萊蒙國際
TOPSPRING

Top Spring International Holdings Limited
萊 蒙 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號: 3688

QUALITY PROPERTY IS A GATEWAY TO QUALITY LIVING
品質地產 品位生活

ANNUAL REPORT 2010 年報

Contents

Group Introduction

Top Spring International Holdings Limited ("**Top Spring**" or the "**Company**", and together with its subsidiaries, collectively the "**Group**", "**we**" or "**us**") is a real estate property developer in PRC specializing in the development and operation of urban mixed-use communities and the development and sale of upscale residential properties in the Yangtze River Delta and the Pearl River Delta regions. Based in Hong Kong and Shenzhen and under the leadership of Mr. Wong Chun Hong, our Founder, Chairman and Chief Executive Officer, as at 31 December 2010, we had a total of 13 property projects at various stages of development in Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin with a net saleable and leasable gross floor area ("**GFA**") of approximately 2.3 million sq.m. for which we have entered into land grant contracts and/or obtained land use rights, and a net saleable and leasable GFA of approximately 0.8 million sq.m. for which we have yet to enter into land grant contracts.

On 23 March 2011, Top Spring listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and opened the door to the international capital market. The listing on the Stock Exchange represents a successful establishment of a global financing platform that forms a solid foundation for our long-term development.

With our low cost land reserve policy and highly trained and dedicated management team, we are fully prepared to become a leading property developer in developing urban mixed-use communities in the PRC.

Overview of Our Business

Overview of Our Property Developments

Most of our property projects are developed in multiple phases and each phase may be at a different stage of development. We classify our property projects, for which we have obtained some or all of the land use right certificates or entered into land grant contracts, into the following three categories: completed properties, properties under development and properties held for future development. Other projects, for which we have entered into a land grant contract but have not obtained any land use right certificate, or may or may not have entered into a land grant contract, are classified as projects contracted to be acquired.

As at 31 December 2010, we had a total of 13 property projects at various stages of development located in Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin, including a net saleable and leasable GFA of approximately 211,982 sq.m. of completed property developments, a net saleable and leasable GFA of approximately 545,046 sq.m. under development, a net saleable and leasable GFA of approximately 1,580,890 sq.m. held for future development and a net saleable and leasable GFA of approximately 770,400 sq.m. contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totaling a net saleable and leasable GFA of approximately 3.1 million sq.m..

The following table sets out details of our 13 property projects as at 31 December 2010:

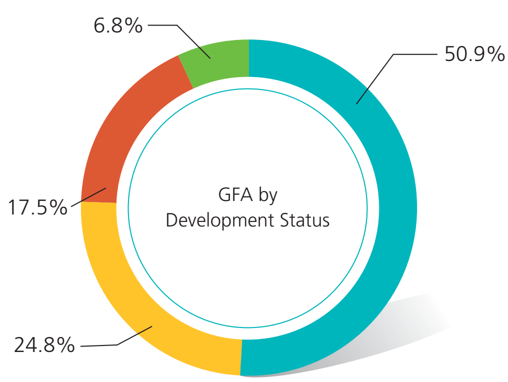
Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	3,308	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	682	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	5,253	100
2	Shenzhen	The Spring Land Phase 1	Residential/ Commercial	5,649	100
3	Shenzhen	Shenzhen Water Flower Garden	Residential	4,992	100
4	Changzhou	Changzhou Landmark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Landmark Phase 2	Residential/ Commercial	31,663	100
4	Changzhou	Changzhou Landmark Phase 3	Residential/ Commercial	2,078	100
5	Changzhou	Changzhou Le Leman City Phase 1	Residential/ Commercial	786	100
5	Changzhou	Changzhou Le Leman City Phase 2	Residential/ Commercial	1,256	100
5	Changzhou	Changzhou Le Leman City Phase 3	Residential	12,573	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Holiday-Inn Hotel)	Commercial/ Hotel	50,716	100
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
Subtotal				**211,982**	
Projects Under Development					
1	Shenzhen	Shenzhen Hidden Valley Phase 4	Residential	14,861	100
2	Shenzhen	The Spring Land Phase 2	Residential	99,096	100
2	Shenzhen	The Spring Land Phase 3	Residential/ Commercial	138,912	100
4	Changzhou	Changzhou Landmark Phase 4	Residential/ Commercial	95,956	100
5	Changzhou	Changzhou Le Leman City Phase 4	Residential/ Commercial	103,921	100
5	Changzhou	Changzhou Le Leman City Phase 5	Residential/ Commercial	61,120	100
5	Changzhou	Changzhou Le Leman City Phase 6	Residential	31,180	100
Subtotal				**545,046**	

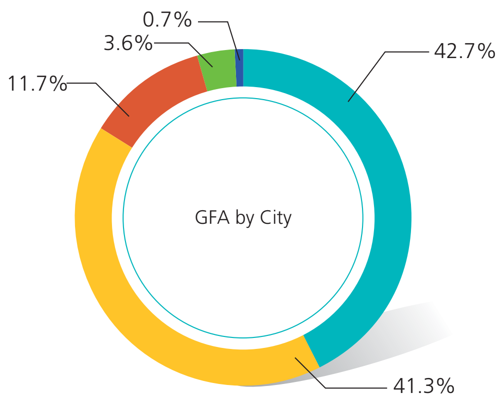
Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Held For Future Development					
2	Shenzhen	The Spring Land Phase 4	Residential/ Commercial	70,009	100
2	Shenzhen	The Spring Land Phase 5	Residential/ Commercial	56,900	100
2	Shenzhen	The Spring Land Phase 6	Residential/ Commercial	143,580	100
8	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
5	Changzhou	Changzhou Le Leman City Phase 7	Residential/ Commercial	232,572	100
5	Changzhou	Changzhou Le Leman City Phase 8	Residential/ Commercial	244,879	100
5	Changzhou	Changzhou Le Leman City Phase 9	Residential/ Commercial	86,894	100
5	Changzhou	Changzhou Le Leman City Phase 10	Residential/ Commercial	42,390	100
9	Chengdu	Chengdu Landmark	Commercial	111,226	100
10	Changzhou	Taihu Hidden Valley Phase 1	Residential	240,000	100
11	Hangzhou	Hangzhou Hidden Valley	Residential	337,440	100
Subtotal				**1,580,890**	
Projects Contracted To Be Acquired					
10	Changzhou	Taihu Hidden Valley Phases 2 & 3	Residential	N/A	100
12	Shenzhen	Shenzhen Landmark (formerly known as "**Shenzhen New City Plaza**")	Residential/ Commercial	770,400	100
13	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	N/A	40
Subtotal				**770,400**	
TOTAL				**3,108,318**	

The table below sets forth the net saleable and leasable GFA information of our 13 property projects in terms of planned use of the properties as at 31 December 2010.

	Completed GFA sq.m.	Under Development GFA sq.m.	Held for Future Development GFA sq.m.	Contracted to be Acquired GFA sq.m.
Properties held for sale				
Residential	26,154	485,639	1,405,206	570,400
Hotel/Serviced Apartments	50,716	16,562	30,963	–
Retail	7,700	42,845	64,458	200,000
Office	–	–	41,738	–
Sub-total	84,570	545,046	1,542,365	770,400
Properties held for investment				
Retail	127,412	–	38,525	–
Sub-total	127,412	–	38,525	–
Net saleable and leasable GFA	211,982	545,046	1,580,890	770,400

Landbank As at 31 December 2010

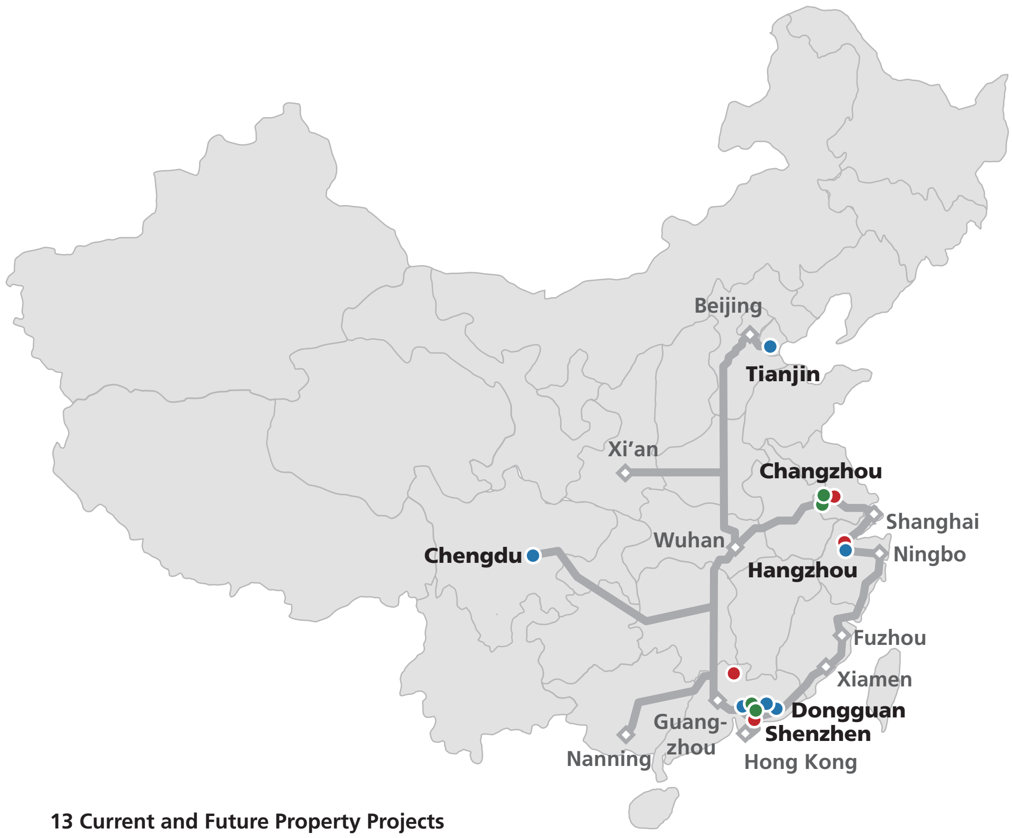




	square meters
Completed projects	211,982
Projects under development	545,046
Projects held for future development	1,580,890
Projects contracted to be acquired	770,400
Total GFA	3,108,318

	square meters
Shenzhen	1,328,642
Changzhou	1,284,611
Hangzhou	363,622
Chengdu	111,226
Donguang	20,217
Total GFA	3,108,318

Set out below is a map showing the cities where the Group's 13 property projects are located.



13 Current and Future Property Projects

- Completed projects with GFA retained for lease
- Projects under development
- Projects held for future development or contracted to be acquired
- Major city with high speed railway
- High speed railway

Corporate Information

Board of Directors

Executive Directors

Mr. WONG Chun Hong *(Chairman and Chief Executive Officer)*
Mr. LI Zhi Zheng
Ms. LI Yan Jie
Mr. LEE Sai Kai David

Non-executive Director

Dr. McCABE Kevin Charles

Alternate Director to Dr. McCABE Kevin Charles

Ms. THAM Qian

Independent non-executive Directors

Mr. BROOKE Charles Nicholas
Mr. CHENG Yuk Wo
Professor WU Si Zong

Company Secretary

Ms. LUK Po Chun, CPA, ACCA

Authorised Representatives

Mr. LEE Sai Kai David
Ms. LUK Po Chun

Audit Committee

Mr. CHENG Yuk Wo *(Chairman)*
Dr. McCABE Kevin Charles
Mr. BROOKE Charles Nicholas

Remuneration Committee

Mr. WONG Chun Hong *(Chairman)*
Mr. CHENG Yuk Wo
Professor WU Si Zong

Nomination Committee

Mr. WONG Chun Hong *(Chairman)*
Mr. CHENG Yuk Wo
Professor WU Si Zong

Auditors

KPMG

Hong Kong Legal Advisers

Deacons

Compliance Adviser

Access Capital Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarter and Principal Place of Business in Hong Kong

Unit 3318
33rd Floor, China Merchants Tower
Shun Tak Centre
No. 168–200 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers
China Construction Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
China Minsheng Banking Corp., Ltd.
China Merchants Bank
Bank of Communications

Investor Relations
Mr. LAM Jim

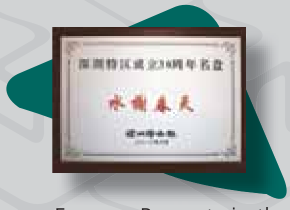
Stock Code
3688

Company Website
www.topspring.com

Honors and Awards

The Second Conference of Chinese Home Purchaser: The Fourth Soufun Owners Oscar — Most Anticipated Project in Shenzhen for 2010

2010 Most Valuable Enterprise for Investment

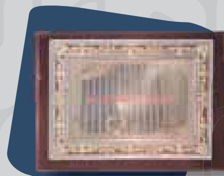


Famous Property in the 30 Years of the Establishment of the Shenzhen Special Economic Zone

Best Selling Project in Shenzhen of 2010

2010 Sina Leju Best Series of Residential Property

2010 Sina Leju Annual Real Estate Enterprise Brand Award



Top Property by Units Sold in the Shenzhen Market (PRC) for the first half of 2010

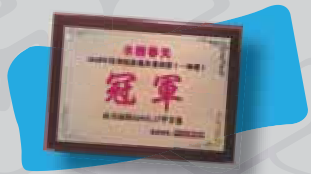
2010 Villa of the Year

Best Selling New Property in Bao'an District in First Half of 2010

Best Selling New Property in Bao'an District in Third Quarter of 2010

2010 China Top 100 Real Estate Developers

2010 Star Real Estate Developers in China — Top 100



Best Selling Project in Shenzhen for the First Quarter of 2010

2010 Most Popular Metro Property in Shenzhen Amongst Internet Users

Top Ten Properties Benefiting from the Integration of Shenzhen Special Economic Zone

Famous Property in the 30 Years of the Establishment of the Shenzhen Special Economic Zone

Top 10 Landmark Architecture (Life-style Group)

Best Selling New Property in Bao'an District in First Quarter of 2010

Best Selling Project in Shenzhen for the Third Quarter of 2010

Best Selling Project in Shenzhen for the First Half of 2010

JOINT EFFORTS IN CREATING AND CELEBRATING SUCCESS

Chairman's Statement

Mr. Wong Chun Hong
Chairman, Executive Director
& Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Top Spring, I am pleased to present the 2010 business review, future outlook and development strategies of Top Spring.

Business Review for 2010

During 2010, Top Spring achieved significant progress and remarkable results, especially in both our contracted sales and gross profit of properties sold. Our contracted sales increased significantly by 220% from approximately RMB1,585.6 million (equivalent to approximately HK$1,801.4 million) in 2009 to approximately RMB5,074.8 million (equivalent to approximately HK$6,007.1 million) in 2010. We have successfully launched our existing projects in Shenzhen and Changzhou, in particular The Spring Land project in Shenzhen and Changzhou Landmark (Phase 4) in Changzhou. Despite the new austerity measures announced in January 2010, we sold over 81% of the 501 units of The Spring Land (Phase 1) within one week of launch. The recorded numbers of pre-sales we made in respect of units in The Spring Land (Phases 1 and 2) rendered it the best selling project in Shenzhen for the first and third quarters of 2010 with a pre-sold GFA of 42,915 sq.m and 57,291 sq.m respectively, according to the 深圳房地產資訊網 (Shenzhen Real Estate Information Web). The project was also ranked as the best selling project in Shenzhen in terms of both the number of units sold and the contracted sales area for the first half and for the full year of 2010 according to the 深圳房地產資訊網 (Shenzhen Real Estate Information Web). Besides, our gross profit increased by 50.9%, from approximately HK$1,117 million in 2009 to approximately HK$1,685.6 million in 2010 and our gross profit margin increased from 34.6% in 2009 to 61.1% in 2010. The increase in gross profit and gross profit margin was primarily attributable to the higher average selling price and higher gross margin of our Shenzhen projects, namely Shenzhen Hidden Valley (Phase 3) and The Spring Land (Phase 1), sold in 2010. As a result of our quality projects supported by strong brand recognition and outstanding sales performance, we believe we have laid solid foundation for development of subsequent phases of these projects in 2011 and thereafter.

We believe our ability to acquire land reserves with high growth potential at relatively low cost provides us with a competitive advantage in the PRC real estate market. We were highly prudent in our land bank replenishment during 2010 as we did not acquire any land in the land auction market. Alternatively, we acquired a piece of land in Shenzhen, namely Shenzhen Landmark (formerly known as "Shenzhen New City Plaza"), an urban redevelopment project, with a total planned saleable and leasable GFA of 770,400 sq.m. in November 2010 under the old town redevelopment land acquisition method. Including this acquisition, as at 31 December 2010, we had altogether 13 property projects at various stages of development, including projects which were completed, under development, held for future development and contracted to be acquired with a total net saleable and leasable GFA of approximately 3.1 million sq.m..

Having the capabilities in developing and managing integrated property projects, we are engaged in the development of a total of 7 urban mixed-use communities with a net saleable and leasable GFA of approximately 2.0 million sq.m. Most of these are strategically located in Shenzhen, Changzhou, Hangzhou, Chengdu, Dongguan and Tianjin, and are situated along the planned high speed rail networks and highways. As at 31 December 2010, the retail units which we held for the purpose of leasing to third parties had a leasable GFA of 165,937 sq.m., representing a fair value of approximately HK$2,253.2 million, which is an increase of 14% from 2009.

Future Outlook and Development Strategies

We believe that the economy and the rate of urbanisation of China will grow steadily in the long run. However, we expect in the near term there could be continuing uncertainty owing to the PRC government's ongoing intervention in the residential property sector, although this is expected to bring greater stability to the market over time. As such, in future, Top Spring will expand its portfolio of quality investment properties and keep focusing on the sales, development and operation of urban mixed-use communities and upscale residential properties. To reserve a substantial portion of high quality investment properties for long term is one of the key business strategies of Top Spring. It will also supplement our residential units and help support our financial results over time.

We intend to continue to leverage our past experience in identifying lands with investment potential at advantageous times. Moreover, we intend to continue to acquire low-cost lands by multi-channel land acquisition methods and in locations with vibrant economies and strong growth potential. In addition, our core strengths in prudent financial planning, diligent and skilful management and excellent product design will enable our future growth.

The successful listing of Top Spring in March 2011 signifies an important milestone for our property development and establishes a global financing platform in future.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our shareholders, investors, customers, strategic domestic and international partners for their continuous trust and support. At the same time, I would like to express my heartfelt thanks to all our staff members who dedicate and contribute to Top Spring all the time. We will surely keep up our efforts to promote the development of the Group and aim at maximising the returns to our shareholders.

Top Spring International Holdings Limited

Wong Chun Hong
Chairman

Hong Kong, 30 March 2011

Overall Performance

The Group is specializing in the development and operation of urban mixed-use communities and the development and sale of upscale residential properties in the Yangtze River Delta and the Pearl River Delta regions in the PRC.

During the year ended 31 December 2010, the Group recorded a gross profit of HK$1,685.6 million, representing an increase of 50.9%, as compared to that of year 2009. Profit attributable to equity shareholders of the Company ("**Shareholders**") for the year ended 31 December 2010 amounted to HK$494.7 million, representing an increase of 31.4% as compared to that of year 2009. Basic earnings per share for the year ended 31 December 2010 was HK$65.96 cents (2009: HK$50.21 cents).

Review of Business in 2010

(1) Contracted Sales

In 2010, the total contracted saleable GFA sold amounted to 313,124 sq.m. (2009: 103,751 sq.m.) with total contracted sales of approximately RMB5,074.8 million (equivalent to approximately HK$6,007.1 million) (2009: approximately RMB1,585.6 million (equivalent to approximately HK$1,801.4 million)). The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the year of 2010 is set out as follows:

City	Project/Phase of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales RMB million	Contracted Sales Equivalent to approximately HK$ million	%
Shenzhen	Shenzhen Hidden Valley Phase 1	223	–	7.5	8.9	–
	Shenzhen Hidden Valley Phase 3	5,692	2	374.6	443.4	7
	Shenzhen Hidden Valley Phase 4	9,811	3	614.2	727.0	12
	The Spring Land Phase 1 (note)	45,731	15	828.4	980.6	16
	The Spring Land Phase 2 (note)	90,654	29	1,840.0	2,178.0	37
Changzhou	Changzhou Landmark Phase 2	335	–	18.3	21.6	–
	Changzhou Landmark Phase 3	8,423	3	89.3	105.8	2
	Changzhou Landmark Phase 4	14,678	5	217.1	257.0	4
	Changzhou Le Leman City Phase 1	743	–	3.2	3.8	–
	Changzhou Le Leman City Phase 2	265	–	1.8	2.1	–
	Changzhou Le Leman City Phase 3	13,848	4	151.1	178.9	3
	Changzhou Le Leman City Phase 4	63,529	20	364.7	431.7	7
	Changzhou Le Leman City Phase 5	41,427	13	290.4	343.8	6
	Changzhou Le Leman City Phase 6	17,765	6	274.2	324.5	6
Total		313,124	100	5,074.8	6,007.1	100

Note: The Spring Land, including Phase 1 and Phase 2, was ranked the best selling project in Shenzhen in terms of both the number of units sold and the contracted sales area for the first half and for the full year of 2010 according to Shenzhen Real Estate Information Web.

(2) Projects Completed, Delivered and Recognized in 2010

During 2010, the Group completed construction of The Spring Land Phase 1, Shenzhen Hidden Valley Phase 3 and Changzhou Le Leman City Phase 3 with total saleable/leasable GFA of approximately 124,556 sq.m..

In 2010, the Group's property development business achieved a turnover of HK$2,560.3 million with saleable GFA of 107,876 sq.m. being recognized, representing a decrease of 17.6% and 64.3%, respectively, over the previous year. Despite the decrease in turnover, the Group's gross profit margin and gross profit rose substantially by 26.5 percentage points and 50.9%, respectively, mainly due to the rise in proportion of high margin projects being recognized in 2010.

