	—
Non-executive director				
Mr. Wang John Peter Ben (Note (f))	—	1,200	—	1,200
Independent non-executive directors				
Mr. Chan Wai Yip Freeman	100	—	—	100
Mr. Ng Ka Chung Simon	100	—	—	100
Ms. Leung Po Ying Iris	100	—	—	100
	300	6,399	52	6,751

For the year ended 31 December 2009	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors				
Ms. Tin Yuen Sin Carol	—	1,582	12	1,594
Mr. Zhang Feng	—	152	—	152
Mr. Li Sai Ho	—	129	—	129
Mr. Xu Yi (Note (d)	—	581	—	581
Mr. Lam Yat Ming (Note (e))	—	498	7	505
Mr. Fok Wai Ming Eddie (Note (c))	—	954	51	1,005
Non-executive directors				
Mr. Wang John Peter Ben (Note (f))	—	426	—	426
Mr. Yip Ying Chi Benjamin (Note (g))	—	180	6	186
Independent non-executive directors				
Mr. Chan Wai Yip Freeman	100	—	—	100
Mr. Ng Ka Chung Simon	100	—	—	100
Ms. Leung Po Ying Iris	100	—	—	100
	300	4,502	76	4,878

11. DIRECTORS' EMOLUMENTS *(Continued)*

Notes:

(a) Mr. Ho Kam Chuen Alex was appointed as an executive director on 14 January 2010.

(b) Mr. Hon Ming Sang was appointed as an executive director on 14 January 2010.

(c) Mr. Fok Wai Ming Eddie resigned as an executive director on 14 January 2010.

(d) Mr. Xu Yi was appointed as an executive director on 7 July 2009.

(e) Mr. Lam Yat Ming resigned as an executive director on 7 July 2009.

(f) Mr. Wang John Peter Ben was appointed as a non-executive director on 24 August 2009.

(g) Mr. Yip Ying Chi Benjamin resigned as a non-executive director on 22 July 2009.

During both years, no emoluments were 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 waived or agreed to waive any emoluments during both years.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, all of the directors (2009: four) of the Company whose emoluments are included in the disclosures in Note 11 above.

	2010 **HK$'000**	2009 HK$'000
Salaries, allowances and benefits in kind	–	670
Contributions to retirement benefits schemes	–	33
	–	703

13. DIVIDENDS

No dividend was paid or proposed during 2010 (2009: NIL), nor had any dividend been proposed since the end of the reporting period.

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:

	2010 **HK$'000**	2009 HK$'000
Loss for the purpose of calculating basic and diluted loss per share		
Loss for the year	**(1,941)**	(458,755)

Number of shares

	2010	2009
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,095,542,931**	1,005,077,178

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2009	24,960	11,581	601	7,309	20,795	65,246
Additions	–	1,050	–	1,885	629	3,564
Written off	–	–	–	–	(272)	(272)
Disposals	(14,859)	–	–	(137)	(5,541)	(20,537)
Exchange adjustments	(97)	(26)	(1)	(25)	(53)	(202)
At 31 December 2009	10,004	12,605	600	9,032	15,558	47,799
Additions	–	3	–	2,855	–	2,858
Additions through business combinations (Note 25)	13,271	9,408	2,132	75	809	25,695
Derecognised on disposal of subsidiaries	(10,448)	(1,413)	–	(8,672)	(16,139)	(36,672)
Disposals	–	–	–	(29)	–	(29)
Exchange adjustments	624	548	48	505	592	2,317
At 31 December 2010	13,451	21,151	2,780	3,766	820	41,968
DEPRECIATION AND IMPAIRMENT						
At 1 January 2009	3,639	5,690	556	4,292	2,785	16,962
Provided for the year	2,453	2,685	17	549	2,061	7,765
Written off	–	–	–	–	(245)	(245)
Eliminated on disposals	(5,383)	–	–	(82)	(2,568)	(8,033)
Exchange adjustments	(45)	(11)	(1)	(18)	(15)	(90)
At 31 December 2009	664	8,364	572	4,741	2,018	16,359
Provided for the year	1,973	2,472	145	1,061	2,197	7,848
Eliminated on disposals of subsidiaries	(2,895)	(991)	–	(3,058)	(4,422)	(11,366)
Eliminated on disposal of assets	–	–	–	(10)	–	(10)
Exchange adjustments	339	365	27	405	268	1,404
At 31 December 2010	81	10,210	744	3,139	61	14,235
CARRYING AMOUNTS						
At 31 December 2010	13,370	10,941	2,036	627	759	27,733
At 31 December 2009	9,340	4,241	28	4,291	13,540	31,440
At 1 January 2009	21,321	5,891	45	3,017	18,010	48,284

