Shun Ho Technology Holdings Limited

順 豪 科 技 控 股 有 限 公 司

(Stock Code 股份代號: 219)

ANNUAL REPORT 2010

二 零 一 零 年 年 報

Contents

Corporate Information

Executive Directors
Mr. William Cheng Kai Man *(Chairman)*
Mr. Albert Hui Wing Ho

Non-Executive Director
Madam Mabel Lui Fung Mei Yee

Independent Non-Executive Directors
Mr. Vincent Kwok Chi Sun
Mr. Chan Kim Fai
Mr. Hui Kin Hing

Company Secretary
Mr. Huen Po Wah

Auditor
Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Solicitors
DLA Piper Hong Kong
17th Floor, Edinburgh Tower
15 Queen's Road Central
Central, Hong Kong

Woo, Kwan, Lee & Lo
26th Floor, Jardine House
1 Connaught Place
Hong Kong

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited

Registered Office
3rd Floor, Shun Ho Tower
24-30 Ice House Street
Central, Hong Kong

Share Registrars
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: 2980 1333

Company's Website
www.shunho.com.hk

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shun Ho Technology Holdings Limited (the "Company") will be held at 6th Floor, Best Western Hotel, 38 Bowrington Road, Causeway Bay, Hong Kong on Friday, the 24th day of June, 2011 at 11:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements for the year ended 31st December, 2010 together with the Report of the Directors and the Independent Auditor's Report.

2. (1) To re-elect retiring Directors; and

   (2) to authorise the Board to fix the remuneration of the Directors.

3. To re-appoint Auditor and to authorise the Board to fix their remuneration.

By Order of the Board

HUEN Po Wah
Secretary

Hong Kong, 28th April, 2011

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and a proxy so appointed shall also have the same rights as the member to speak at the meeting. A proxy need not be a member of the Company.

2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

3. The Register of Members of the Company will be closed from Monday, 20th June, 2011 to Friday, 24th June, 2011, both dates inclusive, during which period no share transfers will be effected. In order to determine the identity of members who are entitled to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17th June, 2011.

4. With regard to item 2(1) of this notice, details of the retiring Directors proposed for re-election

   (a) Mr. William CHENG Kai Man, Executive Director, aged 49, was appointed as Director of the Company in 1990. He is also an executive director of Magnificent Estates Limited, a subsidiary of the Company and Shun Ho Resources Holdings Limited, the immediate holding company of the Company. Shares of both companies are listed on the Stock Exchange. He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering and a master's degree in structural engineering. He is also a director of a number of subsidiaries of the Company. Save as disclosed above, Mr. William CHENG Kai Man did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

   There is no service contract between Mr. William CHENG Kai Man and the Company. He has no fixed term of service with the Company and will be subject to the rotational retirement and re-election requirements at annual general meetings pursuant to the Articles of Association of the Company. The Director's fee payable to Mr. William CHENG Kai Man as executive Director is determined by shareholders in annual general meeting. At the annual general meeting of the Company held on 3rd June, 2010, it was approved that the Director's fee for the year ended 31st December, 2010 be determined by the Board. Mr. William CHENG Kai Man did not receive Director's fee and other emoluments paid to Mr. William CHENG Kai Man for the year ended 31st December, 2010 was determined at HK$627,000 with reference to his duties and responsibility with the Company, the Company's performance and current market situation. Save as disclosed above, Mr. William CHENG Kai Man is and was not connected with any Directors, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, Mr. William CHENG Kai Man was deemed to have interest in 350,742,682 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

   (b) Mr. HUI Kin Hing, Independent Non-executive Director, aged 43, FCCA, CPA (Practising), was appointed as Director of the Company in 2005. He is also an independent non-executive director of Magnificent Estates Limited, a subsidiary of the Company and Shun Ho Resources Holdings Limited, the immediate holding company of the Company. Shares of both companies are listed on the Stock Exchange. He holds a master's degree in business administration. He runs an accounting firm of Titus K.H. Hui. He has extensive experience in accounting, corporate finance and financial management. Save as disclosed above, Mr. HUI Kin Hing did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

There is no service contract between Mr. HUI Kin Hing and the Company. He has no fixed term of service with the Company and will be subject to the rotational retirement and re-election requirements at annual general meetings pursuant to the Articles of Association of the Company. The Director's fee payable to Mr. HUI Kin Hing as independent non-executive Director is determined by shareholders in annual general meeting. At the annual general meeting of the Company held on 3rd June, 2010, it was approved that the Director's fee for the year ended 31st December, 2010 be determined by the Board. The Director's fee paid to Mr. HUI Kin Hing for the Company was determined at HK$33,000 for the year ended 31st December, 2010 with reference to his duties and responsibility with the Company, the Company's performance and current market situation. Save as disclosed above, Mr. HUI Kin Hing is and was not connected with any Directors, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, Mr. HUI Kin Hing did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclose above, both William CHENG Kai Man and Mr. HUI Kin Hing have confirmed that there are no other matters relating to their re-election that need to be brought to the attention of the shareholders and there is no other information which is required to be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

5. As at the date of this notice, the executive Directors of the Company are Mr. William CHENG Kai Man and Mr. Albert HUI Wing Ho; the non-executive Director of the Company is Madam Mabel LUI FUNG Mei Yee; and the independent non-executive Directors of the Company are Mr. Vincent KWOK Chi Sun, Mr. CHAN Kim Fai and Mr. HUI Kin Hing.

I present to the shareholders my report on the results and operations of Shun Ho Technology Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December, 2010.

RESULTS

The Group's audited consolidated profit after taxation of the Company and its subsidiaries (together the "Group") for the year ended 31st December, 2010 amounted to HK$413,687,000 (2009: HK$144,388,000) and the audited consolidated profit after non-controlling interests of the Group for the year ended 31st December, 2010 amounted to HK$234,390,000 (2009: HK$84,129,000).

DIVIDEND

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

The Company has enjoyed a substantial growth through its investment in Magnificent Estates Limited ("Magnificent Estates") although its cash income from Magnificent Estates is limited. The Company is seeking other local property investments in order to increase additional incomes. Because of the small existing income, the Board does not recommend the payment of a final dividend.

BOOK CLOSURE

The register of members will be closed from Monday, 20th June, 2011 to Friday, 24th June, 2011, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Friday, 24th June, 2011, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 17th June, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiaries, Magnificent Estates, continued with its operations of property investment, development and operation of hotels.

- For the year ended 31st December, 2010, the Group's income increased by 21% to HK$321 million which was mostly derived from the operation of hotels and properties rental income.

  The income from operation of hotels, Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai increased by 32% to HK$214 million (2009: HK$162 million) due to significant room rate improvement.

  The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau increased by 3% to HK$90 million (2009: HK$87 million).

  Other income amounted to HK$16 million (2009: HK$15.2 million) which was mostly property management fee income of HK$15 million (2009: HK$14 million).

- Overall service costs for the Group for the year was HK$99 million (2009: HK$95 million), of which HK$98 million (2009: HK$94 million) was for the hotel operations including food and beverage and costs of sales and HK$1 million (2009: HK$1 million) was mainly for leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

  Other expenses were property management expenses of HK$13 million (2009: HK$12 million).

  Administrative expenses for corporate office including directors' fees, salaries for executive staff and employees, rental, marketing and office expenses for the year was HK$19 million (2009: HK$18 million).

- At 31st December, 2010, the overall debt was HK$1,098 million (2009: HK$1,107 million). Gearing ratio was approximately 30% (2009: 35%) in terms of bank borrowings of HK$1,035 million (2009: HK$1,043 million) and HK$63 million (2009: HK$64 million) was advance from shareholders against funds employed of HK$3,605 million (2009: HK$3,168 million).

  All the Group's bank loans are floating rate borrowings, which carry interests at HIBOR plus 0.8% to 1.2% (2009: 0.65% to 1.2%) per annum. The bank loans are secured over certain of the Group's properties.

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

- The management will try the best endeavour to complete the construction of the four new hotels to substantially increase future earning base and value for the Group.

Best Western Hotel, Causeway Bay

Hotel Occupation Permit has been issued in January 2011 and is awaiting issuance of hotel operation permit for commencement of business. The 258 rooms hotel has been luxuriously decorated for commercial visitors. The excellent shopping location will ensure future high occupancy and room rates at about HK$1,000/ night. Management is confident with its future business prospect.

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

The Hotel has been named Best Western Hotel Harbour View. Superstructure construction has reached the 20th floor. The construction of the Western MTR Line will improve future value of this property significantly.

Nos. 19-23 Austin Avenue, Tsimshatsui Hotel Development

The 400 rooms hotel development in the excellent shopping location in Tsimshatsui, superstructure construction has commenced.

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

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

In 2008, the Group increased its holdings in Magnificent Estates from 50.07% to 56.71%, and subscribed for the convertible bonds of Magnificent Estates for HK$477 million at HK$0.16 per share, upon full conversion of the bonds, the Group will increase its holding in Magnificent Estates to 71.09%.

The Company has enjoyed a substantial growth through its investment in Magnificent Estates. However, the Company is also considering other local property investments, if successfully acquired will be financed by additional capital and bank lending.

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

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 22nd March, 2011

Directors' Profiles

Mr. William CHENG Kai Man, *Executive Director*
Aged 49. Appointed to the Board in 1990. He is also a director of Shun Ho Resources Holdings Limited ("Shun Ho Resources") which is the Company's holding company and Magnificent Estates Limited ("Magnificent") which is the Company's subsidiary. He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering and a master's degree in structural engineering. He is a director of Mercury Fast Limited ("Mercury") and Omnico Company Inc., both of which are substantial shareholders of the Company.

Mr. Albert HUI Wing Ho, *Executive Director*
Aged 48. Appointed to the Board in 1989. He is also a director of Shun Ho Resources and Magnificent. He has over twenty years' experience in construction, property investment and development and has over ten years' experience in hotel management. He graduated in the U.K. and holds a bachelor' degree in civil engineering.

Madam Mabel LUI FUNG Mei Yee, *Non-Executive Director*
Aged 59. Solicitor and Notary Public. Appointed to the Board in 1999. She is also a non-executive director of Shun Ho Resources and Magnificent. She is a partner of DLA Piper.

Mr. Vincent KWOK Chi Sun, *Independent Non-Executive Director*
Aged 48. ACA (Aust), CPA (Practising). Appointed to the Board in 1999. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He is a partner of Vincent Kwok & Co..

Mr. CHAN Kim Fai, *Independent Non-Executive Director*
Aged 51. FCCA, CPA (Practising). Appointed to the Board in 2004. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He holds a bachelor's degree in science from The Chinese University of Hong Kong. He has extensive experience in accounting, corporate finance and financial management. He is a partner of Ivan Chan & Co, CPA.