Details of the projects and sale of properties of the Group recognised in 2010 are listed below:

Project/Phase of Project	Sale of Properties HK$ million	Saleable GFA Recognized sq.m.
Shenzhen Hidden Valley Phase 1	8.3	223
Shenzhen Hidden Valley Phase 3	1,214.6	17,868
The Spring Land Phase 1	885.6	44,673
Changzhou Landmark	178.4	18,588
Changzhou Le Leman City	270.0	26,433
Others	3.4	91
Total	2,560.3	107,876

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out the retail units in Changzhou Landmark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden and Chengdu Landmark in the PRC. As at 31 December 2010, the retail units which we held for the purpose of leasing to third parties had a leasable GFA of 165,937 sq.m., representing a fair value of approximately HK$2,253.2 million.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. We attract large-scale anchor tenants which assist us in enhancing the value of our projects. We enter into longer and more favourable lease contracts with well-known brands, chain cinema operators, major game centers and top operators of catering businesses. As at 31 December 2010, the GFA taken up by our anchor tenants made up 37% of our total leasable area in our investment properties.

For the year ended 31 December 2010, we generated steady recurring rental income of approximately HK$92.3 million, representing an increase of 54.4%, from approximately HK$59.8 million for the year ended 31 December 2009. Excluding the shopping mall of Chengdu Landmark which was under development, the occupancy rate of our investment properties averaged 99% as at 31 December 2010.

Investment Property	Leasable GFA sq.m.	Rental Income HK$ million	Occupancy Rate as at 31 December 2010 %
Changzhou Landmark (Phases 1 and 2)	77,581	53.6	99
Dongguan Landmark	20,172	11.8	100
Hangzhou Landmark	24,667	15.9	100
Shenzhen Water Flower Garden	4,992	11.0	100
Chengdu Landmark (Note)	38,525	–	–
Total	165,937	92.3	

Note: The construction of Chengdu Landmark is scheduled to be completed in 2013.

(4) Land Bank

As at 31 December 2010, the Group had a total of 13 projects, in various stages of development, including a net saleable/leasable GFA of approximately 211,982 sq.m. of completed property developments, a net saleable/leasable GFA of approximately 545,046 sq.m. under development, a net saleable/leasable GFA of approximately 1,580,890 sq.m. held for future development and a net saleable/leasable GFA of approximately 770,400 sq.m. contracted to be acquired, totalling a net saleable/leasable GFA of approximately 3.1 million sq.m..

Details of the projects acquired in 2010 and from 1 January 2011 to the date of this annual report are set out below:

Land reserves acquired in 2010

City	Project	Total consideration RMB'000	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Shenzhen	Shenzhen Landmark (formerly known as "**Shenzhen New City Plaza**")[1]	N/A	770,400	100
Total			770,400	

Land reserves acquired from 1 January 2011 to the date of this annual report

City	Project	Total consideration RMB'000	Site Area sq.m.	Interest Attributable to the Group %
Changzhou	Taihu Hidden Valley Phase 2[2]	68,213	44,877	100
Tianjin	Tianjin Le Leman City[3]	36,500	30,400	40
Total		104,713	75,277	

Notes:

(1) The Group acquired Shenzhen Landmark, an urban redevelopment project located in Longgang, Shenzhen, during 2010. For details of this project, please refer to the prospectus of the Company dated 11 March 2011. Based on our current estimates and project plan, Shenzhen Landmark will be developed into a large-scale urban mixed-use community, with a net saleable/leasable GFA of 770,400 sq.m.. We have not entered into any land grant contract in respect of the project as at the date of this annual report.

(2) The Group entered into a land grant contract for one of the parcels of land for Taihu Hidden Valley Phase 2 with a site area of 44,877 sq.m. in February 2011. We have obtained the land use rights certificate for that parcel of land for Taihu Hidden Valley Phase 2 in March 2011.

(3) 天津海吉星農產品物流有限公司 (Tianjin Hai Ji Xing Agricultural Products Logistics Co., Ltd.) in which the Group has a 40% attributable interest, entered into land grant contract for one parcel of land in Tianjin with a total site area of 30,400 sq.m. in January 2011. We have not obtained the land use rights certificate for that parcel of land in Tianjin as at the date of this annual report.

We intend to continue to leverage our past experience in identifying land with investment potential at advantageous times and acquiring land reserves at relatively low cost. Moreover, we intend to continue to acquire low-cost land in locations with vibrant economies and strong growth potential.

(5) Expected Project Commencement and Completion in 2011

As at 31 December 2010, the Group had net saleable/leasable GFA of approximately 545,046 sq.m. under construction. During 2011, the Group intends to commence construction on seven phases among four projects with a total net saleable/leasable GFA of 1,038,621 sq.m..

The Group also intends to complete the construction on six phases among three projects with a total net saleable/leasable GFA of 449,090 sq.m. in 2011.

Details of the projects with expected completion in 2011 are set out below:

City	Project	Net Saleable/ Leasable GFA sq.m.
Shenzhen	Shenzhen Hidden Valley Phase 4	14,861
Shenzhen	The Spring Land Phase 2	99,096
Shenzhen	The Spring Land Phase 3	138,912
Changzhou	Changzhou Le Leman City Phase 4	103,921
Changzhou	Changzhou Le Leman City Phase 5	61,120
Changzhou	Changzhou Le Leman City Phase 6	31,180
Total		449,090

(6) Significant Post Balance Sheet Event

Subsequent to the year ended 31 December 2010, the Group achieved a significant milestone with the shares of the Company listed on the main board of the Stock Exchange on 23 March 2011.

Financial Review

Turnover

Turnover represents revenue generated from the proceeds, net of business tax and other sales related taxes, from the sale of properties, rental income, income from hotel operations and property management and related services income received.

Our turnover decreased by approximately HK$468.2 million, or 14.5%, to approximately HK$2,759.9 million in 2010 from approximately HK$3,228.1 million in 2009. This decrease was primarily attributable to a decrease in our sale of properties, partly offset by increases in rental income and income from hotel operations.

Turnover from sale of properties decreased primarily due to a decrease in total saleable GFA sold and delivered, from 302,003 sq.m. (excluding car parks) in 2009 to 107,876 sq.m. (excluding car parks) in 2010. The reduction in total saleable GFA sold and delivered was in turn primarily driven by the fewer scheduled deliveries of pre-sold properties for our Changzhou projects, namely Changzhou Landmark and Changzhou Le Leman City, for the year ended 31 December 2010, which was in accordance with our delivery schedules. The delivery schedules of our Changzhou projects were determined mainly by our development plans and the construction progress of the projects and were not related to the recent austerity measures on the housing market introduced by the PRC government. Rental income increased primarily due to the increase in leased GFA of Changzhou Landmark in 2010. Income from hotel operations increased due to the increase in the occupancy rates of our hotel property.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalized borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognize the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognized in such period.

Our direct costs decreased to approximately HK$1,074.3 million in 2010 from approximately HK$2,110.8 million in 2009. This decrease was primarily attributable to fewer sales of our properties in 2010.

Gross profit

Our gross profit increased by approximately HK$568.3 million, or 50.9%, to approximately HK$1,685.6 million in 2010 from approximately HK$1,117.3 million in 2009. The increase in gross profit was primarily attributable to the higher average selling price and higher gross margin of our Shenzhen projects, namely Shenzhen Hidden Valley Phase 3 and The Spring Land Phase 1, sold in 2010. The Group reported a gross profit margin of 61.1% for 2010 as compared to 34.6% for 2009.

Other revenue

Other revenue decreased by approximately HK$1.6 million, or 10.7%, to approximately HK$13.0 million in 2010 from approximately HK$14.6 million in 2009. The decrease was primarily attributable to a decrease in other interest income from loans to non-controlling Shareholders by approximately HK$5.5 million offsetting an increase in bank interest income by approximately HK$3.5 million.

Other net income/(loss)

Other net income increased by approximately HK$62.7 million from a net loss of HK$2.6 million in 2009 to a net income of HK$60.2 million in 2010. The increase was primarily attributable to the net gain on disposal of a subsidiary in the amount of approximately HK$64.5 million recorded in 2010.

Selling and marketing expenses

Selling and marketing expenses increased by approximately HK$52.7 million, or 74.4%, to approximately HK$123.4 million in 2010 from approximately HK$70.7 million in 2009. This increase was primarily attributable to increased selling and marketing expenses from The Spring Land, Shenzhen Hidden Valley and Changzhou Le Leman City. The increase was related to the large-scale pre-sale advertising activities we undertook in relation to The Spring Land (Phases 1 and 2), Shenzhen Hidden Valley (Phases 3 and 4) and Changzhou Le Leman City (Phase 3) and was in line with the increase in contracted sales in 2010.

Administrative expenses

Administrative expenses increased by approximately HK$108.9 million, or 52.5%, to approximately HK$316.1 million for the year ended 31 December 2010 from HK$207.3 million for the year ended 31 December 2009. The increase in our administrative expenses was mainly due to an increase in our administrative headcount and increases in the salaries of our administrative staff as we increased our administrative headcount to cope with the expansion of our operations.

Valuation gains on investment properties

Valuation gains on investment properties decreased by approximately HK$98.0 million, or 54.4%, to approximately HK$82.0 million for the year ended 31 December 2010 from approximately HK$180.0 million for the year ended 31 December 2009. This decrease was primarily attributable to market conditions as prices increased rapidly in 2009 but then slowed down significantly in 2010 during which the PRC government instituted new regulations aimed at curbing rapid increases in property prices.

Finance costs

Finance costs increased by HK$53.3 million, or 836.2%, to HK$59.7 million for the year ended 31 December 2010 from HK$6.4 million for the year ended 31 December 2009. This increase was primarily attributable to our increased borrowings with interest expenses unqualified for capitalisation.

Profit before taxation

As a result of the above, our profit before taxation increased by approximately HK$316.7 million, or 30.9%, to approximately HK$1,341.6 million for the year ended 31 December 2010 from approximately HK$1,024.9 million for the year ended 31 December 2009.

Income tax

Income tax expenses increased by approximately HK$355.7 million, or 71.0%, to approximately HK$857.1 million in 2010 from approximately HK$501.4 million in 2009, mainly attributable to the increase in gross profit margin from the properties we sold in 2010 resulting in an increase in the provision for LAT by approximately HK$317.5 million.

Profit for the year

As a result of the increase in income tax expenses offsetting the increase in profit before taxation, our profit for the year decreased by approximately HK$39.1 million, or 7.5%, to a profit for the year of approximately HK$484.4 million in 2010 from profit for the year of approximately HK$523.5 million in 2009.

Non-controlling interests

The profit for the year attributable to non-controlling interests decreased by approximately HK$157.2 million, or 107.0%, to a loss for the year attributable to non-controlling interests of approximately HK$10.3 million in 2010 from profit attributable to non-controlling interests of approximately HK$146.9 million in 2009. This decrease was primarily attributable to the losses incurred by the non-wholly owned subsidiaries and the acquisition by the Group of the 49% non-controlling interest of China Resources Co., Limited ("**CR Company**") in Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司) on 31 August 2010.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2010, the carrying amount of the Group's cash and bank deposits was approximately HK$5,213.5 million (As at 31 December 2009: approximately HK$2,597.8 million), representing an increase of 100.7% as compared to that as at 31 December 2009.

Borrowings and charges on the Group's assets

The Group had aggregate borrowings as at 31 December 2010 of approximately HK$6,365.8 million, of which approximately HK$2,883.0 million will be repayable within 1 year and approximately HK$3,482.8 million will be repayable after 1 year but within 5 years. As at 31 December 2010, the Group's bank loans of approximately HK$4,457.6 million were secured by investment properties, hotel properties, properties under development for sale and pledged deposits of the Group with total carrying values of approximately HK$4,686.2 million. The carrying amounts of all the Group's bank loans were denominated in Renminbi ("**RMB**") except for certain loan balances with an aggregate amount of approximately HK$1,105.4 million as at 31 December 2010 which were denominated in Hong Kong dollars.

As at 31 December 2010, certain of the Group's cash was also deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to approximately HK$4.9 million as at 31 December 2010 (As at 31 December 2009: approximately HK$4.5 million).

Gearing ratio

The gearing ratio is calculated by dividing our net borrowings (total borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. Our gearing ratios for the years ended 31 December 2009 and 2010 were 125.1% and 151.0% respectively. We expect the gearing ratio will be significantly reduced after the listing of the Company on 23 March 2011.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses in Hong Kong dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. We do not have a foreign currency hedging policy. However, the Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Contingent Liabilities

As at 31 December 2010, save for the guarantees of HK$3,229.4 million given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 31 December 2010 (As at 31 December 2009: HK$1,588.0 million).

Pursuant to the mortgage contract, banks require us to guarantee our customers' mortgage loans until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our purchasers. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any shortfall from us as the guarantor of the mortgage loans.

Employees and Remuneration Policy

As at 31 December 2010, the Group employed a total of 939 employees (As at 31 December 2009: 638 employees) in the PRC and Hong Kong. For the year ended 31 December 2010, the total staff costs incurred was approximately HK$206.6 million (31 December 2009: HK$127.6 million). The remuneration of employees was based on performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded shares to eligible employees, respectively. As at 31 December 2010, no share options granted under the pre-IPO share option scheme had been exercised by the grantees or cancelled by the Company under the pre-IPO share option scheme. The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. As at the date of this annual report, no share option has been granted by the Company under the post-IPO share option scheme.

TOP SPRING

Shenzhen Water Flower Garden

Quality Property is a Gateway to Quality Living

The Spring Land

Shenzhen Water Flower Garden

Location

Project Overview

Location Xiangmei Road, Futian District, Shenzhen, Guangdong Province

Property Type Residential, retail, clubhouse

Highlights Situates prominently in the exclusive region of the city centre and offers unique view of the Honey Lake

It was awarded 'Classical Chinese Model Residential Property' in 2003 and 'Real Estate of the Year' in both 2002 and 2003

Commenced pre-sales in 2002 and obtained average sales prices of over RMB18,000 per sq.m. for villas and over RMB10,000 per sq.m. for high-rise apartments, which were at least 30% higher than the average sales prices of other projects in the same region and was the best selling project in terms of contracted sales amount in the third quarter of 2002

Key Statistics

No. of Phases	3
Site area (sq.m.)	164,764
Construction start date	March 2002
Completion date	October 2006
Total GFA (sq.m.)	294,638
Total saleable / leasable GFA (sq.m.)	216,545
Land cost (RMB million)	437
Development costs incurred (RMB million)	938
Interest attributable to us (%)	100%

	Residential	Retail	Other
Saleable / Leasable GFA (sq.m.)	211,553	4,992	–
GFA sold (sq.m.) as at 31 December 2010	211,553	–	–
GFA pre-sold (sq.m.) as at 31 December 2010	–	–	–
Average selling price (RMB per sq.m.)	18,121	–	–

SHENZHEN HIDDEN VALLEY

LOCATION

PROJECT OVERVIEW

Location Yulong Road, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential

Highlights One of the best villa projects in Shenzhen and was awarded "Global International Garden Community Nominations Award" and "China International Garden Community Award"

Offers close proximity to central business district ("**CBD**") (10 minutes drive from Futian CBD) and yet is surrounded by suburb parks with natural living environment

Phase 1 was launched in May 2008 and became the best selling project in the luxury residential market in Shenzhen in 2009. Phase 2 was launched in September 2008 and was sold out within a short period of time despite the global financial crisis

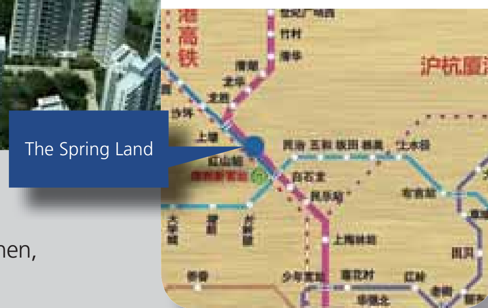
KEY STATISTICS

No. of Phases	4
Site area (sq.m.)	143,047
Construction start date	July 2007
Expected completion date	June 2011
Total GFA (sq.m.)	131,736
Total saleable / leasable GFA (sq.m.)	85,061
Land cost (RMB million)	61
Development costs incurred (RMB million)	858
Estimated further development costs (RMB million)	42
Interest attributable to us (%)	100%

	Residential	Retail	Other
Saleable / Leasable GFA (sq.m.)	85,061	–	–
GFA sold (sq.m.) as at 31 December 2010	60,957	–	–
GFA pre-sold (sq.m.) as at 31 December 2010	10,623	–	–
Average selling price (RMB per sq.m.)	43,959	–	–

The Spring Land

Location



Project Overview

Location Renmin South Road, Longhua Town, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential, retail

Highlights Locates at the Hongshan Station of Subway Line No. 4 which will be completed by May 2011

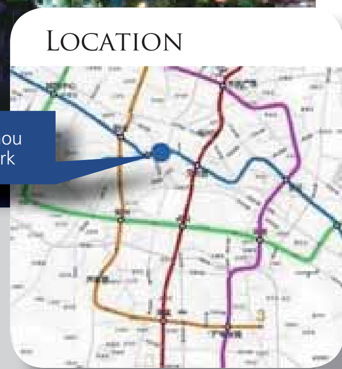
Despite the new austerity measures announced in January 2010, we sold over 90% of the 501 units of The Spring Land (Phase 1) in that month. The recorded numbers of pre-sales we made in respect of units in The Spring Land (Phases 1 and 2) rendered it the best selling project in Shenzhen for full year 2010 in terms of total contracted sales amount and GFA pre-sold. The project was also ranked as the best selling project in Shenzhen in terms of both the number of units sold and the contract sales area for the first half of 2010

Key Statistics

No. of Phases	6
Site area (sq.m.)	166,979
Construction start date	May 2009
Expected completion date	December 2013
Total GFA (sq.m.)	780,274
Total saleable / leasable GFA (sq.m.)	558,819
Land cost (RMB million)	298
Development costs incurred (RMB million)	705
Estimated further development costs (RMB million)	3,361
Interest attributable to us (%)	100%

	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	521,793	37,026	–
GFA sold (sq.m.) as at 31 December 2010	44,673	–	–
GFA pre-sold (sq.m.) as at 31 December 2010	91,715	–	–
Average selling price (RMB per sq.m.)	19,320	–	–

CHANGZHOU LANDMARK



PROJECT OVERVIEW

Location Xiyingli, Zhonglou District, Changzhou, Jiangsu Province

Property Type Residential, retail and office

Highlights Locates at the commercial centre of the city

Ranked in "China Top 10 Mainstream Real Estate Projects" in 2005 and Twin Stars (serviced apartments) of the project was awarded "2006 Best International Apartment in China"

Phase 1-3 comprises mainly of retail/apartments while Phase 4 is a large-scale residential project with height over 150 meters

Secured anchor tenants like Wal-Mart, Warner Brothers, KFC at an early stage.

KEY STATISTICS

No. of Phases		4	
Site area (sq.m.)		123,934	
Construction start date		August 2005	
Expected completion date		June 2013	
Total GFA (sq.m.)		568,911	
Total saleable / leasable GFA (sq.m.)		321,093	
Land cost (RMB million)		110	
Development costs incurred (RMB million)		1,564	
Estimated further development costs (RMB million)		545	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	111,857	181,593	27,643
GFA sold (sq.m.) as at 31 December 2010	44,870	88,818	11,081
GFA pre-sold (sq.m.) as at 31 December 2010	14,678	–	–
Average selling price (RMB per sq.m.)	9,863	14,091	–

CHANGZHOU LE LEMAN CITY

LOCATION

PROJECT OVERVIEW

Location Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu Province (Opposite of Wujin District Government Building)

Property Type Residential, retail and hotel

Highlights Situates in the centre of Wujin District and is adjacent to the Wujin District Government Building

With a total GFA of 1.42 million sq.m.

Includes numerous amenities including a 5-star hotel, a large-scale commercial centre, an arts and culture centre, a youth and children's centre, a bilingual international kindergarten, etc.