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the shorter of the term of the lease or 2-5%
Leasehold improvements	Over the shorter of the term of the lease or 10%
Plant and machinery	7 to 10 years
Furniture, fixtures and equipment	10-33.33%
Motor vehicles	10-20%

At 31 December 2010, the Group's land and buildings were situated in Shenyang and Chongqing, the PRC and held under medium-term leases.

During the year ended 31 December 2010, the Group disposed of certain property, plant and equipment through disposal of Winner Grace and Firm Top, further details of which are disclosed in Note 26.

16. INVESTMENT PROPERTIES

FAIR VALUE	HK$'000
At 1 January 2009	3,075,941
Net decrease in fair value recognised in profit or loss	(551,898)
Disposals	(116,984)
Exchange adjustments	(7,469)
Transfer to assets classified as held for sale (Note 20)	(2,399,590)
At 31 December 2009	—
Additions through business combinations (Note 25)	545,943
Net decrease in fair value recognised in profit or loss	(68,965)
Exchange adjustments	5,618
At 31 December 2010	**482,596**

The fair value of the Group's investment properties at 31 December 2010 was arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. RHL Appraisal Limited had appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was made on the basis of market value.

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

For the year ended 31 December 2010

16. INVESTMENT PROPERTIES *(Continued)*

The carrying amount of investment properties shown above comprises:

	2010	2009
	HK$'000	HK$'000
Outside Hong Kong:		
Long-term lease	**2,124**	—
Medium-term lease	**480,472**	—
	482,596	—

17. PROPERTIES HELD FOR SALE

	2010	2009
	HK$'000	HK$'000
Properties situated in the PRC	**—**	132,426

18. TRADE RECEIVABLES

Trade receivables comprise (i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the related sale and purchase agreements; (ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and (iii) receivables arising from provision of services which are due for settlement in accordance with the terms of the related service agreements.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of reporting period:

	2010	2009
	HK$'000	HK$'000
0 - 30 days	**10,297**	49,021
31 - 60 days	**—**	16,760
61 - 90 days	**6**	11,852
Over 90 days	**22,572**	30,322
	32,875	107,955

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$22,572,000 (2009: HK$30,322,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over the balances arising from provision of services and rental income nor does it have a legal right of offset against any amount owed by the Group to the counterparty. The Group has collateral over the balances from sales of properties.

18. TRADE RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired

	2010 **HK$'000**	2009 HK$'000
Over 90 days	**22,572**	30,322

Movement in the allowance for doubtful debts

	2010 **HK$'000**	2009 HK$'000
1 January	**6,915**	6,915
Eliminated on disposal of subsidiaries	**(6,585)**	—
31 December	**330**	6,915

19. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits and bank balances carried interest at prevailing market rates. The pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group.

The bank balances of approximately HK$16,234,000 (2009: HK$496,118,000) which were denominated in Renminbi. Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

20. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2009, management resolved to sell a portfolio of investment properties situated in the PRC and Hong Kong and initiated a programme to actively market the properties to buyers at market prices.

	2010 **HK$'000**	2009 HK$'000
Land in Hong Kong:		
Medium-term lease	**–**	52,000
Land outside Hong Kong:		
Long-term lease	**–**	39,072
Medium-term lease	**–**	2,308,518
	–	2,399,590

20. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

At 31 December 2009, the Group's investment properties which have been classified as held for sale with carrying amount of approximately HK$2,254,372,000 were pledged to secure general banking facilities granted to the Group (Note 22).

During the year ended 31 December 2010, the Group disposed of its assets classified as held for sale through disposal of the Winner Grace and Firm Top, further details of which are disclosed in Note 26.