Mr. HUI Kin Hing, *Independent Non-Executive Director*
Aged 43. FCCA, CPA (Practising) Appointed to the Board in 2005. He is also an independent non-executive director of Shun Ho Resources and Magnificent. He holds a master's degree in business administration. He runs a firm of Titus K. H. Hui. He has extensive experience in accounting, corporate finance and financial management.

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control and transparency and accountability to all shareholders.

CODE OF BEST PRACTICE AND CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's Articles of Association have been amended on 27th May, 2005 to provide that all Directors shall retire on such manner of rotation as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), i.e. once every three years. Prior to such amendment, the Company's Articles of Association provided that one-third of the Directors (including Non-executive Directors) should retire by rotation at the annual general meeting of the Company.

The Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which has become effective for accounting periods commencing on or after 1st January, 2005. During the year, the Company has applied the principles and complied with all code provisions and to certain extent of the recommended best practices of the Code on CG Practices except the following:

Code Provision A.2.1

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

Code Provision A.4.1

Non-executive directors of the Company have not set term of office but retire from office on a rotational basis at least once every three years. According to the articles of association of the Company, every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code on CG Practices.

Board Composition and Board Practices

The Board of Directors ("Board") of the Company is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value.

The Listing Rules require every listed issuer to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. As at 31st December, 2010 the Board of the Company comprises a total of six Directors, with two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. All the Independent Non-Executive Directors have appropriate professional qualifications, or accounting or related financial management expertise.

None of the Directors has or maintained any financial, business, family or other material/relevant relationship with any of the other Directors.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association and the Code on CG Practices. Review will be made regularly of the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out on page 7.

The positions of the Chairman of the Board ("Chairman") and the Chief Executive Officer are not held by separate individuals pursuant to the reasons given above.

The Board is responsible for establishing the strategic direction of the Group; setting objectives and business development plans; monitoring the performance of the senior management and assuming responsibility for corporate governance.

The management, under the leadership of the Chief Executive Officer, is responsible for implementing the strategies and plans established by the Board; and submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of the Board's responsibilities.

All Directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group.

The Board meets regularly and held four meetings in 2010 and the attendance of each director is set out below:

	Number of board meetings attended in 2010	Attendance rate
Executive Directors		
William Cheng Kai Man *(Chairman)*	4/4	100%
Albert Hui Wing Ho	4/4	100%
Non-executive Director		
Mabel Lui Fung Mei Yee	1/4	25%
Independent Non-executive Directors		
Vincent Kwok Chi Sun	2/4	50%
Chan Kim Fai	2/4	50%
Hui Kin Hing	2/4	50%

According to the Articles of Association of the Company, the Board has the power to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board will consider and assess the qualification, ability and potential contribution of candidates for directorships on the Board.

Regular Board meetings of the year are scheduled in advance to give all Directors an opportunity to attend. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

Board papers are circulated not less than three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The Company Secretary or his assistant and the Qualified Accountant shall attend all regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. The Company Secretary or his assistant shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings.

Each newly appointed Director is provided with a package of orientation materials setting out the duties and responsibilities of Directors under the Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. Orientation meeting with newly appointed Director will be held for briefing on business and operations of the Company. Updates are provided to Directors when necessary to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have complied with the required standard set out in the Model Code for the year ended 31st December, 2010.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With the assistance of the Accounts Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 15.

AUDITOR'S REMUNERATION

For the year ended 31st December, 2010, the Auditor of the Company received approximately HK$1.8 million for audit service and HK$0.2 million for tax and consultancy services.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee ("Audit Committee") in 1995 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants). In accordance with the requirements of the Code on CG Practices, the terms of reference of the Audit Committee were revised on 20th April, 2005 and 14th April, 2009 in terms substantially the same as the provisions set out in the Code on CG Practices.

The principal duties of the Audit Committee include the review of the Group's financial controls and internal control and risk management, review of the Group's financial information (half-yearly and annual results) and review of the relationship with the Auditor of the Company. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee held two meetings in 2010, the attendance of each member is set out below:

	Number of Audit Committee meetings attended in 2010	**Attendance rate**
Vincent Kwok Chi Sun	2/2	100%
Chan Kim Fai	2/2	100%
Hui Kin Hing	2/2	100%

The scope of work done by the Audit Committee during the year under review includes the following:

- reviewed and recommended the Board to approve the audit fee proposal for year 2010;
- reviewed the interim report and the interim results announcement for the six months ended 30th June, 2010;
- reviewed the audit plan for year 2010 to assess the general scope of audit work; and
- reviewed the audited accounts and final results announcement for year 2009.

The existing Audit Committee of the Company comprises three Independent Non-executive Directors, namely, Mr. Vincent Kwok Chi Sun (Chairman of the Audit Committee), Mr. Chan Kim Fai and Mr. Hui Kin Hing.

The Group's annual report for the year ended 31st December, 2010 has been reviewed by the Audit Committee.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

Internal Audit adopts a risk and control based audit approach. The annual work plan is directed to monitor compliance with internal control procedures focusing on those areas of the Group's activities with the greatest perceived risk.

The Board has conducted a review of the effectiveness of the system of internal control of the Group and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions and their training programmes and budget on an annual basis. The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders, customers and employees, and the Group's assets.

REMUNERATION COMMITTEE

According to the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 20th April, 2005. The existing Remuneration Committee comprises the Chairman of the Company Mr. William Cheng Kai Man (Chairman of the Remuneration Committee) and two Independent Non-executive Directors, namely, Mr. Vincent Kwok Chi Sun and Mr. Chan Kim Fai. No meeting was held by the Remuneration Committee in 2010.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about their proposals relating to remuneration of executive directors and have access to professional advice if considered necessary.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with shareholders and investors: (i) printed copies of corporate communication, (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) briefing meetings with analysts from investment sectors are set up from time to time on updated performance information of the Group, and (iv) the Company's Registrars serve the shareholders respecting all share registration matters.

The Board present their annual report and the audited consolidated financial statements for the year ended 31st December, 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the Company's principal subsidiaries are set out in note 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2010 are set out in the consolidated statement of comprehensive income on page 16.

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31st December, 2010 (2009: Nil).

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements. There were no movements in the share capital of the Company during the year.

RESERVES

Movements during the year in the reserves of the Group are set out on page 20 and the Company are set out in note 25 to the consolidated financial statements.

The Company's reserves available for distribution to shareholders at 31st December, 2010 comprised its retained profits of HK$579,976,000 (2009: HK$566,344,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2010. The revaluation gave rise to an increase of approximately HK$341 million has been credited to the consolidated statement of comprehensive income.

Details of these and other movements during the year in the investment properties of the Group are shown in note 15 to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT

During the year, development expenditure of approximately HK$135 million was incurred on property under development.

Details of these and other movements during the year in the property under development of the Group are set out in note 16 to the consolidated financial statements.

BORROWINGS

An analysis of the repayment schedule of bank loans is set out in note 23 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

DIRECTORS

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

Executive directors
Mr. William Cheng Kai Man
Mr. Albert Hui Wing Ho

Non-executive directors
Ms. Mabel Lui Fung Mei Yee
Mr. Vincent Kwok Chi Sun*
Mr. Chan Kim Fai*
Mr. Hui Kin Hing*

* *independent non-executive directors*

In accordance with the provisions of the Company's Articles of Association, Mr. Cheng Kai Man, William and Mr. Hui Kin Hing shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each of the non-executive directors is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

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

The Company has received annual confirmations from each of the independent non-executive directors as regards their independence from the Company and considers that each of the independent non-executive directors is independent to the Company.

DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 31st December, 2010, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

The Company

Name of director	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled	Corporate	350,742,682 *(Note)*	65.31

Note:

Omnico Company Inc., Trillion Resources Limited and Mercury Fast Limited beneficially owned 282,419,937 shares of the Company (the "Shares"), 183,235 Shares and 68,139,510 Shares respectively, representing 52.58%, 0.03% and 12.69% respectively of the issued share capital of the Company. Mr. William Cheng Kai Man had controlling interests in these companies.

Associated corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of shares/ underlying shares held	Approximate % of shareholding
William Cheng Kai Man	Magnificent Estates Limited *(Note 1)*	Interest of controlled corporations	Corporate	3,382,465,406 *(Note 4)* 2,978,198,581 *(Note 5)*	71.09 *(Note 6&7)*
William Cheng Kai Man	Shun Ho Resources Holdings Limited *(Note 2)*	Interest of controlled corporations	Corporate	216,608,825	71.20
William Cheng Kai Man	Trillion Resources Limited *(Note 3)*	Beneficial owner	Personal	1	100

Notes:

1. Magnificent Estates Limited ("Magnificent"), the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Shun Ho Resources Holdings Limited, the Company's holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources Limited, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.
4. The Company beneficially owned 2,709,729,423 shares of Magnificent ("Magnificent Shares")(45.43%) and was taken to be interested in 395,656,000 Magnificent Shares (6.63%) held by Good Taylor Limited, 273,579,983 Magnificent Shares (4.59%) held by South Point Investments Limited and 3,500,000 Magnificent Shares (0.06%) held by Shun Ho Technology Developments Limited, representing a total of 3,382,465,406 Magnificent Shares (56.71%). Mr. William Cheng Kai Man had controlling interests in those companies.
5. The Company and Mr. William Cheng Kai Man were deemed to have interest in 2,978,198,581 units of convertible bonds of Magnificent held by Fastgrow Engineering & Construction Company Limited.
6. This represents the percentage of interests to the enlarged issued share capital of Magnificent on the assumption that the convertible bonds have been fully converted into Magnificent Shares as at 31st December, 2010 (i.e. 8,947,051,324 Magnificent Shares).
7. The aggregate of Magnificent Shares (i.e. 3,382,465,406) and the underlying Magnificent Shares (i.e. 2,978,198,581) represents 106.63% to the total issued share capital of Magnificent as at 31st December, 2010 (i.e. 5,965,063,489 Magnificent Shares).

Share Options

The Company and any of its associated corporations do not have any share option scheme during the year.

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 31st December, 2010, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with certain related parties, details of which are set out in notes 10 and 31 to the consolidated financial statements.

In addition, the Company and its subsidiaries had the following transactions with Magnificent group of companies:

(i) A property owned by a subsidiary of the Company was let to Magnificent. The net rental received from Magnificent for the year, which was mutually agreed, amounted to HK$1,200,000.