KEY STATISTICS

No. of Phases		11	
Site area (sq.m.)		486,823	
Construction start date		May 2006	
Expected completion date		September 2015	
Total GFA (sq.m.)		1,419,535	
Total saleable / leasable GFA (sq.m.)		1,079,759	
Land cost (RMB million)		467	
Development costs incurred (RMB million)		1,430	
Estimated further development costs (RMB million)		1,951	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	961,650	67,393	50,716
GFA sold (sq.m.) as at 31 December 2010	205,162	6,309	–
GFA pre-sold (sq.m.) as at 31 December 2010	138,735	–	–
Average selling price (RMB per sq.m.)	4,839	13,727	–

Notes: * Metro line to be completed by 2018

TAIHU HIDDEN VALLEY

LOCATION

PROJECT OVERVIEW

Location Resort Area, West Bay of Taihu Bay, Wujin District, Changzhou, Jiangsu Province

Property Type Low-density residential

Highlights Locates at the junction of Changzhou city and Wuxi city

Facing the Taihu Lake on the south and is surrounded by mountains on the other three sides

This precious parcel of land is only 25-minutes-drive from downtowns of both Changzhou and Wuxi

KEY STATISTICS

Phase 1	
Site area (sq.m.)	200,002
Expected construction start date	July 2012
Expected completion date	December 2016
Total GFA (sq.m.)	240,000
Total saleable / leasable GFA (sq.m.)	240,000
Land cost (RMB million)	224
Estimated further development costs (RMB million)	800
Interest attributable to us (%)	100%

	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	240,000	–	–

Note: * In February 2011, we won the listing-for-bidding for one of the parcels of land for Taihu Hidden Valley Phase 2 with a site of 44,877 sq.m. for a consideration of RMB68 million

DONGGUAN LANDMARK

PROJECT OVERVIEW

Location No. 88 Hongfu Road, Nancheng District, Dongguan, Guangdong Province

Property Type Residential and retail

Highlights Locates in the CBD of Dongguan, the dramatic setting and accessibility of the mall substantially upgrades the local amenities

KEY STATISTICS

No. of Phases		1	
Site area (sq.m.)		18,738	
Construction start date		June 2006	
Completion date		July 2008	
Total GFA (sq.m.)		79,679	
Total saleable / leasable GFA (sq.m.)		65,107	
Land cost (RMB million)		88	
Development costs incurred (RMB million)		248	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	43,288	21,819	–
GFA sold (sq.m.) as at 31 December 2010	43,288	1,602	–
GFA pre-sold (sq.m.) as at 31 December 2010	–	45	–
Average selling price (RMB per sq.m.)	7,509	16,356	–

HANGZHOU LANDMARK

LOCATION

PROJECT OVERVIEW

Location No. 303 Ouhuazhou Avenue, Linping, Yuhang District, Hangzhou, Zhejiang Province

Property Type Retail

Highlights Close proximity to metro station

Leveraging on 'high growth city' attributes, Linping is set to be one of the three high growth satellite cities of Hangzhou

Secured anchor tenants like Wal-Mart, Watsons, KFC and Nike attracted not only other retailers, but also significant pedestrian traffic

KEY STATISTICS

No. of Phases	1
Site area (sq.m.)	14,780
Construction start date	January 2006
Completion date	July 2007
Total GFA (sq.m.)	49,989
Total saleable / leasable GFA (sq.m.)	36,880
Land cost (RMB million)	20
Development costs incurred (RMB million)	105
Interest attributable to us (%)	100%

	Residential	Retail	Other
Saleable / Leasable GFA (sq.m.)	–	36,880	–
GFA sold (sq.m.) as at 31 December 2010	–	10,698	–
GFA pre-sold (sq.m.) as at 31 December 2010	–	–	–
Average selling price (RMB per sq.m.)	–	5,744	–

CHENGDU LANDMARK

PROJECT OVERVIEW

Location	Hongpailou, Fourth Section of Second Ring Road, Wuhou District, Chengdu, Sichuan Province
Property Type	Retail, office and serviced apartment
Highlights	Close proximity to Jialing Road Station of Metro line no. 3
	Site was secured at RMB1,424 per sq.m., significantly lower than the average land cost for comparable projects
	On 16 November 2010, the Group entered into a tenancy agreement with Rainbow. The GFA of the leased premises will be approximately 30,500 sq.m. for a term of 20 years and the total amount payable under the lease is approximately RMB434 million

KEY STATISTICS

No. of Phases	1
Site area (sq.m.)	20,727
Expected construction start date	June 2011
Expected completion date	June 2013
Total GFA (sq.m.)	139,265
Total saleable / leasable GFA (sq.m.)	111,226
Land cost (RMB million)	150
Development cost incurred (RMB million)	68
Estimated further development costs (RMB million)	461
Interest attributable to us (%)	100%

	Serviced Apt	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	30,963	38,525	41,738

Hangzhou Hidden Valley

Project Overview

Location Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province

Property Type Low density residential

Highlights Irreplaceable location with scarce resources

19km and 17km away from the Hangzhou CBD and "Riverside" Center, respectively

Low acquisition cost of land

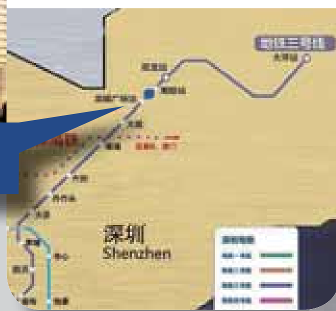
Key Statistics

No. of Phases	6
Site area (sq.m.)	302,599
Expected construction start date	June 2011
Expected completion date	September 2017
Total GFA (sq.m.)	539,042
Total saleable / leasable GFA (sq.m.)	337,440
Land cost (RMB million)	1,952
Development cost incurred (RMB million)	21
Estimated further development costs (RMB million)	2,431
Interest attributable to us (%)	100%

	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	337,440	–	–

SHENZHEN LANDMARK

LOCATION



PROJECT OVERVIEW

Location Nanlian Community, Shenhui Road, Longgang District, Shenzhen, Guangdong Province

Property Type Residential and retail

Highlights Close proximity to Nanlian Station and Longcheng Plaza Station of Metro Subway Line No. 3

Shenzhen Landmark (formerly known as "**Shenzhen New City Plaza**") is an old village redevelopment program

The project will be built as a large-scaled urban mixed-use community with a relatively high proportion of retail area

KEY STATISTICS

No. of Phases		N/A	
Site area (sq.m.)		220,000	
Expected construction start date		January 2012	
Expected completion date		December 2015	
Total GFA (sq.m.)		1,056,000	
Total saleable / leasable GFA (sq.m.)		770,400	
Estimated further development costs (RMB million)		3,610	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	570,400	200,000	–

SHENZHEN BLUE BAY

LOCATION

PROJECT OVERVIEW

Location	Guanhu Road, Kuichong Town, Longgang District, Shenzhen, Guangdong Province
Property Type	Low-density residential
Highlights	Expected to comprise a residential development located in Yantian district The project offers an excellent sea view is adjacent to a nice beach area

KEY STATISTICS

No. of Phases	1
Site area (sq.m.)	22,033
Expected construction start date	January 2012
Expected completion date	December 2013
Total GFA (sq.m.)	23,000
Total saleable / leasable GFA (sq.m.)	15,000
Land cost (RMB million)	15
Development cost incurred (RMB million)	11
Estimated further development costs (RMB million)	117
Interest attributable to us (%)	92%

	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	15,000	–	–

Tianjin Le Leman City

Location

Project Overview

Location Junction of Beihua Road and Jincang Expressway, Jinhai County, Tianjin

Property Type Commercial, industrial and residential

Highlights Located 20km away from Tianjin city centre (Nankai District)

Approximately 12k away from the south station of Beijing-Tianjin high-speed railway (operational by 2011) and 5km away from Beijing-Tianjin Expressway

Key Statistics

No. of Phases		N/A	
Site area (sq.m.)		4,000,020	
Expected construction start date		December 2011	
Expected completion date		December 2016	
Total GFA (sq.m.)		At least 4,000,020	
Total saleable / leasable GFA (sq.m.)		At least 4,000,020	
Interest attributable to us (%)		40%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	N/A	N/A	N/A

Note: * In January 2011, we were successful in the listing-for-bidding processes and acquired four parcels of land constituting 307,413 sq.m. of site area at a consideration of RMB93 million

Corporate Governance Report

Corporate Governance Practices

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but will also lay a good foundation for the long-term development of the Company. Therefore, the Company will strive to develop and implement effective corporate governance practices and procedures. The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). However, as the Company was not yet listed on the Stock Exchange in 2010, the Code was not applicable to the Company in the year under review. Throughout the period since the listing of the Company on the Main Board of the Stock Exchange on 23 March 2011, the Company has complied with the Code save as disclosed in the paragraph headed "Chairman and Chief Executive Officer" below.

The Board of Directors

The board of Directors (the "**Board**") is responsible for supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises four executive Directors, namely Mr. Wong Chun Hong, Mr. Li Zhi Zheng, Ms. Li Yan Jie and Mr. Lee Sai Kai David, one non-executive Director, namely Dr. McCabe Kevin Charles, an alternate Director to Dr. McCabe Kevin Charles, namely Ms. Tham Qian, and three independent non-executive Directors, namely Mr. Brooke Charles Nicholas, Mr. Cheng Yuk Wo and Professor Wu Si Zong.

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

Since the listing of the Company on 23 March 2011, the Board will schedule to have at least four regular meetings in a year. Other Board meetings will be held if necessary.

During the year under review and up to the date of this report, the Board held 4 Board meetings (exclusive of meetings of Board committee constituted by the Board held during the period). The attendance of each Director is set out in the table below:

	Number of attendance/Total
Executive Directors	
Mr. Wong Chun Hong	4/4
Mr. Li Zhi Zheng	4/4
Ms. Li Yan Jie	4/4
Mr. Lee Sai Kai David	4/4
Non-executive Director	
Dr. McCabe Kevin Charles	2/4
Alternate Director to Dr. McCabe Kevin Charles	
Ms. Tham Qian	3/4
Independent non-executive Directors	
Mr. Brooke Charles Nicholas (Note)	3/3
Mr. Cheng Yuk Wo (Note)	3/3
Professor Wu Si Zong (Note)	3/3

Note: Mr. Brooke Charles Nicholas, Mr. Cheng Yuk Wo and Professor Wu Si Zong were appointed as the independent non-executive Directors of the Company on 30 November 2010.

Chairman and Chief Executive Officer

Under Rule A.2.1 in Appendix 14 to the Listing Rules, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the period under review and up to the date of this report, Mr. Wong Chun Hong performed his duties as the chairman as well as the chief executive officer of the Company. The Board believes that the serving by the same individual as the chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

Non-Executive Directors and Independent Non-Executive Directors

Each of the non-executive Director (and the alternate Director to the non-executive Director) and the independent non-executive Directors of the Company was appointed by the Company for a term of three years commencing on 1 December 2010 unless terminated by not less than 3 months' notice in writing served by either the Company or the respective Director.

Each of the independent non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent under these independence requirements.

Independent non-executive Directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. Independent non-executive Directors are able to provide their independent judgment in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and to make significant contributions to the affairs of the Group.

Remuneration Committee

The Company established a remuneration committee (the "**Remuneration Committee**") on 2 December 2010 in compliance with Appendix 14 to the Listing Rules. The Remuneration Committee consists of Mr. Wong Chun Hong, Mr. Cheng Yuk Wo and Professor Wu Si Zong. The chairman of the Remuneration Committee is Mr. Wong Chun Hong.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

The Remuneration Committee has not held any meeting during the period under review and up to the date of this report.

For the year under review and up to the date of this report, the Remuneration Committee reviewed the terms (in particular, the remuneration package) of the appointment letters and service contracts of the Directors and recommended to the Board to approve the revision of the remuneration package of Professor Wu Si Zong. No Director was involved in deciding his own remuneration.

Nomination Committee

The Company established a nomination committee (the "**Nomination Committee**") on 2 December 2010 by reference Appendix 14 to the Listing Rules. The Nomination Committee consists of Mr. Wong Chun Hong, Mr. Cheng Yuk Wo and Professor Wu Si Zong. The chairman of the Nomination Committee is Mr. Wong Chun Hong.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates as well as the independence requirement in the case of an independent non-executive Director.

The Company has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of a new Director by way of Board meeting or written resolution. To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his responsibilities under all applicable laws and regulations (including the Listing Rules), he will be provided with a comprehensive, tailored made and formal induction on the first occasion of his appointment.

The Nomination Committee has not held any meeting during the period under review and up to the date of this report.

Advisory Committee

The Company established an advisory committee (the "**Advisory Committee**") on 2 December 2010. The Advisory Committee consists of two executive Directors, namely, Mr. Wong Chun Hong and Ms. Li Yan Jie.

The primary duties of the Advisory Committee are to make all determinations and provide directions to the trustees of the Pre-IPO Share Option Scheme and the Share Award Scheme adopted by the Company.

The Advisory Committee held one meeting during the year under review and up to the date of this report. The attendance of each member of the Advisory Committee is set out in the table below:

	Number of attendance/total
Mr. Wong Chun Hong	1/1
Ms. Li Yan Jie	1/1

At the above meeting, the Advisory Committee considered and approved, among others, the grant of share options and award shares to the relevant eligible participants under the Pre-IPO Share Option Scheme and the Share Award Scheme, respectively.

Audit Committee

The Company established an audit committee (the "**Audit Committee**") on 2 December 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee consists of two independent non-executive Directors, namely Mr. Cheng Yuk Wo and Mr. Brooke Charles Nicholas, and one non-executive Director, namely Dr. McCabe Kevin Charles. The chairman of the Audit Committee is Mr. Cheng Yuk Wo.

Mr. Cheng Yuk Wo, the chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirements of Rule 3.10(2) of the Listing Rules.

The Audit Committee reports to the Board and is authorized by the Board to assess matters relating to the financial statements of the Company. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal controls, to advise the Board on the appointment and re-appointment of external auditors, and to review and oversee the independence and objectivity of external auditors.

The Audit Committee is responsible for recommending to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval of the Board and the Shareholders at a general meeting of the Company. Up to the date of this report, the Board has not taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held one meeting during the year under review and up to the date of this report. The attendance of each member of the Audit Committee is set out in the table below:

	Number of attendance/Total
Mr. Cheng Yuk Wo (Chairman)	1/1
Mr. Brooke Charles Nicholas	1/1
Dr. McCabe Kevin Charles	1/1

At the above meeting, the Audit Committee has considered, reviewed and discussed the accounting principles and practice adopted by the Company and the annual results of the Group for the year ended 31 December 2010 and the effectiveness of financial reporting, internal control and risk management systems.

Auditors' Remuneration

For the year ended 31 December 2010, the total fees paid/payable to the external auditors of the Company, KPMG, in respect of audit and non-audit services are set out below:

	For the year ended 31 December 2010 HK$'000
Audit services	3,478
Non-audit services (Note)	10,671
Total	14,149

Note: Apart from the provision of annual audit services, KPMG, the Group's external auditors, also provided other advisory services and acted as reporting accountants for the Company's initial public offering.

Directors' Responsibility on the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2010, and confirm that the financial statements give a true view of the results of the Company and the Group for the year under review, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, KPMG, about their reporting responsibilities on the financial statement of the Group is set out in the Independent Auditors' Report on page 70 of this annual report.

Internal Control

The Board is fully responsible for maintaining proper and effective internal control system and for regularly reviewing the operational efficiency of the financial, operational, compliance controls, risk management and other aspects of the system in order to safeguard the investment of Shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering the above aspects. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year under review.

The internal audit department of the Company is responsible for regular review and audit of the finance and operation the Group. The purpose of such work is to ensure the normal operation of internal control and the playing of its due role.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by Directors. After having made specific enquiries of all the Directors, the Company has received confirmations from all the Directors that they have complied with the required standards set out in the Model Code and its code of conduct since the listing of the Company on the Stock Exchange on 23 March 2011.

Investor Relations

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company will be published in its website: www.topspring.com. Interim and annual reports, circulars and notices of the Group will be despatched to Shareholders in due course. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers etc. for inquiries, and provides information on business activities of the Company.

The Company's annual general meeting of Shareholders is a good opportunity for communication between the Board and the Shareholders. Notice of annual general meeting and related documents will be sent to Shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Stock Exchange.

The Company will also meet with the investment community and respond to their inquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

Biography of Directors and Senior Management

Directors

Executive Directors
Mr. WONG Chun Hong (黃俊康) aged 56
Chairman and Chief Executive Officer

Mr. Wong is the Founder of the Group and was appointed an executive Director, the Chairman and the Chief Executive Officer of the Company on 25 August 2009. He is responsible for the strategic planning, board management and overall management of the Group. He is also a director of various subsidiaries within the Group. In addition, he is also the second largest controlling shareholder and vice chairman of the board of directors of Rainbow Department Store Co., Ltd. ("**Rainbow**"), a company listed on the Shenzhen Stock Exchange. He has over two decades of experience in the real estate business in the PRC and Hong Kong and has profound accomplishments in the finance and retail fields, Mr. Wong's career milestones prior to the establishment of the Group are set out in the following table:

Date	Career milestones
1988	• Xin An Lake, Shenzhen — Mr. Wong's first PRC commercial/ residential complex development project. • Xin An Lake has a total GFA of approximately 500,000 sq.m.
1990	• Top Spring Development Limited ("**TSD**") — a joint venture company formed by Mr. Wong with COFCO (Hong Kong) Limited (formerly known as Top Glory Holding Company Limited ("**Top Glory**")), a wholly-owned subsidiary of China National Cereals, Oils & Foodstuffs Import and Export Corporation ("**COFCO**") to engage in property development and investment in Hong Kong and the PRC. • TSD was owned as to 70% by Top Glory and 30% by Mr. Wong through his controlled entity, respectively. • Mr. Wong managed all the property projects of TSD group and Top Glory group across China, covering cities such as Hong Kong, Shenyang, Xiamen, Beijing, Guangzhou and Shenzhen.
1993	• Mr. Wong formulated and implemented the transfer of the property interests of TSD and Top Glory to a listed company (now privatized), Top Glory International Holdings Limited (formerly known as World Trade Center Group Limited) ("**TGI**"). • Mr. Wong became the deputy managing director and the second largest shareholder of TGI and was in charge of many major property projects including Top Glory Tower and Carnation Court in Hong Kong, Beijing Capital Paradise, Shenyang Top Spring Plaza, Guangzhou Top Spring Development Building, Xiamen Top Spring Plaza and Xin An Lake in Shenzhen. • Mr. Wong was the vice chairman of China Foods Limited (then known as China Foods Holdings Limited) ("**China Foods**"), a company listed on the Stock Exchange and a subsidiary of COFCO.

Date	Career milestones
1996	• According to Mr. Wong, he disposed of all his interest in TGI and ceased to work at TGI and China Foods.
1996-2001	• Mr. Wong obtained a controlling stake in and became a major shareholder, chairman and chief executive officer of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited ("**CTH**")), a company listed on the Stock Exchange.
	• Mr. Wong was in charge of the development of detached or semi-detached luxury villas (with garden) at a development site at Wenyu River Tourism and Villa Development Zone, Shunyi County, Beijing, and commercial/residential properties at a site in Sheung Wan, Hong Kong.
2001	• According to Mr. Wong, he disposed of all his interest in CTH and focused on developing the Group's business until now.
2010	• Mr. Wong was awarded 2010 年度風雲人物 (2010 Person of the Year) by China Real Estate Information Corporation (中國房產信息集團) and 新浪樂居 (Sina House).

Mr. Wong also attended the Global CEO Programme for China in 2007 which was co-organized by IESE Business School and Harvard Business School. He is a member of 廣州政治協商會常委 (Guangzhou Chinese People's Political Consultative Conference).

Chance Again Limited ("**Chance Again**"), which is the Controlling Shareholder (as defined in the Listing Rules) of the Company, is held as to 100% by Cheung Yuet (B.V.I.) Limited ("**BVI Co**"). The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee Limited ("**HSBC International Trustee**") as the trustee of The Cheung Yuet Memorial Trust, a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members (the "**Wong Family Trust**"). Mr. Wong is the settlor of the Wong Family Trust. Mr. Wong is also a director of Chance Again. Save as mentioned above, Mr. Wong does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. LI Zhi Zheng (李志正) aged 68
Executive Director and Deputy Managing Director

Mr. Li joined the Group in March 2005. On 25 August 2009, he was appointed as an executive Director and the deputy managing Director of the Company, and since then he has been responsible for assisting the Chairman in formulating and implementing the Group's strategic plans, handling material legal issues, matters relating to human resources and other significant matters delegated to him by the Chairman. Mr. Li also a director of various subsidiaries within the Group. Mr. Li has many years of experience in business management and administration.

Mr. Li graduated from the Faculty of Automated Control at 清華大學 (Tsinghua University) in 1966. Thereafter, he worked at 中華人民共和國航空工業部 (Department of Aviation Industry of the PRC) as a senior engineer.

Mr. Li has previously acted as the chairman of three A-share companies that are listed on the Shenzhen Stock Exchange, namely, 深圳市天馬微電子股份有限公司 (Shenzhen Tianma Microelectronic Company Limited), AVIC Real Estate Holding Company Limited (深圳市中航地產股份有限公司) (formerly known as 深圳市南光（集團）股份有限公司 (Shenzhen Nan-Guang (Group) Plc) and Shenzhen Fiyta Holdings Ltd. (深圳市飛亞達（集團）股份有限公司). He has also acted as the chairman of CATIC Shenzhen Holdings Limited (深圳中航集團股份有限公司) (formerly known as 深圳中航實業股份有限公司 (CATIC Shenzhen Holdings Limited), an H-share company listed on the Stock Exchange. In addition, from 2003 to 2008, he also acted as a director of Shenzhen Expressway Company Limited (深圳高速公路股份有限公司), an A-share company listed on the Shanghai Stock Exchange and an H-share company listed on the Stock Exchange. In 1995, he was awarded a special governmental sponsorship from the State Council of the PRC.

Ms. LI Yan Jie (李艷洁) aged 40
Executive Director and Chief Operating Officer

Ms. Li joined the Group in December 2000 and was appointed as an executive Director and the chief operating officer of the Company on 25 August 2009. She also serves as a director of various subsidiaries within the Group, including Changzhou Top Spring Landmark Real Estate Co., Ltd.. She is in charge of the day-to-day operations of the Group and supervises all the senior vice presidents, vice presidents and general managers of the project companies. Ms. Li has extensive experience in sales and marketing and has a well-established client base. In 2004, Ms. Li was a director of Rainbow, a company which is now listed on the Shenzhen Stock Exchange. From 1994 to 2000, she was the general manager of 深圳市土地房產交易中心 (Shenzhen Land & Real Estate Exchange Center) (formerly known as 深圳市房地產交易中心 (Shenzhen Real Estate Exchange Center). Ms. Li studied an executive training course on real estate development and finance at 清華大學 (Tsinghua University) in 2006.

Mr. LEE Sai Kai David (李世佳) aged 45
Executive Director

Mr. Lee joined the Group in September 2002 and was appointed as an executive Director on 25 August 2009. He is also a director of various subsidiaries within the Group. Mr. Lee oversees the financial aspects of all the Group's investments in the PRC and Hong Kong and has extensive experience in accounting and senior management. He has 15 years of experience in the property industry both in Hong Kong and China through his working experience in the Group, CTH and TGI, which are all engaged in property businesses. He began his career at Deloitte Touche Tohmatsu in 1988 and became a senior accountant of a Hong Kong listed company, namely, China Everbright Limited (formerly known as IHD Holdings Limited) in 1991. Previously, he acted as the deputy financial controller of TGI, a company then listed on the Stock Exchange and the financial controller of China Foods, a company listed on the Stock Exchange. In 1996, he took up executive directorship at CTH, a company listed on the Stock Exchange. He now serves as a director of Rainbow, a company listed on the Shenzhen Stock Exchange. Mr. Lee received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in 1994. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants and a fellow of the Association of Chartered Certified Accountants.

Non-executive Director

Dr. McCABE Kevin Charles aged 62

Non-executive Director and Non-executive Vice Chairman

Dr. McCabe joined the Group on 18 June 2008 and was appointed as a non-executive Director and the non-executive vice chairman of the Company on 25 August 2009. He is a former director of two of the Group's subsidiaries, Le Leman International (Yuhang) Limited and Top Spring International (Yuhang) Landmark Co., Ltd..

Dr. McCabe was a non-executive director of a listed company on the ASX, Valad Property Group Limited, from August 2007 to November 2009. He is also the chairman of Sheffield United PLC, a company previously listed company on the AIM market in London and was the chairman of Teesland plc, a company previously listed on the London Stock Exchange.