21. TRADE AND OTHER PAYABLES

Trade payables, accrued liabilities and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010 **HK$'000**	2009 HK$'000
0 - 30 days	**–**	11,291
31 - 60 days	**–**	48,415
61 - 90 days	**–**	—
Over 90 days	**2,177**	48,342
	2,177	108,048

22. BANK BORROWINGS, SECURED

	31/12/2010 **HK$'000**	31/12/2009 HK$'000	01/01/2009 HK$'000
Bank overdrafts	**–**	22,072	22,198
Bank loans	**–**	1,299,895	1,564,324
	–	1,321,967	1,586,522
Denominated in:			
Hong Kong dollars	**–**	26,839	27,234
Renminbi	**–**	1,295,128	1,559,288
	–	1,321,967	1,586,522

22. BANK BORROWINGS, SECURED *(Continued)*

	31/12/2010 HK$'000	31/12/2009 HK$'000	01/01/2009 HK$'000
Carrying amount repayable:			
On demand or within one year	–	229,151	372,350
More than one year but not exceeding two years	–	866,422	202,002
More than two years but not more than five years	–	117,726	839,766
More than five years	–	108,668	172,404
	–	1,321,967	1,586,522
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	–	1,092,816	1,214,172
Add: Amounts due within one year	–	229,151	372,350
	–	1,321,967	1,586,522

At 31 December 2009, the Hong Kong dollar denominated bank overdrafts bore interest at Prime rate and the Hong Kong dollar denominated bank loans bore interest at Prime rate less 2.5%. The Renminbi denominated bank loans bore interest at 6.8%-8.5% per annum or the prevailing interest rate of the People's Bank of China or the prevailing interest rate of the People's Bank of China less 5%.

At 31 December 2009, the Group's bank borrowings and other banking facilities were secured by:

(i) pledge of the Group's certain properties and assets with carrying values of HK$2,254,372,000;

(ii) pledged bank deposits of HK$83,436,000;

(iii) personal guarantee given by a director of certain subsidiaries; and

(iv) mortgage over certain properties owned by a related company and a director of certain subsidiaries.

23. DEFERRED TAXATION

The following are the major deferred tax balances recognised and the movements thereon during the current and prior years:

Deferred tax liabilities:	**Undistributed profits of subsidiaries** HK$'000	**Revaluation of properties** HK$'000	**Total** HK$'000
At 1 January 2009	—	473,250	473,250
Exchange adjustments	—	(1,064)	(1,064)
Credited to profit or loss	—	(89,497)	(89,497)
At 31 December 2009	—	382,689	382,689
Acquisition of subsidiaries (Note 25)	22,814	96,351	119,165
Exchange adjustments	159	10,402	10,561
Disposal of subsidiaries (Note 26)	—	(374,089)	(374,089)
Credited to profit or loss	(4,126)	(35,462)	(39,588)
At 31 December 2010	**18,847**	**79,891**	**98,738**

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law"), distributable profits earned by foreign investment enterprises since 1 January 2008 is subject to withholding tax of 10% of profit distributed to foreign investors. However, pursuant to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the withholding tax aforementioned can be reduced to 5%, if the non-resident investor is a Hong Kong incorporated company, provided that the Hong Kong incorporated company beneficially owns no less than 25% of the PRC company.

Deferred tax assets:

At the end of the reporting period, the Group has unused tax losses of approximately HK$25,170,000 (2009: HK$73,934,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

24. SHARE CAPITAL

	Ordinary shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.2 each at 1 January 2009, 31 December 2009 and 31 December 2010	**5,000,000,000**	**1,000,000**
Issued and fully paid:		
Ordinary shares of HK$0.2 each at 1 January 2009	965,542,931	193,109
Top-up placing of shares (Note)	130,000,000	26,000
Ordinary shares of HK$0.2 each at 31 December 2009 and 31 December 2010	**1,095,542,931**	**219,109**

Note: On 11 September 2009, the Company completed a top-up placing and issued a total of 130,000,000 new shares of HK$0.2 each in the capital of the Company at a pricing price of HK$3.8 to Bold Merit International Limited and Fit Top Investments Limited, which are wholly owned by Mr. Long Rui Ming and Ms. Tin Yuen Sin Carol respectively. The Company raised net proceeds of approximately HK$483,583,000 which were intended to be used for financing the potential acquisitions and/or for the Group's general working capital requirement.