(ii) During the year, the Company made unsecured advances to Magnificent and its subsidiary which carry interest chargeable at HIBOR plus 1% per annum and are repayable on demand. At 31st December, 2010, such advances amounted to HK$79,354,000 remained outstanding. Interest receivable by the Company on such advances amounted to a total of HK$757,000 in respect of the year.

(iii) During the year, expenses amounted to HK$1,775,000 were payable by the Company to Magnificent for administrative services provided by Magnificent on a cost reimbursement basis.

Save as disclosed herein:

(i) no contracts of significance subsisted at any time during the year to which the Company or any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly; and

(ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

Amongst the directors who held office during the year, Mr. William Cheng Kai Man was indirectly interested in the share capital of Shun Ho Resources, Magnificent and the Company.

In the opinion of the directors not having an interest in those transactions, those transactions were carried out in the ordinary course of the Group's business on normal commercial terms.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 10% in aggregate of the Group's total purchases and sales respectively.

None of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest customers or suppliers.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2010, the following persons (not being directors or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	68,139,510	12.69
Magnificent Estates Limited ("Magnificent") *(Note 1)*	Interest of controlled corporation	68,139,510	12.69
Omnico Company Inc. ("Omnico") *(Note 2)*	Beneficial owner and interest of controlled corporation	350,559,447	65.27
Shun Ho Resources Holdings Limited ("Shun Ho Resources") *(Note 3)*	Interest of controlled corporation	350,742,682	65.31
Trillion Resources Limited ("Trillion") *(Note 3)*	Interest of controlled corporation	350,742,682	65.31
Liza Lee Pui Ling *(Note 4)*	Interest of spouse	350,742,682	65.31

Notes:

1. Mercury was a wholly-owned subsidiary of Magnificent.
2. Omnico beneficially owned 282,419,937 shares of the Company (the "Shares") and was taken to be interested in 68,139,510 Shares held by Mercury which was owned as to 100% by Magnificent, which was in turn owned as to 56.71% (or 71.09% on the assumption that the convertible bonds of Magnificent have been fully converted into shares in Magnificent as at 31st December, 2010) by the Company, which was in turn directly and indirectly owned as to 65.27% by Omnico.
3. Omnico was wholly-owned by Shun Ho Resources, which was in turn directly and indirectly owned as to 71.20% by Trillion, which was in turn wholly-owned by Mr. William Cheng Kai Man. So, Shun Ho Resources and Trillion were taken to be interested in 350,742,682 Shares by virtue of their direct and indirect interests in Omnico and another subsidiary.
4. Madam Liza Lee Pui Ling was deemed to be interested in 350,742,682 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.

Save as disclosed above, there was no person, other than a director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and with the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

A resolution to re-appoint Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

William CHENG Kai Man
Chairman

Hong Kong, 22nd March, 2011

Deloitte.
德勤

TO THE MEMBERS OF
SHUN HO TECHNOLOGY HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Shun Ho Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 16 to 71, which comprise the consolidated and the Company's statements of financial position as at 31st December, 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the 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 Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, 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 judgment, 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 31st 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 Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
22nd March, 2011

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Revenue	*5*	**304,595**	249,506
Cost of sales		**(3,575)**	(3,818)
Other service costs		**(95,490)**	(91,327)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(23,214)**	(28,094)
Gross profit		**182,316**	126,267
Increase in fair value of investment properties	*15*	**341,060**	70,210
Other income	*7*	**16,011**	15,186
(Loss) gain on fair value changes of investments held for trading		**(1)**	6
Loss on disposal of a subsidiary	*21*	**(19)**	–
Administrative expenses			
– Depreciation		**(4,880)**	(4,955)
– Others		**(19,353)**	(17,628)
		(24,233)	(22,583)
Other expenses	*7*	**(12,971)**	(12,314)
Finance costs	*8*	**(5,025)**	(8,423)
Profit before taxation	*9*	**497,138**	168,349
Income tax expense	*11*	**(83,451)**	(23,961)
Profit for the year		**413,687**	144,388
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		**3,892**	5,332
Fair value gain (loss) on available-for-sale investments		**21,285**	(25,667)
Other comprehensive income (expense) for the year		**25,177**	(20,335)
Total comprehensive income for the year		**438,864**	124,053
Profit for the year attributable to:			
Owners of the Company		**234,390**	84,129
Non-controlling interests		**179,297**	60,259
		413,687	144,388
Total comprehensive income attributable to:			
Owners of the Company		**248,666**	74,165
Non-controlling interests		**190,198**	49,888
		438,864	124,053
		HK cents	*HK cents*
Earnings per share	*12*		
Basic		**50.0**	18.4
Diluted		**50.0**	18.4

Consolidated Statement of Financial Position

At 31st December, 2010

	Notes	**31st December, 2010 HK$'000**	31st December, 2009 HK$'000 (Restated)	1st January, 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	**929,539**	932,306	966,294
Prepaid lease payments for land	*14*	**60,767**	60,182	56,375
Investment properties	*15*	**2,328,850**	1,987,790	1,917,580
Properties under development	*16*	**1,680,680**	1,545,202	1,450,106
Available-for-sale investments	*18*	**74,651**	53,366	79,033
Deposit for acquisition of property, plant and equipment		**2,591**	–	167
		5,077,078	4,578,846	4,469,555
CURRENT ASSETS				
Inventories		**520**	647	814
Properties held for sale		**21,650**	21,650	21,650
Investments held for trading	*18*	**6**	7	1
Prepaid lease payments for land	*14*	**1,502**	1,502	1,502
Trade and other receivables	*19*	**12,910**	11,291	18,918
Other deposits and prepayments		**4,260**	4,570	5,398
Tax recoverable		**–**	3,301	3,197
Pledged bank deposits	*20*	**110**	110	110
Time deposits	*20*	**–**	–	2,500
Bank balances and cash	*20*	**41,909**	36,731	19,917
		82,867	79,809	74,007
Assets classified as held for sale	*21*	**–**	4,853	–
		82,867	84,662	74,007
CURRENT LIABILITIES				
Trade and other payables	*22*	**29,495**	24,667	42,465
Rental and other deposits received		**16,711**	12,709	4,053
Advance from a shareholder	*31(a)*	**1,675**	2,721	13,854
Advance from ultimate holding company	*31(c)*	**61,211**	60,917	60,427
Tax liabilities		**12,468**	10,355	7,321
Bank loans	*23*	**1,034,792**	1,043,425	1,044,339
		1,156,352	1,154,794	1,172,459
Liabilities associated with assets classified as held for sale	*21*	**–**	353	–
		1,156,352	1,155,147	1,172,459

	Notes	31st December, 2010 HK$'000	31st December, 2009 HK$'000 (Restated)	1st January, 2009 HK$'000 (Restated)
NET CURRENT LIABILITIES		**(1,073,485)**	(1,070,485)	(1,098,452)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,003,593**	3,508,361	3,371,103
CAPITAL AND RESERVES				
Share capital	*24*	**268,538**	268,538	268,538
Share premium and reserves		**2,023,618**	1,774,952	1,690,797
Equity attributable to owners of the Company		**2,292,156**	2,043,490	1,959,335
Non-controlling interests		**1,312,362**	1,124,746	1,074,858
		3,604,518	3,168,236	3,034,193
NON-CURRENT LIABILITIES				
Rental deposits received		**18,888**	18,102	26,055
Deferred tax liabilities	*26*	**380,187**	322,023	310,855
		399,075	340,125	336,910
		4,003,593	3,508,361	3,371,103

The consolidated financial statements on pages 16 to 71 were approved and authorised for issue by the Board of Directors on 22nd March, 2011 and are signed on its behalf by:

Albert HUI Wing Ho
Director

William CHENG Kai Man
Director

Statement of Financial Position

At 31st December, 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	17	**373,356**	372,031
Amounts due from subsidiaries	17	**519,116**	532,227
		892,472	904,258
CURRENT ASSETS			
Prepayments		**192**	189
Amounts due from subsidiaries	17	**79,354**	55,115
Tax recoverable		**1,770**	1,770
Bank balances and cash	20	**287**	324
		81,603	57,398
CURRENT LIABILITIES			
Other payables		**935**	1,102
Advance from a shareholder	31(a)	**1,675**	2,721
		2,610	3,823
NET CURRENT ASSETS		**78,993**	53,575
TOTAL ASSETS LESS CURRENT LIABILITIES		**971,465**	957,833
CAPITAL AND RESERVES			
Share capital	24	**268,538**	268,538
Share premium and reserves	25	**702,927**	689,295
		971,465	957,833

Albert HUI Wing Ho
Director

William CHENG Kai Man
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2010

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note (a))	Property revaluation reserve HK$'000 (Note (b))	Securities revaluation reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Own shares held by a subsidiary HK$'000 (Note (c))	Other reserve HK$'000 (Note (d))	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st January, 2009	268,538	118,770	4,181	50,186	19,128	263	3,932	1,363,285	(14,573)	145,625	1,959,335	1,074,858	3,034,193
Profit for the year	–	–	–	–	–	–	–	84,129	–	–	84,129	60,259	144,388
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	3,023	–	–	–	3,023	2,309	5,332
Fair value loss on available-for-sale investments	–	–	–	–	(12,987)	–	–	–	–	–	(12,987)	(12,680)	(25,667)
Total comprehensive (expense) income for the year	–	–	–	–	(12,987)	–	3,023	84,129	–	–	74,165	49,888	124,053
Disposal of own shares held by a subsidiary	–	–	–	–	158	–	–	7,530	2,302	–	9,990	–	9,990
At 31st December, 2009	268,538	118,770	4,181	50,186	6,299	263	6,955	1,454,944	(12,271)	145,625	2,043,490	1,124,746	3,168,236
Profit for the year	–	–	–	–	–	–	–	234,390	–	–	234,390	179,297	413,687
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	2,207	–	–	–	2,207	1,685	3,892
Fair value gain on available-for-sale investments	–	–	–	–	12,069	–	–	–	–	–	12,069	9,216	21,285
Total comprehensive income for the year	–	–	–	–	12,069	–	2,207	234,390	–	–	248,666	190,198	438,864
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(2,582)	(2,582)
At 31st December, 2010	**268,538**	**118,770**	**4,181**	**50,186**	**18,368**	**263**	**9,162**	**1,689,334**	**(12,271)**	**145,625**	**2,292,156**	**1,312,362**	**3,604,518**

Notes:

(a) The capital reserve was created by capital reduction of the Company on 28th June, 1988.

(b) The property revaluation reserve is frozen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained profits when the relevant property is disposed of.

(c) The own shares held by a subsidiary represents the carrying amount of shares in the Company held by an entity at the time the entity became a subsidiary of the Company.