Dr. McCabe commenced his career in property and construction in 1964. After leaving Sheffield in 1973, he joined and became a director of Teesland Development Co. Ltd ("**Teesland**"). In 1976, he left Teesland to set up his own property group and in 1980 he formed Scarborough Property Group plc, the forerunner of Scarborough Group International Limited ("**Scarborough UK**"), which is still wholly owned by the McCabe Family and of which he is currently the chairman. As at 28 February 2009, Scarborough UK and its subsidiaries (collectively, the "**Scarborough Group**") had total assets of over £570 million.

With over 40 years of experience in business, Dr. McCabe has grown and listed a number of companies while creating significant shareholder wealth in the process. Scarborough UK is now a global company with interests in the UK, Europe, Hong Kong and China. Dr. McCabe either personally or via other connected corporations also has real estate interests in India, Canada and Australia.

Dr. McCabe is also a member of the Royal Institution of Chartered Surveyors and the Institute of Arbitrators. In July 2010, Dr. McCabe was conferred a degree of Doctor of Letters, honoris causa, from the University of Sheffield in the United Kingdom.

Alternate Director to Dr. McCABE Kevin Charles

Ms. THAM Qian (譚謙) aged 47

Ms. Tham joined the Group in December 2003 and was appointed as an alternate Director to Dr. McCabe Kevin Charles on 25 August 2009. She is a former director of various subsidiaries within the Group. She joined the Scarborough Group in 2001 and was involved in numerous property development and investment projects in the UK. In 2003, she spearheaded the growth of the Scarborough Group's property business in China and Hong Kong and since then, she has initiated co-investment transactions with many Chinese developers, the first of which was with Top Spring Group Holdings Limited ("**TSGHL**"). Ms. Tham has over ten years of experience in property investment and property management. She commenced her career in import, export and wholesale businesses in the UK. Ms. Tham was also involved in diverse businesses including supermarkets, properties and large scale catering businesses in the UK. In 1999, she co-founded the JNT Group, a football promotion agency firm, which gave many Chinese footballers the opportunity to play football overseas. Furthermore, she is the first Asian lady to have obtained a football agent licence from the Fédération Internationale de Football Association (FIFA). She was active in the football promotion agency business for China and Europe. In 1991, Ms. Tham received her Master of Business Administration degree from the University of Sheffield in the United Kingdom.

Given that Dr. McCabe Kevin Charles is residing outside Hong Kong and is not ordinarily based in Hong Kong, Ms. Tham Qian was appointed as an alternate Director to Dr. McCabe to facilitate the performance and discharge of his fiduciary duties and obligations as a Director.

Independent Non-executive Directors

Mr. BROOKE Charles Nicholas aged 69
Independent Non-executive Director

Mr. Brooke was appointed as an independent non-executive Director on 30 November 2010. He is also an independent non-executive director of Shanghai Forte Land Co., Ltd. (復地(集團)股份有限公司), a company listed on the Stock Exchange, and the chairman and a non-executive director of VinaLand Limited which is listed on the London Stock Exchange. He was a former non-executive director of China Central Properties Limited, a company previously listed on the AIM market of the London Stock Exchange. Mr. Brooke is the chairman of Professional Property Services Ltd. which specializes in real estate consultancy and is based in Hong Kong, providing clients with a selected range of advisory services across the Asia Pacific region. He is a Justice of the Peace, a former member of the Hong Kong Town Planning Board, a former vice-chairman of the Metro Planning Committee and a former member of the Hong Kong Housing Authority. He is also the chairman of the Hong Kong Harbourfront Commission and is a member of the Innovation and Technology Steering Committee and the Steering Committee on the Promotion of Electric Vehicles. He is the former president of the Royal Institution of Chartered Surveyors. Mr. Brooke was awarded the Bronze Bauhinia Star (BBS) in 1999. He is a trustee of the International Valuation Standards Council, and also the chairman of the Hong Kong Science and Technology Parks Corporation. He is an honorary member of the American Institute of Architects, an honorary professor at the University of Hong Kong and 重慶大學 (Chongqing University) and an honorary fellow of the College of Estate Management, which is associated with the University of Reading. In 2004, Mr. Brooke was admitted as a freeman of the City of London. He is a Fellow of the Royal Institution of Chartered Surveyors and of the Hong Kong Institute of Surveyors. In 1963, Mr. Brooke graduated from the University of London with a Bachelor of Science degree in Estate Management.

Mr. CHENG Yuk Wo (鄭毓和) aged 50
Independent Non-executive Director

Mr. Cheng was appointed as an independent non-executive Director on 30 November 2010. Mr. Cheng worked at PricewaterhouseCoopers (formerly known as Coopers and Lybrand) in London in 1984 and at UBS AG (formerly known as Swiss Bank Corporation) in Toronto in 1989. He is also the co-founder of Centurion Corporate Finance Limited. In 1999, he became the sole proprietor of Erik Cheng & Co., Certified Public Accountants. Mr. Cheng received his Master of Sciences (Econ) in Accounting and Finance from The London School of Economics and Political Science in 1984, and his Bachelor of Arts (Hons.) in Accounting from the University of Kent in 1983. Mr. Cheng is currently a member of the Institute of Chartered Accountants of Ontario, Canada. He is also a fellow of the Institute of Chartered Accountants in England and Wales and a Certified Public Accountant practising in Hong Kong.

The table below sets out Mr. Cheng's directorships in a number of companies listed in Hong Kong:

Name of the listed company	Position
21 Holdings Limited	Executive director
Chong Hing Bank Limited	Independent non-executive director
C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited)	Independent non-executive director
CPMC Holdings Limited	Independent non-executive director
CSI Properties Limited (formerly known as Capital Strategic Investment Limited)	Independent non-executive director
Goldbond Group Holdings Limited	Independent non-executive director
HKC (Holdings) Limited	Independent non-executive director
Imagi International Holdings Limited	Independent non-executive director
South China Land Limited	Independent non-executive director
Henry Group Holdings Limited (formerly known as Zida Computer Technologies Limited)	Former independent non-executive director, non-executive director and vice chairman from May 2005 to August 2008

Professor Wu Si Zong (吳泗宗) aged 59
Independent Non-executive Director

Professor Wu was appointed as an independent non-executive Director on 30 November 2010. Since 1997 and until now, he has been a professor, a doctoral tutor, the secretary of the Party Committee and the vice dean of the Economic and Management School at 同濟大學 (Tongji University). Professor Wu is the vice-chairman of 上海市市場學會 (Shanghai Marketing Society) and the standing director of 中國市市場學會 (China Marketing Society). Professor Wu lectures in economics and international trade. His main research fields are business management, marketing and international trade. From 1994 to 1997, he was the Head of Affairs Committee of the International Trade Faculty at 江西財經大學 (Jiangxi University of Finance and Economics). From 2001 to 2008, Professor Wu published several theses and was involved in various research projects in his fields of expertise. He also published many books in marketing, commerce and trade from 2000 to 2007. Professor Wu received his Bachelor's degree in Economics from 江西財經大學 (Jianxi University of Finance and Economics) in 1982. In 1995, he received his Master's degree in Economics at 上海財經大學 (Shanghai University of Finance and Economics).

As at the Latest Practicable Date, save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this annual report, the Directors do not have any interest or short positions in the shares or underlying shares in the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Senior Management

Mr. LAM Jim (林戰) aged 40
Chief Financial Officer

Mr. Lam joined the Group as the chief financial officer of the Company on 1 May 2010. Prior to joining the Group, Mr. Lam was the chief financial officer, company secretary and a qualified accountant of Greentown China Holdings Limited, a company listed on the Stock Exchange, from September 2008 to April 2010. Prior to September 2008, Mr. Lam worked in various international investment banks and investment firms and has over 10 years of experience in the field of auditing and equity research. Mr. Lam completed a course for a Bachelor's degree in business administration from the Chinese University of Hong Kong in May 1992 and a Master's degree in accounting and finance from the London School of Economics and Political Science in August 1996. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Mr. CHEN Feng Yang (陳風楊) aged 46
Senior Vice President

Mr. Chen joined the Group in February 2006 and was appointed as a senior vice president of the Company on 15 October 2010. He is a director of several subsidiaries of the Group. Mr. Chen is in charge of the operation management department and oversees all of the Group's construction-related matters. In 2003, he was promoted to vice president from assistant general manager at 中國寶安集團股份有限公司 (China Bao'an Group Co. Ltd.) of which he oversees the property operations of China Bao'an group's subsidiaries. During his term at China Bao'an group, he took up various other managerial positions. These include being a director of 湖北紅蓮湖旅遊渡假區開發有限公司 (Hubei Honglianhu Tourism Development Ltd.) since 2002, and the chairman of 深圳恒安房地產開發有限公司 (Hengan Property Development (Shenzhen) Ltd.) since 2004. Mr. Chen graduated from 武漢工業大學 (Wuhan Institute of Technology) in 1989 with a Master's degree in Structural Engineering.

Mr. FAN Cheng Deng (范成東) aged 45
Senior Vice President

Mr. Fan joined the Group in March 2009 and was appointed as a senior vice president of the Company on 15 October 2010. He is in charge of the design management department and cost management department. From 1997 to 2009, he worked at 金地(集團)股份有限公司 (Gemdale Holdings Co., Ltd.) as deputy manager and general manager of the Shanghai and Ningpo branch offices, respectively. Mr. Fan obtained his Master's degree in Architecture from 同濟大學 (Tongji University) in 1997.

Mr. LUO Wen Jun (羅文俊) aged 54
Vice President

Mr. Luo joined the Group in May 2006 and was appointed as a vice president of the Company on 18 June 2009 to oversee and manage the Group's property projects in Changzhou. He is also a director of various subsidiaries within the Group. From 2006 to 2009, Mr. Luo served the Group as the general manager of the Group's Shanghai project and as a general manager of two other subsidiaries of the Group. Mr. Luo has extensive experience in property development and business management prior to joining the Group. In 1985, Mr. Luo worked as the deputy sector chief of 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office). He then became the general manager of 上海市新新百貨公司 (Shanghai Xin Xin Department Store) in 1987, and an assistant supervisor in 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office) in 1992. He also took on various managerial roles including, deputy general manager of 上海心族農工商總公司 (Shanghai Xin Zu Nong Industrial and Commercial Company Limited) in 1996, general manager of 上海明天廣場有限公司 (Shanghai Tomorrow Square Company Limited) in 1996 and a director and executive deputy general manager of 上海不夜城股份有限公司 (Shanghai Everbright Company Limited) from 2002 to 2006. Mr. Luo studied a course on Business Management at 上海電視大學 (Shanghai TV University) in 1986.

Mr. WU Zhi Qun (吳志群) aged 42
Vice President

Mr. Wu joined the Group in January 2004 and was appointed as a vice president of the Company on 29 January 2004. He is also a director of various subsidiaries within the Group. Mr. Wu was appointed as the general manager of Shenzhen SZITIC Property Development Co., Ltd. in March 2009. From 2004 to 2009, he was mainly in charge of the architectural and design-related matters. He has been in the architectural field for over ten years and has profound experience in architectural design. He began his career in 1991 by working at 深圳市建築設計研究總院有限公司 (Shenzhen General Institute of Architectural Design and Research Co., Ltd.) (formerly known as 深圳市建築設計院一院 (Shenzhen No. 1 Institute of Architectural Design). In 1995, he was the deputy chairman at 深圳市清華苑建築設計有限公司 (Tsinghua-Yuan Architectural Design Ltd Shenzhen) (formerly known as 清華大學建築設計研究院深圳分院 (Architecture Design & Research Group of Tsinghua University in Shenzhen). From May 2000 to January 2004, he worked at 萬科企業股份有限公司 (China Vanke Co., Ltd.) as the chief architect of the planning and design department. Mr. Wu is a state-registered architect and graduated from 清華大學 (Tsinghua University) with a Bachelor's degree in Engineering in 1991.

Mr. ZHANG Peng Li (張鵬力) aged 43
Vice President

Mr. Zhang joined the Group in March 2008 and was appointed as a vice president of the Company on 15 October 2010. Prior to his appointment as a vice president of the Company, he served the Group as the general manager of Shenzhen Water Flower Property Co., Ltd., a subsidiary of the Group. Mr. Zhang specializes in real estate project management. Prior to joining the Group, Mr. Zhang worked as a manager of the real estate department at 深圳賽格高技術投資股份有限公司 (Shenzhen SEG Hi-tech Industrial Co., Ltd.) from June 1995 to March 2004. Thereafter, he worked at 萬達集團 (Wanda Group) from March 2004 to February 2008, and was the general manager of 無錫萬達商業廣場投資有限公司 (Wuxi Wanda Commercial Plaza Investment Co., Ltd.) from November 2006 to February 2008.

COMPANY SECRETARY

Ms. LUK Po Chun (陸寶珍) aged 41
Company Secretary

Ms. Luk joined the Group in 2007 and was appointed as the company secretary of the Company on 25 August 2009. She is responsible for the company secretarial and accounting matters in Hong Kong. Having worked for various listed companies in Hong Kong and overseas, Ms. Luk has extensive experience in company secretarial matters, accounting and financial management. Prior to joining the Group, Ms. Luk was the chief accountant of China Water Affairs Group Limited, which is listed on the Stock Exchange. She was also the chief accountant of S.A. Cimenteries CBR, a subsidiary of Heidelberg Cement Group, a listed company in Germany. Ms. Luk graduated from Hong Kong Polytechnic University in December 2007 with a Master's degree in Corporate Finance. She is also an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Directors' Report

The Directors present their first annual report and the audited financial statements of the Company for the year ended 31 December 2010.

Corporate Reorganisation and Initial Public Offering

The Company was incorporated in the Cayman Islands on 25 August 2009 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization completed on 3 December 2010 to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. Details of the reorganisation are set out in the Company's prospectus dated 11 March 2011 (the "**Prospectus**"). The shares of the Company were listed on the Main Board of the Stock Exchange on 23 March 2011 (the "**Listing Date**").

Principal Activities

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is principally engaged in the development and operation of urban mixed-use communities and the development and sale of upscale residential properties in the Yangtze River Delta and the Pearl River Delta regions in the PRC. Details of the principal activities of the subsidiaries are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividends

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Group at that date are set out in the financial statements on pages 72 to 140 of this annual report. The Board does not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

Closure of Register of Members

The register of members of the Company will be closed from 24 May 2011 to 26 May 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on 26 May 2011, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 23 May 2011.

Use of Proceeds from the Company's Initial Public Offering

The Company's shares have been listed on the Main Board of the Stock Exchange since 23 March 2011. Net proceeds from the issuance of new shares pursuant to the Company's initial public offering amounted to approximately HK$1,419 million (after deducting the underwriting fees and expenses payable by the Company in the initial public offering). Such net proceeds have been used in the following manner:

	Amount raised (HK$ million)	Amount used as at the date of this report (HK$ million)
Payment to acquire new projects for development in the PRC	1,277	–
General corporate and working capital purposes	142	–
	1,419	–

The Directors intend to apply the net proceeds in the manner set out in the Prospectus.

Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the Prospectus, is set out from pages 141 to 144 of this annual report. This summary does not form part of the audited financial statements.

Property and Equipment and Investment Properties

Details of movements in the property and equipment and investment properties of the Group during the year are set out in note 13 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 16.

Properties Under Development For Sale

Details of the properties under development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major properties under development are set out on page 4.

Completed Properties for Sale

Details of the completed properties for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 4.

Leasehold Land Held for Development for Sale

Details of the leasehold land held for development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major leasehold properties held for development for sale are set out on page 5.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 24 to the financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Purchase, Redemption or Sale of Listed Securities of the Company

As the shares of the Company were listed on the Stock Exchange on 23 March 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

Reserves

Details of movements in the reserves of the Group during the year are set out in note 24 to the financial statements and in the consolidated statement of changes in equity.

Distributable Reserves

The Company's reserves represent the accumulated losses of approximately HK$33.8 million as at 31 December 2010 (2009: accumulated losses of approximately HK$3.3 million). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the retained profits or other reserves, including share premium and contributed surplus, of the Company.

Bank Borrowings

Particulars of bank borrowings of the Group as at 31 December 2010 are set out in note 22 to the financial statements.

Charitable Donations

The charitable donations made by the Group during the year amounted to HK$7,102,000 (2009: HK$7,953,000).

Major Customers and Suppliers

For the year ended 31 December 2010, sales to the Group's five largest customers accounted for 9% of the Group's revenue for the year and sales to the largest customer included therein amounted to 3% of the Group's revenue for the year.

For the year ended 31 December 2010, purchases from the Group's five largest suppliers accounted for 17% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to 5% of the Group's purchases for the year.

None of the Directors or any of their associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the any of the five largest customers and suppliers of the Group.

Directors

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

	Date of appointment
Executive Directors	
Mr. Wong Chun Kong	25 August 2009
Mr. Li Zhi Zheng	25 August 2009
Ms. Li Yan Jie	25 August 2009
Mr. Lee Sai Kai David	25 August 2009
Non-executive Director	
Dr. McCabe Kevin Charles	25 August 2009
Alternate Director to Dr. McCabe Kevin Charles	
Ms. Tham Qian	25 August 2009
Independent non-executive Directors	
Mr. Brooke Charles Nicholas	30 November 2010
Mr. Cheng Yuk Wo	30 November 2010
Professor Wu Si Zong	30 November 2010

In accordance with article 84(1) of the Company's articles of association, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

By virtue of article 84(1) of the Company's articles of association, Mr. Wong Chun Hong, Mr. Li Zhi Zheng and Mr. Lee Sai Kai David will retire from office and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this annual report, all of the independent non-executive Directors are independent.

Directors' and Senior Managements Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 43 to 50 of this annual report.

Directors' Service Contracts

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for an initial term of three years commencing on 1 December 2010 upon expiration of which the service contract shall lapse and expire. The service contract may also be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors has been appointed by the Company for an initial term of three years commencing on 1 December 2010 upon expiration of which the appointment shall lapse and expire. The appointment may also be terminated by either party giving to the other not less than three months' prior notice in writing.

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

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to Directors' duties, responsibilities, performance, the results of the Group and the change in market conditions.

Directors' Interests in Contracts

Save as disclosed in the section headed "Continuing Connected Transactions" in this annual report and in note 28 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party, subsisted at the end of the year under review or at any time during the year under review.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Listing Date, the interests and 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 (the "**SFO**")), as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies ("**Model Code**"), were as follows:

(i) Long positions in Shares and underlying Shares of the Company

Name of Director	Capacity	Number and class of securities (Note 1)	Percentage of issued Shares (%)
Mr. Wong Chun Hong ("**Mr. Wong**") (Note 2)	Settlor of a trust	631,048,000 Shares (L)	63.10
Dr. McCabe Kevin Charles ("**Dr. McCabe**") (Note 3)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Ms. Tham Qian (Note 4)	Beneficial owner	1,166,667 Shares (L)	0.12

Notes:

(1) The letter "L" denotes the Director's long position in the Shares or underlying Shares of the Company.

(2) Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. The Wong Family Trust is a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members. Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 631,048,000 Shares held by Chance Again.

(3) Sheffield United Realty B.V. ("Sheffield United Realty") is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough UK (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty.

(4) Ms. Tham Qian's long position in the Shares comprises 1,166,667 options granted to her by the Company under the pre-IPO share option scheme adopted by the Company on 2 December 2010 ("Pre-IPO Share Option Scheme") which remained outstanding on the Listing Date.

(ii) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of securities in associated corporation (Note 1)	Percentage of interest in associated corporation (%)
Mr. Wong (Note 2)	Chance Again	Settlor of a trust	100 ordinary shares (L)	100
Mr. Wong (Note 2)	Top Spring Group Holdings Limited ("**TSGHL**")	Settlor of a trust	9,999,901 ordinary shares (L)	99.999
Mr. Wong	TSGHL	Beneficial owner	99 ordinary shares (L)	0.001
Mr. Wong (Note 2)	Top Spring Holdings Limited ("**Original TSI**")	Settlor of a trust	100,000 ordinary shares (L)	85
Dr. McCabe (Note 3)	Original TSI	Interest in a controlled corporation	17,647 ordinary shares (L)	15

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the relevant associated corporation of the Company.

(2) Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. The Wong Family Trust is a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members. Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 100 shares in Chance Again, and the 9,999,901 shares and 100,000 shares respectively in TSGHL and Original TSI (each a subsidiary of Chance Again).

(3) Sheffield United Realty is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough UK (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 17,647 shares held by Sheffield United Realty in Original TSI (a subsidiary of Chance Again).

Save as disclosed above, as at the Listing Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company in accordance with Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares Or Debentures

Save as disclosed in this annual report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year under review and up to the date of this annual report, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the Prospectus, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

SHARE OPTION SCHEMES

The Company has two share option schemes namely, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme which were adopted on 2 December 2010 and 28 February 2011 respectively.

(a) Pre-IPO Share Option Scheme

(i) Purpose and Participants of the Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 2 December 2010 to recognise and acknowledge the contributions that certain of its employees or employees of companies in which the Group holds an interests (excluding the subsidiaries of the Group) ("**Invested Entities**") have made or may make to the Group.

(ii) Implementation

On 3 December 2010, options to subscribe for a total of 34,371,667 Shares were granted to 94 employees of the Group and an Invested Entity ("**Selected Grantees**") and four other employees of the Group under the Pre-IPO Share Option Scheme. Since 1 January 2011 and as at the date of this report, options to subscribe for a total of 1,366,666 Shares granted under the Pre-IPO Share Option Scheme to such four other employees of the Group (one of them was a connected person of the Company by virtue of his former directorship with the relevant member of the Group) lapsed and became not exercisable as a result of their ceasing to be employed by the Group. As at the date of this annual report, there were options to subscribe for a total of 33,005,001 Shares granted to 94 Selected Grantees under the Pre-IPO Share Option Scheme and remaining outstanding ("**Pre-IPO Options**"). Further details of the options granted under the Pre-IPO Share Option Scheme and remaining outstanding at the end of the year under review are set out in note 23(a) of the financial statements.