25. ACQUISITION OF SUBSIDIARIES

On 19 October 2010, the Group acquired the entire equity interests in Champion Concept Limited for a cash consideration of HK$225,000,000. Acquisition-related costs amounting to HK$531,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "other operating expenses" line item in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000
Investment properties	268,262	—	268,262
Property, plant and equipment	3,273	3,569	6,842
Trade receivables	6,382	—	6,382
Prepayments, deposits and other receivables	1,726	—	1,726
Bank balances and cash	13,686	—	13,686
Accrued liabilities and other payables	(36,403)	—	(36,403)
Deferred tax liabilities	(33,280)	(892)	(34,172)
	223,646	2,677	226,323
Gain on a bargain purchase			(1,323)
Total consideration satisfied by cash			225,000
Net cash outflow on acquisition of a subsidiary:			
Cash consideration paid			225,000
Less: Bank balances and cash acquired			(13,686)
			211,314

Champion Concept Limited and its subsidiaries contributed approximately HK$24,835,000 to the Group's loss for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2010, total revenue and profit for the year would have been approximately HK$5,329,000 and HK$29,616,000, respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 19 October 2010, nor is it intended to be a projection of future results.

25. ACQUISITION OF SUBSIDIARIES *(Continued)*

On 13 December 2010, the Group acquired the entire equity interests in Angel Fay Limited and its shareholder's loan for a cash consideration of HK$210,000,000. Acquisition-related costs amounting to HK$397,000 have been excluded from the consideration transferred and have been recognsied as an expense in the period, within the "other operating expenses" line item in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000
Investment properties	277,681	—	277,681
Property, plant and equipment	14,527	4,326	18,853
Bank balances and cash	2,300	—	2,300
Accrued liabilities and other payables	(1,126)	—	(1,126)
Deferred tax liabilities	(84,573)	(420)	(84,993)
	208,809	3,906	212,715
Gain on a bargain purchase			(2,715)
Total consideration satisfied by cash			210,000
Net cash outflow on acquisition of a subsidiary:			
Cash consideration paid			210,000
Less: Bank balances and cash acquired			(2,300)
			207,700

Angel Fay Limited and its subsidiary contributed approximately HK$25,634,000 to the Group's loss for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2010, total revenue and profit for the year would have been approximately HK$12,900,000 and HK$154,144,000, respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 13 December 2010, nor is it intended to be a projection of future results.

26. DISPOSAL OF SUBSIDIARIES

On 8 September 2010, the Company entered into a sale and purchase agreement with Topman Group Limited, an independent third party, to disposed 100% equity interests in Winner Grace International Limited ("Winner Grace") and Firm Top Investments Limited ("Firm Top") and their respective sale loans at a cash consideration of HK$1,200,000,000. The transaction was approved by shareholders at a special general meeting and completed on 30 November 2010.

Analysis of assets and liabilities over which control was lost:

	Winner Grace HK$'000	**Firm Top** HK$'000	**Total** HK$'000
Property, plant and equipment	20,268	5,038	25,306
Pledged bank deposits	9,719	15,207	24,926
Bank balances and cash	28,246	60,914	89,160
Trade receivables	36,556	22,374	58,930
Prepayments, deposits and other receivables	275,554	169,947	445,501
Amounts due (to)/from the Group	(381,410)	388,924	7,514
Properties held for sale	57,849	41,314	99,163
Assets classified as held for sale	821,206	1,530,048	2,351,254
Trade payables	(34,535)	(179,125)	(213,660)
Accrued liabilities and other payables	(34,028)	(73,765)	(107,793)
Amount due to the Company	(958,700)	(646,361)	(1,605,061)
Bank borrowings, secured	(323,019)	(894,053)	(1,217,072)
Taxation payable	(11,668)	(1,922)	(13,590)
Deferred tax liabilities	(86,924)	(287,165)	(374,089)
	(580,886)	151,375	(429,511)
Release of translation reserve	(93,564)	(54,127)	(147,691)
Non-controlling interests	(2)	—	(2)
Sale loans	958,700	646,361	1,605,061
Gain on disposal of subsidiaries			172,143
			1,200,000
Satisfied by:			
Cash consideration received			600,000
Deferred cash consideration receivable			600,000
			1,200,000
Net cash inflow on disposal of subsidiaries:			
Cash consideration received			600,000
Less: Bank balances and cash disposed of			(89,160)
			510,840

27. 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 stakeholders 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 cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Net debt to equity ratio

The Group's management reviews the capital structure on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The net debt to equity ratio at the year end was as follows:

	2010 **HK$'000**	2009 HK$'000
Debt (i)	**–**	1,321,967
Cash and cash equivalents	**(579,543)**	(889,909)
Net debt	**N/A**	432,058
Equity (ii)	**1,437,869**	1,571,075
Net debt to equity ratio	**N/A**	28%

(i) Debt comprises bank borrowings as detailed in Note 22.

