WING TAI PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 369)

ANNUAL REPORT 2010

WingTaiAsia　Lanson Place　WINSOR PROPERTIES



Corporate Information as of 1 April 2011

BOARD OF DIRECTORS

Executive Directors

CHENG Wai Chee, Christopher *GBS OBE JP*
(Chairman)
CHENG Wai Sun, Edward *SBS JP*
(Deputy Chairman and Chief Executive)
CHENG Man Piu, Francis
CHOW Wai Wai, John
AU Hing Lun, Dennis

Non-Executive Directors

KWOK Ping Luen, Raymond *JP*
YUNG Wing Chung
(also an alternate to KWOK Ping Luen, Raymond)
HONG Pak Cheung, William
LOH Soo Eng
NG Tak Wai, Frederick
(re-designated as non-executive director on 1 April 2011)

Independent Non-Executive Directors

Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
FANG Hung, Kenneth *GBS CBE JP*
YUNG Wing Chung
HONG Pak Cheung, William
(alternate to YUNG Wing Chung)

REMUNERATION COMMITTEE MEMBERS

CHENG Wai Chee, Christopher *GBS OBE JP*
(Chairman)
CHENG Wai Sun, Edward *SBS JP*
Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS CBE JP*
YEUNG Kit Shing, Jackson

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

FUNG Ching Man, Janet

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Management (Bermuda) Ltd.
Argyle House
41A Cedar Avenue
Hamilton 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

27th Floor, Two Landmark East
100 How Ming Street
Kwun Tong, Kowloon
Hong Kong

COMPANY WEBSITE

http://www.wingtaiproperties.com

HONG KONG STOCK EXCHANGE STOCK CODE

369

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Financial Highlights

	The Group	
	2010	2009
	HK$'M	HK$'M
		(As restated)
For the year ended 31 December		
Revenue	**2,176.8**	1,207.1
Profit from operations	**2,485.9**	536.8
Profit for the year	**2,436.8**	425.6
Profit attributable to equity holders of the Company	**1,913.1**	312.9
Earnings per share for profit attributable to equity holders of the Company		
	HK$	HK$
Basic	**1.45**	0.29
Diluted	**1.44**	0.28

	HK$'M	HK$'M
		(As restated)
At 31 December		
Total assets	**18,866.1**	16,985.0
Capital and reserves attributable to equity holders of the Company	**10,928.1**	9,005.2
Total equity	**13,271.4**	10,833.1

Group's Major Investments

Property

Assets	Group's effective Interest
Landmark East	79.3%
W Square	79.3%
Shui Hing Centre	79.3%
Regent Centre	75.5%
Winner Godown Building	79.3%
Lanson Place Hotel, Hong Kong	60%
Lanson Place Jinlin Tiandi Residences, Shanghai	23.4%
Lanson Place Central Park Residences, Beijing (33 units)	100%
Forfar – Kowloon	95.9%
Seymour – Mid-levels	30%
Tai Po Town Lot No. 186, Pak Shek Kok, NT	15%
Tai Po Town Lot No. 187, Pak Shek Kok, NT	15%
Tai Po Town Lot No. 188, Pak Shek Kok, NT	15%
Coronation Terrace – Mid-levels West	100%
Warren Street – Tai Hang	100%
Belle Vue Residences, Singapore	23.8%
A property in Lujiazui, Shanghai	50%
Management Services	
Lanson Place Hospitality Management	100%
Wing Tai Properties Development (Formerly known as USI Properties)	100%

Apparel

Unimix Group	100%
Shui Hing Textiles Group	100%
Gieves & Hawkes	100%

Chairman's Statement

Dear Shareholders,

I am pleased to report that since we began the process of transforming Wing Tai Properties (formerly USI Holdings) into an integrated property platform through the acquisition of Winsor Properties, the Group has brought to fruition a healthy balance sheet with assets totaling HK$19 billion. We now manage a much more diversified property portfolio that has created enduring growth for the Group, giving us greater flexibility to seize market opportunities to support our long-term development and producing sustainable and reliable recurring income as well as enhanced investment returns.

Marked by several key accomplishments, 2010 has proven to be an immensely rewarding year for Wing Tai Properties financially. During the year, the Group's net profit surged by a significant 511% to a record HK$1,913 million while revenue also leapt by an impressive 80% year-on-year to HK$2,177 million. This excellent performance was in part driven by the successful pre-sales of "Forfar" and "Belle Vue Residences" from which we have begun to recognise profits, in addition to improved rental yields, gains from the disposal of industrial assets, and revaluation gains on investment properties.

In the second half of 2010, the Group successfully delivered all sold units of Forfar to homebuyers. Our other luxurious residential project "Seymour" has made excellent progress and for which we expect to obtain the occupation permit in the second half of 2011, upon which profits can be recognised. In addition, the Group executed in a timely fashion the acquisitions of two prime development land plots located at the Coronation Terrace site in Mid-levels West and the Warren Street site in Tai Hang, Causeway Bay. We will be designing and developing premium properties at both of these sought-after sites to showcase our strength and ability to extract the most value out of such locations.

Hong Kong's economy rebounded strongly in 2010. Our investment properties, held under Winsor Properties, continued to record favorable increases in both rental and occupancy rates during the year. Riding on the strong market growth, the Group disposed of two industrial buildings to realise their capital value at a premium, providing additional financial resources to enable the Group to strategically reposition and enhance its asset portfolio. We are confident that by capitalising on the positive market outlook, our quality asset portfolio will continue to provide sustainable returns in terms of quality tenant mix, rental yields and occupancy levels.

The Group's Lanson Place hospitality management operation delivered steady growth in both occupancy and leasing rates during the year. The Lanson Place brand continues to receive recognitions from respected industry bodies, such as for 2010 "Asia Hotels Asset Management Award", "2010 Best Design Hotel Award" and "Luxury City Hotel Award".

With the aim of enhancing our portfolio of luxury properties in first-tier cities in China, the Group has acquired a property in Lujiazui, Shanghai through a joint-venture with Nan Fung Group. The property, located along the banks of the Huangpu River, with river views and in close proximity to the booming and rapidly developing financial district of Shanghai, represents a rare opportunity for the Group to further establish its presence at the luxurious end of the market in Shanghai and create additional value for our business portfolio.

Our performance in 2010 demonstrates the success of our growth strategy and execution capabilities. We are capitalising on the benefits of our integrated property platform to create sustained long term growth and profitability. We are confident about our growth and the future because of the transformational steps we had taken to reposition the Group. This growth strategy will continue to shape our future. Our solid balance sheet will enable us to seek out attractive development and investment opportunities in premium residences, Grade A offices, luxury hotels and service apartments in markets where the Group has already established a significant presence operationally, such as Hong Kong, Shanghai, Beijing, Singapore and Kuala Lumpur.

Coming off this outstanding year, I would like to take this opportunity to thank our shareholders, business partners and employees for their contribution and whose continued support will be crucial to the future success of Wing Tai Properties.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 30 March 2011

Management Discussion and Analysis

Business Review

For the year ended 31 December 2010, the Group reported a consolidated profit attributable to equity holders of HK$1,913.1 million, a five-time year-on-year rise over the HK$312.9 million restated profit for 2009 after the early adoption of amendments Hong Kong Accounting Standard Number 12 as explained in Note 2(a) of the financial statements. The increase in profit was mainly due to fair value gains of the Group's investment properties, gains on disposals of the Group's investment properties, other properties, plant and equipment and jointly controlled entities, and the higher aggregate sales recognised during the year. The total revenue for the Group was HK$2,176.8 million for the year under review, compared with HK$1,207.1 million in 2009.

Property

The Group's property division includes the property development, property investment and management, and hospitality investment and management businesses. This segment recorded a profit of HK$2,557.5 million for the year, compared with HK$553.1 million in 2009. The fair value gain of the investment properties was HK$1,878.6 million for the year, as compared with HK$360.9 million in 2009.

Property Development

Over 60% of the units at Forfar have been successfully pre-sold since July 2009, with the occupation permit having been received, the Group recognised approximately HK$900 million in revenue from this development during the year. All pre-sold units were delivered to the purchasers in the fourth quarter of 2010.

About 85% of the units at Seymour, in which the Group has a 30% interest, have been successfully pre-sold since November 2009, generating approximately HK$3.0 billion in revenue which will be recognised by the Group upon the granting of the occupation permit expected in the second half of 2011. Superstructure works are progressing according to schedule and the development is expected to be completed in the second half of 2011.

The Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188 has been officially named Providence Bay. The applications for presale consent have been submitted for all three sites and the developments are expected to be completed in phases in 2012. The Group has a 15% interest in each of the three sites.

In the second half of 2010, the Group acquired two prime residential sites: one at No. 1-2 Coronation Terrace in Mid-Levels West and the other at No. 3-11 Warren Street and No.1-11 Jones Street in Tai Hang, Causeway Bay. The two sites, providing a total gross floor area of approximately 108,000 square feet, will be developed into low-density, luxury boutique towers. Both projects are expected to be completed between 2013 and 2014.

The Group's subsidiary, Winsor Properties Holdings Limited ("Winsor Properties"), has a 30% interest in Belle Vue Residences, a luxurious residential development in Singapore. About 70% of this development's units have been sold and delivered to the purchaser by year-end, and the profit corresponding to this sale was recognised during the year.

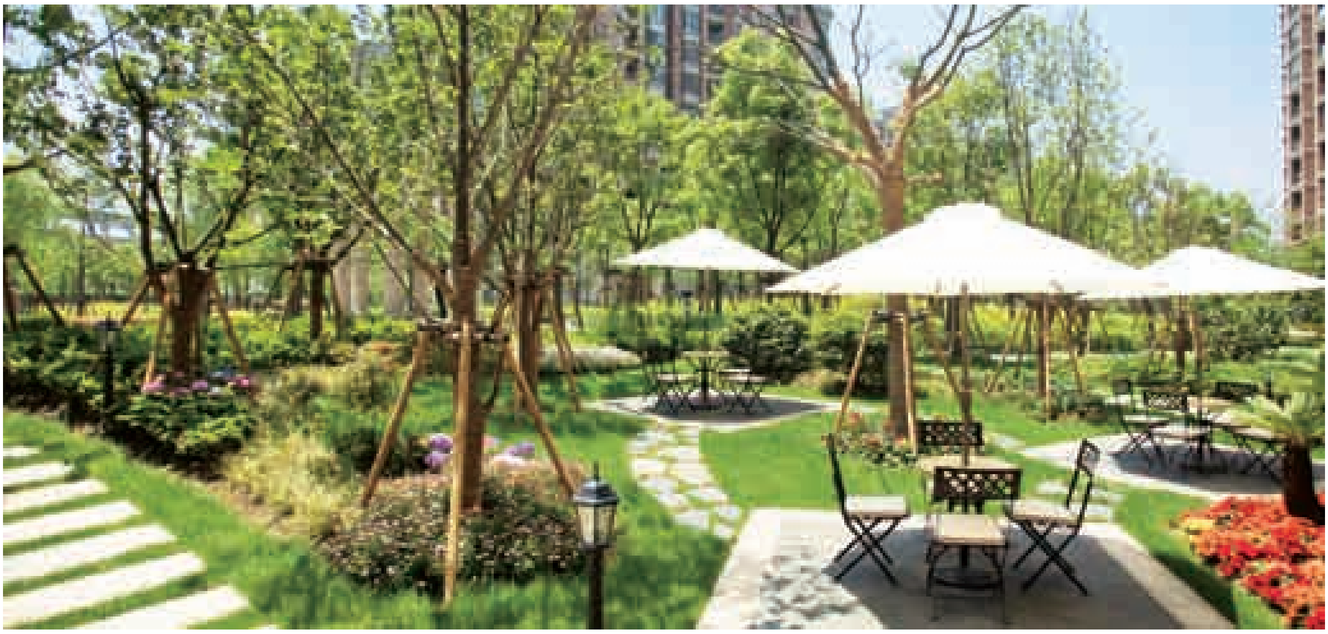
In September 2010, the Group disposed of its entire interest in PRC Shenyang residential developments for an aggregate consideration of US$79.5 million (approximately HK$619.6 million) and recognised a gain of approximately HK$45.8 million in 2010. Pursuant to a profit sharing arrangement, the Group is further entitled to receive cash payment, not exceeding RMB450.0 million, in the event the internal rate of return of the project exceeds an agreed rate of return.

In December 2010, the Group established a 50/50 joint venture with Nan Fung Group. The joint venture acquired a property in Lujiazui, Shanghai Pudong's financial and commercial district. The property, with a total gross floor area of approximately 19,307 square metres, has about 97 luxury apartment type units, and its development is scheduled for completion in 2013.

Property Investment and Management

Winsor Properties is the Group's investment holding arm of Hong Kong commercial, industrial and retail properties. As at 31 December 2010, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 1.3 million square feet of industrial buildings in the urban area of Kowloon, had an aggregate fair market valuation of HK$10,220.0 million.

Leasing of Landmark East, the Group's Grade-A twin-tower office development, continued to improve with the committed leasing rate surpassing 90% at year-end as compared to approximately 50% at the beginning of the year. Spot rents have also increased during the year as a result of improved market sentiment and the limited supply of quality commercial properties. W Square, the office and retail complex located at Wan Chai, maintained an average occupancy of approximately 96% in 2010.



In June 2010, Winsor Properties disposed of two industrial buildings for a total consideration of HK$949.0 million. The Group recorded a gain on these disposals of approximately HK$207.0 million during the year.

As at 31 December 2010, the Group's portfolio of industrial properties had an aggregate fair market valuation of HK$2,120.0 million. The average occupancy rate of these industrial properties, excluding the two properties disposed of, continued to improve steadily during the year and stood at approximately 92% at year-end.

Hospitality Investment and Management

The Group's hospitality investment and management business improved steadily during the year under review, in line with the economic recovery of the Asian region. As at 31 December 2010, both Lanson Place Jinlin Tiandi Residences in Shanghai and Lanson Place Central Park Residences in Beijing recorded occupancy rates of over 90%. The two-tower Lanson Place Jin Qiao Residences in Shanghai has fully opened in September 2010, and has progressively built up occupancy.

Apparel

The Group's apparel division, which comprises garment manufacturing and branded products distribution, generated aggregate revenue of HK$746.4 million during the year under review, compared with HK$729.3 million in 2009. The profit recorded by this segment for the year was HK$8.6 million, compared with a loss of HK$26.2 million during the previous year.

The garment manufacturing business achieved a profit during the year under review. However, the branded products distribution business continued to suffer an operating loss (before change in fair value of investment properties and gain on disposal of other properties, plant and equipment) due to the lagging market recovery in the high-end retail market in the United Kingdom, where it operates.

Investing Activities

The Group's investing activities for the year under review led to a segmental profit of HK$23.9 million, compared with HK$32.3 million in 2009. This profit is mainly from dividend income from the Group's investments held through Winsor Properties.

Financial Review

Liquidity and Financial Resources

The Group's net assets totaled HK$13,271.4 million as at 31 December 2010 (31 December 2009 (restated): HK$10,833.1 million). The increase was mainly resulted from the profit for the year of HK$2,436.8 million, an increase in investment revaluation reserve of HK$82.8 million offset by the distribution of the 2009 final dividend of HK$52.9 million and 2010 interim dividend of HK$46.3 million.

As at 31 December 2010, the Group's net borrowings (total bank loans and other long-term loans less bank balances and cash) was HK$3,313.7 million (31 December 2009: HK$4,165.2 million), representing 25% of the Group's net assets (31 December 2009 (restated): 38.4%). The decrease in net borrowings and gearing ratio was mainly due to net proceeds received from disposals of investment properties, other properties, plant and equipment and jointly controlled entities. Interest for the Group's bank loans was mainly on a floating rate basis. Around 72.1% of the Group's bank loans was repayable in periods beyond one year. In addition to the term loan facilities, the Group has unutilised banking facilities in excess of HK$2,280.5 million as at 31 December 2010 (31 December 2009: HK$2,106.3 million).

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong Dollars, Renminbi, United States Dollars and UK pounds. For transactions in other foreign currencies, the Group will closely monitor the exposure, and if consider appropriate, hedge to the extent desirable.

Contingent Liabilities

On 16 September 2010, a wholly owned subsidiary of the Company disposed of its entire 40% interest in a jointly controlled entity to one of its joint venture partners (the "Purchaser") at a consideration of approximately United States $79.5 million. In accordance with the share sale agreement, the Company will compensate the Purchaser in the event that there is land forfeiture or idle land penalties by the PRC land bureau or relevant PRC government authority within 9 months from the disposal date and may be extended up to another 9 months in some circumstances. In such case, the Company will repay the Purchaser an agreed portion of the deemed value of such land or the actual penalty incurred. Such portion shall not exceed, in aggregate, the consideration amount. The Company's directors consider that the likelihood of possible outflow of economic resources arising from the compensation to or claim on land forfeiture or idle land

from the Purchaser under the share sale agreement as of 31 December 2010 is low. The Group has not received any notice from the Purchaser about the compensation or claim, and therefore, no provision has been made as of 31 December 2010.

As at 31 December 2010, the Group did not have any contingent liabilities other than the above (31 December 2009: HK$438.1 million).

Pledge of Assets

At 31 December 2010, the Group's advances to associates/jointly controlled entities of HK$1,587.4 million (31 December 2009: HK$1,579.8 million) were subordinated to the loan facilities of associates/jointly controlled entities. The Group's advances to the associates/jointly controlled entities include amounts of HK$1,587.4 million (31 December 2009: HK$1,579.8 million) which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 31 December 2010, certain of the Group's investment properties, other properties, plant and equipment, available-for-sale financial assets, properties for sale and deposits, loans and receivables with carrying values of HK$11,559.6 million, HK$75.3 million, HK$265.4 million, HK$2,829.4 million and HK$197.4 million respectively were pledged to secure credit facilities for the Group.

Prospects

Looking ahead, the Hong Kong residential property market is likely to continue to benefit from an environment characterised by solid demand, abundant liquidity, low interest rates and limited supply. The Hong Kong Government's latest measures to curb excessive property speculation and its proposal to increase land supply are expected to ensure the healthy development of the local property market given its strong fundamentals.

On property development, the Group will launch the remaining units at Forfar, Seymour and Belle Vue Residences, which is expected to drive our profit and cash flows in 2011. Subject to market conditions, Providence Bay in Tai Po, Coronation Terrace in Mid-Levels West and Warren Street in Tai Hang will also be ready for pre-sales launch in 2011 at the earliest timeframe to make the most out of the current market momentum.