The Pre-IPO Options were transferred to Great Canyon Investment Limited, a special purpose vehicle incorporated in the British Virgin Islands under the Share Option Trust which holds the Pre-IPO Options on trust for the benefit of the Selected Grantees prior to the vesting of the Pre-IPO Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme and instrument constituting the Share Option Trust. For the implementation of the Pre-IPO Share Option Scheme, the Share Option Trust was established on 3 December 2010 for the benefit of the Selected Grantees and HSBC Trustee (Hong Kong) Limited ("**HSBC Trustee**") acts as the trustee thereof.

All the Pre-IPO Options were granted at a consideration of HK$1.00 paid by each Selected Grantee and no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(iii) Vesting of the Pre-IPO Options

- Subject to applicable laws and regulations and the paragraphs below, the Pre-IPO Options are to be exercised on or after the Listing Date and are subject to a vesting period of three years commencing from the Listing Date during which 30% of the total Pre-IPO Options granted to a Selected Grantee will vest on each of the first and second anniversary dates of the Listing Date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the third anniversary date of the Listing Date.

- Notwithstanding the foregoing paragraph, unless it is provided for in the employment contract with the relevant Selected Grantee and/or written documents for granting an offer, any Pre-IPO Option granted to a Selected Grantee whose employment with the Group or an Invested Entity is less than one year as at the Listing Date shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Grantee, during which 30% of the total Pre-IPO Options granted to such Selected Grantee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the fourth anniversary date of the employment commencement date.

- Any vesting date of a Selected Grantee is subject to postponement of one year in the event that the performance appraisal of such Selected Grantee is rated at the lowest range for two consecutive years. Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date, and any Pre-IPO Option granted to a Selected Grantee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Grantee forthwith.

- The Pre-IPO Options will become exercisable for a period to be notified by a committee established and authorised by the Board ("**Advisory Committee**") to each Selected Grantee and will not be more than 10 years from the date on which the Pre-IPO Option is deemed to have been granted in the manner as stipulated in the Pre-IPO Share Option Scheme.

(iv) Exercise price of the Pre-IPO Options

The exercise price payable upon the exercise of any Pre-IPO Options is fixed at HK$2.492 per Share, subject to any adjustment made in the manner as contemplated under the Pre-IPO Share Option Scheme.

(v) Other material terms of the Pre-IPO Share Option Scheme

The terms of the Pre-IPO Share Option Scheme are similar to those of the Post-IPO Share Option Scheme except in respect of the following material terms:

- the Pre-IPO Share Option Scheme is not conditional upon listing of Shares of the Company on the Main Board of the Stock Exchange and is not subject to any other conditions;

- the provisions on the granting of options to connected persons (as defined in the Listing Rules) were not included; and

- the Advisory Committee may only grant options under the Pre-IPO Share Option Scheme at any time on a business day (as defined in the Listing Rules) during a period commencing on 2 December 2010 and before the Listing Date. No further options (other than options to subscribe for a total of 34,371,667 Shares already granted under the Pre-IPO Share Option Scheme, of which 33,005,001 options remained outstanding as at the date of this report) will be offered under the Pre-IPO Share Option Scheme and accordingly, the Pre-IPO Share Option Scheme does not contain provision relating to the "refreshing" of the 10% limit or the seeking of separate approval for granting options beyond the 10% limit as anticipated in Note 1 of Rule 17.03(3) of the Listing Rules, or the restrictions on the number of shares issued or to be issued under options in any 12-month period to any participant of the Pre-IPO Share Option Scheme not exceeding 1% of the Shares in issue as anticipated in the Note to Rule 17.03(4) of the Listing Rules.

(b) Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The Company has adopted the Post-IPO Share Option Scheme on 28 February 2011 to recognise and acknowledge the contributions that Eligible Persons (as defined in paragraph (ii) below) have made or may make to the Group.

(ii) Participants of the Post-IPO Share Option Scheme

The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially and wholly owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate ("**Eligible Persons**").

(iii) Subscription price of Shares

The subscription price for any Share under the Post-IPO Share Option Scheme will be a price determined by the Board and notified to each grantee and will be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day as defined in the Listing Rules; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined the Listing Rules) immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share. The subscription price shall also be subject to any adjustments made in a situation contemplated under the Post-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 100,000,000 Shares, being 10% of the issued share capital of the Company as at the Listing Date unless Shareholders' approval has been obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Eligible Person

No option may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to any Director, chief executive (as defined in the Listing Rules) or substantial Shareholder (as defined in the Listing Rules) or any their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options must be approved by the Shareholders.

(vi) Time of exercise of the Options

Subject to certain restrictions contained in the Post-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than 10 years from the date of grant of option.

(vii) Payment on acceptance of Option offer

HK$1.00 is payable by the Eligible Person to the Company on acceptance of the option offered as consideration for the grant. The offer of a grant of share options may be accepted within 21 business days from the date of offer.

(viii) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain valid for a period of 10 years commencing on the effective date of the Post-IPO Share Option Scheme, i.e. 22 March 2011, after which no further options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

(ix) Present status of the Post-IPO Share Option Scheme

No share options had been granted under the Post-IPO Share Option Scheme since the scheme has become effective.

Share Award Scheme

(i) Purpose and Participants of the Share Award Scheme

The Company has adopted the Share Award Scheme on 2 December 2010 to recognise and acknowledge the contributions of certain of its employees or employees of the Invested Entities, especially those whom the Company considers have contributed to the early development and growth of the Group and to align their interests with those of the Shareholders.

(ii) Implementation

Pursuant to the Share Award Scheme, a total of 35 employees of the Group and the Invested Entity ("**Selected Employees**") were awarded 6,452,000 Shares (after the Capitalization Issue (as defined in the Prospectus)) (**"Awarded Shares**"). None of the Awarded Shares was awarded to the Directors. On 3 December 2010, 2,024 Shares were contributed and transferred by Chance Again to the Selected Employees which were immediately transferred to Marble World Holdings Limited ("**Marble World**"), a special purpose vehicle incorporated in the British Virgin Islands under the Share Award Trust which holds such Shares and will hold further Shares to be issued to it pursuant to the Capitalization Issue on trust for the benefit of the Selected Employees prior to the vesting of the Awarded Shares in accordance with the terms and conditions of the Share Award Scheme and instrument constituting the Share Award Trust. For the implementation of the Share Award Scheme, the Share Award Trust was established on 3 December 2010 for the benefit of the Selected Employees and HSBC Trustee acts as the trustee thereof.

As at the date of this report, a Selected Employee has ceased to be employed by the Group. A total of 80,000 Awarded Shares (after the Capitalization Issue) granted to her were deemed to have been surrendered by her and will be reallocated at the discretion of the Advisory Committee.

(iii) Vesting of the Awarded Shares

- Prior to the vesting of the Awarded Shares, the Selected Employees are not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or other distributions.

- Subject to the following paragraphs and the terms of the Share Award Scheme, the grant of the Awarded Shares to a Selected Employee is subject to a vesting period of three years commencing from the relevant date on which the Awarded Share(s) was/were awarded ("**Date of Award**"), during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the first and second anniversary dates of the Date of Award and 40% of the total Awarded Shares granted to such Selected Employee will vest on the third anniversary date of the Date of Award.

- Unless it is provided for in the employment contract with the relevant Selected Employee, any Awarded Shares granted to a Selected Employee whose employment with the Group or an Invested Entity is less than one year at the Date of Award shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Employee, during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Awarded Shares granted to such Selected Employee will vest on the fourth anniversary date of the employment commencement date.

- The vesting date is subject to postponement of one year in the event that the performance appraisal of such Selected Employee is rated at the lowest range for two consecutive years.

- Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Date of Award or, as the case may be, the first anniversary date of the employment commencement date, and any Awarded Shares granted to a Selected Employee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Employee forthwith.

- The Awarded Shares will be vested to each Selected Employee at nil consideration.

- As at the vesting of the Awarded Shares, the Awarded Shares together with all the dividends and other distributions accrued thereon from the Date of Award to the vesting date of the relevant Awarded Shares (both dates inclusive), and all rights and benefits deriving from such Awarded Shares on or after such vesting will be vested in the relevant Selected Employees.

Further details of the share award scheme are disclosed in note 23(b) to the financial statements.

Contract of Significance

Save as disclosed in the section headed "Continuing Connected Transactions" in this annual report and in note 28 to the financial statements, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling Shareholder of the Company or any of its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Listing Date, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number and class of securities (Note 1)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	631,048,000 Shares (L)	63.10
HSBC International Trustee (Note 2)	Trustee of a trust	631,048,000 Shares (L)	63.10
BVI Co (Note 2)	Interest in a controlled corporation	631,048,000 Shares (L)	63.10
Ms. Liu Choi Lin ("**Ms. Liu**") (Notes 2 & 3)	Interest of spouse	631,048,000 Shares (L)	63.10
Sheffield United Realty (Note 4)	Beneficial owner	112,500,000 Shares (L)	11.25
Scarborough International Holdings B.V. (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Property Company Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Group Holdings Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Group Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough UK (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Mrs. Sandra McCabe ("**Mrs. McCabe**") (Note 5)	Interest of spouse	112,500,000 Shares (L)	11.25
Macquarie Group Limited	Other	37,500,000 Shares (L) (Note 6)	3.75
		25,000,000 Shares (S) (Note 7)	2.50
Macquarie Group Limited	Interest in a controlled corporation	14,320,000 Shares (L)	1.43
Crown Investments Ltd.	Beneficial owner	50,000,000 Shares (L)	5.00

Notes:

(1) The letter "L" denotes the person's long position in the Shares of the Company and the letter "S" denotes the person's short position in the Shares of the Company.

(2) Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. The Wong Family Trust is a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members. Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 631,048,000 Shares held by Chance Again.

(3) Ms. Liu is the spouse of Mr.Wong. By virtue of the SFO, Ms. Liu is deemed to be interested in the 631,048,000 Shares in which Mr. Wong is interested.

(4) Sheffield United Realty is a wholly-owned subsidiary of Scarborough International Holdings B.V., which in turn is a wholly-owned subsidiary of Scarborough Property Company Limited, which is turn is a wholly-owned subsidiary of Scarborough Group Holdings Limited, which in turn is a wholly-owned subsidiary of Scarborough Group Limited, which in turn is a wholly-owned subsidiary of Scarborough UK. By virtue of the SFO, each of Scarborough International Holdings B.V., Scarborough Property Company Limited, Scarborough Group Holdings Limited, Scarborough Group Limited and Scarborough UK is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty.

(5) Sheffield United Realty is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough UK (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty. Mrs. McCabe is the spouse of Dr. McCabe. By virtue of the SFO, Mrs. McCabe is deemed to be interested in the 112,500,000 Shares in which Dr. McCabe is interested.

(6) The Company has granted the Over-allotment Option (as defined in the Prospectus) to Macquarie Capital Securities Limited, The Hongkong and Shanghai Banking Corporation Limited and Nomura International (Hong Kong) Limited as the joint bookrunners (on behalf of the International Underwriters (as defined in the Prospectus) pursuant to which the Company may be required to issue up to an aggregate of 37,500,000 additional Shares to cover over-allocations in the International Offering (as defined in the Prospectus) during the stabilization period ended 15 April 2011. The Over-Allotment Option was partially exercised on 15 April 2011.

(7) Chance Again has lent the 25,000,000 Shares to Macquarie Capital Securities Limited pursuant to a stock borrowing agreement entered into between themselves on 16 March 2011.

Save as disclosed above, as at the Listing Date, no person (other than a Director or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

Continuing Connected Transactions

The following continuing connected transactions are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

(a) Licensing of properties to the Company

Connected person

Forsyth Hong Kong Limited ("**Forsyth Hong Kong**"), is an associate of Sheffield United Realty, the substantial Shareholder of the Company, and is therefore a connected person of the Company.

Transactions

Pursuant to a licence agreement dated 31 March 2007 ("**Original Licence Agreement**") and entered into between Forsyth Hong Kong and TSGHL, Forsyth Hong Kong agreed to grant a licence to TSGHL for the right to use the premises at Room 3318, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the "**3318 Office Premises**") for a term commencing on 1 April 2007 and ending on 31 March 2011.

As the Group intended to use the 3318 Office Premises and part of the adjacent premises, being room number 25 of Room 3328, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong (the "**3328 Office Premises**"), the Company entered into a new licence agreement with Forsyth Hong Kong (the "**Licence Agreement**") on 11 February 2010 on substantially the same terms as the Original Licence Agreement, pursuant to which the Group has been granted a licence for the right to use the 3318 Office Premises and the 3328 Office Premises for a term commencing on 1 February 2010 and ending on 31 March 2011. On the same date, TSGHL entered into an agreement with Forsyth Hong Kong to terminate the Original Licence Agreement, to be effective on the date of commencement of the Licence Agreement.

Pricing

Pursuant to the Licence Agreement, the Company shall pay to Forsyth Hong Kong a monthly fee (inclusive of management fees and government rates) of HK$89,500 during the term of the Licence Agreement.

Transaction amount in 2010

For the year ended 31 December 2010, the annual fee paid by the Group under the Licence Agreement for using the premises licensed thereunder amounted to HK$984,500.

Listing Rules requirements

Since each of the applicable percentage ratios (other than the profits ratio), on an annual basis, is expected to be less than 0.1%, the transactions contemplated under the Licence Agreement constitute continuing connected transactions for the Company which are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that (i) the fee payable under the Licence Agreement was determined through arm's length negotiations between the parties to the agreement and with reference to the monthly fee under the Original Licence Agreement and the prevailing monthly licence fee for using similar office premises; (ii) the Licence Agreement was entered into in the ordinary course of business and on normal commercial terms; and (iii) the terms of the Licence Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

(b) Provision of financial assistance to the Group

Connected person

Original TSI is held as to 85% by Chance Again and 15% by Sheffield United Realty. Original TSI is an associate of Chance Again (the controlling Shareholder of the Company), and therefore a connected person of the Company.

Transactions

In March 2009, Changzhou Top Spring Landmark Real Estate Co., Ltd. ("**Changzhou Top Spring**") was granted a loan ("**Changzhou Loan**") in the amount of not more than RMB300 million by a financial institution for a term commencing on 15 April 2009 and ending on 14 April 2011. The Changzhou Loan was secured by, among others, a corporate guarantee provided by Original TSI ("**Original TSI Guarantee**").

Pursuant to the letter of guarantee given by Original TSI on 25 March 2009, Original TSI has agreed to provide the Original TSI Guarantee in favour of the financial institution in respect of the Changzhou Loan for a principal amount of RMB300 million together with all the related interests, penalties, compound interests, damages and any expenses incurred in relation to the recovery of the Changzhou Loan and the enforcement of the Original TSI Guarantee. The purpose of providing the Original TSI Guarantee is to enable Changzhou Top Spring to obtain the Changzhou Loan for use as its general working capital.

Listing Rules requirements

As the Original TSI Guarantee was provided by Original TSI for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the Original TSI Guarantee, the Original TSI Guarantee constitutes continuing connected transaction for the Company which is exempt from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Original TSI Guarantee were negotiated on an arm's length basis and the Original TSI Guarantee was provided by Original TSI for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the Original TSI Guarantee. The Directors (including the independent non-executive Directors) are of the view that the Original TSI Guarantee was fair and reasonable and in the interest of the Group and Shareholders as a whole.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

To protect the Group from potential competition, Mr. Wong entered into a deed of non-competition ("**Deed of Non-Competition**") with the Company pursuant to which he represents, warrants and undertakes to the Company (for itself and for the benefit of the other members of the Group), among other things, that other than through the Group, neither he nor any of his associates is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group's business. Details of the Deed of Non-Competition have been set out in the paragraph headed "Non-Competition Undertakings from Mr. Wong" in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" of the Prospectus.

The Company has received the annual confirmation from Mr. Wong in respect of his compliance with the terms of the Deed of Non-Competition.

In order to ensure compliance by Mr. Wong of the Deed of Non-Competition and to manage any potential conflict of interests arising from the business of the controlling Shareholders and the Scarborough Group (i.e. Scarborough UK and its subsidiaries) and to safeguard the interests of the Shareholders, the Company has adopted the following corporate governance measures:

(a) the independent non-executive Directors will review, on an annual basis, the compliance with the undertakings by Mr. Wong under the Deed of Non-Competition;

(b) Mr. Wong will provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors of his compliance with the Deed of Non-Competition such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;

(c) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to (i) compliance and enforcement of Mr. Wong's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to the Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of the Company, or by way of announcement to the public;

(d) Mr. Wong will make an annual declaration on compliance with his non-competition undertakings in the annual report of the Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of voluntary disclosure in the Corporate Governance Report contained in Appendix 23 to the Listing Rules;

(e) Mr. Wong will abstain from voting in any meeting of the shareholders and/or the Board where there is any actual or potential conflicting interest;

(f) the Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, the Company believes that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between the Group, the Controlling Shareholders and the Scarborough Group arise;

(g) in the event that potential conflicts of interest may materialize, i.e. where a Director has an interest in a company that will enter into an agreement with the Group, the Director(s) with an interest in the relevant transaction(s) will not be present at the relevant Board meeting, and will be excluded from the Board deliberation and abstain from voting and will not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;

(h) in the event that potential conflicts of interest may materialize, the Controlling Shareholders and the Scarborough Group (as the case may be) will abstain from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s); and

(i) the Group is administratively independent from the Controlling Shareholders and the Scarborough Group as it has its own company secretary, authorized representatives and administrative personnel.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders, the Scarborough Group and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

Events after the Reporting Period

Details of the significant events of the Group after the reporting period are set out in note 29 to the financial statements.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

Auditors

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

Wong Chun Hong
Chairman

Hong Kong
30 March 2011

Independent Auditor's Report

Independent auditor's report to the shareholders of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Spring International Holdings Limited ("**the Company**") and its subsidiaries (together "**the Group**") set out on pages 72 to 140, which comprise the consolidated and Company balance sheets as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit 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.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2011

Consolidated Income Statement

For the year ended 31 December 2010 *(Expressed in Hong Kong dollars)*

	Note	2010 $'000	2009 $'000
Turnover	3	2,759,894	3,228,072
Direct costs		(1,074,302)	(2,110,780)
Gross profit		1,685,592	1,117,292
Valuation gains on investment properties	13(a)	82,005	179,978
Other revenue	4	12,989	14,550
Other net income/(loss)	5	60,153	(2,582)
Selling and marketing expenses		(123,371)	(70,721)
Administrative expenses		(316,138)	(207,288)
Profit from operations		1,401,230	1,031,229
Finance costs	6(a)	(59,680)	(6,375)
Profit before taxation	6	1,341,550	1,024,854
Income tax	7(a)	(857,128)	(501,362)
Profit for the year		484,422	523,492
Attributable to:			
Equity shareholders of the Company		494,723	376,586
Non-controlling interests		(10,301)	146,906
Profit for the year		484,422	523,492
Basic earnings per share ($)	11	65.96 cents	50.21 cents

The notes on pages 79 to 140 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010 *(Expressed in Hong Kong dollars)*

	2010 $'000	2009 $'000
Profit for the year	484,422	523,492
Other comprehensive income for the year		
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax	106,251	2,191
Total comprehensive income for the year	590,673	525,683
Attributable to:		
Equity shareholders of the Company	595,139	376,957
Non-controlling interests	(4,466)	148,726
Total comprehensive income for the year	590,673	525,683

The notes on pages 79 to 140 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2010 *(Expressed in Hong Kong dollars)*

	Note	2010 $'000	2010 $'000	2009 $'000	2009 $'000
Non-current assets					
Fixed assets	13(a)				
– Investment properties			2,253,221		1,981,606
– Other property, plant and equipment			533,740		517,735
– Interests in leasehold land held for own use under operating leases			19,519		5,142
			2,806,480		2,504,483
Interests in associates	15		104,170		65,058
Other financial assets	16		30,981		–
Restricted and pledged deposits	19		177,563		–
Deferred tax assets	7(c)(ii)		295,030		111,538
			3,414,224		2,681,079
Current assets					
Inventories	17	5,096,696		3,057,999	
Other financial assets	16	94,697		–	
Trade and other receivables	18	901,230		1,500,229	
Restricted and pledged deposits	19	1,744,788		1,314,860	
Cash and cash equivalents	20	3,291,157		1,282,905	
		11,128,568		7,155,993	
Current liabilities					
Trade and other payables	21	5,496,927		3,560,819	
Bank loans	22	2,882,969		571,580	
Tax payable	7(c)(i)	1,764,063		944,981	
		10,143,959		5,077,380	
Net current assets			984,609		2,078,613
Total assets less current liabilities			4,398,833		4,759,692
Non-current liabilities					
Bank loans	22	3,482,822		3,247,411	
Deferred tax liabilities	7(c)(ii)	153,144		113,612	
			3,635,966		3,361,023
NET ASSETS			762,867		1,398,669

At 31 December 2010 *(Expressed in Hong Kong dollars)*

	Note	2010 $'000	2010 $'000	2009 $'000	2009 $'000
CAPITAL AND RESERVES	24				
Share capital			24		124
Reserves			762,843		897,787
Total equity attributable to equity shareholders of the Company			762,867		897,911
Non-controlling interests			–		500,758
TOTAL EQUITY			762,867		1,398,669

Approved and authorised for issue by the board of directors on 30 March 2011.

Wong Chun Hong
Director

Lee Sai Kai David
Director

The notes on pages 79 to 140 form part of these financial statements.

Balance Sheet

At 31 December 2010 *(Expressed in Hong Kong dollars)*

	Note	2010 $'000	2010 $'000	2009 $'000	2009 $'000
Non-current assets					
Fixed assets	13(b)		1,424		–
Investments in subsidiaries	14		5,030		–
			6,454		–
Current assets					
Other receivables	18	204,870		12	
Cash and cash equivalents	20	41,383		–	
		246,253		12	
Current liability					
Other payables	21	286,434		3,334	
Net current liabilities			(40,181)		(3,322)
Total assets less current liabilities			(33,727)		(3,322)
NET LIABILITIES			(33,727)		(3,322)
CAPITAL AND RESERVES	24				
Share capital			24		12
Reserves			(33,751)		(3,334)
TOTAL DEFICIT			(33,727)		(3,322)

Approved and authorised for issue by the board of directors on 30 March 2011.