(d) The other reserve was resulted from the acquisition of additional interest in a subsidiary and represented the difference between the acquisition cost and the attributable additional interest in the carrying amounts of assets and liabilities of the subsidiary.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	2010 *HK$'000*	2009 *HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	**497,138**	168,349
Adjustments for:		
Interest income from bank deposits	**(12)**	(45)
Finance costs	**5,025**	8,423
Loss (gain) on fair value changes of investments held for trading	**1**	(6)
Loss on disposal of a subsidiary	**19**	–
Increase in fair value of investment properties	**(341,060)**	(70,210)
Gain on disposal of properties held for sale	**–**	(458)
Gain on disposal of property, plant and equipment	**(3)**	–
Depreciation of property, plant and equipment	**26,592**	31,547
Release of prepaid lease payments for land	**1,502**	1,502
Operating cash flows before movements in working capital	**189,202**	139,102
Decrease in inventories	**127**	167
(Increase) decrease in trade and other receivables	**(1,619)**	7,627
Decrease in other deposits and prepayments	**310**	828
Increase (decrease) in trade and other payables	**4,828**	(17,798)
Increase in rental and other deposits received	**4,788**	703
Cash generated from operations	**197,636**	130,629
Hong Kong Profits Tax paid	**(17,836)**	(7,499)
Income tax elsewhere paid	**(2,102)**	(2,021)
Interest from bank deposits received	**12**	45
NET CASH FROM OPERATING ACTIVITIES	**177,710**	121,154
INVESTING ACTIVITIES		
Expenditure on properties under development	**(127,582)**	(84,142)
Acquisition of property, plant and equipment	**(22,841)**	(2,240)
Deposit for acquisition of property, plant and equipment	**(2,591)**	–
Net proceeds from disposal of a subsidiary	**4,500**	–
Proceeds from disposal of property, plant and equipment	**1,695**	8
Acquisition of properties held for sale	**–**	(4,108)
Proceeds from disposal of properties held for sale	**–**	4,566
Decrease in time deposits	**–**	2,500
NET CASH USED IN INVESTING ACTIVITIES	**(146,819)**	(83,416)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31st December, 2010

	2010	2009
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Interest paid	**(12,146)**	(18,523)
Repayments of bank loans	**(8,805)**	(914)
Dividend paid to non-controlling interests	**(2,582)**	–
Repayment of advance from a shareholder	**(1,072)**	(11,284)
Repayment to ultimate holding company	**(426)**	(214)
Proceed from disposal of treasury shares	**–**	9,990
NET CASH USED IN FINANCING ACTIVITIES	**(25,031)**	(20,945)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,860**	16,793
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**36,731**	19,917
Effects of foreign exchange rate changes	**(682)**	21
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**41,909**	36,731

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Company's immediate holding company is Omnico Company Inc., a wholly-owned subsidiary of Shun Ho Resources Holdings Limited ("Shun Ho Resources") which is a public limited company incorporated in Hong Kong whose shares are listed on the Hong Kong Stock Exchange. The directors consider the Company's ultimate holding company to be Trillion Resources Limited, an international business company incorporated in the British Virgin Islands (the "BVI").

The address of the registered office and principal place of business of the Company is 3rd Floor, Shun Ho Tower, 24 – 30 Ice House Street, Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

The principal activities of the Group are the investment and operation of hotels, property investment, property development, securities investment and trading, and treasury investment.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

Improvements to HKFRS issued in 2009 relating to HKAS 17

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "*Leases*" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments for land in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information that existed at the inception of the leases. Leasehold lands that qualify for finance lease classification have been reclassified from prepaid lease payments for land to property, plant and equipment and properties under development retrospectively. This resulted in a reclassification from prepaid lease payments for land with a previous carrying amount of HK$1,255,964,000 and HK$1,239,139,000 at 1st January, 2009 and 31st December, 2009 respectively to property, plant and equipment and properties under development that are measured at cost model.

As at 31st December, 2010, leasehold lands that qualify for finance lease classification with the carrying amount of HK$338,060,000 and HK$695,614,000 have been included in property, plant and equipment and properties under development respectively. The application of the amendments to HKAS 17 has had no impact on the reported profits or loss for the current and prior years.

The effect of changes in accounting policies described above on the financial positions of the Group as at 31st December, 2009 is as follows:

	As at 31st December, 2009 (Originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31st December, 2009 (Restated) *HK$'000*
Property, plant and equipment	395,070	537,236	932,306
Properties under development	843,299	701,903	1,545,202
Prepaid lease payments for land	1,300,823	(1,239,139)	61,684
Total effects on net assets	2,539,192	–	2,539,192

The effect of changes in accounting policies described above on the financial positions of the Group as at 1st January, 2009 is as follows:

	As at 1st January, 2009 (Originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1st January, 2009 (Restated) *HK$'000*
Property, plant and equipment	418,522	547,772	966,294
Properties under development	741,914	708,192	1,450,106
Prepaid lease payments for land	1,313,841	(1,255,964)	57,877
Total effects on net assets	2,474,277	–	2,474,277

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

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

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

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

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$476,000,000 and HK$862,425,000 have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. As at 31st December, 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$379,625,000 have been classified as current liabilities. The application of HK – Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contracted maturities (see note 34(b) for details).

The adoption of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

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

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

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

HKFRS 9 "*Financial Instruments*" (Issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (Revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "*Financial instruments: Recognition and measurement*" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The directors anticipate that the application of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and measurement of other financial assets.

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

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

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review had been completed.

Except those mentioned above, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries on or after 1st January 2008

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

Magnificent Estates Limited ("Magnificent") became a subsidiary of the Company in 2001. On consolidation, the shares in the Company held by a subsidiary of Magnificent have been accounted for using the treasury stock method whereby consolidated equity attributable to owners of the Company is reduced by the carrying amount of the shares in the Company held by the said subsidiary at the date when Magnificent became a subsidiary of the Company. On disposal of the shares in the Company held by the said subsidiary, the difference between the sale consideration and the carrying amount of the shares disposed of together with the related securities revaluation reserve are recognised in retained profits.

Business combinations

Business combinations that took place on or after 1st January, 2008

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations that took place on or after 1st January, 2008 *(Continued)*

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

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

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

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

Revenue recognition

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

Revenue from the operation of hotels and property management services are recognised when services are rendered.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

Revenue from sale of properties held for sale in the ordinary course of business is recognised when the respective properties have been delivered to the buyers. Payments received from the purchasers prior to this stage are recorded as pre-sale deposits and presented as current liabilities.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

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

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. Transfer from investment property to property under development will be made where there is a change in use, evidenced by the commencement of redevelopment for the purpose of owner occupation. For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting are determined by reference to its fair value at the date of change in use. Property interests held under operating lease previously classified as an investment property and accounted for as if it were a finance lease shall continue to account for the lease as a finance lease, even if subsequent event changes the nature of the property interest so that it is no longer classified as investment property.

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

Property, plant and equipment

Property, plant and equipment including land and building held for use in the supply of services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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

Property under development, which includes leasehold land and buildings under construction are carried at cost, less any identified impairment losses. Depreciation commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for sale

Completed properties held for sale are carried at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised and other direct attributable expenses. Net realisable value, representing the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, is determined by management based on prevailing market conditions.

Inventories

Inventories, representing inventories of food and beverages, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment loss on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profits or loss ("FVTPL"), available-for-sale investments and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets at FVTPL comprise financial assets held for trading. A financial asset is classified as held for trading if:

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

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

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

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale investments are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in securities revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in securities revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in securities revaluation reserve.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including trade and other payables, other deposits received, advance from a shareholder, advance from ultimate holding company, amounts due to subsidiaries and bank loans) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Leasing

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessor

Rental income from operating lease, included rentals invoiced in advance from properties let under operating leases, is recognised in profit or loss on a straight-line basis over the terms of the relevant leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

Borrowing costs

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

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

Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme (the "MPF") and other defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in the note 3, the directors make estimation base on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements are disclosed below:

Taxation

At 31st December, 2010, a deferred tax asset of HK$14,586,000 in relation to unused tax losses has been recognised as set out in note 26. No deferred tax asset has been recognised on the remaining tax losses of HK$35,462,000 as it is not probable that taxable profit will be available against which the tax losses can be utilised. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more or less than expected, a material recognition or reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such changes take place.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and borrower. If the financial positions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

5. REVENUE

Revenue represents the aggregate of income from operation of hotels and property rental, and is analysed as follows:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Income from operation of hotels	**214,213**	162,397
Property rental	**90,382**	87,109
	304,595	249,506

6. SEGMENT INFORMATION

HKFRS 8 "*Operating Segments*" requires operating and reportable segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

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

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

Information regarding the above segments is reported below.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	Segment revenue Year ended		Segment profit/loss Year ended	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**214,213**	162,397	**92,534**	40,430
– Ramada Hotel Kowloon	**61,538**	49,095	**17,478**	5,262
– Ramada Hong Kong Hotel	**78,876**	60,994	**42,434**	22,262
– Best Western Hotel Taipa, Macau	**46,667**	38,213	**20,865**	12,767
– Magnificent International Hotel, Shanghai	**27,132**	14,095	**11,757**	139
Property investment	**90,382**	87,109	**430,842**	156,047
– 633 King's Road	**64,790**	61,264	**294,498**	80,223
– Shun Ho Tower	**16,474**	16,952	**73,526**	51,631
– Shops	**9,118**	8,893	**62,818**	24,193
Securities investment and trading	**–**	–	**(1)**	6
Property development for hotel	**–**	–	**–**	–
– 239-51 Queen's Road West	**–**	–	**–**	–
– 19-23 Austin Avenue	**–**	–	**–**	–
– 30-40 Bowrington Road	**–**	–	**–**	–
– 338-346 Queen's Road West	**–**	–	**–**	–
	304,595	249,506	**523,375**	196,483
Other income			**16,011**	15,186
Other expenses			**(12,971)**	(12,314)
Loss on disposal of a subsidiary			**(19)**	–
Central administration costs and directors' salaries			**(24,233)**	(22,583)
Finance costs			**(5,025)**	(8,423)
Profit before taxation			**497,138**	168,349