The office and industrial leasing market is expected to deliver yet more impressive performance in 2011 as rental rates grow further on the back of a likely upswing in demand for commercial space. We are confident that Landmark East will be able to sustain occupancy rates of over 90% and deliver significant growth in rental rates for new leases. W Square and other properties are also likely to see upward rental reversion when most of the leasing contracts are up for renewal in 2011.

Turning to the Asia-Pacific market, the strong business momentum and robust growth in the region will spur further the remarkable business success of Lanson Place. We expect our dynamic portfolio of serviced residences and boutique hotel to continue to deliver exceptional performance.

Building on our solid foundation and track record, we will step up efforts to further reinforce our unique position as a developer of premium properties by taking advantage of our strong brand pedigree and integrated business platform to the fullest extent possible. At the same time, the Group will look for property development and investment acquisition opportunities in Hong Kong, and gateway cities in China and Asia to further establish its presence as a leading developer of premium properties in this fast-growing region.

Employees

As at 31 December 2010, the Group had about 2,000 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group. The Group also operates a funded defined benefit pension scheme for certain overseas employees engaged prior to May 2001.

Employees, including directors, are eligible under the Company's share option scheme and share incentive scheme in which the share options and incentive shares are generally exercisable in stages within a period of ten years.

Directors and Senior Management Profile

Executive Director

Dr. CHENG Wai Chee, Christopher *GBS OBE JP*, aged 62, was appointed Chairman of the Company in 1991. Dr. Cheng is the Chairman of the Remuneration Committee of the Company. He is also the Chairman of Winsor Properties Holdings Limited ("Winsor") and a member of the Audit Committee and Nomination Committee of Winsor. Dr. Cheng is a director of several listed companies in Hong Kong, including NWS Holdings Limited, New World China Land Limited and Kingboard Chemical Holdings Limited. He is also a director of DBS Group Holdings Limited which is listed in Singapore. Dr. Cheng holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong. He graduated from the University of Notre Dame, Indiana with a BBA degree and from Columbia University, New York with a MBA degree.

Dr. Cheng plays an active role in public service. He is a member of The Exchange Fund Advisory Committee of the Government of HKSAR. Dr. Cheng is also a Board Member of Overseers of Columbia Business School, a council member of The University of Hong Kong and a steward of The Hong Kong Jockey Club. He was the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service until January 2011.

Dr. Cheng is a brother of Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis. He is a director of Wing Tai Corporation Limited, Renowned Development Limited, Wing Tai (Cheng) Holdings Limited and Brave Dragon Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO").

Mr. CHENG Wai Sun, Edward *SBS JP*, aged 55, was appointed executive director and Chief Executive in 1994 and Deputy Chairman of the Company in 2007. Mr. Cheng is a member of the Remuneration Committee of the Company. He is also a non-executive director of Winsor and an independent non-executive director of Television Broadcasts Limited and Orient Overseas (International) Limited. Mr. Cheng has a master degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

Mr. Cheng has many years of public service experience in urban renewal, housing, finance, corruption prevention, technology and education. He is currently a member of the University Grants Committee. Mr. Cheng is a Justice of the Peace, and has been awarded the Silver Bauhinia Star by the Hong Kong SAR Government.

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis.

Mr. CHENG Man Piu, Francis, aged 58, was appointed executive director of the Company in 1991. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and a MBA degree. He is the Chairman of Group 24 in the Federation of Hong Kong Industries and the Vice-Chairman of The Federation of Hong Kong Garment Manufacturers. Mr. Cheng is a general committee member of The Chinese Manufacturers' Association of Hong Kong and Textile Council of Hong Kong and a member of the Assessment Panel for the DesignSmart Initiative.

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward. He is the Assistant Managing Director of Wing Tai Corporation Limited and a director of Renowned Development Limited and Wing Tai (Cheng) Holdings Limited. The said companies are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. CHOW Wai Wai, John, aged 61, was appointed executive director of the Company in 2007. He is the Managing Director and a member of the Remuneration Committee of Winsor. He graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of Dah Sing Financial Holdings Limited and ARA Trust Management (Suntec) Limited (Manager of the Singapore-listed Suntec Real Estate Investment Trust). Mr. Chow has over 30 years of experience in the property, textile and clothing businesses, and has served as Chairman of the Hong Kong Garment Manufacturers Association and a member of the Textile Advisory Board of the Hong Kong Government.

Mr. Chow is the son of Mr. Chow Chung Kai and Mrs. Chow Yu Yue Chen, both of them are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. AU Hing Lun, Dennis, aged 51, was appointed executive director of the Company in 2004. He is the Managing Director of the Group's Property Division and is responsible for the Group's corporate finance function. Mr. Au is also an executive director of Winsor. He holds a Master of Business Administration degree and a Bachelor of Science degree. Mr. Au is a fellow member of the Association of Chartered Certified Accountants.

Non-Executive Director

Mr. KWOK Ping Luen, Raymond *JP*, aged 57, was appointed non-executive director of the Company in 1991. He is the Vice Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP") (a substantial shareholder of the Company within the meaning of Part XV of the SFO). Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is the Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, a non-executive director of Transport International Holdings Limited and an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong.

Mr. YUNG Wing Chung, aged 64, was appointed as non-executive director, an alternate director to Mr. Kwok Ping Luen, Raymond and a member of the Audit Committee of the Company on 24 February 2010. He is a Corporate Advisor of SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO). He also serves as director of SmarTone Telecommunications Holdings Limited, RoadShow Holdings Limited, YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company, Limited and Airport Freight Forwarding Centre Company Limited, and as an alternate director to Mr. Kwok Ping Luen, Raymond of Transport International Holdings Limited.

Prior to his joining SHKP in 1995, Mr. Yung had many years of work experience with a U.S. Bank in various managerial positions in Hong Kong and the United States.

Mr. HONG Pak Cheung, William, aged 56, was appointed non-executive director of the Company in 2002. Mr. Hong is an alternate Audit Committee member to Mr. Yung Wing Chung since February 2010. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. LOH Soo Eng, aged 70, was appointed non-executive director of the Company in 2007. Mr. Loh was an executive director for the property division of Wing Tai Holdings Limited since 1991 and retired in 2004. He is currently serving as an independent director of Wing Tai Holdings Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO and listed in Singapore). He has experience in power station, oil company, shipbuilding and shiprepairing industries as well as banking. Mr. Loh was with the DBS Group for 17 years, holding the posts of Executive Director of CapitaLand (RCS) Property Management Pte. Ltd. and General Manager of DBS Land. Mr. Loh has also served on government committees in Singapore, including SAFTI Military College and Temasek Polytechnic. He was the Chairman of SLF Properties Pte. Ltd. and SLF Management Services Pte. Ltd. and was the President of Real Estate Developers' Association of Singapore (REDAS) from 2001 to 2003. He graduated with a Bachelor of Engineering (Mechanical) degree from the University of Adelaide, Australia.

Mr. NG Tak Wai, Frederick, aged 53, was appointed executive director of the Company in 1995 and was re-designated as non-executive director on 1 April 2011. Mr. Ng graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with a MBA degree. He has held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. Mr. Ng's background is in manufacturing operations and management information systems.

Mr. Ng is a director of certain subsidiaries of Wing Tai Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Director

Mr. Simon MURRAY *CBE*, aged 71, was appointed independent non-executive director of the Company in 1994. Mr. Murray is a member of the Remuneration Committee of the Company. He is the Chairman of General Enterprise Management Services International Limited, a private equity fund management company. Before this, Mr. Murray has been the Executive Chairman of Asia Pacific for the Deutsche Bank Group. He is an independent non-executive director of Cheung Kong (Holdings) Limited and Orient Overseas (International) Limited, and a non-executive director of Greenheart Group Limited (formerly known as Omnicorp Limited) (appointed on 17 August 2010) and IRC Limited (appointed on 16 November 2010). Mr. Murray is also a non-executive director of Essar Energy Plc (whose shares are listed on the London Stock Exchange), Compagnie Financière Richemont SA (whose shares are listed on SWX Swiss Exchange) and an independent director of Sino-Forest Corporation (whose shares are listed on the Toronto Stock Exchange). Mr. Murray retired as non-executive director of Vodafone Group Plc in July 2010 and resigned as an independent non-executive director of Arnhold Holdings Limited on 25 March 2011.

Mr. FANG Hung, Kenneth *GBS CBE JP*, aged 72, was appointed independent non-executive director of the Company in 1997. Mr. Fang is a member of the Audit Committee and the Remuneration Committee of the Company. He is the Chairman of Fang Brothers Knitting Limited and Yeebo (International Holdings) Limited. Mr. Fang was an independent non-executive director from 25 May 2000 to 18 October 2009, and is currently a non-executive director of Jiangsu Expressway Company Limited (listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange). He is also the Deputy Managing Director of Nantong Jianghai Capacitor Co., Ltd which is listed on the Shenzhen Stock Exchange on 29 September 2010. Mr. Fang resigned as an executive director and Chairman of the Board of Times Limited (a company delisted from the Hong Kong Stock Exchange on 25 May 2010) on 11 January 2010. He graduated from Massachusetts Institute of Technology, U.S.A. in 1961 with a Master's degree in Chemical Engineering. Mr. Fang was also conferred an Honorary Degree of Doctor of Business Administration by the Hong Kong Polytechnic University in 2005. He is an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association. Mr. Fang ceased to be the Chairman of the board of directors of the Hong Kong Research Institute of Textile and Apparel with effect from 20 September 2010.

Mr. YEUNG Kit Shing, Jackson, aged 61, was appointed independent non-executive director of the Company in 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Yeung has over 25 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

Senior Management

Mr. Andreas L HOFER *FHKPU*, aged 71, is the Vice Chairman of Lanson Place, the hospitality management arm of the Group. He joined Lanson Place as Executive Director in 1996 and was part of the founding team. Mr. Hofer has extensive experience in the international hotel industry and was with the Mandarin Oriental Hotel Group for 22 years. He was the General Manager of the group's Flagship Hotel Mandarin Oriental, Hong Kong for many years, his last position with this group was Corporate Vice President South East Asia based in Singapore. Mr. Hofer was also Chairman of the Hong Kong Hotels Association. He joined Wharf Holdings in Hong Kong as President of their Marco Polo International Hotel Division prior to his appointment to a subsidiary of Singapore Land to oversee their hotel investments. Concurrent with his tenure as Vice Chairman of Lanson Place, Mr. Hofer is also the Executive Director of Hyde Park Land & Hospitality Management Ltd, a company registered in British Columbia, Canada.

Mr. Hofer was bestowed with a Fellowship from The Hong Kong Polytechnic University in 2007.

Mr. CHUNG Siu Wah, Henry, aged 56, is the Group Legal Counsel. He joined the Group in 1993. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant and a Chartered Secretary.

Mr. LEUNG Chun Keung, Andrew, aged 54 joined the Group in 2005. He is the Executive Director of China Investment and is responsible for overseeing the Group's investments in China. Prior to joining the Group, he was an executive director of Sunday Communications Limited. Mr. Leung graduated from The University of Hong Kong with an Honours Bachelor's degree in Laws and a Post Graduate Certificate in Laws and was qualified as a solicitor in New South Wales, Australia, the United Kingdom and Hong Kong.

Mrs. LI Kan Fung Ling, Karen, aged 49, is the Executive Director of Lanson Place, the hospitality management arm of the Group. Joining the Group in 1994, she has been responsible for the hospitality projects in Asia and the marketing and sales program of the residential projects in Hong Kong. She has over 20 years of international experience in strategic planning and operations with majority relating to residential properties and hotels - Wharf Hotels Investment Limited (H.K.), Mayfair Regent Hotel (Chicago, U.S.A) and Hilton Hotels Corporation (Beverly Hills, U.S.A.). She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and a MBA degree in Finance and International Business from George Washington University, Washington, D.C.

Ms. FUNG Ching Man, Janet, aged 48, joined the Group in 2007. She is the Chief Financial Officer and Company Secretary of the Company. Ms. Fung is a fellow member of the Association of Chartered Certified Accountants (UK) and the Hong Kong Institute of Certified Public Accountants, and a member of CPA Australia.

Ms. Fung is an alternate director to Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward on the board of directors of Winsor.

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

The English name of the Company was changed to "Wing Tai Properties Limited" and the Chinese name of the Company "永泰地產有限公司" was registered both with effect from 20 May 2010.

Principal Activities

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

Details of the Company's principal subsidiaries, the Group's principal jointly controlled entities and associates at 31 December 2010 are set out in notes 41 to 43 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 42.

An interim dividend of HK3.5 cents (2009: HK1.5 cents) per share, amounting to a total of about HK$46.3 million, was paid to shareholders in October 2010.

The Directors recommend the payment of a final dividend of HK6.5 cents per share for the year ended 31 December 2010 (2009: HK4.0 cents per share) to shareholders whose names appear on the Register of Members of the Company on 24 May 2011, which together with the interim dividend payment amounts to a total of approximately HK$132.3 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 10 June 2011.

Share Capital

Movements in the Company's authorised and issued share capital are set out in note 31 to the financial statements.

Reserves

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 46 and those of the Company are set out in note 33 to the financial statements.

Investment Properties

The Group revalued its investment properties as at 31 December 2010 on an open market value basis. Movements in the investment properties balance during the year are set out in note 15 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2010 is set out on pages 118 to 120.

Other Properties, Plant and Equipment

Details of the Group's other properties, plant and equipment as at 31 December 2010 are set out in note 16 to the financial statements.

Donations

During the year, the Group made charitable and other donations totaling HK$0.1 million.

Directors and Directors' Services Contracts

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

Executive directors:
Cheng Wai Chee, Christopher *GBS OBE JP (Chairman)*
Cheng Wai Sun, Edward *SBS JP (Deputy Chairman and Chief Executive)*
Cheng Man Piu, Francis
Chow Wai Wai, John
Ng Tak Wai, Frederick *(to be re-designated as non-executive director on 1 April 2011)*
Au Hing Lun, Dennis

Non-executive directors:
Kwok Ping Luen, Raymond *JP*
Yung Wing Chung *(also an alternate to Kwok Ping Luen, Raymond) (appointed on 24 February 2010)*
Hong Pak Cheung, William
Loh Soo Eng
Wong Yick Kam, Michael *(also an alternate to Kwok Ping Luen, Raymond) (resigned on 24 February 2010)*

Independent non-executive directors:
Simon Murray *CBE*
Fang Hung, Kenneth *GBS CBE JP*
Yeung Kit Shing, Jackson

In accordance with Bye-law 100(A) of the Company's Bye-laws, Mr. Chow Wai Wai, John, Mr. Au Hing Lun, Dennis, Mr. Kwok Ping Luen, Raymond, Mr. Hong Pak Cheung, William and Mr. Yeung Kit Shing, Jackson will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Public Float

As at the latest practical date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

Directors' and Chief Executive's Interests in Shares and Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2010, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules were as follows:

1. Interests in the Company

	Number of shares held						
Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives (Note e)	Aggregate interests	Approx. percentage of the issued share capital (Note a)
Cheng Wai Chee, Christopher	5,240,829	–	197,918,780 (Note b)	462,488,185 (Note c)	2,548,737	668,196,531	50.51%
Cheng Wai Sun, Edward	5,139,497	–	–	462,488,185 (Note c)	2,548,737	470,176,419	35.54%
Cheng Man Piu, Francis	–	–	–	462,488,185 (Note c)	–	462,488,185	34.96%
Chow Wai Wai, John	200,002	–	–	–	–	200,002	0.02%
Ng Tak Wai, Frederick	344,319	1,016,000	–	–	119,738	1,480,057	0.11%
Au Hing Lun, Dennis	1,327,912	–	–	–	1,211,085	2,538,997	0.19%
Kwok Ping Luen, Raymond	–	–	–	9,224,566 (Note d)	–	9,224,566	0.70%
Simon Murray	–	–	–	–	1,094,737	1,094,737	0.08%

Notes:

(a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2010 was 1,322,936,463.

(b) Dr. Cheng Wai Chee, Christopher was deemed to be interested in 197,918,780 Shares beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited by virtue of his corporate interests in these companies through Wing Tai (Cheng) Holdings Limited, Renowned Development Limited and Wing Tai Corporation Limited. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 91,663,995, 88,930,828 and 17,323,957 Shares respectively.

(c) Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders' Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.

(d) Mr. Kwok Ping Luen, Raymond was a beneficiary of a trust the assets of which included interests in 9,224,566 Shares.

(e) These interests represented the interests in underlying shares in respect of the share options or incentive shares granted by the Company to these directors as beneficial owners. Details of which are set out in the section below headed Share Option Scheme or Share Incentive Scheme.

2. Interests in associated corporation, Winsor Properties Holdings Limited ("Winsor")

Director	Number of shares held					Approx. percentage of the issued share capital of Winsor (Note a)
	Personal interests	Family interests	Corporate interests	Other interests	Aggregate interests	
Cheng Wai Chee, Christopher	–	27,000	–	205,835,845 (Note b)	205,862,845	79.27%
Cheng Wai Sun, Edward	–	–	–	205,835,845 (Note b)	205,835,845	79.26%
Cheng Man Piu, Francis	–	–	–	205,835,845 (Note b)	205,835,845	79.26%
Chow Wai Wai, John	2,713,000	–	–	–	2,713,000	1.04%
Kwok Ping Luen, Raymond	500	–	–	–	500	0.0002%

Notes:

(a) The total number of issued shares in the capital of Winsor as at 31 December 2010 was 259,685,288.

(b) Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in (i) 191,935,845 shares of Winsor ("Winsor Share") beneficially owned by Twin Dragon Investments Limited (42,991,387 Winsor Shares) and the Company (148,944,458 Winsor Shares) and (ii) 13,900,000 Winsor Shares which are subject to a put option granted by the Company to Standard Chartered Bank, Singapore Branch. These interests represented the same interests and were therefore duplicated amongst these three directors.

Save as disclosed herein, as at 31 December 2010, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of the Company may, in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Details of the share options granted and summary of the movements of the outstanding share options for the year ended 31 December 2010 under the Share Option Scheme are as follows:

			Number of share options					
Director	Date of grant	Exercise price per ordinary share	As at 1.1.2010	Grant during the year	Exercised during the year	Cancelled/ Lapsed during the year	As at 31.12.2010	Exercisable period
Simon Murray	19.4.2005	HK$1.941	1,094,737	–	–	–	1,094,737	19.4.2006 to 18.4.2012

Note: On 24 February 2010, the Company extended the exercisable period from 18 April 2010 to 18 April 2012.