Wong Chun Hong
Director

Lee Sai Kai David
Director

The notes on pages 79 to 140 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010 *(Expressed in Hong Kong dollars)*

	Attributable to equity shareholders of the Company								
	Share capital $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2009	112	–	78,582	14,819	260,598	171,027	525,138	362,522	887,660
Changes in equity for 2009:									
Profit for the year	–	–	–	–	–	376,586	376,586	146,906	523,492
Other comprehensive income	–	–	371	–	–	–	371	1,820	2,191
Total comprehensive income for the year	–	–	371	–	–	376,586	376,957	148,726	525,683
Issuance of new shares upon incorporation of the Company	12	–	–	–	–	–	12	–	12
Dividends declared and approved to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	(14,458)	(14,458)
Acquisition of additional interests in subsidiaries from non-controlling shareholders	–	–	–	–	(4,196)	–	(4,196)	3,968	(228)
Balance at 31 December 2009	124	–	78,953	14,819	256,402	547,613	897,911	500,758	1,398,669
Balance at 1 January 2010	124	–	78,953	14,819	256,402	547,613	897,911	500,758	1,398,669
Changes in equity for 2010:									
Profit/(loss) for the year	–	–	–	–	–	494,723	494,723	(10,301)	484,422
Other comprehensive income	–	–	100,416	–	–	–	100,416	5,835	106,251
Total comprehensive income	–	–	100,416	–	–	494,723	595,139	(4,466)	590,673
Dividends declared and approved to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	(3,213)	(3,213)
Disposal of a subsidiary	–	–	–	–	–	–	–	(82,043)	(82,043)
Acquisition of additional interests in subsidiaries from non-controlling shareholders	–	–	–	–	(580,413)	–	(580,413)	(411,500)	(991,913)
Equity settled share-based transactions	–	6,160	–	–	–	–	6,160	–	6,160
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	464	464
Arising from Reorganisation	(100)	–	–	–	(155,830)	–	(155,930)	–	(155,930)
Balance at 31 December 2010	24	6,160	179,369	14,819	(479,841)	1,042,336	762,867	–	762,867

The notes on pages 79 to 140 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010 *(Expressed in Hong Kong dollars)*

	Note	2010 $'000	2009 $'000
Operating activities			
Cash generated from/(used in) operations	20(b)	1,807,282	(227,356)
Tax paid:			
– PRC tax paid		(237,807)	(128,805)
Net cash generated from/(used in) operating activities		1,569,475	(356,161)
Investing activities			
Payment for purchase of fixed assets		(18,141)	(4,911)
Proceeds from disposal of fixed assets		54	4
Proceeds from disposal of an associate		7,244	–
Proceeds from disposal of a subsidiary	20(c)	90,462	–
Payment for purchase of available-for-sale investments		(94,697)	–
Interest received		10,221	12,228
Expenditure on development projects		(146,845)	(266,386)
Decrease/(increase) in restricted deposits		40,580	(39,765)
Repayment of loans from non-controlling shareholders		80,009	–
Capital contributions to an associate		(102,029)	–
Net cash used in investing activities		(133,142)	(298,830)
Financing activities			
Proceeds from new bank loans		3,879,162	4,873,143
Repayment of bank loans		(1,517,980)	(2,653,291)
Proceeds from loan from a related company		–	528,294
Repayment of loan from a related company		(5,750)	–
Increase in pledged deposits		(581,591)	(1,169,646)
Interest and other borrowing costs paid		(307,032)	(188,531)
Acquisition of additional interests in subsidiaries		(959,218)	–
Contributions from non-controlling shareholders		464	–
Dividends paid		(3,213)	–
Proceeds from issuance of shares		–	12
Net cash generated from financing activities		504,842	1,389,981
Net increase in cash and cash equivalents		1,941,175	734,990
Effect of foreign exchange rate changes		67,077	1,008
Cash and cash equivalents at 1 January	20(a)	1,282,905	546,907
Cash and cash equivalents at 31 December	20(a)	3,291,157	1,282,905

The notes on pages 79 to 140 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General Information and Basis of Presentation

Top Spring International Holdings Limited ("**the Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the "**Reorganisation**") of the Company and its subsidiaries (collectively referred to as "**the Group**") which was completed on 3 December 2010 to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 11 March 2011 (the "**Prospectus**"). The Company's shares were listed on the Stock Exchange on 23 March 2011.

The Group is regarded as a continuing entity resulting from the Reorganisation under common control and has been accounted for on the basis of merger accounting. The consolidated financial statements of the Group have been prepared as if the current group structure had been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

2 Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)
- HK (Int) 5, *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 32).

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(a) Statement of compliance (Continued)

The amendment to HKAS 27 and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policies but none of these changes in policies have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 has not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, *Leases*, did not result in a change in classification of the Group's leasehold land interests.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Group and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties (see note 2(f)(i)) that are stated at their fair value as explained in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 31.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(c) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(l) or (m) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(d) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)).

(e) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(i)).

Investments in securities which do not fall into any of the above category are classified as available-for-sale securities. At each balance sheet date the fair value is re-measured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(r)(vi). When these investments are derecognised or impaired (see note 2(i)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed assets

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(r)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

(ii) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(g)) and impairment losses (see note 2(i)):

- hotel property;
- other land and buildings; and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the aggregate cost of development, materials and supplies, wages, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of borrowing costs (see note 2(t)) and other direct expenses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(g) Depreciation of fixed assets

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Hotel property

Depreciation is calculated to write-off the cost of hotel property using the straight-line method over their estimated useful lives of 5.5 to 33 years.

(iv) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciation on a straight-line basis over the unexpired terms of the respective leases or 25 years if shorter.

(v) Furniture, fixtures and other fixed assets

Depreciation is calculated to write-off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 4 to 8 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciation separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)(i)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(f)(i)) or is held for development for sale (see note 2(j)).

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries and associates (including those recognised using the equity method (see note 2(d))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(i) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as 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 (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts); and

- pre-paid interests in leasehold land classified as being held under an operating lease.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount
  The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently.

- Recognition of impairment losses
  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses
  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses an appropriate portion of overheads and borrowing costs capitalised (see note 2(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(o) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognised as employee costs with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using valuation techniques, taking into account the terms and conditions upon which the options and awarded shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options and awarded shares is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and awarded shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option and awarded share is exercised (when it is transferred to the share premium account) or the option or awarded share expires (when it is released directly to retained profits).

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(p) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax (Continued)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(q) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties excludes business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties and prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel operations

Income from hotel operations is recognised when services are provided.

(iv) Property management and related services income

Property management and related services income is recognised when services are provided.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividends

Dividend income is recognised when the shareholder’s right to receive payment is established.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant Accounting Policies (Continued)

(u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(Expressed in Hong Kong dollars unless otherwise indicated)

3 TURNOVER

The principal activities of the Group are property development, property investment, hotel operations and provision of property management and related services.

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2010 $'000	2009 $'000
Sale of properties	2,560,273	3,105,943
Rental income	92,326	59,797
Hotel operations	66,002	45,940
Property management and related services income	41,293	16,392
	2,759,894	3,228,072

4 OTHER REVENUE

	2010 $'000	2009 $'000
Bank interest income	9,958	6,506
Other interest income	263	5,722
Rental income from operating leases, other than those relating to investment properties	1,226	1,104
Others	1,542	1,218
	12,989	14,550

5 OTHER NET INCOME/(LOSS)

	2010 $'000	2009 $'000
Net gain on disposal of a subsidiary	64,457	–
Net gain on disposal of an associate	1,722	–
Net loss on disposal of fixed assets	(26)	(660)
Net exchange (loss)/gain	(6,395)	12
Impairment of other financial assets	–	(2,823)
Others	395	889
	60,153	(2,582)

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Profit Before Taxation

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

(a) Finance costs

	2010 $'000	2009 $'000
Interest on bank loans and other borrowings wholly repayable within five years	288,983	172,708
Other borrowing costs	18,049	15,823
	307,032	188,531
Less: Amount capitalised (note)	(247,352)	(182,156)
	59,680	6,375

Note: The borrowing costs have been capitalised at rates ranging from 4.86% to 9.95% (2009: 4.37% to 6.68%) per annum for the year ended 31 December 2010.

(b) Staff costs

	2010 $'000	2009 $'000
Salaries, wages and other benefits	194,058	121,702
Contributions to defined contribution retirement plans	6,395	5,860
Equity settled share-based payment expenses	6,160	–
	206,613	127,562

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Profit Before Taxation (continued)

(c) Other items

	2010 $'000	2009 $'000
Depreciation and amortisation	41,128	31,598
Less: Amount capitalised	(155)	(190)
	40,973	31,408
Cost of properties sold	957,281	1,983,563
Rental income from investment properties (note)	(92,326)	(59,797)
Less: Direct outgoings	9,417	17,657
	(82,909)	(42,140)
Impairment loss for bad debts	182	11,091
Write-down of inventories	–	26,220
Auditors' remuneration		
– audit services	3,478	629
– other services	10,671	–
Other rental income less direct outgoings	(1,226)	(1,104)
Operating lease charges:		
– minimum lease payments for land and buildings	14,714	19,944

Note: Included contingent rental income of $8,162,000 (2009: $2,882,000) for the year ended 31 December 2010.

7 Income Tax

(a) Income tax in the consolidated income statement represents:

	2010 $'000	2009 $'000
Current tax		
Provision for PRC Corporate Income Tax ("**CIT**")	371,098	176,772
Provision for Land Appreciation Tax ("**LAT**")	627,430	309,896
	998,528	486,668
Deferred tax		
Origination and reversal of temporary differences	(141,400)	14,694
	857,128	501,362

(i) Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**") and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income Tax (Continued)

(a) Income tax in the consolidated income statement represents: (Continued)

(ii) No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries either sustained losses for taxation purposes or had tax losses brought forward from previous years which exceeded the estimated assessable profits for the years ended 31 December 2009 and 2010.

(iii) On 16 March 2007, the Fifth Plenary of the Tenth National People's Congress passed the New Corporate Income Tax Law (the "**New Tax Law**") of the PRC, which unified the statutory income tax rate to 25% for all enterprises. The New Tax Law was effective on 1 January 2008. The New Tax Law, its implementation rules and the State Council Notice, GuoFa 2007 No. 39 Notice on the Implementation of the Transitional Preferential Corporate Income Tax Policies, provide a five-year transitional period effective from 1 January 2008 for those enterprises which were established before 16 March 2007 and which were entitled to the preferential income tax rate of 15% under the then effective tax laws and regulations. The transitional tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

The applicable CIT rates of the PRC subsidiaries within the Group were 22% to 25% for 2010 (2009: 20% to 25%).

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

(b) Reconciliation between income tax expense and accounting profit before taxation at applicable tax rates:

	2010 $'000	2009 $'000
Profit before taxation	1,341,550	1,024,854
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	324,654	232,874
Effect of non-taxable income	(500)	(210)
Effect of non-deductible expenses	3,250	13,710
Effect of deemed interest income	31,808	10,276
Effect of prior years' unrecognised tax losses utilised	(1,584)	(664)
Effect of unrecognised temporary differences now utilised	(2,142)	(10,132)
Effect of unused tax losses and temporary differences not recognised	8,719	8,614
Deferred tax effect on LAT accrual	(134,507)	(63,002)
LAT	627,430	309,896
Actual income tax expense	857,128	501,362

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(c) Income tax in the consolidated balance sheet represents:

(i) Current taxation

	2010 $'000	2009 $'000
CIT		
Provision for the year	371,098	176,772
CIT tax paid in respect of provision for the year	(76,182)	(56,828)
Exchange adjustments	6,256	153
	301,172	120,097
Balance of tax provision relating to prior years	183,537	130,670
Tax payable	484,709	250,767
LAT		
Provision for the year	627,430	309,896
LAT tax paid in respect of provision for the year	(20,300)	(23,139)
Exchange adjustments	16,472	292
	623,602	287,049
Balance of tax provision relating to prior years	655,752	407,165
Tax payable	1,279,354	694,214
	1,764,063	944,981

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income Tax (Continued)

(c) Income tax in the consolidated balance sheet represents: (Continued)

(ii) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Unrealised gain on intra-group transactions $'000	Revaluation of investment properties $'000	Temporary differences on LAT provision $'000	Accruals $'000	Unused tax losses $'000	Temporary differences on inventory basis differences $'000	Total $'000
Deferred tax arising from:								
At 1 January 2009	–	(15,133)	111,733	(55,014)	(12,318)	(19,017)	(24,561)	(14,310)
Charged/(credited) to the consolidated income statement	7,321	(5,402)	44,938	(63,002)	(36,693)	16,863	50,669	14,694
Exchange adjustments	9	(30)	1,174	578	(61)	(10)	30	1,690
At 31 December 2009 and 1 January 2010	7,330	(20,565)	157,845	(117,438)	(49,072)	(2,164)	26,138	2,074
Charged/(credited) to the consolidated income statement	7,609	(18,436)	26,078	(134,507)	17,966	(36,695)	(3,415)	(141,400)
Exchange adjustments	731	(1,305)	9,184	(9,682)	(1,533)	(979)	1,024	(2,560)
At 31 December 2010	15,670	(40,306)	193,107	(261,627)	(32,639)	(39,838)	23,747	(141,886)

	2010 $'000	2009 $'000
Net deferred tax assets recognised on the consolidated balance sheet	(295,030)	(111,538)
Net deferred tax liabilities recognised on the consolidated balance sheet	153,144	113,612
	(141,886)	2,074

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income Tax (continued)

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2010 $'000	2009 $'000
Deductible temporary differences	274,359	261,591
Unused tax losses		
– Hong Kong (note (i))	3,008	2,888
– PRC (note (ii))	114,375	93,251
	391,742	357,730

Notes:

(i) The unused tax losses do not expire under the current tax legislation.

(ii) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The unused tax loses expired between 2011 and 2015.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or prior years, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of $230,230,000 as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

(e) Deferred tax liabilities not recognised:

The New Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-HK tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The Group did not provide for deferred tax liabilities on earnings generated by its PRC entities after 1 January 2008 since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these earnings will not be distributed in the foreseeable future. As at 31 December 2010, temporary differences relating to such undistributed profits amounted to $130,041,000 (2009: $261,933,000) and the related deferred tax liabilities are $6,502,000 (2009: $13,097,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Directors' Remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2010 Total $'000
Executive directors							
Wong Chun Hong	–	5,229	–	35	5,264	–	5,264
Li Zhi-zheng	–	1,996	3,551	–	5,547	–	5,547
Li Yan-jie	–	1,992	6,653	25	8,670	–	8,670
Lee Sai-kai David	–	1,894	3,500	12	5,406	–	5,406
Non-executive directors							
McCABE Kevin Charles	–	10	–	–	10	–	10
Tham Qian (alternate director to McCABE Kevin Charles)	–	480	–	12	492	209	701
	–	11,601	13,704	84	25,389	209	25,598

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2009 Total $'000
Executive directors							
Wong Chun Hong	–	1,369	–	23	1,392	–	1,392
Li Zhi-zheng	–	817	3,064	–	3,881	–	3,881
Li Yan-jie	–	824	3,915	23	4,762	–	4,762
Lee Sai-kai David	–	–	2,610	–	2,610	–	2,610
Non-executive directors							
McCABE Kevin Charles	–	–	–	–	–	–	–
Tham Qian (alternate director to McCABE Kevin Charles)	–	–	–	–	–	–	–
	–	3,010	9,589	46	12,645	–	12,645

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(o)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 23.

During the year, no directors waived or agreed to waive any emoluments (2009: $Nil).

During the year, no emoluments were paid by the Group to the directors as an inducement to join or as compensation for loss of office (2009: $Nil).

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Individuals With Highest Emoluments

Of the five individuals with the highest emoluments, four (2009: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2010 $'000	2009 $'000
Salaries, allowances and benefits in kind	1,339	831
Discretionary bonuses	5,171	10,677
Share-based payments	376	–
Retirement scheme contributions	26	46
	6,912	11,554

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2010 $'000	2009 $'000
$3,500,001 – $4,000,000	–	2
$4,000,001 – $4,500,000	–	1
$6,000,001 – $6,500,000	1	–

10 Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of $36,577,000 (2009: $3,334,000) which has been dealt with in the financial statements of the Company.

11 Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for each of the years ended 31 December 2009 and 2010 on the assumption that 750,000,000 shares of the Company are in issued and issuable, comprising 235,294 shares in issue and 749,764,706 shares to be issued pursuant to the capitalisation issue, as if the shares were outstanding throughout the years.

The share options granted under the pre-IPO share option scheme (see note 23) are subject to the successful listing of the Company's shares on the Stock Exchange and employment conditions after listing. Prior to the listing of the Company's shares, such share options would not be considered for computation of diluted earnings per share and therefore, diluted earnings per share is not presented. There were no potential dilutive ordinary shares in existence for the year ended 31 December 2009.

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment Reporting

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells residential properties and shops within the shopping arcades.
- Property leasing: this segment leases shopping arcades and club houses to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.
- Hotel operations: this segment operates hotels to provide hotel services to general public.
- Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's own developed residential properties and shopping arcades.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all tangible, non-current and current assets with the exception of interests in associates, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the construction activities of the individual segments and bank borrowings managed directly by the segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation". To arrive at "adjusted EBITDA" the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2009 and 2010 is set out below.

(Expressed in Hong Kong dollars unless otherwise indicated)

12 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

2009

	Property development $'000	Property leasing $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	3,105,943	59,797	45,940	16,392	3,228,072
Inter-segment revenue	–	8,064	–	34,488	42,552
Reportable segment revenue	3,105,943	67,861	45,940	50,880	3,270,624
Reportable segment profit/(loss) (adjusted EBITDA)	937,796	22,206	(1,905)	(33,747)	924,350
Interest income from bank deposits	5,558	111	–	837	6,506
Interest expense	–	(4,507)	–	(1,072)	(5,579)
Depreciation and amortisation for the year	(6,890)	(477)	(21,849)	(2,192)	(31,408)
Increase in fair value of investment properties	–	179,978	–	–	179,978
Reportable segment assets	6,577,830	2,221,303	390,740	52,604	9,242,477
Additions to non-current segment assets during the year	16,869	232,870	–	2,365	252,104
Reportable segment liabilities	(6,447,356)	(66,224)	(54,391)	(115,929)	(6,683,900)

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment Reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

2010

	Property development $'000	Property leasing $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	2,560,273	92,326	66,002	41,293	2,759,894
Inter-segment revenue	–	17,985	–	53,119	71,104
Reportable segment revenue	2,560,273	110,311	66,002	94,412	2,830,998
Reportable segment profit/(loss) (adjusted EBITDA)	1,353,030	32,084	17,254	(25,718)	1,376,650
Interest income from bank deposits	5,897	892	–	3,169	9,958
Interest expense	(18,292)	(13,047)	–	–	(31,339)
Depreciation and amortisation for the year	(8,201)	(811)	(26,808)	(3,145)	(38,965)
Increase in fair value of investment properties	–	82,005	–	–	82,005
Reportable segment assets	9,108,612	3,780,224	460,964	522,935	13,872,735
Additions to non-current segment assets during the year	29,086	28,832	–	500	58,418
Reportable segment liabilities	(11,494,396)	(61,329)	–	(9,355)	(11,565,080)

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment Reporting (continued)

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2010 $'000	2009 $'000
Revenue		
Reportable segment revenue	2,830,998	3,270,624
Elimination of inter-segment revenue	(71,104)	(42,552)
Consolidated turnover	2,759,894	3,228,072
Profit		
Reportable segment profit derived from Group's external customers	1,376,650	924,350
Other revenue and net income	73,142	11,968
Depreciation and amortisation	(38,965)	(31,408)
Finance costs	(31,339)	(5,579)
Increase in fair value of investment properties	82,005	179,978
Unallocated head office and corporate expenses	(119,943)	(54,455)
Consolidated profit before taxation	1,341,550	1,024,854
Assets		
Reportable segment assets	13,872,735	9,242,477
Interests in associates	104,170	65,058
Other financial assets	125,678	–
Deferred tax assets	295,030	111,538
Unallocated head office and corporate assets	145,179	417,999
Consolidated total assets	14,542,792	9,837,072
Liabilities		
Reportable segment liabilities	(11,565,080)	(6,683,900)
Tax payable	(1,764,063)	(944,981)
Deferred tax liabilities	(153,144)	(113,612)
Unallocated head office and corporate liabilities	(297,638)	(695,910)
Consolidated total liabilities	(13,779,925)	(8,438,403)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 FIXED ASSETS

(a) The Group

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Properties under development for own use $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:										
At 1 January 2009	1,233,396	566,094	1,799,490	413,074	119,423	31,289	37,906	601,692	4,737	2,405,919
Exchange adjustments	2,829	(386)	2,443	658	63	50	66	837	8	3,288
Additions	15,204	217,194	232,398	–	14,593	202	4,911	19,706	–	252,104
Transfer to investment properties	508,898	(508,898)	–	–	–	–	–	–	–	–
Transfer to other land and buildings	–	(9,769)	(9,769)	–	–	9,769	–	9,769	–	–
Transfer from/(to) inventories	41,301	(264,235)	(222,934)	2,564	(79,594)	11,273	–	(65,757)	1,486	(287,205)
Disposals	–	–	–	–	–	–	(1,135)	(1,135)	–	(1,135)
Surplus on revaluation	179,978	–	179,978	–	–	–	–	–	–	179,978
At 31 December 2009	1,981,606	–	1,981,606	416,296	54,485	52,583	41,748	565,112	6,231	2,552,949
Representing:										
Cost	–	–	–	416,296	54,485	52,583	41,748	565,112	6,231	571,343
Valuation	1,981,606	–	1,981,606	–	–	–	–	–	–	1,981,606
	1,981,606	–	1,981,606	416,296	54,485	52,583	41,748	565,112	6,231	2,552,949
Accumulated amortisation and depreciation:										
At 1 January 2009	–	–	–	3,674	–	3,238	9,499	16,411	852	17,263
Exchange adjustments	–	–	–	33	–	8	34	75	1	76
Written back on disposals	–	–	–	–	–	–	(471)	(471)	–	(471)
Charge for the year	–	–	–	21,849	–	1,544	7,969	31,362	236	31,598
At 31 December 2009	–	–	–	25,556	–	4,790	17,031	47,377	1,089	48,466
Net book value:										
At 31 December 2009	1,981,606	–	1,981,606	390,740	54,485	47,793	24,717	517,735	5,142	2,504,483

(Expressed in Hong Kong dollars unless otherwise indicated)

13 FIXED ASSETS (CONTINUED)

(a) The Group (Continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Properties under development for own use $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:										
At 1 January 2010	1,981,606	–	1,981,606	416,296	54,485	52,583	41,748	565,112	6,231	2,552,949
Exchange adjustments	85,040	–	85,040	28,380	2,563	2,205	1,733	34,881	561	120,482
Additions	25,529	–	25,529	–	13,238	–	18,141	31,379	14,442	71,350
Transfer from inventories	–	99,980	99,980	–	–	–	–	–	–	99,980
Cost adjustment (Note)	(20,939)	–	(20,939)	–	–	(6,344)	–	(6,344)	–	(27,283)
Reduction through disposal of a subsidiary	–	–	–	–	–	–	(913)	(913)	–	(913)
Other disposals	–	–	–	–	–	–	(145)	(145)	–	(145)
Surplus on revaluation	82,005	–	82,005	–	–	–	–	–	–	82,005
At 31 December 2010	2,153,241	99,980	2,253,221	444,676	70,286	48,444	60,564	623,970	21,234	2,898,425
Representing:										
Cost	–	99,980	99,980	444,676	70,286	48,444	60,564	623,970	21,234	745,184
Valuation	2,153,241	–	2,153,241	–	–	–	–	–	–	2,153,241
	2,153,241	99,980	2,253,221	444,676	70,286	48,444	60,564	623,970	21,234	2,898,425
Accumulated amortisation and depreciation:										
At 1 January 2010	–	–	–	25,556	–	4,790	17,031	47,377	1,089	48,466
Exchange adjustments	–	–	–	1,634	–	253	697	2,584	51	2,635
Written back on disposal of a subsidiary	–	–	–	–	–	–	(219)	(219)	–	(219)
Written back on disposals	–	–	–	–	–	–	(65)	(65)	–	(65)
Charge for the year	–	–	–	26,808	–	2,447	11,298	40,553	575	41,128
At 31 December 2010	–	–	–	53,998	–	7,490	28,742	90,230	1,715	91,945
Net book value:										
At 31 December 2010	2,153,241	99,980	2,253,221	390,678	70,286	40,954	31,822	533,740	19,519	2,806,480

Note: Cost adjustment represents the finalisation of the development costs with contractors during the year in respect of properties completed in prior years.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 FIXED ASSETS (CONTINUED)

(b) The Company

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 31 December 2009 and 1 January 2010	–
Additions	1,582
At 31 December 2010	1,582
Accumulated depreciation:	
At 31 December 2009 and 1 January 2010	–
Charge for the year	158
At 31 December 2010	158
Net book value:	
At 31 December 2010	1,424
At 31 December 2009	–

(c) Revaluation of investment properties

The Group's investment properties were revalued as at 31 December 2009 and 2010 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited ("**DTZ**"), who have among their staff Fellows of The Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuations were carried out by DTZ on a market value basis in their existing states by reference to comparable market transactions and where appropriate on the basis of capitalisation of the net rental income allowing for reversionary income potential.