(ii) Equity includes all capital and reserves of the Group.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables		
— Trade receivables	**32,875**	107,955
— Other receivables	**60,259**	104,096
— Deferred cash consideration receivable from disposal of subsidiaries	**600,000**	—
— Pledged bank deposits	**—**	83,436
— Bank balances and cash	**579,543**	889,909
Financial liabilities		
Amortised cost		
— Trade payables	**2,177**	108,048
— Accrued liabilities and other payables	**231,756**	303,706
— Bank borrowings, secured	**—**	1,321,967

(b) Financial risk management objectives and policies

The Group's major financial instruments include bank balances and cash, trade and other receivables, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Market risk

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Currency risk

Substantially all of the Group's sales and operating costs are denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the directors consider that the currency risk is not significant.

The Group currently does not have a formal currency hedging policy in relation to currency risk. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Price risk

As the Group has no significant investments, the Group is not subject to significant price risk.

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see Note 22 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing interest rate of the People's Bank of China arising from the Group's Renminbi denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2010 would increase by approximately HK$NIL (2009: HK$6,610,000).

Credit risk

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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for 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 and loan receivable 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.

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

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.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 year HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
31 December 2010					
Non-derivative financial liabilities					
Trade payables	**2,177**	**–**	**–**	**2,177**	**2,177**
Accrued liabilities and other payables	**231,756**	**–**	**–**	**231,756**	**231,756**
31 December 2009					
Non-derivative financial liabilities					
Trade payables	108,048	–	–	108,048	108,048
Accrued liabilities and other payables	303,706	–	–	303,706	303,706
Bank borrowings, secured	1,321,967	–	–	1,321,967	1,321,967

28. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value of financial instruments

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

29. OPERATING LEASE

The Group as lessee

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**42,868**	51,448
In the second to fifth years inclusive	**165,638**	172,682
Over five years	**122,053**	260,343
	330,559	484,473

Operating lease payments represent rentals payable by the Group for certain offices premises and retail space. Leases are negotiated for an average term of 1 to 20 years with fixed rentals.

The Group as lessor

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	**75,875**	208,273
In the second to fifth years inclusive	**212,905**	712,207
Over five years	**113,814**	1,662,296
	402,594	2,582,776

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 15 years with fixed rentals.

30. RETIREMENT BENEFIT PLANS

Defined contribution plan

The Group operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the consolidated statement of comprehensive income of approximately HK$557,000 (2009: HK$434,000) represents contributions paid or payable to these plans by the Group at rates specified in the rules of the plans.

31. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 19 February 2002, the Company adopted the share option scheme ("New Option Scheme") to replace the share option scheme adopted on 21 January 1994 ("Old Option Scheme"). All the options granted under the Old Option Scheme shall remain valid and unchanged and shall be treated in accordance with the terms under the Old Option Scheme. The major terms of the New Option Scheme are summarised as follows:

(a) The purpose was to provide incentives to:

  (i) award and retain the participants who have made contributions to the Group; or

  (ii) attract potential candidates to serve the Group for the benefit of the development of the Group.

(b) The participants included any employee, director, consultant, adviser or agent of any member of the Group.

(c) The maximum number of shares in respect of which options might be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(d) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the New Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.

31. SHARE OPTION SCHEME *(Continued)*

(e) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors and provided in the offer of grant of option.

(f) The exercise period should be any period fixed by the board of directors upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(g) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1 from the grantee to the Company.

(h) The exercise price of an option must be the highest of:

  (i) the closing price of the shares on the date of grant which day must be a trading day;

  (ii) the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and

  (iii) the nominal value of the share.

(i) The life of the New Option Scheme is effective for 10 years from the date of adoption until 18 February 2012.

There were no outstanding share options at 31 December 2009 and 2010. No share options were granted, exercised or cancelled during the years ended 31 December 2009 and 2010.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

Compensation to key management personnel of the Group

	2010 **HK$'000**	2009 HK$'000
Short-term employee benefits	**6,399**	5,472
Post-employment benefits	**52**	109
	6,451	5,581

33. EVENTS AFTER THE REPORTING PERIOD

On 17 January 2011, the Company announced that Virtue Link Investments Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement dated 13 January 2011 with an independent third party to acquire 51% of the equity interests in Wide Merit Limited (the "Target Company") and its shareholder's loan for a total cash consideration of HK$489,600,000. The Target Company and its subsidiaries are principally engaged in the research and development, manufacturing and sale of high clean unleaded gasoline and diesel. The acquisition constitutes a major transaction of the Company under the Listing Rules and is subject to the approval of the Company's shareholders. The acquisition has not been completed as of the date of approval of these financial statements.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY AS AT 31 DECEMBER 2010