Details of the Share Option Scheme of the Company are set out in note 32 to the financial statements.

Share Incentive Scheme

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group to subscribe in cash at par value for shares of the Company.

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2010 under the Share Incentive Scheme are as follows:

		Number of incentive shares						
Director	Date of award	As at 1.1.2010	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2010	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Chee, Christopher	25.4.2006	298,863	–	298,863	–	–	N/A	N/A
	26.7.2007	268,484	–	268,484	–	–	N/A	N/A
	8.7.2008	103,179	–	103,179	–	–	N/A	N/A
	8.7.2008	103,179	–	103,179	–	–	N/A	N/A
	8.7.2008	206,358	–	–	–	206,358	30.1.2011	30.1.2011 to 8.7.2018
	15.6.2009	426,126	–	426,126	–	–	N/A	N/A
	15.6.2009	426,126	–	–	–	426,126	20.1.2011	20.1.2011 to 15.6.2019
	15.6.2009	852,253	–	–	–	852,253	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	–	266,000	–	–	266,000	19.1.2011	19.1.2011 to 25.6.2020
	25.6.2010	–	266,000	–	–	266,000	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	–	532,000	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020

Director	Date of award	Number of incentive shares: As at 1.1.2010	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2010	Vesting date of the outstanding awards	Exercisable period
Cheng Wai Sun, Edward	25.4.2006	298,863	–	298,863	–	–	N/A	N/A
	26.7.2007	268,484	–	268,484	–	–	N/A	N/A
	8.7.2008	103,179	–	103,179	–	–	N/A	N/A
	8.7.2008	103,179	–	103,179	–	–	N/A	N/A
	8.7.2008	206,358	–	–	–	206,358	30.1.2011	30.1.2011 to 8.7.2018
	15.6.2009	426,126	–	426,126	–	–	N/A	N/A
	15.6.2009	426,126	–	–	–	426,126	20.1.2011	20.1.2011 to 15.6.2019
	15.6.2009	852,253	–	–	–	852,253	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	–	266,000	–	–	266,000	19.1.2011	19.1.2011 to 25.6.2020
	25.6.2010	–	266,000	–	–	266,000	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	–	532,000	–	–	532,000	19.1.2013	19.1.2013 to 25.6.2020
Ng Tak Wai, Frederick	8.7.2008	11,221	–	11,221	–	–	N/A	N/A
	8.7.2008	22,442	–	–	–	22,442	30.1.2011	30.1.2011 to 8.7.2018
	15.6.2009	19,432	–	19,432	–	–	N/A	N/A
	15.6.2009	19,432	–	–	–	19,432	20.1.2011	20.1.2011 to 15.6.2019
	15.6.2009	38,864	–	–	–	38,864	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	–	9,750	–	–	9,750	19.1.2011	19.1.2011 to 25.6.2020
	25.6.2010	–	9,750	–	–	9,750	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	–	19,500	–	–	19,500	19.1.2013	19.1.2013 to 25.6.2020

Director	Date of award	Number of incentive shares As at 1.1.2010	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2010	Vesting date outstanding awards	Exercisable period
Au Hing Lun, Dennis	26.7.2007	71,705	–	71,705	–	–	N/A	N/A
	8.7.2008	49,537	–	49,537	–	–	N/A	N/A
	8.7.2008	99,074	–	–	–	99,074	30.1.2011	30.1.2011 to 8.7.2018
	15.6.2009	200,337	–	200,337	–	–	N/A	N/A
	15.6.2009	200,337	–	–	–	200,337	20.1.2011	20.1.2011 to 15.6.2019
	15.6.2009	400,674	–	–	–	400,674	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	–	127,750	–	–	127,750	19.1.2011	19.1.2011 to 25.6.2020
	25.6.2010	–	127,750	–	–	127,750	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	–	255,500	–	–	255,500	19.1.2013	19.1.2013 to 25.6.2020
Employees	29.6.2006	10,947	–	10,947	–	–	N/A	N/A
	26.7.2007	164,483	–	164,483	–	–	N/A	N/A
	26.7.2007	30,379	–	30,379	–	–	N/A	N/A
	8.7.2008	13,958	–	13,958	–	–	N/A	N/A
	8.7.2008	139,304	–	139,304	–	–	N/A	N/A
	8.7.2008	278,610	–	–	–	278,610	30.1.2011	30.1.2011 to 8.7.2018
	15.6.2009	572,274	–	572,274	–	–	N/A	N/A
	15.6.2009	572,274	–	–	–	572,274	20.1.2011	20.1.2011 to 15.6.2019
	15.6.2009	1,144,548	–	–	–	1,144,548	20.1.2012	20.1.2012 to 15.6.2019
	25.6.2010	–	300,000	–	–	300,000	19.1.2011	19.1.2011 to 25.6.2020
	25.6.2010	–	300,000	–	–	300,000	19.1.2012	19.1.2012 to 25.6.2020
	25.6.2010	–	600,000	–	–	600,000	19.1.2013	19.1.2013 to 25.6.2020
		9,428,968	3,878,000	3,683,239	–	9,623,729		

Note: Subscription price per share is the par value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the right to subscribe for ordinary shares of the Company is exercised.

Details of the Share Incentive Scheme of the Company are set out in note 32 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may 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.

Substantial Shareholders' Interests

As at 31 December 2010, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital
1. Brave Dragon Limited	Beneficial owner	141,794,482	10.72%
2. Crossbrook Group Limited	Beneficial owner	270,411,036	20.44%
3. Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 (Notes 2(a) & 3)	34.96%
4. Deutsche Bank International Trust Co. (Jersey) Limited	Trustee	462,488,185 (Notes 2(b) & 4)	34.96%
5. Deutsche Bank International Trust Co. (Cayman) Limited	Trustee	462,488,185 (Notes 2(b) & 4)	34.96%
6. Wing Tai Corporation Limited	Interest of controlled corporation	180,594,823 (Note 5)	13.65%
7. Renowned Development Limited	Interest of controlled corporation	180,594,823 (Notes 2(c) & 5)	13.65%
8. Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	197,918,780 (Notes 2(d) & 6)	14.96%
9. Sun Hung Kai Properties Limited	Interest of controlled corporation	182,608,533 (Note 7)	13.80%
10. HSBC Trustee (C.I.) Limited	Trustee	182,608,533 (Notes 2(e) & 8)	13.80%
11. Gala Land Investment Co Ltd	Beneficial owner	101,579,467	7.68%

Name of Shareholder		Capcacity	Number of Shares interested	Approx. percentage of the issued share capital
12.	Farnham Group Ltd	Interest of controlled corporation	101,579,467 (Notes 2(f) & 9)	7.68%
13.	Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 (Notes 2(f) & 10)	13.61%
14.	Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 (Notes 2(f) & 11)	11.40%

Notes:

1 The total number of issued Shares as at 31 December 2010 was 1,322,936,463.

2 The interests disclosed duplicated in the following manners and to the following extent:

(a) the interests of parties 1 and 2 were included in the interests of party 3.

(b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.

(c) the interests of party 6 duplicated with the interests of party 7 entirely.

(d) the interests of parties 6 and 7 were included in the interests of party 8.

(e) the interests of party 9 duplicated with the interests of party 10 entirely.

(f) the interests of party 11 duplicated with the interests of party 12 entirely and were included in the interests of parties 13 and 14.

3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.

4 Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust (of which Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.58% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.35% of the issued shares of Wing Tai Holdings Limited.

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 91,663,995 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.

6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

7 Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited ("Wesmore"), Fourseas Investments Limited ("Fourseas"), Junwall Holdings Ltd ("Junwall"), Sunrise Holdings Inc. ("Sunrise") and Country World Ltd. ("Country World"). Wesmore held 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge"). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 4,669,333 and 37,680,000 Shares respectively.

Junwall beneficially owned 100% of the issued share capital of Techglory Limited ("Techglory"). Techglory was the beneficial owner of 192,000 Shares.

Sunrise beneficially owned 100% of the issued share capital of Charmview International Ltd ("Charmview"). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd ("Erax Strong"). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interest of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

8 HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in 42.01% of the issued share capital of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 182,608,533 Shares.

9 Farnham Group Ltd ("Farnham") beneficially owned 100% of the issued share capital of Gala Land Investment Co Ltd ("Gala Land"), therefore, Farnham was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of its corporate interest therein.

10 Mr. Chow Chung Kai and his wife, Madam Chow Yu Yue Chen, held 48,532,744 and 700,566 Shares respectively.

The estate of the late Mr. Chou Wen Hsien, of which Mr. Chow Chung Kai was the executor, was interested in 29,212,047 Shares.

Mr. Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Mr. Chow Chung Kai was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of his corporate interest therein.

The estate of the late Mr. Chou Wen Hsien, of which Mr. Chow Chung Kai was the executor, was interested in 50% of the issued share capital of Farnham.

11 Madam Chow Yu Yue Chen and her husband, Mr. Chow Chung Kai, held 700,566 and 48,532,744 Shares respectively.

Mr. Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Madam Chow Yu Yue Chen was deemed to be interested in the 101,579,467 Shares held by Gala Land by virtue of Mr. Chow Chung Kai's corporate interest therein.

Save as disclosed above, as at 31 December 2010, the Company had not been notified of any interests or short positions held by any substantial shareholder in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Interests of Any Other Persons

As at 31 December 2010, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

Directors' Interests in Contracts

On 4 December 2008, a contract entered into between Gieves Limited ("Gieves"), an indirect subsidiary of the Company, and Wensum Tailoring Limited ("Wensum") under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ending on 31 December 2011. Each of Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis has an indirect interest in the share capital of Wensum.

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad) ("WTMB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purposes of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments. Each of Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis has an indirect interest in the share capital of WTMB and the JV Company.

On 8 January 2009, four operating agreements ("2009 Operating Agreements") and four licence agreements ("2009 Licence Agreements") entered into between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia"), Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore"), Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda"), all wholly-owned subsidiaries of the Company, and Winshine Investment Pte Ltd ("Winshine"), Seniharta Sdn Bhd ("Seniharta") and the JV Company (collectively the "WT Associates") for a term of 10 years.

Under the 2009 Operating Agreements, LP Singapore has agreed to provide serviced apartment management services to Winshine, LP Malaysia has agreed to provide hotel apartment management services and serviced apartment management consulting services to Seniharta whereas LP Malaysia has agreed to provide serviced apartment management consulting services to the JV Company.

Under the 2009 Licence Agreements, LP Bermuda has agreed to grant to the WT Associates the rights to use certain trademarks and tradenames in relation to certain serviced apartment blocks located in Singapore or Malaysia.

Each of Dr. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the share capital of the WT Associates.

Save as disclosed above, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Businesses

The interests of directors of the Company in competing business required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Dr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis are directors of the Group One Companies.

Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Dr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis are directors of the Group Two Company.

Dr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Inc. (the "Group Three Companies").

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China, Cambodia and Mauritius which may be regarded as competitive to the Group's apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia which might be regarded as competitive to the Group's apparel business.

The Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Group is capable of carrying on its business independently of, and at arm's length from the aforesaid garment businesses.

Mr. Kwok Ping Luen, Raymond is a director of SHKP. Businesses of SHKP consist of property development, property investment and management, and hospitality investment and management. Also, Mr. Kwok is a member of the Kwok Family which maintains certain personal and deemed interests in the businesses consisting of property developments and investments in Hong Kong and Singapore. Only in this respect he is regarded to be interested in the relevant competing business with the Group.

Mr. Kwok Ping Luen, Raymond is a director and Mr. Yung Wing Chung is an alternate director to Mr. Kwok Ping Luen, Raymond of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property development and investment. Only in these respects they are regarded to be interested in the relevant competing business with the Group.

Other than the family businesses of the Kwok Family, the aforesaid competing businesses, in which Mr. Kwok Ping Luen, Raymond and Mr. Yung Wing Chung, are regarded to be interested, are managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its independent non-executive directors and the Audit Committee, the Group is capable of carrying on its business independently of, and at arm's length from the said competing businesses.

Connected Transactions

Set out below is information in relation to connected transactions which were disclosed in the Company's announcements and are required under Chapter 14A of the Listing Rules to be included in this annual report:

I) Continuing Connected Transactions

1. On 22 June 2005, Lanson Place Hospitality Management Limited ("Lanson Place"), a wholly-owned subsidiary of the Company, entered into an operating agreement with Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd. ("WFOE") pursuant to which Lanson Place was to manage and operate the serviced apartments known as Jin Lin Tiandi in Shanghai (the "Serviced Apartments") on behalf of WFOE for a term of three years expired on 21 June 2008 (the "Operating Agreement").

   On 22 June 2005, Lanson Place Hotels & Residences (Bermuda) Limited, a wholly-owned subsidiary of the Company, also entered into a licence agreement with the WFOE for granting a royalty-free, non-exclusive licence to the WFOE to use in the PRC certain trademarks in connection with the operation of the Serviced Apartments (the "Licence Agreement").

   On 30 April 2008, Lanson Place entered into a supplemental operating agreement with WFOE to amend the Operating Agreement to extend the term of the Operating Agreement to 21 June 2018 (the "Supplemental Operating Agreement"). As the Licence Agreement provided that its term shall be the same as that of the Operating Agreement, the term of the Licence Agreement is also extended to 21 June 2018 as a result of the execution of the Supplemental Operating Agreement.

   As WFOE is a subsidiary of The Morgan Stanley Real Estate Fund IV International Funds which is a substantial shareholder of a subsidiary of the Company, WFOE is a connected person of the Company and the transactions contemplated under the Operating Agreement (as amended by the Supplemental Operating Agreement) and the Licence Agreement are continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

   The total management fee of HK$2.2 million received by Lanson Place under the Operating Agreement (as amended by the Supplemental Operating Agreement) and the Licence Agreement for the year ended 31 December 2010 is within the annual cap of HK$4.8 million for 2010 as set out in the Company's announcement dated 30 April 2008.

2. On 4 December 2008, an agreement was entered into between the Company's indirect wholly-owned subsidiary, Gieves Limited ("Gieves") and Wensum Tailoring Limited ("Wensum") (the "2008 Agreement") to set out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ending on 31 December 2011.

   As Wensum is a wholly-owned subsidiary of Wing Tai Corporation Limited ("WTC") which is a substantial shareholder of the Company, each of Wensum and WTC is a connected person of the Company and the transactions between Gieves and Wensum constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such transactions are stated in the announcement dated 4 December 2008 and the circular dated 15 December 2008 of the Company.

   Purchases made by Gieves from Wensum for the year ended 31 December 2010 amounted to GBP2,117,000, which is within the annual cap for the year ended 31 December 2010 of GBP4,500,000 as set out in the Company's announcement dated 4 December 2008.

3. The Company and various of its subsidiaries entered into leases of various units and car parks in Unimix Industrial Centre ("Unimix Industrial Centre"), No. 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong (the "Unimix Tenancy Agreements") with Unimix Properties Limited ("Unimix Properties") with effect from 25 August 2007, 1 September 2007 and 1 November 2007.

   Unimix Properties became a subsidiary of Winsor Properties Holdings Limited ("Winsor") on 31 December 2007. As a subsidiary of Winsor is a substantial shareholder of two subsidiaries of the Company, Winsor and its subsidiaries (including Unimix Properties with effect from 31 December 2007) were the then connected persons of the Company under the Listing Rules before 3 June 2010 and the transactions contemplated under the Unimix Tenancy Agreements constitute continuing connected transactions of the Company. In this connection, tenancy side letters were entered into between Unimix Properties and certain subsidiaries of the Company on 28 December 2007 to record the aggregate amounts payable under the Unimix Tenancy Agreements will not exceed the annual caps for the three financial years ending 31 December 2010.

   The consideration paid by certain subsidiaries of the Company to Unimix Properties under the Unimix Tenancy Agreements for the year ended 31 December 2010 totaled HK$4.2 million which is within the 2010 annual cap of HK$16.1 million as set out in the Company's announcement dated 12 December 2007.

4. On 20 June 2008, Wing Tai Properties Development Limited (formerly known as USI Properties Limited) ("WTPD"), the Company's wholly-owned subsidiary, entered into certain tenancy agreements (the "W Square Tenancy Agreements") in respect of certain spaces in W Square, Nos. 314-324 Hennessy Road, Wanchai, Hong Kong for a term of 2 years with Winnion Limited ("Winnion") which is a wholly-owned subsidiary of Winsor.

   As Winsor and its subsidiaries were the then connected persons of the Company, the transactions contemplated under the W Square Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

   The consideration paid by WTPD to Winnion under the W Square Tenancy Agreements for the year ended 31 December 2010 totaled HK$2.59 million which is within the 2010 annual cap of HK$2.62 million as set out in the Company's announcement dated 20 June 2008.

5. The following agreements (the "2009 Operating Agreements") were entered into on 8 January 2009:–

   (a) an agreement between Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore") with Winshine Investment Pte Ltd ("Winshine") whereby LP Singapore has agreed to provide serviced apartment management services to Winshine;

   (b) an agreement between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia") with Seniharta Sdn Bhd ("Seniharta") whereby LP Malaysia has agreed to provide hotel apartment management services;

   (c) an agreement between LP Malaysia with Seniharta whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Seniharta; and

   (d) an agreement between LP Malaysia with Kualiti Gold Sdn Bhd ("Kualiti Gold") whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Kualiti Gold.

The following agreements (the "2009 Licence Agreements") were entered into on 8 January 2009:–

(a) an agreement between Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda") with Winshine whereby LP Bermuda has agreed to grant to Winshine the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Singapore;

(b) two agreements between LP Bermuda with Seniharta whereby LP Bermuda has agreed to grant to Seniharta the rights to use certain trademarks and tradenames in relation to a hotel apartment block and a serviced apartment block located in Malaysia; and

(c) an agreement between LP Bermuda with Kualiti Gold whereby LP Bermuda has agreed to grant to Kualiti Gold the rights to use certain trademarks and tradenames in relation to a serviced apartment block located in Malaysia;

Each of the 2009 Operating Agreements and the 2009 Licence Agreements is for a term of 10 years.

Each of LP Singapore, LP Malaysia and LP Bermuda (collectively the "LP Group Companies") is a wholly-owned subsidiary of the Company.