Included in the Group's investment properties were investment properties under development carried at cost less accumulated impairment losses, if any, as the directors are of the opinion that its fair value cannot be reliably determined due to the development project is still under initial stage.

(d) All of the Group's investment properties and investment properties under development are situated in the PRC and held under medium to long-term leases.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed Assets (continued)

(e) Fixed assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 15 years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2010 $'000	2009 $'000
Within 1 year	72,609	74,510
After 1 year but within 5 years	221,357	237,109
After 5 years	267,022	149,148
	560,988	460,767

(f) The Group's certain investment properties and hotel properties were pledged against bank loans, details of which are set out in note 22.

14 Investments in subsidiaries

	The Company 2010 $'000	 2009 $'000
Unlisted shares, at cost	12	–
Capital contribution in respect of equity settled share-based transactions	5,018	–
	5,030	–

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring International (BVI) Limited	BVI	$11,765	100%	100%	–	Investment holding
Top Orient Development Limited	BVI	US$1	100%	–	100%	Investment holding
Top Spring International (Long Hua) Limited (萊蒙國際(龍華)有限公司)	Hong Kong	$10,000,000	100%	–	100%	Investment holding
Top Spring Real Estate (Shenzhen) Co., Ltd. (萊蒙房地產(深圳)有限公司) (note (c))	PRC	$80,000,000	100%	–	100%	Property development and investment
Top Spring (HK) Company Limited (萊蒙(香港)有限公司) (formerly known as Top Spring Real Estate (HK) Company Limited (萊蒙房地產(香港)有限公司))	Hong Kong	US$200,000	100%	–	100%	Provision of property management and related services
Shenzhen Top Spring Jun Li Information Consulting (Shenzhen) Co., Ltd. (深圳萊蒙俊利信息諮詢有限公司) (note (a))	PRC	RMB1,000,000	100%	–	100%	Dormant
Shenzhen Top Spring Business Management Co., Ltd. (深圳市萊蒙商業管理有限公司) (note (a))	PRC	RMB500,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Property Services Co., Ltd. (常州市萊蒙物業服務有限公司) (formerly known as Changzhou Top Spring Property Management Co., Ltd. (常州市萊蒙物業管理有限公司)) (note (a))	PRC	RMB3,000,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Business Management Co., Ltd. (常州萊蒙商業管理有限公司) (note (a))	PRC	RMB500,000	100%	–	100%	Provision of property management and related services
Hangzhou Top Spring Business Management Co., Ltd. (杭州萊蒙商業管理有限公司) (note (a))	PRC	RMB500,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Advertising Co., Ltd. (常州萊蒙廣告有限公司) (note (a))	PRC	RMB500,000	100%	–	100%	Provision of advertising services

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Main Century Limited	BVI	US$1	100%	–	100%	Investment holding
Prosperous Property Development (Holdings) Limited (盛興地產(集團)有限公司)	Hong Kong	$1	100%	–	100%	Investment holding
Fullshine Group Limited	BVI	US$13,448	100%	–	100%	Investment holding
Glory Wise Limited (港榮有限公司)	BVI	US$1	100%	–	100%	Investment holding
Fullest Max Limited	BVI	US$1,000	100%	–	100%	Investment holding
Prosperous Properties Holdings Limited (盛興地產控股有限公司)	Hong Kong	$10,000	100%	–	100%	Investment holding
Tai Xiang Information Consulting (Shenzhen) Co., Ltd. (泰祥信息諮詢(深圳)有限公司) (note (c))	PRC	$1,000,000	100%	–	100%	Investment holding
Shenzhen Sheng Xing Information Consulting Co., Ltd. (深圳市盛興信息諮詢有限公司) (note (a))	PRC	RMB10,500,000	100%	–	100%	Investment holding
Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司) (note (a))	PRC	RMB340,100,000	100%	–	100%	Investment holding, property development and investment
Changzhou Top Spring Water Flower Property Development Co., Ltd. (常州萊蒙水榭花都房地產開發有限公司) (note (b))	PRC	US$31,500,000	100%	–	100%	Property development and investment
Shenzhen City Hua Long Property Development Co., Ltd. (深圳市華龍房地產開發有限公司) (note (a))	PRC	RMB50,000,000	100%	–	100%	Property development and investment
Dongguan SZITIC Property Development Co., Ltd. (東莞市深國投房地產開發有限公司) (note (a))	PRC	RMB20,000,000	100%	–	100%	Property development and investment

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Shenzhen Xiang Sheng Information Consulting Co., Ltd. (深圳市祥盛信息諮詢有限公司) (note (a))	PRC	RMB5,000,000	100%	–	100%	Provision of consultation services to group companies
Shenzhen Water Flower Property Co., Ltd. (深圳市水榭花都房地產有限公司) (note (b))	PRC	RMB331,384,021	100%	–	100%	Property development and investment
Shenzhen Top Spring Jun Da Information Consulting Co., Ltd. (深圳萊蒙俊達信息諮詢有限公司) (note (a))	PRC	RMB1,000,000	100%	–	100%	Provision of consultation services to group companies
Water Flowers Real Estate (Hongkong) Limited (水榭花都房地產(香港)有限公司) (note (a))	PRC	US$9,990,000	100%	–	100%	Dormant
Top Spring International (Shenzhen) Limited (萊蒙國際(深圳)有限公司)	Hong Kong	$1	100%	–	100%	Investment holding
Xiang Kang Information Consulting (Shenzhen) Co., Ltd. (祥康信息諮詢(深圳)有限公司) (note (c))	PRC	$1,000,000	100%	–	100%	Provision of consultation services to group companies
Joinbest Enterprises Limited	BVI	US$100	100%	–	100%	Investment holding
Jointak Investment Limited (光德投資有限公司)	Hong Kong	$26,000,000	100%	–	100%	Investment holding
Changzhou Top Spring Landmark Real Estate Co., Ltd. (常州萊蒙都會置業有限公司) (note (c))	PRC	US$20,000,000	100%	–	100%	Property development and investment
Fortune Mega International Limited	BVI	US$1	100%	–	100%	Investment holding
Scarborough China Holdings Limited	Hong Kong	$1 ordinary share/ US$19,386,353 preference shares	100%	–	100%	Investment holding

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring Realty (Chengdu) Co., Ltd. (莱蒙置業(成都)有限公司) (formerly known as Sheffield United Realty (Chengdu) Co., Ltd. (謝菲聯置業(成都)有限公司)) (note (c))	PRC	US$37,500,000	100%	–	100%	Property development and investment
Le Leman International (Yuhang) Limited (萊蒙國際(余杭)有限公司)	Hong Kong	$1	100%	–	100%	Investment holding
Top Spring International (Yuhang) Landmark Co., Ltd. (萊蒙國際(余杭)置業有限公司) (note (c))	PRC	US$20,000,000	100%	–	100%	Property development and investment
Top Spring International (Zhejiang) Limited (萊蒙國際(浙江)有限公司)	Hong Kong	$1	100%	–	100%	Investment holding
Top Spring Xiang Jun Information Consulting (Shenzhen) Co., Ltd. (萊蒙祥俊信息諮詢(深圳)有限公司) (formerly known as Xiang Jun Information Consulting (Shenzhen) Co., Ltd. (祥俊信息諮詢(深圳)有限公司)) (note (c))	PRC	$1,000,000	100%	–	100%	Provision of consultation services to group companies
Shenzhen Top Spring Tai Sheng Information Consulting Co., Ltd. (深圳萊蒙泰盛信息諮詢有限公司) (note (a))	PRC	RMB1,000,000	100%	–	100%	Dormant
Top Spring International (Taihu Bay) Development Limited (萊蒙國際(太湖灣)開發有限公司) (formerly known as Mark Creation Limited)	Hong Kong	$1	100%	–	100%	Investment holding
Top Spring International (Xiqi) Limited (萊蒙國際(西溪)有限公司)	Hong Kong	$1	100%	–	100%	Investment holding
Shenzhen Top Spring Property Services Co., Ltd. (深圳市萊蒙物業服務有限公司) (note (a))	PRC	RMB3,000,000	100%	–	100%	Provision of property management service

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Changzhou Top Spring Taihu Bay Property Development Co., Ltd. (常州萊蒙鵬源太湖灣房地產開發有限公司) (note (c))	PRC	US$49,800,000	100%	–	100%	Property development and investment
Top Spring Landmark (Fuyang) Co., Ltd. (萊蒙置業(富陽)有限公司) (note (b))	PRC	US$59,990,000	100%	–	100%	Property development and investment
Top Spring Xiang Ying Information Consulting (Shenzhen) Co., Ltd. (萊蒙祥盈信息諮詢(深圳)有限公司) (note (c))	PRC	RMB1,000,000	100%	–	100%	Dormant
Shenzhen Qin Lin Yuan Landscape Design Co., Ltd. (深圳市青霖沅園林景觀有限公司) (note (a))	PRC	RMB2,100,000	100%	–	100%	Dormant
Shenzhen Jing Yi Ya Decoration Engineering Co., Ltd. (深圳市精溢雅裝飾工程有限公司) (note (a))	PRC	RMB6,000,000	100%	–	100%	Dormant
Shenzhen Lai Shui Tian Investing Management Co., Ltd. (深圳市萊水天投資管理有限公司) (note (a))	PRC	RMB1,000,000	100%	–	100%	Dormant

Note:

(a) The subsidiary is a domestic wholly-owned enterprise established in the PRC.

(b) The subsidiary is an equity joint venture established in the PRC.

(c) The subsidiary is a wholly foreign owned enterprise in the PRC.

15 INTERESTS IN ASSOCIATES

	The Group 2010 $'000	2009 $'000
Share of net assets	104,170	300
Goodwill	–	64,758
	104,170	65,058

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Interests in Associates (continued)

Details of the associate as at 31 December 2010, which is an equity joint venture established and operate in the PRC, are as follows:

Name of associate	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Tianjin Haijixing Agricultural Products Logistics Co., Ltd (天津海吉星農產品物流有限公司)	40%	–	40%	Wholesale of agricultural products and property development

As at 31 December 2009, one of the Group's subsidiary had 30% equity interest in Shanghai Feng Dan Li She Property Development Co., Ltd. (上海楓丹麗舍房地產開發有限公司) ("**Feng Dan**") (the Group's effective interest was 14.3%). During the year ended 31 December 2010, the Group has disposed of certain of its equity interest in Feng Dan and ceased to have significant influence over Feng Dan subsequent to the disposal. As a result, the carrying amount of the investment, representing the Group's remaining equity interest in Feng Dan, was reclassified from interests in associates to available-for-sale investments (see note 16).

Summary financial information on associates

	Assets $'000	Liabilities $'000	Equity $'000	Loss $'000
2010				
100 per cent	261,101	(1,232)	259,869	(3,320)
Group's effective interest	104,440	(493)	103,947	(1,328)
2009				
100 per cent	71,372	(72,274)	(902)	(2,567)
Group's effective interest	10,206	(10,335)	(129)	(367)

16 Other Financial Assets

	The Group 2010 $'000	2009 $'000
Available-for-sale investments, unlisted	125,678	2,823
Less: Impairment loss	–	(2,823)
	125,678	–
Less: Non-current portion	(30,981)	–
Current portion	94,697	–

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Inventories

	The Group 2010 $'000	2009 $'000
Leasehold land held for development for sale	494,136	177,177
Properties under development for sale	3,302,993	2,400,060
Completed properties for sale	1,299,567	480,762
	5,096,696	3,057,999

(a) The analysis of carrying value of properties is as follows:

	The Group 2010 $'000	2009 $'000
In the PRC		
– under long leases	3,601,954	1,700,287
– under medium-term leases	1,494,742	1,357,712
	5,096,696	3,057,999
Including:		
– Properties expected to be completed after more than one year	1,315,935	1,581,054

(b) The Group's certain properties under development for sale were pledged against the bank loans, details of which are set out in note 22.

(Expressed in Hong Kong dollars unless otherwise indicated)

18 Trade and Other Receivables

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Debtors, prepayments and deposits (note (ii))	901,230	941,133	7,443	10
Amounts due from non-controlling shareholders (note (iii))	–	5,729	–	–
Loans to non-controlling shareholders (note (iv))	–	79,527	–	–
Amounts due from subsidiaries (note (v))	–	–	100,915	–
Amount due from an associate (note (iii))	–	17,535	–	–
Amounts due from related companies (note (v))	–	456,305	96,512	2
	901,230	1,500,229	204,870	12

Notes:

(i) The Group's credit policy is set out in note 25(a).

(ii) During the year ended 31 December 2009, the Group entered into two land grant contracts for acquisition of the land use rights for two pieces of land in the PRC. As at 31 December 2009, a total of $762,829,000 was paid and recognised as deposits for such lands acquisition. During the year ended 31 December 2010, the acquisition of one piece of land and certain parcels of another land were completed and the respective land use right certificates were obtained. Therefore, $343,262,000 was still recognised as deposits for the remaining land acquisition as at 31 December 2010.

(iii) The balances as at 31 December 2009 were interest-free, unsecured and recoverable on demand. The balances were fully recovered during the year ended 31 December 2010.

(iv) The balances as at 31 December 2009 were the total sum of two entrusted loans made to non-controlling shareholders amounting to RMB70,000,000 (equivalent to approximately $79,527,000) which were secured by the non-controlling shareholders' interests in the Group's subsidiary, interest-bearing at 6.75% per annum and recoverable in December 2011. The loans were fully recovered during the year ended 31 December 2010.

(v) The balances are unsecured, interest-free and recoverable on demand.

(vi) All of the Group's trade debtors was not impaired, of which 92% and 91% as at 31 December 2009 and 2010 respectively was neither past due nor more than 1 year past due. Receivables which were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables which were overdue but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(vii) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	The Group	
	2010	2009
	$'000	$'000
Current or under 1 month overdue	56,664	32,700
More than 1 month overdue and up to 3 months overdue	15,104	7,851
More than 3 months overdue and up to 6 months overdue	7,826	23,907
More than 6 months overdue and up to 1 year overdue	5,578	8,556
More than 1 year overdue	8,589	6,330
	93,761	79,344

(Expressed in Hong Kong dollars unless otherwise indicated)

19 Restricted and Pledged Deposits

	The Group	
	2010 $'000	2009 $'000
Restricted deposits (note (i))	–	39,765
Pledged deposits (note (ii))	1,922,351	1,275,095
	1,922,351	1,314,860
Less: Non-current portion (note (ii))	(177,563)	–
Current portion	1,744,788	1,314,860

Notes:

(i) In 2009, the Group entered into a memorandum of understanding (the "**memorandum**") to acquire a property development company in the PRC. Pursuant to the memorandum, both the Group and the owner of the property development company were required to place certain amount of cash into a separate bank account as deposits, the use of which is subject to the approval of both parties. Such deposits were therefore classified as restricted bank deposits as at 31 December 2009. In 2010, both parties agreed to cancel the transaction and the Group retrieved the deposits from the bank account.

(ii) The Group's certain bank deposits which were pledged as securities in respect of:

	2010 $'000	2009 $'000
Bank loans	1,917,483	1,270,620
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	4,868	4,475
	1,922,351	1,275,095

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $1,744,788,000 (2009: $1,275,095,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $177,563,000 (2009: $Nil) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Cash and Cash Equivalents

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash at banks and in hand	3,291,157	1,282,905	41,383	–

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

	Note	2010 $'000	2009 $'000
Profit before taxation		1,341,550	1,024,854
Adjustments for:			
Interest income	4	(10,221)	(12,228)
Finance costs	6(a)	59,680	6,375
Depreciation and amortisation	6(c)	40,973	31,408
Valuation gains on investment properties	13(a)	(82,005)	(179,978)
Net loss on disposal of fixed assets	5	26	660
Net gain on disposal of a subsidiary	5	(64,457)	–
Net gain on disposal of an associate	5	(1,722)	–
Impairment of other financial assets	5	–	2,823
Write-down of inventories	6(c)	–	26,220
Equity settled share-based payment expenses	6(b)	6,160	–
Net foreign exchange (gain)/loss		(7,489)	5,741
Changes in working capital:			
(Increase)/decrease in inventories		(1,787,018)	981,052
Decrease/(increase) in trade and other receivables		647,752	(753,385)
Increase/(decrease) in trade and other payables		1,664,053	(1,360,898)
Cash generated from/(used in) operations		1,807,282	(227,356)

(Expressed in Hong Kong dollars unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Disposal of a subsidiary

During the year ended 31 December 2010, the Group disposed of all its equity interest in a subsidiary to an independent third party at a total consideration of $125,884,000.

(i) Net assets disposed:

	2010 $'000
Fixed assets	694
Inventories	163,177
Trade and other receivables	23
Cash and cash equivalents	1,304
Trade and other payables	(21,721)
Tax payable	(7)
Non-controlling interests	(82,043)
Net assets	61,427
Net gain on disposal of a subsidiary	64,457
	125,884
Satisfied by:	
Cash	91,766
Debtors	34,118
	125,884

(ii) Analysis of net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	$'000
Cash consideration received	91,766
Cash disposed of	(1,304)
	90,462

(d) Significant non-cash transactions

The Group incurred payables of $830,616,000 and $772,566,000 to contractors for additions of properties under development during the years ended 31 December 2009 and 2010 respectively.

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Trade and Other Payables

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Creditors and accrued charges	1,320,389	1,278,366	654	3,258
Bills payable	–	1,275	–	–
Rental and other deposits	56,669	59,311	–	–
Receipts in advance	4,074,316	960,213	–	–
Loan from a related company (note (i))	–	528,294	–	–
Amount due to a non-controlling shareholder (note (ii))	–	2,155	–	–
Amounts due to subsidiaries (note (ii))	–	–	274,110	–
Amounts due to related companies (note (ii))	45,553	731,205	11,670	76
	5,496,927	3,560,819	286,434	3,334

Notes:

(i) Loan from a related company was an entrusted loan amounting to RMB465,004,000 (equivalent to approximately $528,294,000) as at 31 December 2009, which was unsecured, interest-bearing at 4.78% per annum and repayable within one year. The loan was fully repaid during the year ended 31 December 2010.

(ii) The balances are unsecured, interest-free and repayable on demand.