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administration costs, directors' salaries, loss on disposal of subsidiary, other income and other expenses that are not directly relate to core business and finance costs. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	31st December, 2010 *HK$'000*	31st December, 2009 *HK$'000*	1st January, 2009 *HK$'000*
Segment assets			
Hospitality services	**881,878**	896,417	919,968
– Ramada Hotel Kowloon	**308,429**	318,998	333,078
– Ramada Hong Kong Hotel	**345,711**	348,849	355,841
– Best Western Hotel Taipa, Macau	**134,860**	137,656	141,695
– Magnificent International Hotel, Shanghai	**92,878**	90,914	89,354
Property investment	**2,332,310**	1,993,190	1,929,400
– 633 King's Road	**1,543,182**	1,315,099	1,301,095
– Shun Ho Tower	**453,228**	395,890	361,404
– Shops	**335,900**	282,201	266,901
Securities investment and trading	**74,695**	53,411	79,073
Property development for hotel	**1,682,826**	1,545,438	1,450,420
– 239-251 Queen's Road West	**376,330**	351,528	336,059
– 19-23 Austin Avenue	**709,885**	690,113	646,437
– 30-40 Bowrington Road	**384,405**	297,771	265,357
– 338-346 Queen's Road West	**212,206**	206,026	202,567
	4,971,709	4,488,456	4,378,861
Unallocated assets	**188,236**	175,052	164,701
	5,159,945	4,663,508	4,543,562

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

	31st December, 2010 HK$'000	31st December, 2009 HK$'000	1st January, 2009 HK$'000
Segment liabilities			
Hospitality services	**14,788**	15,322	14,460
– Ramada Hotel Kowloon	**5,247**	4,953	3,947
– Ramada Hong Kong Hotel	**4,119**	4,622	4,389
– Best Western Hotel Taipa, Macau	**4,040**	4,420	4,593
– Magnificent International Hotel, Shanghai	**1,382**	1,327	1,531
Property investment	**30,221**	27,764	34,467
– 633 King's Road	**23,721**	22,248	28,287
– Shun Ho Tower	**4,774**	5,516	6,180
– Shops	**1,726**	–	–
Securities investment and trading	**2**	12	2
Property development for hotel	**15,704**	5,693	7,884
– 239-251 Queen's Road West	**4,065**	592	4,215
– 19-23 Austin Avenue	**1,241**	1,475	884
– 30-40 Bowrington Road	**9,910**	3,626	2,785
– 338-346 Queen's Road West	**488**	–	–
	60,715	48,791	56,813
Unallocated liabilities	**1,494,712**	1,446,481	1,452,556
	1,555,427	1,495,272	1,509,369

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

- all assets are allocated to operating and reportable segments other than the Group head office's corporate assets, properties held for sale, deposit for acquisition of corporate property, plant and equipment, and assets classified as held for sale; and

- all liabilities are allocated to operating and reportable segments other than the Group head office's corporate liabilities, bank loans, current and deferred tax liabilities and liabilities associated with assets classified as held for sale.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

	Depreciation of property, plant and equipment and release of prepaid lease payments for land Year ended		Additions to non-current assets *(Note)* Year ended		Increase in fair value of investment properties Year ended		Fair value changes of investments held for trading Year ended	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Hospitality services	**23,169**	28,056	**662**	595	**–**	–	**–**	–
– Ramada Hotel Kowloon	**12,254**	12,886	**5**	60	**–**	–	**–**	–
– Ramada Hong Kong Hotel	**4,484**	7,068	**527**	27	**–**	–	**–**	–
– Best Western Hotel Taipa, Macau	**3,575**	4,245	**2**	11	**–**	–	**–**	–
– Magnificent International Hotel, Shanghai	**2,856**	3,857	**128**	497	**–**	–	**–**	–
Property investment	**45**	38	**–**	40	**341,060**	70,210	**–**	–
– 633 King's Road	**45**	38	**–**	40	**230,000**	20,000	**–**	–
– Shun Ho Tower	**–**	–	**–**	–	**57,360**	34,910	**–**	–
– Shops	**–**	–	**–**	–	**53,700**	15,300	**–**	–
Securities investment and trading	**–**	–	**–**	–	**–**	–	**(1)**	6
Property development for hotel	**–**	–	**135,478**	95,096	**–**	–	**–**	–
– 239-251 Queen's Road West	**–**	–	**24,803**	15,778	**–**	–	**–**	–
– 19-23 Austin Avenue	**–**	–	**19,680**	43,865	**–**	–	**–**	–
– 30-40 Bowrington Road	**–**	–	**84,815**	31,760	**–**	–	**–**	–
– 338-346 Queen's Road West	**–**	–	**6,180**	3,693	**–**	–	**–**	–
	23,214	28,094	**136,140**	95,731	**341,060**	70,210	**(1)**	6

Note: Additions to non-current assets excluded available-for-sale investments and deposit for acquisition of corporate property, plant and equipment.

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong, Macau and the People's Republic of China (the "PRC").

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

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**228,230**	194,763
Macau	**49,233**	40,648
The PRC	**27,132**	14,095
	304,595	249,506

Note: Sales reported above represents revenue generated from external customers.

The following is an analysis of the Group's non-current assets by geographical location of the assets:

	Non-current assets	
	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**4,644,138**	4,172,653
Macau	**266,810**	263,383
The PRC	**91,479**	89,444
	5,002,427	4,525,480

Note: Non-current assets excluded available-for-sale investments.

Information about major customers

There were no customers individually contributing over 10% of the total sale amount for both years.

Revenue from major services and investments

Analysis of the Group's revenue from its major services and investments are set out as below:

	2010	2009
	HK$'000	*HK$'000*
Room revenue	**199,987**	147,719
Food and beverage	**10,409**	10,354
Property rental	**90,382**	87,109
Others	**3,817**	4,324
	304,595	249,506

7. OTHER INCOME/OTHER EXPENSES

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Other income comprises:		
Management fee income for the provision of property management services	**14,926**	14,392
Interest on bank deposits	**12**	45
Exchange gain	**276**	1
Forfeited rental deposit	**365**	–
Gain on disposal of property, plant and equipment	**3**	–
Gain on disposal of properties held for sale	**–**	458
Others	**429**	290
	16,011	15,186

Other expenses represent costs incurred for the provision of property management services.

8. FINANCE COSTS

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Interests on:		
Bank loans wholly repayable within five years	**12,146**	18,489
Advance from ultimate holding company wholly repayable within five years *(note 31 (c))*	**720**	704
Advance from a shareholder wholly repayable within five years *(note 31 (a))*	**26**	150
Other	**29**	34
	12,921	19,377
Less: amount capitalised in properties under development	**(7,896)**	(10,954)
	5,025	8,423

9. PROFIT BEFORE TAXATION

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,966**	2,096
Staff costs including directors' emoluments	**75,775**	63,940
Depreciation of property, plant and equipment	**26,592**	31,547
Release of prepaid lease payments for land	**1,502**	1,502
Operating lease rental in respect of rented premises and equipment	**96**	198
Gross rental income from investment properties	**(90,382)**	(87,109)
Less: Direct operating expenses from investment properties that generated rental income during the year	**555**	1,272
	(89,827)	(85,837)

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the Company's directors are as follows:

	Year ended 31st December, 2010				
	Directors' fees *HK$'000*	**Basic salaries, allowances and benefits-in-kind** *HK$'000*	**Performance related incentive payments** *HK$'000*	**Contributions to retirement benefits schemes** *HK$'000*	**Total** *HK$'000*
Mr. William Cheng Kai Man	**–**	**3,475**	**450**	**12**	**3,937**
Mr. Albert Hui Wing Ho	**–**	**1,479**	**116**	**12**	**1,607**
Madam Mabel Lui Fung Mei Yee	**33**	**–**	**–**	**–**	**33**
Mr. Vincent Kwok Chi Sun	**67**	**–**	**–**	**–**	**67**
Mr. Chan Kim Fai	**67**	**–**	**–**	**–**	**67**
Mr. Hui Kin Hing	**67**	**–**	**–**	**–**	**67**
	234	**4,954**	**566**	**24**	**5,778**

	Year ended 31st December, 2009				
	Directors' fees *HK$'000*	Basic salaries, allowances and benefits-in-kind *HK$'000*	Performance related incentive payments *HK$'000*	Contributions to retirement benefits schemes *HK$'000*	Total *HK$'000*
Mr. William Cheng Kai Man	–	3,238	646	12	3,896
Mr. Albert Hui Wing Ho	–	1,333	206	12	1,551
Madam Mabel Lui Fung Mei Yee	33	–	–	–	33
Mr. Vincent Kwok Chi Sun	67	–	–	–	67
Mr. Chan Kim Fai	67	–	–	–	67
Mr. Hui Kin Hing	67	–	–	–	67
Mr. David Cheng Ka Ho (resigned on 20th March, 2009)	–	–	–	–	–
	234	4,571	852	24	5,681

No directors waived any emoluments in the years ended 31st December, 2010 and 31st December, 2009.

The performance related incentive payments payable to the executive directors are determined based on the performance of the individual directors.

During the years ended 31st December, 2010 and 31st December, 2009, no emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals in the Group with the highest emoluments, two (2009: two) were directors of the Company, whose emoluments are included above. The emoluments of the remaining three individuals (2009: three individuals), whose emoluments are individually below HK$1,000,000, are as follows:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Basic salaries, allowances and benefits-in-kind	**2,079**	1,905
Contributions to retirement benefits schemes	**36**	36
Performance related incentive payments	**379**	571
	2,494	2,512

11. INCOME TAX EXPENSE

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	**21,425**	11,468
The PRC	**2,661**	–
Other jurisdiction	**2,001**	1,030
	26,087	12,498
Overprovision in prior years		
Hong Kong	**(735)**	(49)
Deferred tax *(note 26)*		
Current year	**58,099**	11,512
	83,431	23,961

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

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

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui [2008] No. 1, starting from 1st January, 2008, 10% withholding income tax will be imposed on dividends related to profits earned by the companies established in the PRC in the calendar year 2008 onwards, being declared to their foreign shareholders pursuant to Articles 3 and 6 of the Enterprise Income Tax Law, and Article 17 of the Implementation Rules of Enterprise Income Tax Law. Deferred tax liabilities on the temporary differences attributable to the undistributed profits earned by the Group's PRC subsidiary of HK$1,110,000 (2009: HK$237,000) were provided as at 31st December, 2010.