Each of Winshine, Seniharta and Kualiti Gold (collectively the "WT Associates") is an associate (as defined in the Listing Rules) of Wing Tai Holdings Limited ("WTHL").

As WTHL is a substantial and controlling shareholder of the Company, each of the WT Associates is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions with the WT Associates contemplated under the 2009 Operating Agreements and the 2009 Licence Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The total fees of HK$4.5 million received by the LP Group Companies under the 2009 Operating Agreements and the 2009 Licence Agreements for the year ended 31 December 2010 is within the annual cap of HK$7.2 million for 2010 as set out in the Company's announcement dated 8 January 2009.

6. On 20 July 2009, Wing Tai Properties (Hong Kong) Limited (formerly known as United Success International Limited) ("WTPHK"), one of the Company's wholly-owned subsidiaries, entered into a preliminary tenancy agreement (the "Landmark East Tenancy Agreement") for the rental of the whole of the 27th Floor, Two Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong for a term of approximately 31 months with Begin Land Limited ("Begin Land") which is a wholly-owned subsidiary of Winsor.

   As Winsor and its subsidiaries were the then connected persons of the Company, the transactions contemplated under the Landmark East Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

   The consideration paid by WTPHK to Begin Land under the Landmark East Tenancy Agreement for the year ended 31 December 2010 totaled HK$3,864,000 which is within the 2010 annual cap of HK$4,435,000 as set out in the Company's announcement dated 20 July 2009.

7. On 6 January 2010, Unimix Properties, one of the Company's indirect subsidiaries, entered into the tenancy agreements for leasing of units on Floors 7, 8, 11, 18 and 22 (the "WTC Tenancy Agreements") and the licence agreements in respect of three car parking spaces (the "WTC Licence Agreements") at Unimix Industrial Centre with WTC. The terms of the WTC Tenancy Agreements and the WTC Licence Agreements are 2 years and 22 months respectively.

   As WTC is a substantial shareholder and therefore a connected person of the Company, the transactions contemplated under the WTC Tenancy Agreements and the WTC Licence Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

   The consideration received by Unimix Properties from WTC under the WTC Tenancy Agreements and the WTC Licence Agreements for the year ended 31 December 2010 totaled HK$2,165,000 which is within the 2010 annual cap of HK$2,600,000 as set out in the Company's announcement dated 6 January 2010.

   On 10 June 2010, Unimix Industrial Centre was sold by Unimix Properties to an independent third party under a provisional sale and purchase agreement and the disposal was completed on 30 November 2010. Details of such disposal is set out in the Company's announcement dated 10 June 2010.

II) Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2010 have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) have not exceeded the relevant maximum amount capped in accordance to the annual caps as set out in the relevant announcements.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 29 to 32 of this annual report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Major Customers and Suppliers

For the year ended 31 December 2010, the aggregate amount of turnover attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2010, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK$3,742.2 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2010 are presented below:

	Pro-forma combined balance sheet HK$'M	Group's attributable interest HK$'M
Non-current assets	1,860.1	484.0
Current assets	17,166.8	3,130.4
Current liabilities	(7,641.4)	(1,444.3)
Non-current liabilities	(14.2)	(2.6)
Amounts and loans due from shareholders	7.3	3.1
Amounts and loans due to shareholders	(10,473.9)	(2,016.3)
Net assets	904.7	154.3

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

Five Years Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 122 of this annual report.

Auditor

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Cheng Wai Chee, Christopher
Chairman

Hong Kong, 30 March 2011

Compliance with Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

The Company has complied with the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that non-executive directors were not appointed for specific terms but they are subject to retirement by rotation in accordance with the Company's Bye-laws, throughout the financial year ended 31 December 2010.

Codes for Dealing in the Company's Securities

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

Mr. Yung Wing Chung, who was appointed as a non-executive director of the Company on 24 February 2010, confirmed, following specific enquiry by the Company, that he had complied with the Model Code throughout the period between 24 February 2010 and 31 December 2010.

Mr. Wong Yick Kam, Michael, who resigned as a non-executive director of the Company on 24 February 2010, confirmed, following specific enquiry by the Company, that he had complied with the Model Code throughout the period between 1 January 2010 and 24 February 2010.

All other directors confirmed, following specific enquiries by the Company that they had complied with the Model Code throughout the year ended 31 December 2010.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

Board of Directors

As at 30 March 2011 (the date of this report), the Company's Board of Directors (the "Board") comprises six executive directors, four non-executive directors and three independent non-executive directors. Biographies of all the directors and the relationships (if any) among them are set out on pages 12 to 15 of this annual report.

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in the annual report, they did not have any business or financial interest with the Company and its subsidiaries (the "Group") and were independent as at 31 December 2010 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

Chairman and Chief Executive

Dr. Cheng Wai Chee, Christopher is the Chairman of the Board and Mr. Cheng Wai Sun, Edward is the Deputy Chairman and Chief Executive of the Group. While the Chairman of the Board is responsible for providing leadership for the Board, ensuring that all directors are properly briefed on issues arising at board meetings and receive complete, reliable and timely information, the Chief Executive is responsible for the day-to-day management of the Group's business.

Retirement by Rotation and Specific Term of Office

The non-executive directors (including independent non-executive directors) were not appointed for specific terms but they are subject to retirement by rotation at the annual general meetings of the Company in accordance of the Bye-laws of the Company and the internal policy adopted by the Company.

The Company's Bye-laws provide that any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for election at the meeting, and that one third or the number nearest to one third of directors shall retire from office by rotation (save for Chairman or managing director) at each general meeting.

It is a policy of the Company that any director (including Chairman or managing director) who is not required by the Bye-laws of the Company to retire by rotation at the annual general meeting in the third year since his last election, will be reminded to retire from the office voluntarily.

In light of the Company's Bye-laws and policy as aforesaid, all directors will retire at least once every three years.

Functions and responsibilities of the Board

On 12 July 2005, the Company formalised in writing the functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management as follows:

(i) the Board shall approve the yearly budgets of the Company and its subsidiaries;

(ii) the Board shall monitor the operating and financial performance of the Company and its subsidiaries;

(iii) the Board shall oversee the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance;

(iv) the Board shall assume responsibility for corporate governance; and

(v) the day-to-day operations of the Group is delegated to the management led by the Chief Executive.

Four board meetings had been held during the year. The attendance record of each member at the board meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

Remuneration Committee

The Remuneration Committee was formed on 12 July 2005. The Remuneration Committee's terms of reference specify that the committee must comprise of at least three members and the majority of whom are independent non-executive directors. The terms of reference are available on the Company's website.

During the year and up to the date of this report, the members of the Remuneration Committee are:

Dr. Cheng Wai Chee, Christopher *(Committee Chairman)*
Mr. Cheng Wai Sun, Edward
Mr. Simon Murray
Mr. Fang Hung, Kenneth
Mr. Yeung Kit Shing, Jackson

The duties and functions of the Remuneration Committee mainly are:

(i) recommendation of remuneration policy and structure for directors and senior management;

(ii) determination of remuneration packages of executive directors and senior management;

(iii) review and approval of performance-based remuneration for executive directors and senior management; and

(iv) recommendation of remuneration packages for non-executive directors.

Remuneration Committee met once in 2010. The attendance record of each member at the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Remuneration Committee during 2010:

(a) determination of remuneration package of executive directors and senior management for the year ended 31 December 2010; and

(b) review and approval of the proposal of directors' fees for the year ended 31 December 2010, with a recommendation to the shareholders for approval.

Remuneration Policy for Executive Directors and Senior Management

The principal elements of the executive directors' and senior management's remuneration packages include basic salaries and discretionary bonus which includes both cash and incentive shares. The remuneration packages of the executive directors and senior management will be proposed jointly by the Chairman and the Chief Executive of the Group annually for the review and approval of the Remuneration Committee based on the following factors:

(a) the executive director's and senior management's responsibilities;

(b) the executive director's and senior management's individual performance;

(c) performance of the business unit(s) headed by the executive director or senior management; and

(d) performance of the Group as a whole.

Remuneration Policy for Non-Executive Directors

The non-executive directors' remuneration, comprising directors' fee, is subject to annual assessment and recommended by the Remuneration Committee for shareholders' approval at the annual general meetings.

Directors' Remuneration

The directors' remuneration is set out in note 9 to the financial statements on pages 81 to 83 of this annual report.

Nomination of Directors

The Board reviews its structure and composition on a regular basis to ensure that it has the expertise and independence to carry out its functions and responsibilities. Pursuant to the Bye-laws of the Company, any director newly appointed by the Board during the year shall hold office until the next annual general meeting and shall then be eligible for re-election at that annual general meeting.

Audit Committee

The Audit Committee was formed on 9 March 1999. The terms of reference of the Audit Committee are published on the Company's website which specify that the committee must comprise of at least three members and the majority of whom are independent non-executive directors. During the year and up to the date of this report, the members of the Audit Committee are:

Mr. Yeung Kit Shing, Jackson	*(Committee Chairman)*
Mr. Fang Hung, Kenneth	
Mr. Yung Wing Chung	*(appointed on 24 February 2010)*
Mr. Hong Pak Cheung, William	*(ceased to be alternate to Mr. Wong Yick Kam, Michael and appointed as alternate to Mr. Yung Wing Chung both on 24 February 2010)*
Mr. Wong Yick Kam, Michael	*(resigned on 24 February 2010)*

The primary duties of the Audit Committee include, inter alia, the following:

(i) recommend to the Board on the appointment, reappointment and removal of the external auditors, and approval of their fees, and assessment of their independence;

(ii) discussion of issues arising from the audits and any matters raised by the external auditors;

(iii) review of the interim and annual financial statements before submission to the Board; and

(iv) review of the Company's financial controls, internal control and risk management systems of the Group.

The Audit Committee met three times in 2010. The attendance record of each member at the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The following works were performed by the Audit Committee during 2010:

(a) review of the external auditor's audit plan for the year ended 31 December 2010;

(b) review of the 2011 internal audit plan;

(c) review of the 2009 and 2010 work progress reports and the works performed by internal audit in 2010;

(d) review of the annual report and results announcement for the year ended 31 December 2009, with a recommendation to the Board for approval;

(e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2009;

(f) review of the interim report and interim results announcement for the six months ended 30 June 2010, with a recommendation to the Board for approval;

(g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2010;

(h) review and approval of the 2011 annual budget for audit and non-audit services; and

(i) meeting with external auditor without executive board members present.

Internal Controls

The Board has the overall responsibility for the operations of the Group's internal control system and review of its effectiveness under the governance of the Audit Committee. In this respect, procedures have been established to safeguard the Group's assets against any possible unauthorised use or disposition with the task to ensure the proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication as well as their respective compliance to laws, rules and regulations. The system is established to manage and minimise, rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against misstatements or losses.

The Board assesses the effectiveness of the overall internal control system regularly in considering reviews performed by the Audit Committee, executive management as well as both internal and external auditors with the understanding that such system is an ongoing process to identify, evaluate and manage significant risks faced by the Group. The Group's internal control system has been in place and was functioning effectively for the year under review.

The Group's internal audit department reports to the Audit Committee on a regular basis. The Audit Committee endorses the annual internal audit plan that is practically linked to the Group's areas of focuses. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations, which are reviewed on an annual basis.

The work carried out by the Group's internal audit department focusing on the internal control are carried out appropriately and functioning as intended. The scope of the work performed covers all material controls including financial, operational and compliance controls as well as risk management policies and procedures. Major operational, financial and risk management controls of the Group are continuously reviewed and aim to cover all major business units and operations of the Group on a rotational basis. Audit findings and recommendations are presented at the Audit Committee meetings. The implementation of agreed recommendation(s) is to be followed up on a quarterly basis.

For the financial year ended 31 December 2010, the Board through the Audit Committee had conducted a review of the effectiveness of the Group's internal control system as reported by the Group's internal audit department.

Attendance at Meetings

The attendance records of individual members at the Board and Committees meetings in 2010 are detailed in the following table:

	Meetings attended/Eligible to attend		
	Board	Remuneration Committee	Audit Committee
Executive directors			
Dr. Cheng Wai Chee, Christopher	4/4	1/1	N/A
Mr. Cheng Wai Sun, Edward	4/4	1/1	N/A
Mr. Cheng Man Piu, Francis	2/4	N/A	N/A
Mr. Chow Wai Wai, John	4/4	N/A	N/A
Mr. Ng Tak Wai, Frederick	4/4	N/A	N/A
Mr. Au Hing Lun, Dennis	4/4	N/A	N/A
Non-executive directors			
Mr. Kwok Ping Luen, Raymond *(with Yung Wing Chung as alternate)*	4/4	N/A	N/A
Mr. Yung Wing Chung	4/4	N/A	3/3
Mr. Hong Pak Cheung, William	4/4	N/A	N/A
Mr. Loh Soo Eng	4/4	N/A	N/A
Independent non-executive directors			
Mr. Simon Murray	3/4	1/1	N/A
Mr. Fang Hung, Kenneth	4/4	0/1	3/3
Mr. Yeung Kit Shing, Jackson	4/4	1/1	3/3

Auditors' Remuneration

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2010 are HK$6,283,000 (2009: HK$6,127,000) and HK$902,000 (2009: HK$959,000) respectively.

The remuneration in respect of significant non-audit services in 2010 includes the following:–

Nature of services	Fee paid HK$
Tax services	524,000
Special projects	378,000
Total	902,000

Financial Reporting

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies have been selected and applied consistently. The statement by the auditor of the Company relating to their reporting and responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on page 41 of this annual report.

Corporate Communication

The annual general meeting provides a forum for shareholders to exchange views with the Board. The Chairman of the Board, Chairman of Audit Committee and Chairman of the Remuneration Committee will be available to answer shareholders' questions at the meeting.

An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the annual general meeting, to ensure that shareholders are familiar with such procedures.

All the publications of the Company, including annual report, interim report, circular, notice of general meetings, results of the poll of general meetings are available on the Stock Exchange's website at www.hkexnews.hk.

The Company's website at www.wingtaiproperties.com offers timely access to investors regarding the Company's financial, corporate and other information.

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TO THE SHAREHOLDERS OF WING TAI PROPERTIES LIMITED
(formerly known as USI Holdings Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 42 to 117, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	2010 HK$'M	2009 HK$'M (As restated)
Revenue	*5*	2,176.8	1,207.1
Cost of sales		(1,395.6)	(704.0)
Gross profit		781.2	503.1
Other gains, net	*7*	19.3	105.7
Selling and distribution costs		(150.4)	(148.1)
Administrative expenses		(311.8)	(287.8)
Change in fair value of investment properties		1,894.8	363.9
Gain on disposal of investment properties		138.3	–
Gain on disposal of other properties, plant and equipment		68.7	–
Gain on disposal of jointly controlled entities		45.8	–
Profit from operations	*8*	2,485.9	536.8
Finance costs	*10*	(89.0)	(88.9)
Finance income	*10*	2.0	35.6
Share of results of associates	*18(a)*	85.9	(0.7)
Profit before taxation		2,484.8	482.8
Taxation	*11*	(48.0)	(57.2)
Profit for the year		2,436.8	425.6
Attributable to:			
Equity holders of the Company		1,913.1	312.9
Non-controlling interests		523.7	112.7
		2,436.8	425.6
Earnings per share for profit attributable to equity holders of the Company (expressed in HK dollars per share)	*12*		
– Basic		HK$1.45	HK$0.29
– Diluted		HK$1.44	HK$0.28
Dividends (expressed in HK$'M)	*13*	132.3	67.6

The notes on pages 50 to 117 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	2010 HK$'M	2009 HK$'M (As restated)
Profit for the year		2,436.8	425.6
Other comprehensive income			
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties		8.6	12.8
Release of other property revaluation reserve upon disposal of other properties, plant and equipment		(24.5)	–
Exchange differences on translation of foreign operations		67.4	(7.3)
Translation reserve realised upon disposal of jointly controlled entities		(12.0)	–
Net fair value gain arising on revaluation of available-for-sale financial assets		82.8	144.5
Reversal of impairment on available-for-sale financial assets		17.2	–
Net loss on cash flow hedge			
– Fair value losses		(63.8)	(56.6)
– Realised upon settlement		44.4	39.7
Other comprehensive income for the year, net of tax	*11*	120.1	133.1
Total comprehensive income for the year		2,556.9	558.7
Attributable to:			
Equity holders of the Company		2,012.1	416.9
Non-controlling interests		544.8	141.8
Total comprehensive income for the year		2,556.9	558.7

The notes on pages 50 to 117 are an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2010

	Note	At 31 December 2010 HK$'M	At 31 December 2009 HK$'M (As restated)	At 1 January 2009 HK$'M (As restated)
ASSETS AND LIABILITIES				
Non-current assets				
Land use rights	*14*	**3.3**	3.4	3.5
Investment properties	*15*	**11,786.0**	10,532.0	10,098.1
Other properties, plant and equipment	*16*	**148.8**	227.6	219.8
Interests in associates	*18(a)*	**423.7**	337.5	343.7
Loans to associates	*18(a)*	**343.1**	280.4	265.9
Available-for-sale financial assets	*19*	**475.6**	434.0	301.2
Deposits, loans and receivables	*20*	**246.0**	388.6	273.3
Held-to-maturity investments	*21*	**37.9**	31.0	25.4
Deferred tax assets	*30*	**16.2**	17.1	17.5
Derivative financial instruments	*25*	**16.0**	–	–
		13,496.6	12,251.6	11,548.4
Current assets				
Inventories	*22*	**84.8**	102.2	87.5
Properties for sale	*23*	**3,980.4**	3,432.5	3,115.9
Loans and receivables	*20*	**–**	26.2	23.4
Trade and other receivables, deposits and prepayments	*24*	**205.1**	172.0	435.5
Available-for-sale financial assets		**–**	–	2.9
Derivative financial instruments	*25*	**0.1**	–	0.6
Sales proceeds held in stakeholders' accounts		**199.3**	255.8	–
Amounts due from associates	*18*	**1.4**	1.7	0.5
Tax recoverable		**0.8**	4.7	4.7
Pledged bank deposits	*37*	**–**	38.1	80.2
Bank balances and cash	*26*	**897.6**	700.2	496.2
		5,369.5	4,733.4	4,247.4
Current liabilities				
Trade and other payables and accruals	*27*	**897.9**	1,015.5	741.6
Derivative financial instruments	*25*	**42.9**	41.1	40.4
Amounts due to associates	*18*	**0.4**	21.8	19.5
Tax payable		**55.3**	26.8	59.9
Short-term bank loans and overdrafts		**–**	–	0.6
Bank loans due within one year	*28*	**1,165.5**	540.6	489.0
		2,162.0	1,645.8	1,351.0
Net current assets		**3,207.5**	3,087.6	2,896.4
Total assets less current liabilities		**16,704.1**	15,339.2	14,444.8
Non-current liabilities				
Bank loans due after one year	*28*	**3,010.3**	4,281.8	4,432.9
Other long-term loans	*29*	**35.5**	43.0	42.3
Other long-term liability	*17(a)*	**193.1**	–	–
Derivative financial instruments	*25*	**71.6**	55.3	105.8
Deferred tax liabilities	*30*	**122.2**	126.0	92.3
		3,432.7	4,506.1	4,673.3
NET ASSETS		**13,271.4**	10,833.1	9,771.5
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	*31*	**661.5**	659.6	494.5
Reserves	*33(a)*	**10,266.6**	8,345.6	7,566.1
		10,928.1	9,005.2	8,060.6
Non-controlling interests		**2,343.3**	1,827.9	1,710.9
TOTAL EQUITY		**13,271.4**	10,833.1	9,771.5