(iii) Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	The Group	
	2010	2009
	$'000	$'000
Due within 1 month or on demand	719,530	824,142
Due after 1 month but within 3 months	2,008	30,716
Due after 3 months but within 6 months	15,195	9,545
Due after 6 months but within 1 year	17,094	16,390
Due after 1 year	196,607	57,618
	950,434	938,411

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Bank Loans

At 31 December 2010, the bank loans were analysed as follows:

	The Group 2010 $'000	The Group 2009 $'000
Secured	4,457,583	2,924,887
Unsecured	1,908,208	894,104
	6,365,791	3,818,991

At 31 December 2010, the bank loans were repayable as follows:

	The Group 2010 $'000	The Group 2009 $'000
Within 1 year and included in current liabilities	2,882,969	571,580
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	2,651,982	2,170,781
After 2 years but within 5 years	830,840	1,076,630
	3,482,822	3,247,411
	6,365,791	3,818,991

Notes:

(i) The bank loans bear interest ranging from 2.06% to 7.92% and 0.93% to 9.95% per annum as at 31 December 2009 and 2010 respectively, and are secured by the following assets:

	The Group 2010 $'000	The Group 2009 $'000
Investment properties	1,727,770	1,159,900
Hotel properties	390,678	–
Properties under development for sale	650,243	690,703
Pledged deposits	1,917,483	1,270,620
Total	4,686,174	3,121,223

(ii) Included in the bank loans as at 31 December 2010 was an entrusted loan amounting to RMB400,000,000 (equivalent to approximately $473,500,000) provided by CITIC Trust Co., Ltd., an independent third party. The loan is secured by 51% equity interest in a subsidiary. The loan is interest-bearing at 9.18% per annum and repayable within two years.

(iii) Included in the bank loans as at 31 December 2009 and 2010 was an entrusted loan amounting to RMB300,000,000 (equivalent to approximately $341,000,000 and $355,125,000 as at 31 December 2009 and 2010 respectively) provided by Huarong International Trust Co., Ltd., an independent third party. The loan is secured by the investment properties of the Group and guaranteed by Top Spring Holdings Limited, a related company of the Group. The loan is interest-bearing at 6.68% per annum and repayable in 2011.

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO share option scheme

The Company has a pre-IPO share option scheme which was adopted on 2 December 2010 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. The options fully vest after three years from the date of listing of the Company on the Stock Exchange (the "**Listing Date**") or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are exercisable within a period of 10 years from the date of grant. The exercise price per share is 40% of the price of initial public offering ("**IPO**") of shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to a director:			
– on 3 December 2010	1,166,667	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Options granted to senior management and employees:			
– on 3 December 2010	33,205,000	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Total share options granted	34,371,667		

(ii) The number and weighted average exercise price of share options are as follows:

	2010 Number of options '000
Outstanding at the beginning of the year	–
Granted during the year	34,372
Outstanding at the end of the year	34,372
Exercisable at the end of the year	–

No share options were exercised during the year.

(Expressed in Hong Kong dollars unless otherwise indicated)

23 Equity Settled Share-Based Transactions (Continued)

(a) Pre-IPO share option scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows: *(continued)*

The share options outstanding as at 31 December 2010 had a weighted average remaining contractual life of 9.9 years. The weighted average exercise price of share options cannot be determined as the price of IPO of shares of the Company is not available as at 31 December 2010. No options and rights were outstanding as at 31 December 2009 as the pre-IPO share option scheme was not effective during that year.

(iii) *Fair value of share options and assumptions*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	2010
Fair value at measurement date	$5.64
Estimated share price	$8.63
Estimated exercise price	$3.45
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	51%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years
Expected dividends	1.20%
Risk-free interest rate (based on Hong Kong Government Bond)	2.638%

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share award scheme

The Company has a share award scheme which was adopted on 2 December 2010. Under the share award scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the awarded shares at nil consideration. The awarded shares fully vest after three years from the date of award or, as the case may be, the first anniversary date of the employment commencement date of the relevant awardees, and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by a share award trust.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions
Shares awarded to employees:		
– on 3 December 2010	6,452,000	One year (30%), two years (60%) and three years (100%) from the date of award

(ii) *Fair value of awarded shares and assumptions*

The fair value of services received in return for awarded shares is measured by reference to the fair value of awarded shares. The estimate of the fair value of the awarded shares is measured based on a revaluation method of market approach with option-based pricing model adopted to account for the vesting condition. The significant inputs into the model included estimated fair value of shares at the grant date, expected dividends, risk-free interest rate and expected volatility rate.

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, Reserves and Dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2009	–	–	–	–
Changes in equity for 2009:				
Loss and total comprehensive income for the year	–	–	(3,334)	(3,334)
Issuance of new shares upon incorporation of the Company	12	–	–	12
Balance at 31 December 2009 and 1 January 2010	12	–	(3,334)	(3,322)
Changes in equity for 2010:				
Loss and total comprehensive income for the year	–	–	(36,577)	(36,577)
Equity settled share-based transactions	–	6,160	–	6,160
Arising from Reorganisation	12	–	–	12
Balance at 31 December 2010	24	6,160	(39,911)	(33,727)

(b) Dividends

No dividend has been declared or approved by the Group during the years ended 31 December 2009 and 2010.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	The Company			
	2010		2009	
	No. of shares '000	Amount $'000	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	5,000,000	500,000	3,900	390
Ordinary shares, issued and fully paid:				
At 1 January	117	12	–	–
Issuance of new shares upon incorporation of the Company	–	–	117	12
Arising from Reorganisation	117	12	–	–
At 31 December	234	24	117	12

The Company was incorporated on 25 August 2009 with an authorised share capital of $390,000 divided into 3,900,000 shares of $0.10 each. On the same date, the Company allotted and issued an aggregate of 117,647 shares at par value of $0.10 each to its then shareholders. The share capital as at 1 January 2009 represented the aggregate amount of paid-in capital of the companies now comprising the Group and a predecessor entity, after elimination of investments in subsidiaries.

On 2 December 2010, pursuant to a written resolution of the shareholders, the authorised share capital was increased from 3,900,000 shares to 5,000,000,000 shares by the creation of 4,996,100,000 new shares, ranking pari passu in all respects with the shares in issue as at the date of passing of the written resolution.

On 2 December 2010, the shareholders of Top Spring International (BVI) Limited ("**BVI Holdco**") transferred an aggregate of 117,647 shares of $0.10 each in BVI Holdco, being the entire issued share capital of BVI Holdco, to the Company in consideration of the Company allotting and issuing, credited as fully paid, an aggregate of 117,647 shares to the shareholders of BVI Holdco. Upon the completion of the said share transfer, the Company held 100% of the issued share capital in BVI Holdco, which was then the holding company of the companies now comprising the Group.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, Reserves and Dividends (continued)

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the portion of the grant date fair value of awarded shares and unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(o)(ii).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

(iii) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Statutory public welfare fund

Prior to 1 January 2006, according to the then PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) were required to transfer 5% to 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory public welfare fund. This fund could only be utilised on capital items for the collective benefits of the Group's employees such as the construction of dormitories, canteens and other staff welfare facilities. This fund was non-distributable other than in liquidation. The transfer to this reserve must be made before distribution of a dividend to shareholders.

From 1 January 2006, according to the revised PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are not required to make such transfers.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, Reserves and Dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(iv) Other reserve

The other reserve represents:

(1) The difference between the consideration received and the net book value of Joinbest Enterprises Limited ("**JEL**") and its subsidiaries for the deemed disposal of partial interests in JEL. The deemed disposal was resulted from the issuance of 1 ordinary share of JEL at premium upon conversion of convertible notes held by a third party on 18 June 2006.

(2) The differences between the consideration paid and the net book value of certain subsidiaries for the acquisition of additional interests in these subsidiaries from non-controlling shareholders in prior years.

(3) The deemed contributions from ultimate shareholder represent the transfer of investment costs in JEL, Le Leman International (Yuhang) Limited, Glory Wise Limited, Fullshine Group Limited and Fortune Mega International Limited at nil consideration pursuant to the Reorganisation.

(4) The difference between the consideration paid and the net book value of Shenzhen SZITIC Property Development Co., Ltd. ("**SZITIC Property**") and its subsidiaries for the acquisition of additional interests in SZITIC Property from the non-controlling shareholder in 2010.

(5) The increase in other reserve arising from the Reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange.

(6) The waiver of repayment of amount due to a related company. In December 2010, the Group entered into an agreement with a related company beneficially owned by a shareholder of the Company whereby repayment of amount due to the related company of $350,000,000 was waived.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the balance sheet date. For this purpose, the Group defines net debt as total bank and other loans less restricted and pledged deposits and cash and cash equivalents.

The Group's gearing ratio at the balance sheet date was as follows:

	2010 $'000	2009 $'000
Current liabilities:		
Loan from a related company	–	528,294
Bank loans	2,882,969	571,580
	2,882,969	1,099,874
Non-current liabilities:		
Bank loans	3,482,822	3,247,411
Total bank and other loans	6,365,791	4,347,285
Less: Restricted and pledged deposits	(1,922,351)	(1,314,860)
Cash and cash equivalents	(3,291,157)	(1,282,905)
Net debt	1,152,283	1,749,520
Total equity	762,867	1,398,669
Gearing ratio	151.0%	125.1%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Group as set out in note 27, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 27.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) Liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Financial Risk Management and Fair Values (continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2010 Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Bank loans	3,308,904	2,219,873	1,418,928	6,947,705	6,365,791
Creditors and accrued charges	1,320,389	–	–	1,320,389	1,320,389
Amounts due to related companies	45,553	–	–	45,553	45,553
	4,674,846	2,219,873	1,418,928	8,313,647	7,731,733

	2009 Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Carrying amount $'000
Bank loans	766,818	2,282,483	1,112,756	4,162,057	3,818,991
Creditors and accrued charges	1,220,748	49,730	7,888	1,278,366	1,278,366
Bills payable	1,275	–	–	1,275	1,275
Loan from a related company	546,965	–	–	546,965	528,294
Amount due to a non-controlling shareholder	2,155	–	–	2,155	2,155
Amounts due to related companies	731,205	–	–	731,205	731,205
	3,269,166	2,332,213	1,120,644	6,722,023	6,360,286

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Financial Risk Management and Fair Values (continued)

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other loans of the Group are disclosed in notes 21 and 22 to the financial statements. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately $11,523,000 (2009: $10,880,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years 2009 and 2010.

(d) Currency risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars as a result of its investment in the PRC and certain of the general and administrative expense settled in Hong Kong dollars. In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Commitments

(a) Capital commitments outstanding at 31 December 2010 not provided for in the Group's financial statements were as follows:

	2010 $'000	2009 $'000
Contracted for	3,265,516	2,978,269
Authorised but not contracted for	8,303	–
	3,273,819	2,978,269

Capital commitments mainly related to development expenditure for the Group's properties under development and expenditure in respect of future investment and property development.

In addition, the Group was committed at 31 December 2010 to make donations of $7,102,000 (2009: $7,953,000) to a charitable institution of RMB1,000,000 per annum until 2016.

(b) At 31 December 2010, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 $'000	2009 $'000
Within 1 year	28,440	6,651
After 1 year but within 5 years	50,160	11,605
After 5 years	46,166	–
	124,766	18,256

The Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 16 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

27 Contingent Liabilities

	The Group 2010 $'000	 2009 $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	3,229,358	1,587,976

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Material Related Party Transactions

Material related party transactions identified during the years and balances with these parties at those dates are summarised as follows:

(a) Non-continuing transactions:

	The Group	
	2010	2009
	$'000	$'000
Other interest income received and receivable from related parties	137	5,722
Sale/(sale return) of a property to key management personnel (note)	6,191	(14,817)

Note: In 2008, the sale of property to a director was recognised upon the transfer of legal ownership. Such sale was subsequently returned in 2009 based on mutual agreement between the director and the Group.

As at 31 December 2009, a property under development for sale with carrying amount of approximately $351,683,000 was pledged to a bank for a loan of a related company, Top Spring Investment Co., Ltd. (萊蒙投資有限公司). The pledge was released during the year ended 31 December 2010.

(b) Continuing transactions

(i) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	The Group	
	2010	2009
	$'000	$'000
Short-term employee benefits	32,400	24,106
Post-employment benefits	110	92
	32,510	24,198

(ii) As at 31 December 2009 and 2010, Top Spring Holdings Limited, a related company of the Group, provided guarantee for the Group's borrowings of $341,000,000 and $355,125,000 respectively (see note 22(iii)).

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Material Related Party Transactions (continued)

(c) Balances with related parties

		The Group	
		2010	2009
		$'000	$'000
(i)	*Loan from a related company*		
	China Resources SZITIC Trust Co., Ltd.	–	528,294
(ii)	*Amounts due from non-controlling shareholder*		
	Kumnng Da Run Property Development Co., Ltd.	–	5,149
	Shenzhen Hua Shun Digital Technology Co., Ltd.	–	580
		–	5,729
(iii)	*Loans to non-controlling shareholders*		
	Kumnng Da Run Property Development Co., Ltd.	–	71,575
	Shenzhen Hua Shun Digital Technology Co., Ltd.	–	7,952
		–	79,527
(iv)	*Amount due to a non-controlling shareholder*		
	China Resources SZITIC Investment Co., Ltd.	–	2,155
(v)	*Amount due from a non-controlling shareholder (note (d))*		
	Top Spring Holdings Limited	–	456,305
(vi)	*Amounts due to related companies (note (d))*		
	Top Spring Holdings Limited	45,553	730,410
	Shenzhen Sheng Feng Investment and Development Co., Ltd.	–	795
		45,553	731,205

(d) All these related companies are beneficially owned by the Company's ultimate shareholder.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Non-Adjusting Post Balance Sheet Event

On 23 March 2011, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 250,000,000 ordinary shares of $0.10 each issued at a price of $6.23 per share. The proceeds of $25,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of $1,532,500,000, before the issuing expenses, were credited to the share premium account.

30 Immediate Parent and Ultimate Holding Company

The directors consider the immediate parent and ultimate holding company of the Group to be Chance Again Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

31 Accounting Judgements and Estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 13, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market condition.

(b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Accounting Judgements and Estimates (Continued)

(c) Write-down of inventories for property development (Continued)

In respect of leasehold land held for development for sale and properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(d) LAT

As explained in note 7(a)(iv), LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the future years.

32 Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the year ended 31 December 2010

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Revised HKAS 24, *Related party disclosures*	1 January 2011
HKFRS 9, *Financial instruments*	1 January 2013
Improvements to HKFRSs (2010)	1 July 2010 or 1 January 2011
Amendments to HKAS 12, *Income taxes*	1 January 2012

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Four-Year Financial Summary

Consolidated Income Statement

	For the year ended 31 December			
	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Turnover	2,759,894	3,228,072	662,218	679,583
Direct costs	(1,074,302)	(2,110,780)	(335,388)	(315,134)
Gross profit	1,685,592	1,117,292	326,830	364,449
Valuation gains on investment properties	82,005	179,978	152,867	50,146
Other revenue	12,989	14,550	12,420	21,570
Other net income/(loss)	60,153	(2,582)	9,867	120,243
Selling and marketing expenses	(123,371)	(70,721)	(72,544)	(33,869)
Administrative expenses	(316,138)	(207,288)	(163,465)	(96,957)
Profit from operations	1,401,230	1,031,229	265,975	425,582
Finance costs	(59,680)	(6,375)	(3,767)	(33,857)
Share of losses of associates	–	–	–	(2,832)
Profit before taxation	1,341,550	1,024,854	262,208	388,893
Income tax	(857,128)	(501,362)	(159,037)	(209,054)
Profit for the year	484,422	523,492	103,171	179,839
Attributable to:				
Equity shareholders of the Company	494,723	376,586	9,465	121,262
Non-controlling interests	(10,301)	146,906	93,706	58,577
Profit for the year	484,422	523,492	103,171	179,839
Basic earnings per share ($)	65.96 cents	50.21 cents	1.26 cents	16.17 cents

Four-Year Financial Summary

Consolidated Statement of Comprehensive Income

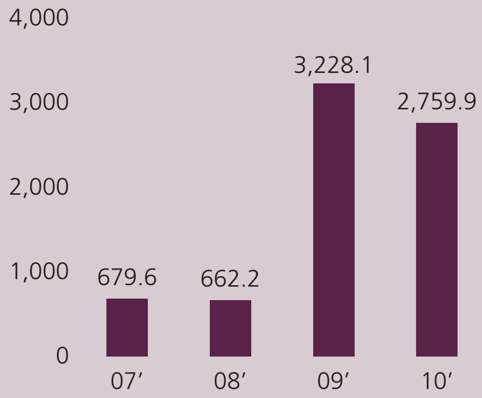
	For the year ended 31 December 2010 $'000	2009 $'000	2008 $'000	2007 $'000
Profit for the year	484,422	523,492	103,171	179,839
Other comprehensive income for the year				
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax	106,251	2,191	45,744	50,656
Total comprehensive income for the year	590,673	525,683	148,915	230,495
Attributable to:				
Equity shareholders of the Company	595,139	376,957	44,369	154,102
Non-controlling interests	(4,466)	148,726	104,546	76,393
Total comprehensive income for the year	590,673	525,683	148,915	230,495

CONSOLIDATED BALANCE SHEET

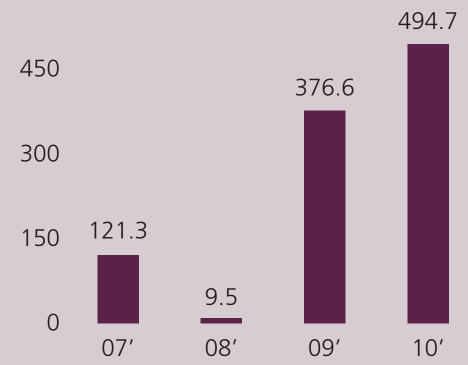
	At 31 December							
	2010		2009		2008		2007	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets								
Fixed assets								
– Investment properties		2,253,221		1,981,606		1,799,490		1,021,073
– Other property, plant and equipment		533,740		517,735		585,281		299,800
– Interests in leasehold land held for own use under operating leases		19,519		5,142		3,885		3,836
		2,806,480		2,504,483		2,388,656		1,324,709
Interests in associates		104,170		65,058		64,956		61,429
Other financial assets		30,981		–		2,821		2,668
Restricted and pledged deposits		177,563		–		–		–
Deferred tax assets		295,030		111,538		87,940		60,334
		3,414,224		2,681,079		2,544,373		1,449,140
Current assets								
Inventories	5,096,696		3,057,999		3,452,406		2,345,686	
Other financial assets	94,697		–		–		–	
Trade and other receivables	901,230		1,500,229		767,428		616,842	
Restricted and pledged deposits	1,744,788		1,314,860		105,283		269,922	
Cash and cash equivalents	3,291,157		1,282,905		546,907		596,982	
	11,128,568		7,155,993		4,872,024		3,829,432	
Current liabilities								
Trade and other payables	5,496,927		3,560,819		4,253,341		2,593,191	
Bank loans	2,882,969		571,580		1,428,085		980,766	
Tax payable	1,764,063		944,981		586,226		513,742	
	10,143,959		5,077,380		6,267,652		4,087,699	
Net current assets/(liabilities)		984,609		2,078,613		(1,395,628)		(258,267)
Total assets less current liabilities		4,398,833		4,759,692		1,148,745		1,190,873
Non-current liabilities								
Bank loans	3,482,822		3,247,411		187,455		631,432	
Loans from non-controlling shareholders	–		–		–		214,546	
Deferred tax liabilities	153,144		113,612		73,630		–	
		3,635,966		3,361,023		261,085		845,978
NET ASSETS		762,867		1,398,669		887,660		344,895
CAPITAL AND RESERVES								
Share capital		24		124		112		–
Reserves		762,843		897,787		525,026		128,273
Total equity attributable to equity shareholders of the Company		762,867		897,911		525,138		128,273
Non-controlling interests		–		500,758		362,522		216,622
TOTAL EQUITY		762,867		1,398,669		887,660		344,895

Four-Year Financial Summary

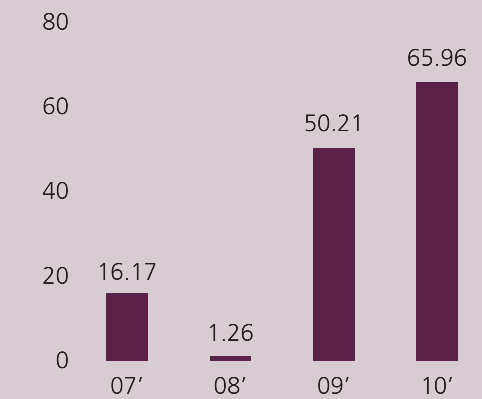
Turnover
($ million)



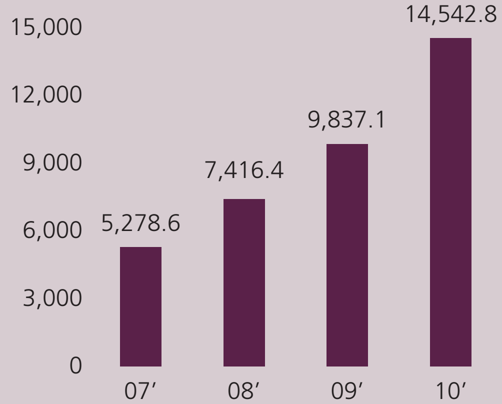
Profit attributable to equity shareholders of the Company
($ million)



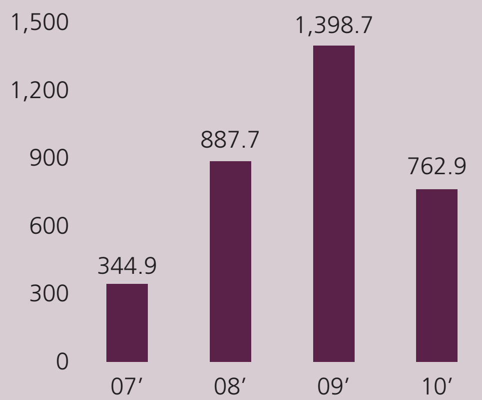
Basic earnings per share
($ cents per share)



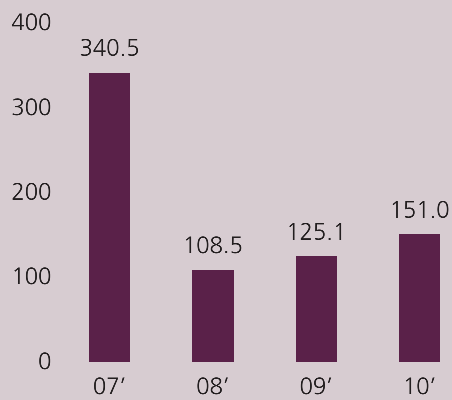
Total assets
($ million)



Total equity
($ million)



Gearing ratio
(%)



Top Spring International Holdings Limited
萊 蒙 國 際 集 團 有 限 公 司

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