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued share capital/ paid up capital	Proportion of ownership interests held by the Company	Principal activities
Sundynasty International Limited	British Virgin Islands	Ordinary US$1	100% (Direct)	Investment holding
Bloomy Earth Holdings Limited	British Virgin Islands	Ordinary US$1	100% (Direct)	Investment holding
Virtue Link Investments Limited	British Virgin Islands	Ordinary US$100	100% (Direct)	Investment holding
Orient Gain Enterprises Limited	British Virgin Islands	Ordinary US$1	100% (Direct)	Investment holding
Timecastle International Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Deepower Development Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Daylight Express Group Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Champion Concept Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Angel Fay Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
東方銀座商業(北京)有限公司	PRC (Note (i))	Registered capital RMB45,000,000	100% (Indirect)	Provision of retail-related business in the PRC

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY AS AT 31 DECEMBER 2010 *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued share capital/ paid up capital	Proportion of ownership interests held by the Company	Principal activities
北京東方銀座商業投資顧問有限公司	PRC (Note (ii))	Registered capital RMB500,000	100% (Indirect)	Provision of shopping mall development planning advisory services in the PRC
北京華文韜廣告有限公司	PRC (Note (iii))	Registered capital RMB29,000,000	100% (Indirect)	Provision of promotion and advertising advisory services in the PRC
北京東方銀座商業管理有限公司	PRC (Note (iv))	Registered capital RMB2,000,000	100% (Indirect)	Provision of enterprises management consultancy services in the PRC
象山高建投資管理諮詢有限公司	PRC (Note (v))	Registered capital US$100,000	100% (Indirect)	Investment holding
深圳市深恒貿易有限公司	PRC (Note (vi))	Registered capital RMB10,000,000	100% (Indirect)	Investment holding
瀋陽市建興源投資管理有限公司	PRC (Note (vii))	Registered capital RMB1,000,000	100% (Indirect)	Property investment in the PRC
重慶太平洋屋業發展有限公司	PRC (Note (viii))	Registered capital US$9,500,000	100% (Indirect)	Property investment in the PRC
Universal Glory (HK) Limited	Hong Kong	Ordinary HK$1	100% (Indirect)	Investment holding
Affirm Action Limited	Hong Kong	Ordinary HK$1	100% (Direct)	Investment holding
Master Step Management Limited	Hong Kong	Ordinary HK$1	100% (Direct)	Provision of management services in Hong Kong

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY AS AT 31 DECEMBER 2010 *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued share capital/ paid up capital	Proportion of ownership interests held by the Company	Principal activities
Master Empire Development Limited	Hong Kong	Ordinary HK$1	100% (Indirect)	Investment holding
Oriental Ginza Management Limited	Hong Kong	Ordinary HK$1	100% (Indirect)	Investment holding
High Concept Limited	Hong Kong	Ordinary HK$1	100% (Indirect)	Investment holding

Notes:

(i) 東方銀座商業(北京)有限公司 is a wholly foreign owned enterprise established in the PRC.

(ii) 北京東方銀座商業投資顧問有限公司 is a limited liability company established in the PRC.

(iii) 北京華文韜廣告有限公司 is a limited liability company established in the PRC.

(iv) 北京東方銀座商業管理有限公司 is a limited liability company established in the PRC.

(v) 象山高建投資管理諮詢有限公司 is a wholly foreign owned enterprise established in the PRC.

(vi) 深圳市深恒貿易有限公司 is a limited liability company established in the PRC.

(vii) 瀋陽市建興源投資管理有限公司 is a limited liability company established in the PRC.

(viii) 重慶太平洋屋業發展有限公司 is a Sino-foreign equity joint venture established in the PRC.