The financial statements on pages 42 to 117 were approved and authorised for issue by the Board of Directors on 30 March 2011 and are signed on its behalf by:

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

Balance Sheet

At 31 December 2010

	Note	2010 HK$'M	2009 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	*17*	3,249.0	3,249.0
Deposits, loans and receivables	*20*	197.4	–
		3,446.4	3,249.0
Current assets			
Amounts due from subsidiaries	*17*	1,119.4	946.7
Other receivables and prepayments		0.5	0.5
Bank balances and cash	*26*	0.1	202.8
		1,120.0	1,150.0
Current liabilities			
Other payables		6.2	13.5
Amounts due to subsidiaries	*17*	0.2	0.2
		6.4	13.7
Net current assets		1,113.6	1,136.3
Total assets less current liabilities		4,560.0	4,385.3
Non-current liabilities			
Other long-term liability	*17(a)*	193.1	–
NET ASSETS		4,366.9	4,385.3
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*31*	661.5	659.6
Reserves	*33(b)*	3,705.4	3,725.7
TOTAL EQUITY		4,366.9	4,385.3

Cheng Wai Sun, Edward
DIRECTOR

Au Hing Lun, Dennis
DIRECTOR

The notes on pages 50 to 117 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2009												
– as previously reported	494.5	2,853.4	(63.0)	–	7.0	33.9	34.4	371.9	3,486.4	7,218.5	1,461.7	8,680.2
– adjustments for adoptions of amendments to HKAS 12	–	–	–	–	–	–	(0.1)	–	842.2	842.1	249.2	1,091.3
– as restated	494.5	2,853.4	(63.0)	–	7.0	33.9	34.3	371.9	4,328.6	8,060.6	1,710.9	9,771.5
Comprehensive income												
Profit for the year, as restated	–	–	–	–	–	–	–	–	312.9	312.9	112.7	425.6
Other comprehensive income												
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	10.2	–	–	–	10.2	2.6	12.8
Exchange differences on the translation of foreign operations	–	–	–	–	–	–	(7.3)	–	–	(7.3)	–	(7.3)
Net fair value gain arising on revaluation of available-for-sale financial assets	–	–	–	114.5	–	–	–	–	–	114.5	30.0	144.5
Net loss on cash flow hedge	–	–	(13.4)	–	–	–	–	–	–	(13.4)	(3.5)	(16.9)
Total comprehensive income, as restated	–	–	(13.4)	114.5	–	10.2	(7.3)	–	312.9	416.9	141.8	558.7
Transactions with owners												
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	0.9	0.9
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.7)	(0.7)
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	7.7	–	–	–	–	7.7	–	7.7
Incentive shares exercised	0.2	1.3	–	–	(1.3)	–	–	–	–	0.2	–	0.2
Shares issued under rights issue	164.9	384.5	–	–	–	–	–	–	–	549.4	–	549.4
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(25.0)	(25.0)
2008 final dividend paid	–	–	–	–	–	–	–	(14.8)	–	(14.8)	–	(14.8)
2009 interim dividend paid	–	–	–	–	–	–	–	(14.8)	–	(14.8)	–	(14.8)
Total transactions with owners	165.1	385.8	–	–	6.4	–	–	(29.6)	–	527.7	(24.8)	502.9
At 31 December 2009, as restated	659.6	3,239.2	(76.4)	114.5	13.4	44.1	27.0	342.3	4,641.5	9,005.2	1,827.9	10,833.1

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to equity holders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Investment revaluation reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2010												
– as previously reported	659.6	3,239.2	(76.4)	114.5	13.4	42.4	27.1	342.3	3,765.5	8,127.6	1,566.5	9,694.1
– adjustments for adoptions of amendments to HKAS 12	–	–	–	–	–	1.7	(0.1)	–	876.0	877.6	261.4	1,139.0
– as restated	659.6	3,239.2	(76.4)	114.5	13.4	44.1	27.0	342.3	4,641.5	9,005.2	1,827.9	10,833.1
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	1,913.1	1,913.1	523.7	2,436.8
Other comprehensive income												
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	–	–	–	–	8.6	–	–	–	8.6	–	8.6
Release of other property revaluation reserves upon disposal of other properties, plant and equipment	–	–	–	–	–	(22.3)	–	–	–	(22.3)	(2.2)	(24.5)
Exchange differences on the translation of foreign operations	–	–	–	–	–	–	55.0	–	–	55.0	12.4	67.4
Translation reserve realised upon disposal of jointly controlled entities	–	–	–	–	–	–	(9.8)	–	–	(9.8)	(2.2)	(12.0)
Net fair value gain arising on revaluation of available-for-sale financial assets	–	–	–	65.6	–	–	–	–	–	65.6	17.2	82.8
Reversal of impairment on available-for-sale financial assets	–	–	–	17.2	–	–	–	–	–	17.2	–	17.2
Net loss on cash flow hedge	–	–	(15.3)	–	–	–	–	–	–	(15.3)	(4.1)	(19.4)
Total comprehensive income	–	–	(15.3)	82.8	–	(13.7)	45.2	–	1,913.1	2,012.1	544.8	2,556.9
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	–	8.1	–	–	–	–	8.1	–	8.1
Incentive shares exercised	1.9	9.8	–	–	(9.8)	–	–	–	–	1.9	–	1.9
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(29.4)	(29.4)
2009 final dividend paid	–	–	–	–	–	–	–	(52.9)	–	(52.9)	–	(52.9)
2010 interim dividend paid	–	–	–	–	–	–	–	(46.3)	–	(46.3)	–	(46.3)
Total transactions with owners	1.9	9.8	–	–	(1.7)	–	–	(99.2)	–	(89.2)	(29.4)	(118.6)
At 31 December 2010	661.5	3,249.0	(91.7)	197.3	11.7	30.4	72.2	243.1	6,554.6	10,928.1	2,343.3	13,271.4

The notes on pages 50 to 117 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	2010 HK$'M	2009 HK$'M
Cash flows from operating activities		
Profit from operations	2,485.9	536.8
Adjustments for:		
Change in fair value of investment properties	(1,894.8)	(363.9)
Impairment on available-for-sale financial assets	21.1	0.3
Goodwill write off on acquisition of non-controlling interests	–	1.9
Gain on disposal of investment properties	(138.3)	–
Net (gain)/loss on disposal of other properties, plant and equipment	(60.9)	3.5
Gain on disposal of jointly controlled entities	(45.8)	–
Depreciation and amortisation		
– trademark	–	0.1
– land use rights	0.1	0.1
– other properties, plant and equipment	24.9	22.2
Dividend income from available-for-sale financial assets	(23.7)	(27.2)
Interest income received on loans to associates	(12.5)	(10.9)
Realised gain on available-for-sale financial assets	–	(0.6)
Fair value gain on derivative financial instruments	(17.0)	(63.1)
Share-based compensation expenses	10.0	7.9
Provision for trade receivables	0.4	0.6
Amortised of interest income on held-to-maturity investments	(7.4)	(6.1)
Net exchange gains	–	(11.1)
Operating cash flows before movements in working capital	342.0	90.5
Decrease/(increase) in inventories	20.0	(14.7)
Increase in properties for sale	(776.2)	(292.0)
(Increase)/decrease in trade and other receivables, deposits and prepayments	(30.4)	224.6
Decrease/(increase) in sales proceeds held in stakeholders' accounts	56.5	(255.8)
Increase in receivable balances from associates	(6.8)	(4.8)
(Decrease)/increase in trade and other payables and accruals	(49.6)	273.9
(Decrease)/increase in amounts due to associates	(21.4)	2.3
Net cash (used in)/generated from operations	(465.9)	24.0
Interest income received	2.0	35.6
Interest paid on bank and other borrowings	(89.0)	(88.9)
Hong Kong profits tax paid	(11.1)	(56.0)
Tax paid in other jurisdictions	(0.4)	(0.8)
Net cash used in operating activities	(564.4)	(86.1)

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	2010 HK$'M	2009 HK$'M
Cash flows from investing activities			
Purchase of investment properties		(14.2)	(28.2)
Purchase of other properties, plant and equipment		(29.7)	(56.9)
Deposit paid for acquisition of investment properties		(17.5)	(35.0)
Loans to joint venture partners		(75.3)	(107.5)
Repayment from joint venture partners		23.4	39.9
Net proceeds from disposal of investment properties		853.0	–
Net proceeds from disposal of other properties, plant and equipment		97.1	1.1
Acquisition of available-for-sale financial assets		(7.5)	–
Net proceeds from disposal of available-for-sale financial assets		–	3.5
Net outflow from realisation of derivative financial instruments		(0.4)	(4.4)
Net cash inflow on acquisition of jointly controlled entities		–	0.9
Net cash inflow from disposal of jointly controlled entities	*40*	587.5	–
Acquisition of non-controlling interests		–	(2.6)
Dividend income from associates		21.1	6.3
Dividend income from available-for-sale financial assets		23.7	27.2
Net receipt from available-for-sale financial assets		44.8	11.4
Coupon received from held-to-maturity investments		0.5	0.5
Net cash generated from/(used in) investing activities		1,506.5	(143.8)
Cash flows from financing activities			
Rights issue net of issue expenses		–	549.4
Bank and other loans raised		1,280.0	1,106.9
Repayments of bank and other loans		(1,935.3)	(1,212.5)
Dividends paid by the Company		(99.2)	(29.6)
Dividends paid to non-controlling shareholders		(29.4)	(25.0)
Release of pledged deposits		38.1	42.1
Net cash (used in)/generated from financing activities		(745.8)	431.3
Effect of foreign exchange rate changes		1.1	3.2
Increase in cash and cash equivalents		197.4	204.6
Cash and cash equivalents at the beginning of the year		700.2	495.6
Cash and cash equivalents at the end of the year	*26*	897.6	700.2

The notes on pages 50 to 117 are an integral part of these financial statements.

1. GENERAL INFORMATION

Wing Tai Properties Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's jointly controlled entities and associates are principally engaged in property investment and property development.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and derivative instrument at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) New and revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning 1 January 2010 and relevant to the Group

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 7 (Amendment)	Statement of cash flows
HKAS 17 (Amendment)	Leases
HKAS 18 (Amendment)	Revenues
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 28 (Amendment)	Investments in associates
HKAS 31 (Amendment)	Interests in joint ventures
HKAS 36 (Amendment)	Unit of accounting for goodwill impairment test
HKAS 39 (Amendment)	Financial instruments: recognition and measurement on eligible hedge items
HKAS 39 (Amendment)	Financial instruments: recognition and measurement
HKAS 39 (Amendment)	Treating loan prepayment penalties as closely related derivatives
HKAS 39 (Amendment)	Cash flow hedge accounting
HKAS 39 (Amendment)	Scope exemption for business combination contracts
HKFRS 2 (Amendment)	Share-based payment
HKFRS 3 (Revised)	Business combinations

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) *New and revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning 1 January 2010 and relevant to the Group (Continued)*

HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations
HKFRS 5 (Amendment)	Disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations
HKFRS 8 (Amendment)	Disclosure of information about segment assets
HK(IFRIC) – Int 9 (Amendment)	Reassessment of embedded derivatives
HK(IFRIC) – Int 16 (Amendment)	Hedges of a net investment in a foreign operation
HK – Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

Except for HKAS 17 (Amendment) and HK Interpretation 5, the adoption of the other new or revised standards, amendments and improvements to standards and interpretations of HKFRS stated above did not have any significant impacts to the Group's financial statements.

HKAS 17 (Amendment), "Leases" deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest of which title is not expected to pass to the Group by the end of the lease term and is not held for sale or earning rentals was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (Amendment) is adopted for annual period beginning on 1 January 2010 and is applied retrospectively. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease is as below:

– If the property interest is held for own use, that land interest is accounted for as other properties, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.
– If the property interest is held for sale in the ordinary course of business or is in the process of being developed for such sale, that land interest is accounted for as inventory under "Properties for sale", and stated at the lower of cost and net realisable value.
– If the property interest is held to earn rentals and/or for capital appreciation, that land interest is accounted for as investment property and carried at fair value.

The adoption of this amendment has no impact on the Group's leasehold land categorised as properties for sale and investment properties. The effect of the adoption of this amendment is as below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) *New and revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning 1 January 2010 and relevant to the Group (Continued)*

Effect of HKAS 17 (Amendment) on consolidated balance sheets

	At 31 December		At 1 January
	2010	2009	2009
	HK$'M	HK$'M	HK$'M
Decrease in leasehold land and land use rights	**(31.8)**	(38.3)	(41.8)
Increase in land use rights	**3.3**	3.4	3.5
Increase in other properties, plant and equipment	**28.5**	34.9	38.3
	–	–	–

The adoption of this amendment has no impact on opening retained earnings at 1 January 2010, profit for the years ended 31 December 2009 and 2010, total comprehensive income for the years ended 31 December 2009 and 2010, and earnings per share for the years ended 31 December 2009 and 2010.

HK Interpretation 5, "Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause" provides guidance on the classification by the borrower of a term loan. The classification should depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in the balance sheet. This interpretation is a clarification of an existing standard and shall have immediate effect and it should be accounted for retrospectively.

The adoption of this amendment does not have any material impact on the consolidated balance sheets at 31 December 2010 and 2009. The application of HK Interpretation 5 has no impact on opening retained earnings at 1 January 2010, profit for the years ended 31 December 2009 and 2010, total comprehensive income for the years ended 31 December 2009 and 2010, and earnings per share for the years ended 31 December 2009 and 2010.

(ii) *Revised standard early adopted by the Group*

HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" which is effective from 1 January 2012, is early adopted by the Group in 2010; and applied retrospectively. The current principle in HKAS 12 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way that management expects to recover or settle the carrying amount of the entity's assets or liabilities. Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment property using fair value model will be recovered through sale. Accordingly, the measurement of the deferred tax assets or liabilities shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless management rebut the presumption and consider that the investment properties are held within a business model whose objective is to consume substantially all the investment properties' economic benefits over time, rather than through sale. This change in accounting policy has been accounted for retrospectively and the prior years' financial results and financial position have been restated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Revised standard early adopted by the Group (Continued)

Effect of change in accounting policy on the adoption of amendments to HKAS 12:

(a) On the consolidated income statement for the years ended 31 December

	2010 HK$'M	2009 HK$'M
Increase in gain on disposal of other properties, plant and equipment	1.7	–
Decease in taxation charge	223.6	45.7
Increase in profit for the year	225.3	45.7
Attributable to:		
Increase in equity holders of the Company	175.0	33.9
Increase in non-controlling interests	50.3	11.8
	225.3	45.7
Increase in basic earnings per share	HK$0.13	HK$0.03
Increase in diluted earnings per share	HK$0.13	HK$0.03

(b) On the statement of comprehensive income for the years ended 31 December

	2010 HK$'M	2009 HK$'M
Increase in profit for the year	225.3	45.7
Other comprehensive income		
Increase in net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	–	2.1
Decrease in release of other property revaluation reserve upon disposal of other properties, plant and equipment	(1.7)	–
Increase/(decrease) in exchange differences on translation of foreign operations	0.8	(0.1)
(Decrease)/increase in other comprehensive income for the year, net of tax	(0.9)	2.0
Increase in total comprehensive income for the year	224.4	47.7
Attributable to:		
Increase in equity holders of the Company	174.4	35.5
Increase in non-controlling interests	50.0	12.2
	224.4	47.7

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(ii) Revised standard early adopted by the Group (Continued)

(c) On the consolidated balance sheets

	At 31 December		At 1 January
	2010 HK$'M	2009 HK$'M	2009 HK$'M
Increase in deferred tax assets	12.8	6.9	7.8
Decrease in deferred tax liabilities	1,349.1	1,132.1	1,083.5
Increase in net assets	1,361.9	1,139.0	1,091.3
Increase in retained profits	1,051.1	876.0	842.2
Increase/(decrease) in other reserves	(0.9)	1.6	(0.1)
Increase in equity attributable to equity holders of the Company	1,050.2	877.6	842.1
Increase in non-controlling interests	311.7	261.4	249.2
Increase in total equity	1,361.9	1,139.0	1,091.3

(iii) New and revised standards, amendments and improvements to standards and interpretations of HKFRS that are not yet effective in 2010 and have not been early adopted by the Group

The following new and revised standards, amendments and improvements to standards and interpretations of HKFRS have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, and have not been early adopted by the Group:

		Effective from
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 32 (Amendment)	Classification of rights issue	1 February 2010
HKFRS 9	Financial instruments	1 January 2013
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement	1 January 2011
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010

The HKICPA has made amendments to HKFRS in May 2010 in response to the annual improvements project.

		Effective from
HKAS 1 (Amendment)	Presentation of financial statements	1 January 2011
HKAS 34 (Amendment)	Interim financial reporting	1 January 2011
HKFRS 1 (Amendment)	First-time adoption of Hong Kong financial reporting standards	1 January 2011
HKFRS 3 (Amendment)	Business combinations	1 July 2010
HKFRS 7 (Amendment)	Financial instruments: disclosures	1 July 2011
HK(IFRIC) – Int 13 (Amendment)	Customer loyalty programmes	1 January 2011

The Group is in the process of making assessment of the impact of these new or revised standards, amendments and improvements to standards and interpretations of HKFRS and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the proportionate share of its jointly controlled entities made up to 31 December.