11. INCOME TAX EXPENSE *(Continued)*

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Profit before taxation	**497,138**	168,349
Tax at the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**82,028**	27,778
Tax effect of expenses not deductible for tax purpose	**719**	1,043
Tax effect of income not taxable for tax purpose	**(684)**	(284)
Overprovision in prior years	**(735)**	(49)
Tax effect of tax losses not recognised	**1,905**	3,182
Utilisation of tax losses previously not recognised	**(1,325)**	(3,324)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**710**	(2,727)
Deferred tax liabilities arising on undistributed profits of a PRC subsidiary from 1st January, 2008 onwards	**873**	(33)
Others	**(40)**	(1,625)
Taxation charge	**83,451**	23,961

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$234,390,000 (2009: HK$84,129,000) and on 468,937,000 (2009: weighted average number of shares 457,486,000) in issue during the year. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

Any outstanding mandatory convertible bonds ("Bonds") are mandatorily convertible into ordinary shares of Magnificent on the maturity date. For the year ended 31st December, 2010, no diluted earnings per share has been presented as assuming the mandatory conversion of the Bonds would result in an increase in earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000 (Restated)	Hotel buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles and vessels HK$'000	Total HK$'000
THE GROUP					
COST					
At 1st January, 2009 (Originally stated)	56,612	390,044	41,556	17,560	505,772
Transfer from prepaid lease payments for land	622,657	–	–	–	622,657
At 1st January, 2009 (Restated)	679,269	390,044	41,556	17,560	1,128,429
Additions	1,717	–	690	–	2,407
Transferred to assets classified as held for sale	(5,170)	–	–	–	(5,170)
Disposals	–	–	(10)	–	(10)
At 31st December, 2009	675,816	390,044	42,236	17,560	1,125,656
Exchange realignment	–	3,029	332	–	3,361
Additions	21,757	–	929	155	22,841
Disposals	(1,727)	–	–	(35)	(1,762)
At 31st December, 2010	**695,846**	**393,073**	**43,497**	**17,680**	**1,150,096**
DEPRECIATION					
At 1st January, 2009 (Originally stated)	3,598	45,834	29,612	8,206	87,250
Transfer from prepaid lease payments for land	74,885	–	–	–	74,885
At 1st January, 2009 (Restated)	78,483	45,834	29,612	8,206	162,135
Provided for the year	11,983	8,755	7,790	3,019	31,547
Transfer to assets classified as held for sale	(330)	–	–	–	(330)
Eliminated on disposals	–	–	(2)	–	(2)
At 31st December, 2009	90,136	54,589	37,400	11,225	193,350
Exchange realignment	–	371	313	1	685
Provided for the year	12,061	8,826	2,713	2,992	26,592
Eliminated on disposals	(57)	–	–	(13)	(70)
At 31st December, 2010	**102,140**	**63,786**	**40,426**	**14,205**	**220,557**
CARRYING AMOUNTS					
At 31st December, 2010	**593,706**	**329,287**	**3,071**	**3,475**	**929,539**
At 31st December, 2009 (Restated)	585,680	335,455	4,836	6,335	932,306
At 1st January, 2009 (Restated)	600,786	344,210	11,944	9,354	966,294

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

Notes:

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

Hotel buildings and land and buildings	50 years or over the remaining term of land lease, whichever is the shorter
Furniture, fixtures and equipment	20% – 33%
Motor vehicles and vessels	20%

(b) Land and buildings are situated on land in Hong Kong on long leases.

(c) An analysis of the carrying amounts of the Group's hotel buildings, which are situated on leasehold land, is set out below:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
In Hong Kong		
On long leases	**126,894**	129,833
Under medium-term leases	**43,009**	44,584
In Macau under medium-term leases	**103,324**	105,974
In the PRC under medium-term leases	**56,073**	55,077
	329,300	335,468

14. PREPAID LEASE PAYMENTS FOR LAND

The prepaid lease payments comprise:

		THE GROUP	
	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Land in Macau on medium-term leases	**26,917**	27,607	28,297
Land in the PRC on medium-term leases	**35,352**	34,077	29,580
	62,269	61,684	57,877
Analysed for reporting purposes as:			
Non-current asset	**60,767**	60,182	56,375
Current asset	**1,502**	1,502	1,502
	62,269	61,684	57,877

15. INVESTMENT PROPERTIES

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
FAIR VALUE		
At the beginning of the year	**1,987,790**	1,917,580
Increase in fair value recognised in profit or loss	**341,060**	70,210
At the end of the year	**2,328,850**	1,987,790

An analysis of the Group's investment properties is as follows:

	2010	2009
	HK$'000	*HK$'000*
Land and buildings in Hong Kong on land held:		
On long leases	**2,038,950**	1,741,090
Under medium-term leases	**152,800**	116,600
Land and buildings in Macau held under medium-term leases	**137,100**	130,100
	2,328,850	1,987,790

The fair value of the Group's investment properties at 31st December, 2010 has been arrived at on the basis of a valuation carried out on that date by Dudley Surveyors Limited, an independent qualified professional valuer not connected with the Group. The valuation report on these properties is signed by a director of Dudley Surveyors Limited who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing property market conditions.

The leasehold interests in land of the Group in Macau which are held under operating leases to earn rentals or for capital appreciation purposes, which are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties of the Group with an aggregate carrying amount of approximately HK$2,192 million (2009: HK$1,858 million) were rented out under operating leases at the end of the reporting period.

16. PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
		(restated)
At cost		
At the beginning of the year	**1,545,202**	1,450,106
Additions	**135,478**	95,096
At the end of the year	**1,680,680**	1,545,202

Included in the carrying amount of the property under development at the end of the year are interest expenses of HK$37,502,000 (2009: HK$29,606,000) capitalised. The Group's property under development is situated in Hong Kong on long leases and is mainly held for hotel redevelopment purpose.

17. INVESTMENTS IN/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2010	2009
	HK$'000	*HK$'000*
INVESTMENTS IN SUBSIDIARIES		
Cost		
Shares listed in Hong Kong	**330,222**	330,222
Unlisted shares, at cost	**43,134**	41,809
	373,356	372,031
Market value of listed shares	**989,051**	411,879
AMOUNTS DUE FROM SUBSIDIARIES		
Amounts due from subsidiaries	**602,637**	591,509
Less: Impairment loss recognised	**(4,167)**	(4,167)
	598,470	587,342
Analysed for reporting purposes as:		
Non-current asset	**519,116**	532,227
Current asset	**79,354**	55,115
	598,470	587,342

The amounts due from subsidiaries are interest-free and unsecured with no fixed repayment terms. In the opinion of the directors, the amounts other than amount repayable within one year of HK$79,354,000 (2009: HK$55,115,000) and have been included in the current assets, will not be repayable within the next twelve months from the end of the reporting period, accordingly are classified as non-current. The interest-free amount is measured at amortised cost using the effective interest method, less any identified impairment losses. The carrying amounts of these amounts due from subsidiaries at 31st December, 2010 are reduced by approximately HK$8.5 million (2009: HK$8.8 million), with a corresponding increase in investments in subsidiaries as deemed contribution by the Company to these subsidiaries. The effective interest rate on the amounts due from subsidiaries in respect of the year is 1.7% (2009: 1.2%) per annum.

Particulars regarding the principal subsidiaries at 31st December, 2010 and 31st December, 2009 are set out in note 32.

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING

	THE GROUP					
	Available-for-sale investments			Investments held for trading		
	Non-current			Current		
	31st December, 2010	31st December, 2009	1st January, 2009	**31st December, 2010**	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
Listed equity securities at fair value *(Note a)*	**73,871**	52,586	78,253	**6**	7	1
Unlisted equity investments *(Note b)*	**780**	780	780	**–**	–	–
	74,651	53,366	79,033	**6**	7	1

Notes:

(a) The fair value of listed securities is determined by reference to quoted market bid price from the Hong Kong Stock Exchange.

The Group's non-current equity securities listed in Hong Kong include approximately 20.57% (2009: 20.57%) interest in Shun Ho Resources, which is a public company incorporated and listed in Hong Kong.

The Company is a subsidiary of Shun Ho Resources. Under the Hong Kong Companies Ordinance, members of the Group who are shareholders of Shun Ho Resources have no right to vote at its meetings. The directors are of the opinion that the Group is not in a position to exercise significant influence over Shun Ho Resources, the results of Shun Ho Resources have not been accounted for on an equity basis.

(b) The unlisted equity investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

19. TRADE AND OTHER RECEIVABLES

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

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Not yet due	**10,263**	3,729
0 – 30 days	**464**	5,556
31 – 60 days	**87**	960
Over 60 days	**–**	6
	10,814	10,251

19. TRADE AND OTHER RECEIVABLES *(Continued)*

	THE GROUP		
	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Analysed for reporting as:			
Trade receivables	**10,814**	10,251	16,996
Other receivables	**2,096**	1,040	1,922
	12,910	11,291	18,918

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits. 95% (2009: 36%) of the trade receivables are neither past due nor impaired, and no impairment has been made to these trade receivables, as the directors believe that the amounts are with good credit quality.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$551,000 (2009: HK$6,522,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss, by taking into account the past default experience. The Group does not hold any collateral over these balances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors of the Company believe that there is no further credit provision required.

Aging of trade receivables which are past due but not impaired

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**464**	5,556
31-60 days	**87**	960
Over 60 days	**–**	6
	551	6,522

20. PLEDGED BANK DEPOSITS/TIME DEPOSITS/BANK BALANCES AND CASH

THE GROUP

The pledged bank deposits carry interest at prevailing deposit interest rate at 0.01% (2009: 0.01%) per annum and represent deposits pledged to a bank to secure short-term banking facilities granted to the Group.

Bank balances carry interest at prevailing deposit interest rates at 0.001% (2009: ranging from 0.001% to 0.01%) per annum.

THE COMPANY

Bank balances carry interest at prevailing deposit interest rate at 0.001% (2009: 0.001%) per annum.

21. ASSETS CLASSIFIED AS HELD FOR SALE

On 15th June, 2009, Shun Ho Construction (Holdings) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party for the disposal of the entire issued share capital of City Wealth Limited ("City Wealth"), its wholly-owned subsidiary, together with the shareholder's loan of City Wealth due to the Group for an aggregate consideration of HK$4,500,000. The principal activity of City Wealth was the holding of a residential unit located in Hong Kong which was under assets classified as held for sale as at 31st December, 2009. The disposal was completed on 24th June, 2010, upon which the Group passed the control of City Wealth to the buyer.

The major classes of assets and liabilities of City Wealth classified as held for sale are as follows:

	2009
	HK$'000
Property, plant and equipment	4,840
Trade and other receivables	13
Total assets classified as held for sale	4,853
Trade and other payables	(9)
Deferred taxation	(344)
Total liabilities associated with assets classified as held for sale	(353)
Net assets classified as held for sale	4,500

The net assets of City Wealth at the date of disposal were as follows:

	24th June, 2010
	HK$'000
Net assets disposed of	**4,519**
Loss on disposal	**(19)**
Total consideration received, satisfied by cash and net cash inflow arising on disposal	**4,500**

The consideration of HK$4,500,000 if compared to the original acquisition cost of the property of approximately HK$3,477,000 resulted in realisation of a surplus of approximately HK$1,023,000. The surplus had been recognised in the profit or loss in form of fair value gain in the previous years when such property was being used as an investment property under the fair value model.

22. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**17,427**	7,826
31 – 60 days	**620**	1,237
Over 60 days	**1,191**	369
	19,238	9,432

	THE GROUP		
	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Analysed for reporting as:			
Trade payables	**19,238**	9,432	15,643
Other payables	**10,257**	15,235	26,822
	29,495	24,667	42,465

The average credit period on purchase of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables within credit timeframe.

23. BANK LOANS

	THE GROUP		
	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Secured			
Bank loans	**1,034,792**	1,043,425	1,044,339
Carrying amounts of bank loans that contain repayment on demand clause:			
Repayable within one year from the end of reporting period shown under current liabilities	**655,167**	567,425	181,914
Not repayable within one year from the end of the reporting period shown under current liabilities	**379,625**	476,000	862,425
	1,034,792	1,043,425	1,044,339
Less: Amount shown under current liabilities	**1,034,792**	1,043,425	1,044,339
Amount shown under non-current liabilities	**–**	–	–

All the Group's bank loans are floating rate borrowings, which carry interests at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.8% to 1.2% (2009: 0.65% to 1.2%) per annum. The bank loans are secured over certain of the Group's properties. Interest rates on the Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate is 1.2% (2009: 1.0%) per annum.

At the end of the reporting period, the undrawn bank loan facilities of the Group amounted to an aggregate of approximately HK$491 million (2009: HK$397 million).

24. SHARE CAPITAL

	Number of shares		Nominal value	
	2010	2009	**2010**	2009
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.5 each				
Authorised:				
At the beginning and the end of the year	**1,400,000**	1,400,000	**700,000**	700,000
Issued and fully paid:				
At the beginning and the end of the year	**537,077**	537,077	**268,538**	268,538

At 31st December, 2010 and 31st December, 2009, the Company's 68,140,000 (2009: 68,140,000) issued shares with an aggregate nominal value of HK$34,070,000 (2009: HK$34,070,000) were held by a subsidiary of Magnificent. In accordance with the Hong Kong Companies Ordinance, members of the Group who are shareholders of the Company have no right to vote at meetings of the Company.

25. SHARE PREMIUM AND RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY				
At 1st January, 2009	118,770	4,181	553,398	676,349
Profit for the year	–	–	12,946	12,946
At 31st December, 2009	118,770	4,181	566,344	689,295
Profit for the year	–	–	13,632	13,632
At 31st December, 2010	**118,770**	**4,181**	**579,976**	**702,927**

26. DEFERRED TAX LIABILITIES/ASSET

The following are the deferred tax liabilities (asset) recognised and movements thereon during the current and prior reporting periods.

THE GROUP

	Business combination HK$'000	Fair value of investment properties HK$'000	Accelerated tax depreciation HK$'000	Withholding tax HK$'000	Tax losses HK$'000	Total HK$'000
At 1st January, 2009	115,132	183,446	24,679	270	(12,672)	310,855
(Credit) charge to profit or loss	(952)	11,585	372	(33)	540	11,512
Transfer to liabilities associated with assets classified as held for sale	–	–	(344)	–	–	(344)
At 31st December, 2009	114,180	195,031	24,707	237	(12,132)	322,023
(Credit) charge to profit or loss	(952)	56,275	4,357	873	(2,454)	58,099
Disposal of a subsidiary	–	–	65	–	–	65
At 31st December, 2010	**113,228**	**251,306**	**29,129**	**1,110**	**(14,586)**	**380,187**

At the end of the reporting period, the Group had unused tax losses of HK$123,867,000 (2009: HK$105,481,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$88,405,000 (2009: HK$73,533,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$35,462,000 (2009: HK$31,948,000) due to the unpredictability of future profit streams. All the unrecognised tax losses may be carried forward indefinitely.

27. PROJECT/CAPITAL COMMITMENTS

At the end of the reporting period, the Group had outstanding commitments contracted for but not provided in the consolidated financial statements in respect of the following:

		2010	2009
		HK$'000	*HK$'000*
(a)	Property development expenditure	**348,236**	123,416
(b)	Acquisition of property, plant and equipment	**11,817**	–

The Company had no material commitments at the end of the reporting period.

28. OPERATING LEASE COMMITMENTS

The Group as lessor

Rental income from investment properties earned during the year amounted to HK$90,382,000 (2009: HK$87,109,000). The properties under leases have committed tenants for one to five years from the end of the reporting period without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**88,740**	83,419
More than one year but not more than five years	**111,393**	21,986
	200,133	105,405

The Group as lessee

At 31st December, 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year amounted to HK$8,000.

Other than as disclosed above, the Group and the Company had no material lease commitments outstanding at the end of the reporting period.

29. PLEDGE OF ASSETS

At the end of the reporting period, the bank loan facilities of the Group were secured by the following:

(a) investment properties, properties under development and property, plant and equipment of the Group with carrying amounts of HK$1,739 million (2009: HK$1,462 million), HK$1,681 million (2009: HK$1,545 million) and HK$645 million (2009: HK$657 million), respectively;

(b) assignment of the Group's rentals and hotel revenue respectively; and

(c) bank deposits with a carrying amount of HK$110,000 (2009: HK$110,000).

30. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$12,000 per annum of each individual employee) to the scheme, which contribution is matched by employees.

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

The contributions paid and payable to the schemes by the Group in respect of the year which were charged to profit or loss amounted to HK$1,607,000 (2009: HK$1,652,000). The forfeited contributions under the Group's defined contribution retirement scheme is not significant for the year.

31. RELATED PARTY TRANSACTIONS

Other than those disclosed in respective notes to the consolidated financial statements, the Group and the Company had the following transactions and balances with related parties during the year:

	2010	2009
	HK$'000	*HK$'000*
THE GROUP		
Shun Ho Resources		
Corporate management fee income for administrative facilities provided	**100**	100
Interest expenses on advance to the Group *(Note a)*	**26**	150
Trillion Resources Limited		
Interest expenses on advance to the Group *(Note c)*	**720**	704
Compensation of key management personnel *(Note b)*	**5,778**	5,681

31. RELATED PARTY TRANSACTIONS *(Continued)*

	THE GROUP		
	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Shun Ho Resources			
Amount due by the Group at the end of the reporting period *(Note a)*	**1,675**	2,721	13,854
Trillion Resources Limited			
Advance due by the Group at the end of the reporting period *(Note c)*	**61,211**	60,917	60,427

	2010	2009
	HK$'000	*HK$'000*
THE COMPANY		
Shun Ho Resources		
Interest expenses on advance to the Company	**26**	150
Advance due by the Company at the end of the reporting period *(Note a)*	**1,675**	2,721

Notes:

(a) During the year, the holding company, Shun Ho Resources, made unsecured short-term advances to the Company which carry interest chargeable at HIBOR plus 1% (i.e. 1.7% (2009: 1.2%)) per annum and is repayable on demand.

(b) Compensation of key management personnel

The remuneration of directors which are also the key management personnel of the Group during the year was as follows:

	2010	2009
	HK$'000	*HK$'000*
Short-term benefits	**5,754**	5,657
Post-employment benefits	**24**	24
	5,778	5,681

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) The amount is unsecured, carries interest at HIBOR plus 1% per annum and repayable on demand. The effective interest rate is 1.7% (2009: 1.2%) per annum.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

All the principal subsidiaries are incorporated and operating principally in Hong Kong except otherwise indicated. None of the subsidiaries had any debt securities outstanding at 31st December, 2010 or at any time during the year.

	Paid up issued ordinary share/registered capital		Proportion of nominal value of issued ordinary share/ registered capital held by				
			2010		2009		
Name of subsidiary	Number of shares	Par value	Company %	Subsidiary %	Company %	Subsidiary %	Principal activities
Babenna Limited	2	HK$10	**–**	**100**	–	100	Investment holding
Beautiful Sky Investment Limited	2	HK$1	**–**	**100**	–	100	Property development
Boutique Hotel Limited (formerly known as Shun Ho Real Estate Limited)	2	HK$1	**–**	**100**	–	100	Property development
Claymont Services Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Fastgrow Engineering & Construction Company Limited	2	HK$1	**100**	**–**	100	–	Investment holding
Good Taylor Limited	2	HK$1	**100**	**–**	100	–	Investment holding
Grand-Invest & Development Company Limited *(ii)*	100,000	MOP$1	**–**	**100**	–	100	Hotel investment and operation
Harbour Rich Industrial Limited	10,000	HK$1	**–**	**100**	–	100	Property investment
Himson Enterprises Limited	2	HK$1	**–**	**100**	–	100	Property development
Himson Enterprises Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Hotel Taipa Limited	2	HK$10	**–**	**100**	–	100	Property investment
Houston Venture Limited	2	HK$1	**–**	**100**	–	100	Property investment
Houston Venture Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Joes River Limited	2	HK$1	**–**	**100**	–	100	Property trading
Longham Investment Limited	2	HK$1	**–**	**100**	–	100	Investment holding
Longham Investment Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Magnificent Estates Limited	5,965,063,489	HK$0.01	**45.4**	**11.3**	45.4	11.3	Investment holding and provision of management services
Magnificent International Hotel Limited	2	HK$1	**–**	**100**	–	100	Hotel investment and operation
Mercury Fast Limited	2	HK$1	**–**	**100**	–	100	Securities dealings, property investment and investment holding
New Champion Developments Limited *(i)*	1	US$1	**–**	**100**	–	100	Vessel leasing
Noblesse International Limited *(i)*	1	US$1	**100**	**–**	100	–	Property investment
Shanghai Shun Ho (Lands Development) Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Shanghai Shun Ho Property Development Co., Ltd. *(iii)*	Registered capital	US$4,950,000	**–**	**100**	–	100	Hotel investment and operation
Shun Ho Capital Properties Limited *(i)*	1	US$1	**–**	**100**	–	100	Investment holding
Shun Ho (Lands Development) Limited *(i)*	10	US$1	**100**	**–**	100	–	Investment holding
Shun Ho Construction (Holdings) Limited	2	HK$10	**–**	**100**	–	100	Investment holding
Sino Money Investments Limited	10,000	HK$1	**–**	**100**	–	100	Property development
South Point Investments Limited *(i)*	1	US$1	**100**	**–**	100	–	Investment holding
Tennyland Limited	2	HK$10	**–**	**100**	–	100	Property investment
Trans-Profit Limited	1,000,000	HK$1	**–**	**100**	–	100	Property investment
United Assets Company Limited	2,000,000	HK$1	**–**	**100**	–	100	Hotel investment and operations and investment holding

(i) Incorporated in the British Virgin Islands and operating in Hong Kong.