Major properties held for investment

	Location	Approx. Floor Area Attributable to the Group (sq.m.)	Existing use	Term of lease	Group's interest
1.	Portion of Taipingyang Plaza (太平洋廣場), No. 2 Shangqingsi Road, Yuzhong District, Chongqing, the PRC	28,900	Residental, office, retail, and car parking	Medium	100%
2.	Commercial Units on Levels 1 to 4 (Partial), 5-11, Hong Yuan Building, No. 52 Nanjing Street South, Heping District, Shenyang City, Liaoning Province, the PRC	8,700	Retail	Medium	100%
3.	Commercial Units on Level 1, Block 4, No. 81 Beierjing Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	800	Retail	Medium	100%
4.	Commercial Units on Levels 1 to 3, Block 2, No. 39 Xishuncheng Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	1,500	Retail	Medium	100%
5.	Office Units on Levels 1 to 2, No. 69 Xinhua Street, Heping District, Shenyang City, Liaoning Province, the PRC	700	Office	Medium	100%
6.	An office Unit on Level 1, No. 69 Xinhua Street, Heping District, Shenyang City, Liaoning Province, the PRC	100	Office	Medium	100%

	Location	Approx. Floor Area Attributable to the Group (sq.m.)	Existing use	Term of lease	Group's interest
7.	Office Units on Levels 8, 10 and 11, Hua Yang Building, No. 386 Qingningda Street, Heping District, Shenyang City, Liaoning Province, the PRC	3,000	Office	Medium	100%
8.	Commercial Units on Levels 1 to 3, No. 108 Jia Hepingda Street North, Heping District, Shenyang City, Liaoning Province, the PRC	1,100	Retail	Medium	100%
9.	Office Units on Levels 1 to 2, Block 144, No. 152 Beizhong Street Road, Shenhe District, Shenyang City, Liaoning Province, the PRC	300	Office	Medium	100%
10.	Office Units on Levels 5 to 6, No. 5 Liuzhou Street, Heping District, Shenyang City, Liaoning Province, the PRC	400	Office	Medium	100%
11.	Commercial Units on Levels 1 to 3, No. 25 Jia Nanliu South Street, Tiexi District, Shenyang City, Liaoning Province, the PRC	900	Retail	Medium	100%
12.	Office Units oin Levels 1 to 4, No. 308 Danan Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	1,400	Office	Medium	100%
13.	Office Units on Levels 1 to 8, Block 138, No. 84 Dabei Street, Dadong District, Shenyang City, Liaoning Province, the PRC	4,000	Office	Medium	100%

	Location	Approx. Floor Area Attributable to the Group (sq.m.)	Existing use	Term of lease	Group's interest
14.	Office Units on Levels 1 to 7, Block 138-1, No. 84 Dabei Street, Dadong District, Shenyang City, Liaoning Province, the PRC	2,600	Office	Medium	100%
15.	Office Units on Levels 1-7, 14 to 16 and Basement Level 1, Hong Yun Building, No. 78 Hepingda Street North, Heping District, Shenyang City, Liaoning Province, the PRC	4,900	Office	Medium	100%
16.	Units 906 on Level 9, Hetai Building, No. 107 Nanjing Street North, Heping District, Shenyang City, Liaoning Province, the PRC	200	Residential	Long	100%
17.	Units 907 on Level 9, Hetai Building, No. 107 Nanjing Street North, Heping District, Shenyang City, Liaoning Province, the PRC	200	Residential	Long	100%
18.	Units B1 and B2 on Levels 1 to 2, House No. 68-2, Chinese Garden, Yingnan Street, Dongling District, Shenyang City, Liaoning Province, the PRC	500	Residential	Medium	100%
19.	Units B3 and B4 on Levels 1 to 2, House No. 68-2, Chinese Garden, Yingnan Street, Dongling District, Shenyang City, Liaoning Province, the PRC	500	Residential	Medium	100%

Financial Summary

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements and restated as appropriate, is set out below:

RESULTS

Year ended 31 December	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
Revenue					
From continuing operations	**311,702**	507,694	280,889	137,206	125,759
From discontinued operations	**—**	—	—	—	426,452
	311,702	507,694	280,889	137,206	552,211
(Loss)/Profit before tax	**(9,051)**	(533,948)	(724,513)	507,552	(78,904)
Income tax	**7,110**	75,193	76,609	(6,021)	(16,514)
(Loss)/Profit for the year	**(1,941)**	(458,755)	(647,904)	501,531	(95,418)

ASSETS AND LIABILITIES

At 31 December	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
Assets	**1,807,583**	3,751,281	3,998,153	4,504,476	612,133
Liabilities	**(369,714)**	(2,180,206)	(2,470,854)	(3,587,527)	(432,825)
Net assets	**1,437,869**	1,571,075	1,527,299	916,949	179,308