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(ii) *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(iii) Jointly controlled entities

Jointly controlled entities are joint ventures in which the group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The Group consolidates its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's consolidated financial statements.

Transactions, balances and unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The identification of operating segments is set out in Note 6.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in hedging reserve as qualifying cash flow hedges or qualifying net investment hedges.

All foreign exchange gains and losses are presented in the income statement within "other gains, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the investment revaluation reserve.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to translation reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Other properties, plant and equipment

Other properties, plant and equipment (other than construction in progress) are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction in progress is stated at cost. Cost includes all development expenditure and other direct costs attributable to such projects. It is not depreciated until completion of construction. Cost on completed construction works is transferred to the appropriate categories of other properties, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Other properties, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group applies the transitional provision under Paragraph 80A of HKAS 16 "Property, plant and equipment", under which buildings stated at 1994 valuation are not required to make regular revaluations.

Increases in the carrying amount arising on revaluation of buildings are credited to other property revaluation reserve in other comprehensive income. Decreases that offset previous increases of the same asset are charged against other property revaluation reserve directly in other comprehensive income; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from "other property revaluation reserve" to "retained profits".

Freehold land with unlimited useful life is not depreciated. Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of other properties, plant and equipment, other than construction in progress is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives at the following annual rates:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	2% – 4%
Furniture, fixtures and equipment	10% – 33 1/3%
Motor vehicles	20% – 30%
Plant and machinery	7 1/2% – 35%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained profits.

(f) Land use rights

Land use rights for own use are amortised over the period of the lease on a straight-line basis. Prepaid land lease for properties held for sale is included in "properties for sale".

(g) Investment properties

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields and is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. A reporting entity can also choose not to account for the land interests held under operating leases with investment properties located on it as if they were finance leases. As such, the operating leasehold land interests will be classified under "Leasehold land and land use rights". In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

If any investment property becomes owner-occupied, it is reclassified as other property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose. Property that is being constructed or developed for future use as investment property is classified as investment property and is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

(h) Properties for sale

Properties for sale comprising properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(i) Impairment of investments in subsidiaries, associates, jointly controlled entities and non-financial assets

Investments in subsidiaries, associates, jointly controlled entities and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable; in addition, other non-financial assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In the Company's balance sheet, impairment testing of the investments in subsidiaries or associates or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if expected to be settled within 12 months, otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables included loans and receivables, trade and other receivables, amounts due from associates, pledged bank deposits, sales proceeds held in stakeholders' accounts, bank balances and cash.

(iii) Held-to-maturity investments

Financial assets classified as held-to-maturity investments are those with fixed or determinable payments and fixed maturities that the Group's management has both the positive intention and the ability to hold to maturity. The entire category would be tainted and reclassified as available-for-sale financial assets/financial asset at fair value through profit or loss, if the Group were to sell other than an insignificant amount of held-to-maturity investments. They are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method less allowances for impairment losses.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets subsequently and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

Recognition and measurement (Continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the securities. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments previously recognised in investment revaluation reserve are included in the income statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement as part of other gains, net. Dividends on available-for-sale equity instruments are recognised in the income statement as part of income when the Group's right to receive payments is established.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(l) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– significant financial difficulty of the issuer or obligor;
– a breach of contract, such as a default or delinquency in interest or principal payments;
– the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
– it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
– the disappearance of an active market for that financial asset because of financial difficulties; or
– observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (1) adverse changes in the payment status of borrowers in the portfolio;
  (2) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of financial assets (Continued)

(i) Assets carried at amortised cost (Continued)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivable category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(ii) Assets classified as available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from investment revaluation reserve and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Derivative financial instruments and hedging activities (Continued)

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in hedging reserve are reclassified to profit and loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or other properties, plant and equipment), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of other properties, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. They are classified as current or non-current assets or liabilities according to the settlement dates of the financial instruments. Changes in the fair value of these derivative instruments are recognised in the income statement.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(o) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Restricted bank deposit and pledged deposit are excluded from the cash and cash equivalents of the consolidated cash flow statement.

(q) Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in share capital as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings (including other long-term liability arising from sale of subsidiary share disclosed in Note 17) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the year in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(u) Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Current and deferred taxation (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is no intention to settle the balances on a net basis.

(v) Employee benefit

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(iii) Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefits cost

Payments to the Group's defined contribution retirement schemes, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due. The Group has no legal or constructive obligations to pay further contributions for post-retirement benefits beyond its fixed contributions.

For the Group's defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Employee benefit (Continued)

(v) Share-based payment

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options or incentive shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or incentive shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or incentive shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options or incentive shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options or incentive shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to employee share-based compensation reserve.

When the options or incentive shares are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options or incentive shares are exercised.

(w) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(x) Revenue recognition

Revenue represents sales of garment and branded products, sales of properties, rental and property management income and income from investing activities. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods are recognised when the goods are delivered and title has been passed.

(ii) Income from properties developed for sale is recognised when the significant risks and rewards of the properties are transferred to the buyers and the collectability of related receivables is reasonably assured. Payments received from purchasers prior to this stage are recorded as deposits received, which are included in current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

(iii) Property management income is recognised when the services are rendered.

(iv) Rental income on operating leases is recognised on a straight-line basis over the period of the leases.

(v) Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Income from investments is recognised when the Group's right to receive payment has been established.

(y) Operating leases

(i) As the leasee to operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) As the lessor to operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(z) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(aa) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's equity holders and/or directors.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Singapore dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by using external forward currency contracts where appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2010, if HK dollars had weakened/strengthened by 5% against Renminbi with all other variables held constant, equity would have been HK$11.4M (2009: HK$23.0M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated operations.

At 31 December 2010, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, equity would have been HK$36.1M (2009: HK$16.5M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated available-for-sale financial assets, interests in associates and loans to associates.

(ii) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank deposits), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 28 below. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk (Continued)

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$6.6M (2009: HK$10.2M) lower/higher and capitalised interest on "properties for sale" would have been HK$4.7M (2009: HK$6.9M) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$0.3M (2009: HK$1.8M) higher or HK$0.3M (2009: HK$0.8) lower, mainly a result of gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting; and equity would have been HK$2.5M (2009: HK$26.2M) higher or HK$2.5M (2009: HK$14.7M) lower, mainly as a result of an increase or decrease in the fair value of the effective portion of the cash flow hedges of borrowings as described above.

(iii) Price risk

The Group is exposed to equity securities price risk because certain financial assets of the Group are classified in the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

At 31 December 2010, if market value of the Group's listed available-for-sale financial assets had increased/decreased by 10%, with all other variables held constant, equity would have been HK$32.0M (2009: HK$26.3M) higher/lower before any further impairment.

(iv) Credit risk

There is no significant credit risk in relation to the Group's cash and cash equivalents as cash deposits are placed with reputable banks and financial institutions with good credit ratings.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products including properties are made to customers with an appropriate credit history and letters of credit are used as appropriate.

(v) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and may not reconcile to the amounts in the consolidated balance sheet.

	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31 December 2010				
Bank loans	1,214.1	964.3	2,038.6	143.3
Derivative financial instruments	42.9	35.1	36.5	–
Trade and other payables and accruals	888.8	7.7	1.4	–
Amounts due to associates	0.4	–	–	–
Other long-term loans	–	–	–	35.5
Long-term liability	–	–	193.1	–
Total	2,146.2	1,007.1	2,269.6	178.8
At 31 December 2009				
Bank loans	583.9	1,541.5	2,748.8	155.7
Derivative financial instruments	41.1	26.3	29.0	–
Trade and other payables and accruals	1,002.5	2.0	11.5	–
Amounts due to associates	21.8	–	–	–
Other long-term loans	–	–	–	43.0
Total	1,649.3	1,569.8	2,789.3	198.7

3. FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current bank loans and other long-term loans as shown in the consolidated balance sheet) less bank balances and cash. Total capital is calculated as "equity", as shown in the consolidated balance sheet.

The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010 HK$'M	2009 HK$'M (As restated)
Total borrowings	4,211.3	4,865.4
Less: Bank balances and cash	(897.6)	(700.2)
Net borrowings	3,313.7	4,165.2
Total equity	13,271.4	10,833.1
Gearing ratio	25.0%	38.4%

The decrease in gearing ratio is mainly due to net proceeds of the disposals of investment properties, other properties, plant and equipment and jointly controlled entities.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
Assets				
Available-for-sale financial assets				
– listed securities	321.3	–	–	321.3
– unlisted securities	–	111.5	42.8	154.3
Derivative financial instruments				
– forward foreign exchange contracts	–	0.1	–	0.1
– others	–	16.0	–	16.0
Total assets	321.3	127.6	42.8	491.7
Liabilities				
Derivative financial instruments				
– interest rate swap	–	114.5	–	114.5
Total liabilities	–	114.5	–	114.5

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
Assets				
Available-for-sale financial assets				
– listed securities	265.2	–	–	265.2
– unlisted securities	–	137.5	31.3	168.8
Total assets	265.2	137.5	31.3	434.0
Liabilities				
Derivative financial instruments				
– interest rate swap	–	96.1	–	96.1
– forward foreign exchange contracts	–	0.3	–	0.3
Total liabilities	–	96.4	–	96.4

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- other techniques, such as discounted cash flow analysis and price/earning multiple model, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the years ended 31 December.

	Available-for-sale financial assets	
	2010 HK$'M	2009 HK$'M
Opening balance	31.3	35.1
Repayments from investee companies	(5.7)	(3.8)
Provision written back	17.2	–
Closing balance	42.8	31.3

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(i) *Estimated fair value of investment properties*

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions made by the valuers are reasonable, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(ii) *Fair value of available-for-sale financial assets*

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance date.

(b) Critical judgement in applying the Group's accounting policies

(i) *Estimated impairment of available-for-sale financial assets*

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. The determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) *Estimated net realisable values of properties for sale*

The Group assesses the carrying amounts of properties for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales/rental value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(iii) *Impairment of trade receivables*

The Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. The Group assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of fallen through on the transactions.

(iv) *Estimated impairment of non-current assets*

The Group tests annually whether tangible and intangible assets not subject to amortisation have suffered any impairment. For the purposes of impairment tests, the recoverable amounts of cash-generating units are determined based on the higher of the asset's fair value less cost to sell and its value-in-use require the use of estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Critical judgement in applying the Group's accounting policies (Continued)

(v) Taxation

The Group is subject to income taxes, capital gain tax and land appreciation tax in several jurisdictions as applicable. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the financial period in which such determination is made.

Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment properties using fair value model will be recovered through sale. Accordingly, no provision for deferred tax is made on revaluation of investment properties if there is no capital gain tax. If investment properties would be recovered through use, provision for deferred tax is made on revaluation of investment properties using income tax rate.

Recognition of deferred tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

5. REVENUE

Revenue represents the net amounts received and receivable from third parties in connection with the following activities:

	2010 HK$'M	2009 HK$'M
Sale of properties	895.1	76.4
Sale of garment and branded products	746.4	729.3
Rental and property management income	511.6	374.2
Dividend income from available-for-sale financial assets	23.7	27.2
	2,176.8	1,207.1

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

Segment information reported to the Group's management for the purposes of resources allocation and assessment of performance are analysed on the basis of the Group's operating divisions (i.e. property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution, investing activities and corporate).

6. SEGMENT INFORMATION (Continued)

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Consolidated HK$'M
For the year ended 31 December 2010									
REVENUE									
External sales	895.1	397.1	114.5	544.4	202.0	23.7	–	–	2,176.8
Inter-segment sales	–	19.8	–	–	–	–	–	(19.8)	–
Total	895.1	416.9	114.5	544.4	202.0	23.7	–	(19.8)	2,176.8
RESULTS									
Segment results before change in fair value of investment properties, impairment loss on available-for-sale financial assets, gain on disposals of investment properties, other properties, plant and equipment and jointly controlled entities	146.8	243.6	49.0	6.3	(44.6)	31.4	(90.1)	–	342.4
Change in fair value of investment properties	–	1,800.2	78.4	1.6	14.6	–	–	–	1,894.8
Impairment loss of available-for-sale financial assets	–	(13.3)	–	–	–	(7.5)	(0.3)	–	(21.1)
Gain on disposal of investment properties	–	138.3	–	–	–	–	–	–	138.3
Gain on disposal of other properties, plant and equipment	–	68.7	–	–	30.7	–	–	(30.7)	68.7
Gain on disposal of jointly controlled entiites	45.8	–	–	–	–	–	–	–	45.8
Reportable segment results	192.6	2,237.5	127.4	7.9	0.7	23.9	(90.4)	(30.7)	2,468.9
Reconciliation:									
Fair value gain on derivative financial instruments	–	1.0	–	–	–	16.0	–	–	17.0
Profit from operations	192.6	2,238.5	127.4	7.9	0.7	39.9	(90.4)	(30.7)	2,485.9
Finance costs	(1.3)	(73.8)	(10.0)	(0.4)	(1.3)	–	(4.0)	1.8	(89.0)
Finance income	0.3	0.5	1.2	1.5	–	–	0.3	(1.8)	2.0
Share of results of associates	88.9	(1.0)	8.6	–	–	(10.6)	–	–	85.9
Profit before taxation	280.5	2,164.2	127.2	9.0	(0.6)	29.3	(94.1)	(30.7)	2,484.8
Taxation									(48.0)
Profit for the year									2,436.8
Other items									
Depreciation and amortisation	4.6	3.8	–	6.4	7.7	–	2.5	–	25.0
Loss/(gain) on disposal of other properties, plant and equipment, net	8.0	(68.6)	–	–	(30.7)	–	(0.3)	30.7	(60.9)
(Write back of)/provision for trade receivables, net	–	–	–	(0.4)	0.8	–	–	–	0.4

6. SEGMENT INFORMATION (Continued)

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Elimination HK$'M	Consolidated HK$'M (As restated)
For the year ended 31 December 2009									
REVENUE									
External sales	76.4	282.8	91.4	515.1	214.2	27.2	–	–	1,207.1
Inter-segment sales	–	19.8	–	–	–	–	–	(19.8)	–
Total	76.4	302.6	91.4	515.1	214.2	27.2	–	(19.8)	1,207.1
RESULTS									
Segment results before change in fair value of investment properties	10.3	131.0	50.9	3.0	(32.2)	32.3	(85.5)	–	109.8
Change in fair value of investment properties	–	333.3	27.6	3.0	–	–	–	–	363.9
Reportable segment results	10.3	464.3	78.5	6.0	(32.2)	32.3	(85.5)	–	473.7
Reconciliation:									
Fair value gain on derivative financial instruments	–	63.1	–	–	–	–	–	–	63.1
Profit from operations	10.3	527.4	78.5	6.0	(32.2)	32.3	(85.5)	–	536.8
Finance costs	(8.4)	(63.5)	(12.7)	(0.5)	(1.3)	(0.3)	(3.9)	1.7	(88.9)
Finance income	31.5	–	3.1	1.6	0.7	0.1	0.3	(1.7)	35.6
Share of results of associates	1.6	–	6.1	–	–	(8.4)	–	–	(0.7)
Profit before taxation	35.0	463.9	75.0	7.1	(32.8)	23.7	(89.1)	–	482.8
Taxation									(57.2)
Profit for the year									425.6
Other items									
Depreciation and amortisation	4.7	5.5	0.1	3.7	6.4	–	2.0	–	22.4
Loss on disposal of other properties, plant and equipment	–	–	–	0.4	–	–	3.1	–	3.5
(Write back of)/provision for trade receivables, net	(10.5)	–	–	0.8	–	–	–	–	(9.7)

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2010 and 2009 and capital expenditure for the years then ended are as follows:

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Consolidated HK$'M
At 31 December 2010								
ASSETS								
Segment assets	4,297.5	11,025.0	1,622.3	291.6	133.1	474.9	237.9	18,082.3
Interests in associates and loans to associates	640.2	72.3	54.3	–	–	–	–	766.8
Other assets								17.0
Consolidated total assets								18,866.1
LIABILITIES								
Segment liabilities	(401.8)	(347.4)	(20.3)	(79.2)	(54.4)	(4.4)	(214.8)	(1,122.3)
Other liabilities								(4,472.4)
Consolidated total liabilities								(5,594.7)
Capital expenditure	1.6	42.2	12.1	3.4	15.8	7.5	2.9	85.5

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Garment manufacturing HK$'M	Branded products distribution HK$'M	Investing activities HK$'M	Corporate HK$'M	Consolidated HK$'M (As restated)
At 31 December 2009								
ASSETS								
Segment assets	4,179.0	9,437.2	1,571.9	294.3	176.0	434.1	252.8	16,345.3
Interests in associates and loans to associates	522.5	51.6	43.8	–	–	–	–	617.9
Other assets								21.8
Consolidated total assets								16,985.0
LIABILITIES								
Segment liabilities	(527.2)	(345.8)	(15.4)	(87.9)	(56.2)	(13.5)	(29.8)	(1,075.8)
Other liabilities								(5,076.1)
Consolidated total liabilities								(6,151.9)
Capital expenditure	0.5	56.3	37.2	4.6	14.6	11.2	6.9	131.3

6. SEGMENT INFORMATION (Continued)

Segment assets consist primarily of land use rights, investment properties, other properties, plant and equipment, available-for-sale financial assets, deposits, loans and receivables, held-to-maturity investments, inventories, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, amounts due from associates, pledged bank deposits and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, other long-term liability, deferred tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to land use rights, investment properties and other properties, plant and equipment, including additions resulting from acquisitions through business combinations.

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC") and the United Kingdom.

The following is an analysis of the Group's revenue by geographical areas in which the customer is located, irrespective of the origin of the goods/services:

	Revenue Year ended 31 December	
	2010	2009
	HK$'M	HK$'M
Hong Kong	**1,446.5**	422.6
North America	**386.3**	354.9
United Kingdom	**187.2**	206.0
Others	**156.8**	223.6
	2,176.8	1,207.1

The following is an analysis of the Group's total assets, non-current assets other than financial instruments (including available-for-sale financial assets, held-to-maturity investments and derivative financial instruments) and deferred tax assets, and capital expenditure by geographical areas in which the assets are located.