(ii) Incorporated and operating in Macau.

(iii) Sino foreign co-operative joint venture established and operating principally in the PRC.

The directors are of the opinion that a complete list of the subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

33. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes advances from a shareholder and ultimate holding company disclosed in note 31(a) and (c), bank loans disclosed in note 23 (net of bank balances and cash) and equity attributable to owners of the Company, comprising issued capital, reserves and retained profits as disclosed in the consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Currently, the management uses long term funding to finance its acquisition of investment properties, expenditure on prepaid lease payments and properties under development to minimise the finance costs. The Group will balance its overall capital structure through the payment of dividends, as well as the issue of new debt or the redemption of existing debt.

There are no significant changes on the Group's approach to capital risk management during the year.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

THE GROUP

	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	**57,824**	50,468	43,358
Investments held for trading	**6**	7	1
Available-for-sale investments	**74,651**	53,366	79,033
	132,481	103,841	122,392
Financial liabilities			
Amortised cost	**1,124,623**	1,121,518	1,178,205

THE COMPANY

	31st December, 2010	31st December, 2009	1st January, 2009
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	**598,757**	587,666	595,126
Financial liabilities			
Amortised cost	**2,610**	3,823	15,271

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The management of the Group and the Company monitors and manages the financial risks relating to the operations of the Group through the monitoring procedures. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group and the Company do not enter into derivative financial instruments for hedging or speculative purpose.

There has been no significant change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures the risks.

(i) Foreign currency risk management

The Group is subject to foreign currency risk which is mainly attributable to the exposure on Hong Kong dollars in respect of an inter-company balance of a subsidiary operating in the PRC. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency sensitivity

THE GROUP

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables remain constant. The stated changes represent the management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. Results of the analysis as presented in the table below represent an aggregation of the effects on each of the group entities' profit or loss measured in the respective functional currencies. The analysis is performed on the same basis for 2009.

The following table indicates the approximate change in the Group's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group have significant exposure at the end of the reporting period.

	2010		2009	
	Strength (weaken) in foreign currencies	**Effect on profit or (loss)** *HK$'000*	Strength (weaken) in foreign currencies	Effect on profit or (loss) *HK$'000*
Hong Kong dollars *(Note)*	**5%**	**(395)**	5%	(404)
	(5%)	**395**	(5%)	404

Note: This is mainly attributable to the exposure on Hong Kong dollars in respect of an inter-company balance of a subsidiary operating in the PRC. This inter-company balance is eliminated on consolidation level.

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Foreign currency risk management (Continued)

Foreign currency sensitivity (Continued)

THE COMPANY

The Company has no significant foreign currency risks for both years.

(ii) Interest rate risk management

The Group and the Company are exposed to cash flow interest rate risk in relation to its pledged bank deposits, time deposits, bank balances, advances from a shareholder and ultimate holding company and bank loans which are subject to floating interest rate. The Group and the Company currently do not have any interest rate hedging policy. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest rate exposure. The Group's interest rate risk is mainly concentrated on the fluctuation of HIBOR on advances from a shareholder and ultimate holding company and bank loans.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

THE GROUP

The sensitivity analysis for the Group below have been determined based on the exposure to interest rates for non-derivative instruments including floating-rate advances from ultimate holding company and a shareholder and bank loans at the end of the reporting period. For floating-rate financial instruments, the analysis is prepared assuming the amount of financial instruments are outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2010 would decrease/increase by HK$1,806,000 (2009: decrease/ increase by HK$1,847,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

The effect on pledged bank deposits, time deposits and bank balances have not been taken into account in preparing the sensitivity analysis because the effect involved is not significant.

THE COMPANY

The Company has no significant interest rate risks for both years.

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(iii) Other price risks

The Group is exposed to other price risks arising from available-for-sale investments and investments held for trading.

Other price sensitivity

The sensitivity analysis below have been determined based on the exposure to other price risks at the end of the reporting period. If the market price of the available-for-sale investments (excluding the available-for-sale investments carried at cost less impairment) and investments held for trading had been 10% higher/lower while all other variables were held constant:

- the impact of changes in fair value of investment held for trading for both years is insignificant.
- securities revaluation reserve for the year ended 31st December, 2010 would increase/decrease by HK$7,387,000 (2009: increase/decrease by HK$5,259,000) for the Group, principally as a result of the changes in fair value of available-for-sale listed equity securities.

The Company does not have other significant price risk exposure at the end of the reporting period.

(iv) Credit risk management

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the Company's statement of financial position, respectively.

The Group's credit risk is primarily attributable to trade receivables and other receivables. The Company's credit risk is primarily attributable to amounts due from subsidiaries. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The credit risk on pledged bank deposits, time deposits and bank balances is limited because the counterparties are a number of banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

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

The Company has no significant concentration of credit risk on amounts due from subsidiaries, with exposure spread over a number of subsidiaries.

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk management

The Group had net current liabilities of approximately HK$1,073 million at 31st December, 2010 which include bank loans and advances from a shareholder and ultimate holding company of approximately HK$1,035 million, HK$2 million and HK$61 million, respectively. The directors of the Company closely monitor the cash flows of the Group and, upon maturity, would arrange the renewal and refinancing of the bank loans, where necessary, to enable the Group to carry on its operations in the foreseeable future. At the end of the reporting period, the available banking facilities of the Group amounted to approximately HK$1,526 million, which was utilised to the extent of approximately HK$1,035 million. In the opinion of the directors of the Company, the Group expects to renew the existing banking facilities on similar terms and conditions when the existing banking facilities of the Group mature. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced.

As the aggregate market value of the Group's investment properties, hotel properties and properties under development is higher than the existing available banking facilities, the directors of the Company considered that additional banking facilities can be obtained upon the request of the Group by further pledge of the Group's assets. The directors of the Company consider that the amount of additional banking facilities can be obtained by further pledge of the Group's total assets that would be exceeded the amount of current liabilities of the Group. Accordingly, the directors of the Company are of the opinion that the Group's liquidity risk is minimal.

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

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk management (Continued)

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	Weighted average effective interest rate	**On demnad**	**Less than 1 month**	**1 – 3 months**	**3 months to 1 year**	**1 -5 years**	**Total undiscounted cash flows**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010								
Non-interest bearing (others)	–	–	26,945	–	–	–	26,945	26,945
Variable interest rate instruments	1.27	1,097,678	–	–	–	–	1,097,678	1,097,678
		1,097,678	26,945	–	–	–	1,124,623	1,124,623
Non-interest bearing (rental deposits received)	–	–	54	5,769	7,660	18,888	32,371	32,371
		1,097,678	26,999	5,769	7,660	18,888	1,156,994	1,156,994

	Weighted average effective interest rate	On demnad	Less than 1 month	1 – 3 months	3 months to 1 year	1 -5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009								
Non-interest bearing (others)	–	–	14,484	–	–	–	14,484	14,484
Variable interest rate instruments	1.02	1,107,034	–	–	–	–	1,107,034	1,107,034
		1,107,034	14,484	–	–	–	1,121,518	1,121,518
Non-interest bearing (rental deposits received)	–	–	556	–	10,615	18,102	29,273	29,273
		1,107,034	15,040	–	10,615	18,102	1,150,791	1,150,791

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk management *(Continued)*

THE GROUP *(Continued)*

The table below summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the table above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments				
	Less than 1 month	**1 – 3 months**	**3 months to 1 year**	**1 – 5 years**	**Total undiscounted cash flows**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December, 2010	**1,747**	**3,027**	**662,401**	**400,397**	**1,067,572**
As at 31st December, 2009	1,109	1,729	573,601	480,293	1,056,732

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

34. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk management *(Continued)*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

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	Weighted average effective interest rate *%*	**On demand** *HK$'000*	**Less than 1 month** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
2010					
Non-interest bearing	**–**	**–**	**935**	**935**	**935**
Variable interest rate instruments	**1.20**	**1,675**	**–**	**1,675**	**1,675**
		1,675	**935**	**2,610**	**2,610**

	Weighted average effective interest rate *%*	On demand *HK$'000*	Less than 1 month *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
2009					
Non-interest bearing	–	–	1,102	1,102	1,102
Variable interest rate instruments	1.20	2,721	–	2,721	2,721
		2,721	1,102	3,823	3,823

34. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair values of financial instruments

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for certain available-for-sale investments which are stated at cost, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated and the Company's statements of financial position approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

All of the Group's financial instruments that are measured subsequent to initial recognition at fair value, including listed equity securities which are classified as available-for-sale financial assets and investments held for trading, amounting to HK$73,871,000 and HK$6,000 (2009: HK$52,586,000 and HK$7,000), respectively are grouped under Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Financial Summary

	For the year ended 31st December,				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
CONSOLIDATED RESULTS					
Revenue	188,771	231,427	286,191	249,506	**304,595**
Operating profit	137,944	912,725	135,267	168,349	**497,138**
Share of losses of associates	(195)	(4)	–	–	**–**
Profit before taxation	137,749	912,721	135,267	168,349	**497,138**
Income tax expense	(23,361)	(174,649)	(6,866)	(23,961)	**(83,451)**
Profit before non-controlling interests	114,388	738,072	128,401	144,388	**413,687**
Non-controlling interests	(32,041)	(343,323)	(58,647)	(60,259)	**(179,297)**
Profit for the year	82,347	394,749	69,754	84,129	**234,390**

	As at 31st December,				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
			(Restated)	(Restated)	
CONSOLIDATED NET ASSETS					
Property, plant and equipment	405,927	424,766	966,294	932,306	**929,539**
Prepaid lease payments for land	802,483	1,028,057	56,375	60,182	**60,767**
Investment properties	634,330	2,536,250	1,917,580	1,987,790	**2,328,850**
Property under development	234,897	39,718	1,450,106	1,545,202	**1,680,680**
Interests in associates	554	–	–	–	**–**
Other non current assets	33,333	110,647	79,200	53,366	**77,242**
Net current liabilities	(206,226)	(869,386)	(1,098,452)	(1,070,485)	**(1,073,485)**
Non current rental deposite received	–	–	(26,055)	(18,102)	**(18,888)**
Deferred tax liabilities	(156,212)	(317,261)	(310,855)	(322,023)	**(380,187)**
Non-controlling interests	(430,758)	(1,198,121)	(1,074,858)	(1,124,746)	**(1,312,362)**
Net assets	1,318,328	1,754,670	1,959,335	2,043,490	**2,292,156**