	Total assets At 31 December		At 1 January	Non-current assets other than financial instruments and deferred tax assets At 31 December		Capital expenditure Year ended 31 December	
	2010	2009	2009	**2010**	2009	**2010**	2009
	HK$'M	HK$'M (As restated)	HK$'M (As restated)	**HK$'M**	HK$'M	**HK$'M**	HK$'M
Hong Kong	**16,939.0**	14,705.8	13,733.5	**11,647.3**	10,360.8	**57.4**	77.7
The PRC	**545.8**	1,188.5	1,123.6	**503.1**	810.6	**3.2**	3.9
United Kingdom	**206.0**	189.6	150.9	**97.6**	69.0	**15.8**	14.6
North America	**24.8**	16.6	41.5	**–**	–	**–**	–
Singapore	**1,087.5**	845.3	709.6	**654.5**	493.9	**–**	–
Others	**63.0**	39.2	36.7	**48.4**	35.2	**9.1**	35.1
	18,866.1	16,985.0	15,795.8	**12,950.9**	11,769.5	**85.5**	131.3

7. OTHER GAINS, NET

	2010 HK$'M	2009 HK$'M
Amortisation of interest income on held-to-maturity investments	7.4	6.1
Exchange gains, net	5.3	15.7
Goodwill write off on acquisition of non-controlling interests	–	(1.9)
Impairment on available-for-sale financial assets	(21.1)	(0.3)
Interest income on loans to associates	12.5	10.9
Net fair value gain on derivative financial instruments	17.0	63.1
Realised gain on available-for-sale financial assets	–	0.6
Sale of scrap materials	–	1.1
Others	(1.8)	10.4
	19.3	105.7

8. PROFIT FROM OPERATIONS

	2010 HK$'M	2009 HK$'M (As restated)
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	272.0	257.0
Retirement benefits costs, net of negligible forfeited contributions	7.1	7.0
Total staff costs (Note)	279.1	264.0
Share-based compensation expenses (Note)	10.0	7.9
Auditor's remuneration		
– current year	6.3	6.1
– (over)/under-provision in prior year	(0.1)	1.5
Cost of inventories included in cost of sales	492.9	470.3
Cost of sales of properties included in cost of sales	719.9	36.0
Amortisation of trademark (Note 20)	–	0.1
Amortisation of land use rights (Note 14)	0.1	0.1
Depreciation of other properties, plant and equipment (Note 16)	24.9	22.2
Direct operating expenses arising from investment properties	100.8	111.1
Goodwill write off on acquisition of non-controlling interests	–	1.9
Impairment losses on available-for-sale financial assets	21.1	0.3
Net (gain)/loss on disposal of other properties, plant and equipment	(60.9)	3.5
Net fair value gain on derivative financial instruments	(17.0)	(63.1)
Realised gain on available-for-sale financial assets	–	(0.6)
Provision for/(write back of) receivables, net	0.4	(9.7)
Write back of provision for properties for sale	–	(1.4)
Selling and marketing expenses for branded products distribution	67.3	95.5

Note:

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	2010 HK$'M	2009 HK$'M
Directors' fees	2.8	2.8
Other directors' emoluments (Note)		
– Salaries and allowances	16.2	15.1
– Discretionary bonus	5.2	4.8
– Retirement benefits costs-defined contribution plan	0.9	0.8
Value of share options and incentive shares	5.5	5.1
	30.6	28.6

Note:

Details of the remuneration of directors for the year ended 31 December 2010 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,825	2,360	–	118	4,303	2,106	6,409
CHENG Wai Sun, Edward	65	6,500	2,500	300	9,365	2,106	11,471
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	65	2,687	1,343	271	4,366	–	4,366
NG Tak Wai, Frederick	25	1,525	332	12	1,894	103	1,997
AU Hing Lun, Dennis	65	3,120	1,050	146	4,381	998	5,379
Non-executive directors							
KWOK Ping Luen, Raymond	50	–	–	–	50	–	50
YUNG Wing Chung	42	–	–	–	42	–	42
WONG Yick Kam, Michael	7	–	–	–	7	–	7
HONG Pak Cheung, William	50	–	–	–	50	–	50
LOH Soo Eng	50	–	–	–	50	–	50
Independent non-executive directors							
Simon MURRAY	195	–	–	–	195	157	352
FANG Hung, Kenneth	195	–	–	–	195	–	195
YEUNG Kit Shing, Jackson	195	–	–	–	195	–	195
Total	2,854	16,192	5,225	847	25,118	5,470	30,588

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

Note (Continued):

Details of the remuneration of directors for the year ended 31 December 2009 are as follows:

Name	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs-defined contribution plan HK$'000	Sub-total HK$'000	Value of share options and incentive shares HK$'000	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher	1,825	2,269	–	113	4,207	2,028	6,235
CHENG Wai Sun, Edward	65	5,893	2,500	272	8,730	2,028	10,758
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	65	2,465	986	248	3,764	–	3,764
NG Tak Wai, Frederick	25	1,480	90	12	1,607	107	1,714
AU Hing Lun, Dennis	65	3,000	1,200	140	4,405	931	5,336
Non-executive directors							
KWOK Ping Luen, Raymond	50	–	–	–	50	–	50
WONG Yick Kam, Michael	50	–	–	–	50	–	50
HONG Pak Cheung, William	50	–	–	–	50	–	50
LOH Soo Eng	50	–	–	–	50	–	50
Independent non-executive directors							
Simon MURRAY	195	–	–	–	195	38	233
FANG Hung, Kenneth	195	–	–	–	195	–	195
YEUNG Kit Shing, Jackson	195	–	–	–	195	–	195
Total	2,855	15,107	4,776	785	23,523	5,132	28,655

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2009: Nil). None of the directors has waived any emoluments during the year (2009: Nil).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2010 included four (2009: four) executive directors of the Company whose emoluments are included above. The emoluments of the remaining one (2009: one) highest paid individual are as follows:

	2010 HK$'M	2009 HK$'M
Salaries and allowances	2.7	2.3
Discretionary bonus	0.6	0.6
Retirement benefits costs-defined contribution plan	0.1	0.1
	3.4	3.0

The emoluments fell within the following bands:

	Number of individual	
	2010	2009
Emoluments bands		
HK$3,000,001 – HK$3,500,000	1	1

10. FINANCE COSTS AND FINANCE INCOME

	2010 HK$'M	2009 HK$'M
Finance costs		
Interest expenses on:		
– bank and other borrowings wholly repayable within five years	88.7	86.3
– bank and other borrowings not wholly repayable within five years	7.0	15.1
Total borrowing costs	95.7	101.4
Less: Interest capitalised in properties for sale (Note a)	(6.7)	(12.5)
	89.0	88.9
Finance income		
– bank interest income	(1.2)	(1.1)
– other interest income (Note b)	(0.8)	(34.5)
	(2.0)	(35.6)

Notes:

(a) The borrowing costs have been capitalised at rates ranging from 0.4% to 5.9% per annum (2009: from 0.4% to 4.9% per annum).

(b) Other interest income mainly includes interest on loans to joint venture partners.

11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2010 HK$'M	2009 HK$'M (As restated)
Current taxation		
– Hong Kong profits tax	38.8	21.8
– Under-provision in prior years	4.1	0.9
– Taxation in other jurisdictions	0.5	0.7
	43.4	23.4
Deferred taxation (Note 30)		
– Change in fair value of investment properties	13.0	17.9
– Other temporary differences	(8.4)	15.9
	4.6	33.8
	48.0	57.2

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, where majority of the Group's operations were carried out, as follows:

	2010 HK$'M	2009 HK$'M (As restated)
Profit before taxation	2,484.8	482.8
Tax calculated at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	410.0	79.7
Expenses not deductible for tax purpose	9.9	30.8
Income not subject tax	(378.3)	(85.1)
Net increase in unrecognised tax losses and other temporary differences	13.7	31.4
Effect of different tax rates of subsidiaries operating in other jurisdictions	2.8	(0.8)
Under-provision in prior years	4.1	0.9
Tax effect of share of results of associates	(14.2)	0.3
Taxation for the year	48.0	57.2

No tax charge is in relation to components of other comprehensive income (2009 (restated): Nil).

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 HK$'M	2009 HK$'M (As restated)
Profit attributable to equity holders of the Company	1,913.1	312.9
Weighted average number of ordinary shares in issue	1,321,737,327	1,095,612,328
Basic earnings per share	HK$1.45	HK$0.29

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and incentive shares.

	2010 HK$'M	2009 HK$'M (As restated)
Profit attributable to the equity holders of the Company	1,913.1	312.9
Weighted average number of ordinary shares in issue	1,321,737,327	1,095,612,328
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	7,380,129	2,950,332
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,329,117,456	1,098,562,660
Diluted earnings per share	HK$1.44	HK$0.28

13. DIVIDENDS

	2010 HK$'M	2009 HK$'M
Interim dividend paid on 14 October 2010 of HK3.5 cents (2009: HK1.5 cents) per ordinary share	46.3	14.8
Proposed final dividend of HK6.5 cents (2009: HK4.0 cents) per ordinary share	86.0	52.8
	132.3	67.6

The final dividend is not accounted for until it has been approved at the forthcoming annual general meeting of the Company. The amount will be accounted for as an appropriation of reserves for the year ending 31 December 2011.

14. LAND USE RIGHTS

	THE GROUP 2010 HK$'M	THE GROUP 2009 HK$'M (As restated)
At 1 January, as previously reported as leasehold land and land use rights	38.3	41.8
Effect of adoption of HKAS17 (Amendment)	(34.9)	(38.3)
At 1 January, as restated as land use rights	3.4	3.5
Amortisation	(0.1)	(0.1)
At 31 December	3.3	3.4

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	THE GROUP		
	At 31 December		At 1 January
	2010 HK$'M	2009 HK$'M (As restated)	2009 HK$'M (As restated)
Outside Hong Kong, held on:			
Leases of between 10 to 50 years	3.3	3.4	3.5

15. INVESTMENT PROPERTIES

	THE GROUP 2010 HK$'M	THE GROUP 2009 HK$'M
At 1 January	10,532.0	10,098.1
Exchange adjustments	14.9	1.1
Fair value gain	1,894.8	363.9
Additions	39.6	28.2
Disposals	(714.7)	–
Transfer from other properties, plant and equipment (Note 16)	19.4	40.7
At 31 December	11,786.0	10,532.0
Investment properties comprise:		
Properties in Hong Kong held on:		
Leases of over 50 years	1,101.6	999.3
Leases of between 10 to 50 years	10,276.8	9,195.4
Properties outside Hong Kong held on:		
Leases of over 50 years	296.6	263.6
Leases of between 10 to 50 years	77.1	73.7
Freehold properties outside Hong Kong	33.9	–
	11,786.0	10,532.0

The Group's investment properties were valued on an open market value basis as at 31 December 2010 by Savills Valuation and Professional Services Limited, Jones Lang LaSalle Limited, B.I. Appraisals Limited and Davis Brown Limited. The valuations have been made with reference to current prices in an active market.

16. OTHER PROPERTIES, PLANT AND EQUIPMENT

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
COST OR VALUATION						
At 1 January 2010, as previously reported	56.5	99.8	155.5	9.9	42.2	363.9
Effect of adoption of HKAS 17 (Amendment)	–	38.8	–	–	–	38.8
At 1 January 2010, as restated	56.5	138.6	155.5	9.9	42.2	402.7
Exchange differences	(1.4)	(0.5)	(2.0)	–	–	(3.9)
Fair value gain on buildings reclassified as investment properties	8.6	–	–	–	–	8.6
Additions	–	6.0	19.2	1.3	3.2	29.7
Transfer to investment properties (Note 15)	(20.6)	–	–	–	–	(20.6)
Disposals	–	(61.6)	(38.5)	(1.9)	(3.0)	(105.0)
Disposals of jointly controlled entities (Note 40)	–	(0.2)	(0.7)	(0.2)	–	(1.1)
At 31 December 2010	43.1	82.3	133.5	9.1	42.4	310.4
Comprising:						
At cost	43.1	82.3	133.5	9.1	42.4	310.4
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2010, as previously reported	5.4	26.6	95.9	6.1	37.2	171.2
Effect of adoption of HKAS 17 (Amendment)	–	3.9	–	–	–	3.9
At 1 January 2010, as restated	5.4	30.5	95.9	6.1	37.2	175.1
Exchange differences	(0.2)	(0.5)	(1.4)	–	–	(2.1)
Provided for the year	0.4	2.9	18.0	1.5	2.1	24.9
Transfer to investment properties (Note 15)	(1.2)	–	–	–	–	(1.2)
Disposals	–	(9.8)	(20.3)	(1.7)	(2.9)	(34.7)
Disposals of jointly controlled entities (Note 40)	–	(0.2)	(0.2)	–	–	(0.4)
At 31 December 2010	4.4	22.9	92.0	5.9	36.4	161.6
NET BOOK VALUE						
At 31 December 2010	38.7	59.4	41.5	3.2	6.0	148.8

16. OTHER PROPERTIES, PLANT AND EQUIPMENT (Continued)

	Freehold properties HK$'M (Note a)	Land and buildings HK$'M (Note b)	Furniture, fixtures and equipment HK$'M	Motor vehicles HK$'M	Plant and machinery HK$'M	Total HK$'M
THE GROUP						
COST OR VALUATION						
At 1 January 2009, as previously reported	51.7	130.7	113.1	10.5	58.9	364.9
Effect of adoption of HKAS 17 (Amendment)	–	43.5	–	–	–	43.5
At 1 January 2009, as restated	51.7	174.2	113.1	10.5	58.9	408.4
Exchange differences	4.8	1.4	4.6	–	–	10.8
Fair value gain on buildings reclassified as investment properties	–	12.8	–	–	–	12.8
Additions	–	0.3	52.2	1.6	2.8	56.9
Transfer to investment properties (Note 15)	–	(50.1)	–	–	–	(50.1)
Disposals	–	–	(14.4)	(2.2)	(19.5)	(36.1)
At 31 December 2009, as restated	56.5	138.6	155.5	9.9	42.2	402.7
Comprising:						
At cost	56.5	125.7	155.5	9.9	42.2	389.8
At 1994 valuation (Note c)	–	12.9	–	–	–	12.9
	56.5	138.6	155.5	9.9	42.2	402.7
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2009, as previously reported	4.6	29.9	87.4	6.5	55.0	183.4
Effect of adoption of HKAS 17 (Amendment)	–	5.2	–	–	–	5.2
At 1 January 2009, as restated	4.6	35.1	87.4	6.5	55.0	188.6
Exchange differences	0.5	1.4	3.3	–	–	5.2
Provided for the year	0.3	3.4	16.1	1.8	0.6	22.2
Transfer to investment properties (Note 15)	–	(9.4)	–	–	–	(9.4)
Disposals	–	–	(10.9)	(2.2)	(18.4)	(31.5)
At 31 December 2009, as restated	5.4	30.5	95.9	6.1	37.2	175.1
NET BOOK VALUE						
At 31 December 2009, as restated	51.1	108.1	59.6	3.8	5.0	227.6

Notes:

(a) The Group's freehold properties represent properties outside Hong Kong.

(b) Net book value of the Group's land and buildings comprises:

	THE GROUP At 31 December 2010 HK$'M	At 31 December 2009 HK$'M (As restated)	At 1 January 2009 HK$'M (As restated)
Properties held on leases of over 50 years in Hong Kong	**36.5**	36.7	37.0
Properties held on leases of between 10 to 50 years			
– in Hong Kong	**–**	53.4	83.6
– outside Hong Kong	**17.3**	17.9	18.1
Properties held on leases of less than 10 years outside Hong Kong	**5.6**	0.1	0.4
	59.4	108.1	139.1

(c) The Group applies the transitional provision under Paragraph 80A of HKAS 16 "Property, plant and equipment", under which buildings stated at 1994 valuation are not required to make regular revaluations.

17. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	THE COMPANY	
	2010 HK$'M	2009 HK$'M
Investments, at cost		
Share listed in Hong Kong (Note a)	2,658.2	2,658.2
Unlisted shares	590.8	590.8
Investments in subsidiaries	3,249.0	3,249.0
Amounts due from subsidiaries (Note b)	1,119.4	946.7
Amounts due to subsidiaries	(0.2)	(0.2)

Notes:

(a) On 22 October 2010, the Company entered into a sale and purchase agreement with a financial institution (the "Purchaser"), in relation to the sale by the Company of 13,900,000 ordinary shares (the "Sale Shares") of Winsor Properties Holdings Limited ("Winsor Properties") reducing the Group's interest in the issued share capital of Winsor Properties from 79.26% to 73.91%. The total consideration for the Sale Shares amounted to HK$197.4M (the "Consideration"). This transaction was completed on 25 October 2010 whereupon the Consideration due from the Purchaser was deposited with the financial institution to satisfy the Company's payment obligations under the Option Agreement (as defined below").

On 22 October 2010, the Company entered into an option agreement (the "Option Agreement") with the same financial institution giving the financial institution the right to sell the Sale Shares to the Company pursuant to the terms thereof (the "Option"). If the Company gives the financial institution an option notice in relation to the number of Sale Shares specified therein pursuant to the terms of the Option Agreement, the financial institution shall also be deemed to exercise the right of the Option in relation to such number of the Sale Shares in the manner set out in the Option Agreement.

In light of the terms of the Option Agreement and the relevant accounting standards, the Group's interest in the issued share capital of Winsor Properties is taken as remaining at 79.26% after the transactions described above. In the balance sheet of the Company and the Group as of 31 December 2010, the Consideration deposited with the financial institution in the amount of HK$197.4M is shown as non-current deposit whereas the financial obligations of the Company under the Option Agreement in the amount of HK$193.1M are shown as other long-term liability.

(b) Amounts due from and due to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(c) Details of the principal subsidiaries at 31 December 2010 are set out in Note 41.

18. ASSOCIATES

(a) Interests in associates and loans to associates

	THE GROUP 2010 HK$'M	2009 HK$'M
Share of net assets	423.7	337.5
Loans to associates (Note (iii))	343.1	280.4
	766.8	617.9

Details of the principal associates at 31 December 2010 are set out in Note 43.

Notes:

(i) Movements of interests in associates and loans to associates are as follows:

	2010 HK$'M	2009 HK$'M
At 1 January	617.9	609.6
Exchange difference	64.5	0.8
Share of results	85.9	(0.7)
Dividends from associates	(21.1)	(6.3)
Interest income on loans to associates	12.5	10.9
Net increase in loans to associates	7.1	3.6
At 31 December	766.8	617.9

(ii) Summary of financial information of the Group's share of results, assets and liabilities of its associates, before non-controlling interests is as follows:

	2010 HK$'M	2009 HK$'M
Results for the year ended 31 December:		
Revenue	938.5	38.2
Profit/(loss) for the year	85.9	(0.7)
Financial position at 31 December:		
Non-current assets	457.1	1,657.0
Current assets	700.3	155.4
Current liabilities	(308.7)	(763.6)
Non-current liabilities	(425.0)	(711.3)
Net assets	423.7	337.5

(iii) The loans and receivables are unsecured, carry interest at market rates and not repayable within one year. Except for amounts of HK$6.7M and HK$246.0M (2009: HK$6.7M and HK$194.1M) denominated in United States dollars and Singapore dollars respectively, the remaining balance is denominated in Hong Kong dollars.

(b) Amounts due from/(to) associates are unsecured, interest-free and repayable on demand.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Listed equity securities (Note a)		
– Singapore	320.2	263.7
– United Kingdom	1.1	1.5
	321.3	265.2
Other investments (Note b)	154.3	168.8
	475.6	434.0
Market value of listed securities	321.3	265.2

Notes:

(a) The listed equity securities are denominated in the following currencies:

	2010 HK$'M	2009 HK$'M
Singapore dollars	320.2	263.7
UK pound	1.1	1.5
	321.3	265.2

(b) Other investments comprise principally the Group's investments in various property development projects.

(c) The directors conducted a review of the carrying amounts of the investments and determined that there was impairment of HK$21.1M for the year (2009: HK$0.3M).

20. DEPOSITS, LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2010 HK$'M	2009 HK$'M	2010 HK$'M	2009 HK$'M
Trademark (Note a)	0.3	0.3	–	–
Loans to joint venture partners (Note b)	–	271.4	–	–
Prepayments for land grant (Note c)	–	108.1	–	–
Deposit for acquisition of investment properties (Note d)	48.3	35.0	–	–
Deposits with a financial institution (Note 17)	197.4	–	197.4	–
	246.0	414.8	197.4	–
Analysed as				
Current	–	26.2	–	–
Non-current	246.0	388.6	197.4	–
	246.0	414.8	197.4	–

20. DEPOSITS, LOANS AND RECEIVABLES (Continued)

Notes:

(a) The trademark is related to the Group's hospitality operations and is amortised over an estimated useful life of ten years. Amortisation of less than HK$0.1M (2009: HK$0.1M) is included in the administrative expenses in the consolidated income statement.

(b) The loans in 2009 are secured, interest bearing at rates ranging from 12% to 15% per annum and settled upon disposal of related of jointly controlled entities in 2010. The loans are denominated in United States dollars.

(c) In 2008, two of the jointly controlled entities of the Group entered into agreements for the acquisition of land use rights in Shenyang, the PRC. The prepayments for land grant was settled upon disposal of related jointly controlled entities in 2010.

(d) In 2009, the Group entered into an agreement to acquire certain investment properties located in Malaysia by phrase. The Group anticipates to complete the acquisition in 2011.

(e) None of the deposits, loans and receivables is past due or impaired.

21. HELD-TO-MATURITY INVESTMENTS

The held-to-maturity investment represents unlisted 1% convertible bonds due in 2013, denominated in Hong Kong dollars with nominal amounts of HK$50,000,000 issued by a real estate investment trust in Hong Kong. The bonds are unlisted and denominated in Hong Kong dollars. The effective interest rate for calculation of amortised interest income is approximately 23% per annum.

22. INVENTORIES

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Raw materials	8.8	7.0
Work in progress	19.3	25.2
Finished goods	56.7	70.0
	84.8	102.2

23. PROPERTIES FOR SALE

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Properties under development held for sale		
Leasehold land and land use rights	3,070.7	2,692.1
Development costs	502.2	724.2
	3,572.9	3,416.3
Completed properties		
Leasehold land and land use rights	258.6	0.3
Development costs	148.9	5.0
Freehold land and buildings	–	10.9
	407.5	16.2
	3,980.4	3,432.5
Properties for sale comprise:		
Net book value of leasehold land and land use rights of leases of		
– over 50 years in Hong Kong	1,853.3	1,125.3
– between 10 to 50 years in Hong Kong	1,476.0	1,476.0
– between 10 to 50 years outside Hong Kong	–	91.1
Freehold land and buildings outside Hong Kong	–	10.9
	3,329.3	2,703.3

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Trade receivables	64.0	68.0
Less: provision for impairment	(9.8)	(12.2)
Trade receivables (net of provision)	54.2	55.8
Other receivables, deposits and prepayments	132.3	108.2
Deferred rent receivables	18.6	8.0
	205.1	172.0

The fair values of trade and other receivables, deposits and prepayments approximate their carrying amounts.

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. The following is an ageing analysis of the Group's trade receivables (net of provision) at 31 December, based on the due dates:

	2010 HK$'M	2009 HK$'M
Not yet due	6.3	24.7
1 – 30 days	25.4	19.2
31 – 90 days	19.2	10.4
Over 90 days	3.3	1.5
	54.2	55.8

As of 31 December 2010, trade receivables of HK$47.9M (2009: HK$31.1M) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default and certain of the debts are covered by rental deposits received. The ageing analysis of these trade receivables is as follows:

	2010 HK$'M	2009 HK$'M
1 – 30 days	25.4	19.2
31 – 90 days	19.2	10.4
Over 90 days	3.3	1.5
	47.9	31.1

As of 31 December 2010, trade receivables of HK$9.8M (2009: HK$12.2M) were impaired. The amount of provision was HK$9.8M as of 31 December 2010 (2009: HK$12.2M). The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing analysis of these receivables is as follows:

	2010 HK$'M	2009 HK$'M
Over 90 days	9.8	12.2

The trade receivables (net of provision) are denominated in the following currencies:

	2010 HK$'M	2009 HK$'M
HK dollars	11.8	16.1
US dollars	35.2	27.7
UK pound	6.6	10.8
Other currencies	0.6	1.2
	54.2	55.8

24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	2010 HK$'M	2009 HK$'M
At 1 January	12.2	36.2
Provision for impairment	1.0	0.6
Amount recovered during the year	(0.6)	(11.7)
Release of provision for impairment resulting from write off of receivables	(2.8)	(12.9)
At 31 December	9.8	12.2

The creation and release of provision for impaired trade receivables have been charged/credited to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. At the balance sheet date, the Group did not hold any collaterals as security against certain trade receivables (2009: HK$1.3M).

Other receivables and deposits do not contain impaired assets.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP			
	2010		2009	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Interest rate swaps (Note (a))				
– cash flow hedges	–	(108.6)	–	(89.2)
– not qualifying as hedges	–	(5.9)	–	(6.9)
	–	(114.5)	–	(96.1)
Forward foreign exchange contracts (Note (a))				
– cash flow hedges	0.1	–	–	(0.2)
– not qualifying as hedges	–	–	–	(0.1)
	0.1	–	–	(0.3)
Derivative component in convertible bonds (Note (b))	16.0	–	–	–
Total	16.1	(114.5)	–	(96.4)
Analysed as				
Current	0.1	(42.9)	–	(41.1)
Non-current	16.0	(71.6)	–	(55.3)
	16.1	(114.5)	–	(96.4)

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) The aggregate notional principal amounts of the interest rate swap contracts and forward foreign exchange rate contracts are HK$1,000.0M and HK$12.7M respectively (2009: HK$1,000.0M and HK$25.5M respectively).

The portion of changes in fair value of derivative financial instruments not qualify as hedges is recognised in the income statement and amounted to a gain of HK$1.0M (2009: HK$63.1M).

(b) Derivative component in convertible bonds

The convertible bonds held as held-to-maturity investments (Note 21) contained a conversion feature and the fair value of HK$16.0M at 31 December 2010 was valued by Savills Valuation and Professional Services Limited, independent professionally qualified valuers.

The fair value of convertible options was estimated as at 31 December 2010, using a binomial model, taking into account the relevant items and conditions upon which the options were granted and the key assumptions as below.

Expected volatility of a real estate investment trust	35%
Expected dividend yield of a real estate investment trust	4.5%
Expected life of the options	2.42 years
Risk fee rate	0.8%

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the cash flow statement include the following:

	THE GROUP		THE COMPANY	
	2010 HK$'M	2009 HK$'M	**2010 HK$'M**	2009 HK$'M
Bank balances and cash	**897.6**	700.2	**0.1**	202.8

Bank balances and cash include short-term bank deposits of HK$590.2M (2009: HK$421.6M) with an average effective interest rate of 0.7% (2009: 0.2%) per annum, with maturity of less than three months (2009: less than three months).

Cash and cash equivalents held by the Group's jointly controlled entities and accounted for under proportionate consolidation amounted to HK$43.3M (2009: HK$60.9M).

The Group's cash and cash equivalents are denominated in the following currencies:

	2010 HK$'M	2009 HK$'M
HK dollars	**750.5**	567.8
US dollars	**88.7**	83.3
UK pound	**20.0**	16.2
Renminbi	**18.2**	31.1
Singapore dollars	**17.3**	0.7
Other currencies	**2.9**	1.1
	897.6	700.2
Maximum exposure to credit risk	**895.0**	699.2

27. TRADE AND OTHER PAYABLES AND ACCRUALS

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Trade payables	72.4	102.3
Other payables and accruals	615.9	657.4
Properties sale deposits received	209.6	255.8
	897.9	1,015.5

The ageing analysis of the Group's trade payables at 31 December is as follows:

	2010 HK$'M	2009 HK$'M
0 – 30 days	62.7	81.4
31 – 90 days	8.2	17.0
Over 90 days	1.5	3.9
	72.4	102.3

The carrying values of the Group's trade and other payables approximate their fair values. Trade payables are denominated in the following currencies:

	2010 HK$'M	2009 HK$'M
HK dollars	46.4	67.9
US dollars	1.8	2.1
UK pound	18.7	16.3
Renminbi	2.3	5.7
Other currencies	3.2	10.3
	72.4	102.3

Other payables and accruals include mainly construction costs accrual and rental deposits received. Included in other payables and accruals are balances of HK$32.7M (2009: HK$31.2M) and HK$20.0M (2009: HK$95.6M) which are denominated in UK pound and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

28. BANK LOANS

The bank loans carry interest at the prevailing market rates and are repayable as follows:

	THE GROUP 2010 HK$'M	2009 HK$'M
Within one year	1,165.5	540.6
Between one to two years	926.2	1,500.6
Between two to five years	1,974.3	2,662.7
After five years	109.8	118.5
	4,175.8	4,822.4
Less: Amounts due within one year shown under current liabilities	(1,165.5)	(540.6)
Amounts due after one year	3,010.3	4,281.8
Analysed as		
secured	3,755.8	4,822.4
unsecured	420.0	–
	4,175.8	4,822.4

Bank loans are secured by certain properties, available-for-sale financial assets, bank and other deposits of the Group amounting to HK$14,927.1M (2009: HK$14,021.3M) (Note 37).

The bank loans are denominated in the following currencies:

	2010 HK$'M	2009 HK$'M
HK dollars	3,982.3	4,606.5
Renminbi	105.2	124.3
UK pound	88.3	91.6
	4,175.8	4,822.4

The effective interest rates at the balance sheet date were as follows:

	2010	2009
HK dollars	1.11%	0.85%
Renminbi	5.94%	5.91%
UK pound	1.52%	1.52%

The carrying amounts of the bank loans approximate their fair values.

29. OTHER LONG-TERM LOANS

	THE GROUP	
	2010	2009
	HK$'M	HK$'M
Interest free loans	**35.5**	43.0

The loans are from minority shareholders of certain subsidiaries to finance property development projects. The loans are unsecured and have no fixed repayment terms. In the opinion of the directors, demand for repayment of these loans will not be made within one year from the balance sheet date. The loans are therefore shown in the consolidated balance sheet as non-current liabilities.

The loans are denominated in the following currencies:

	2010	2009
	HK$'M	HK$'M
HK dollars	**32.5**	32.5
US dollars	**3.0**	10.5
	35.5	43.0

The carrying amounts of the loans approximate their fair values.

30. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relate to the same fiscal authority. The offset amounts as shown on the balance sheet are as follows:

	THE GROUP		
	At 31 December		At 1 January
	2010	2009	2009
	HK$'M	HK$'M	HK$'M
		(As restated)	(As restated)
Deferred tax liabilities	**122.2**	126.0	92.3
Deferred tax assets	**(16.2)**	(17.1)	(17.5)
	106.0	108.9	74.8

30. DEFERRED TAXATION (Continued)

The gross movements of the deferred tax liabilities/(assets) recognised are as follows:

	Tax depreciation HK$'M	Revaluation of properties HK$'M	Tax losses HK$'M	Total HK$'M
At 1 January 2009				
– as previously reported	76.9	1,120.5	(31.3)	1,166.1
– effect of adoption of HKAS 12 (Amendment)	–	(1,091.3)	–	(1,091.3)
– as restated	76.9	29.2	(31.3)	74.8
Exchange adjustments	–	0.3	–	0.3
Charged/(credited) to income statement for the year (Note 11)	78.1	17.9	(62.2)	33.8
At 31 December 2009, as restated	155.0	47.4	(93.5)	108.9
At 1 January 2010				
– as previously reported	155.0	1,186.4	(93.5)	1,247.9
– effect of adoption of HKAS 12 (Amendment)	–	(1,139.0)	–	(1,139.0)
– as restated	155.0	47.4	(93.5)	108.9
Exchange adjustments	0.2	2.1	–	2.3
Charged/(credited) to income statement for the year (Note 11)	9.7	13.0	(18.1)	4.6
Disposal of jointly controlled entities (Note 40)	–	(14.8)	5.0	(9.8)
At 31 December 2010	164.9	47.7	(106.6)	106.0

At 31 December 2010, the Group has unused tax losses and other temporary differences of approximately HK$1,378.7M (2009: HK$1,240.7M) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$640.2M (2009: HK$562.0M) of such unused tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK$738.5M (2009: HK$678.7M) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$63.2M (2009: HK$40.7M) that will expire in the next five years. Other losses may be carried forward indefinitely.

Deferred taxation at the balance sheet date are mainly expected to be realised or settled after more than 12 months.

31. SHARE CAPITAL

	Number of shares	Amount HK$'M
Ordinary shares of HK$0.50 each		
Authorised:		
At 1 January 2009, 31 December 2009 and 31 December 2010	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2009	988,980,418	494.5
Issue of shares on exercise of incentive shares (Note 32(b))	459,500	0.2
Issue of shares on rights issue	329,813,306	164.9
At 31 December 2009	1,319,253,224	659.6
Issue of shares on exercise of incentive shares (Note 32(b))	3,683,239	1.9
At 31 December 2010	1,322,936,463	661.5

On 18 December 2009, the Company completed a rights issue and raised funds of approximately HK$549.4M (net of issue expenses) by issuing 329,813,306 rights shares at a price of HK$1.7 per rights share on the basis of one rights share for every three existing shares held by qualifying shareholders.

32. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME

(a) Share Option Scheme

Under the Share Option Scheme of the Company adopted on 10 June 2003 ("Share Option Scheme"), the Board of Directors of the Company, may in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company. The maximum number of shares of the Company which may be issued in response to the options and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme aggregated to 35,044,828 shares, which represented approximately 2.65% of the issued share capital of the Company as at the date of this annual report. The maximum number of options granted to any one individual in any 12-month period shall not exceed 1% of the issued share capital of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group. A consideration of HK$1 is payable on acceptance of the grant of options. Options granted must be taken up within 28 days from the date of grant. The exercise price for an option to subscribe for a share is determined by the directors of the Company, and shall be at least the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Share Option Scheme will end on 9 June 2013.

32. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(a) Share Option Scheme (Continued)

Details of the share options granted under the Share Option Scheme during the year are as follows:

Director	Date of grant	Exercise price per share	Number of share options As at 1.1.2010	Number of share options As at 31.12.2010	Fair value of share options amortised in 2010 HK$
Simon MURRAY	19.4.2005	HK$1.941	1,094,737	1,094,737	157,000

The share options granted are exercisable during the period from 19 April 2006 to 18 April 2010. On 24 February 2010, the Company extended the exercisable period from 18 April 2010 to 18 April 2012. They are subject to a vesting scale in tranches of 25% per annum starting from the first anniversary of the date of grant. No options were granted or exercised during the year.

The closing price of the shares of the Company quoted on the Stock Exchange on 18 April 2005, being the date immediately before the date on which share options were granted was HK$2.125 per share.

In December 2009, the exercise price of the share options granted has been adjusted from HK$2.125 to HK$1.941 per share and the number of share options has been adjusted from 1,000,000 shares to 1,094,737 shares as a result of the rights issue.

(b) Share Incentive Scheme

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 representing 10% of the issued share capital of the Company as at 17 June 2005. The total number of shares available for issue, save for those granted but yet to be exercised or subscribed for, under the Share Option Scheme and Share Incentive Scheme aggregated to 35,044,828 shares, which represented approximately 2.65% of the issued share capital of the Company as at the date of this annual report.

The Share Incentive Scheme is a long-term incentive arrangement for the Eligible Employees, the purpose of which is to recognise, motivate and provide incentives to those who make contribution to the Group, to help the Group retain its existing employees and recruit additional employees who will be valuable to the Group to provide existing and future employees with direct economic interests in the long-term development and growth of the Group.

A consideration of HK$1 is payable on the acceptances of the offer of awards. Offer of awards must be accepted within 28 days from the date of offer. The subscription price for each share which is the subject of an award shall be an amount equal to its nominal value. Each subscription under the Share Incentive Scheme shall be in cash at the subscription price. The Company will provide to the Eligible Employees the funds required to subscribe for the shares issued under the Share Incentive Scheme. The Share Incentive Scheme will end on 16 June 2015.

32. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(b) Share Incentive Scheme (Continued)

Details of the incentive shares awarded pursuant to the Share Incentive Scheme during the year are as follows:

		Number of incentive shares				
	Date of award	As at 1.1.2010	Awarded during the year	Vested and exercised during the year	As at 31.12.2010	Fair value of incentive shares amortised in 2010 HK$
Directors						
CHENG Wai Chee,	25.4.2006	298,863	–	(298,863)	–	–
Christopher	26.7.2007	268,484	–	(268,484)	–	34,000
	8.7.2008	412,716	–	(206,358)	206,358	254,000
	15.6.2009	1,704,505	–	(426,126)	1,278,379	1,045,000
	25.6.2010	–	1,064,000	–	1,064,000	773,000
CHENG Wai Sun,	25.4.2006	298,863	–	(298,863)	–	–
Edward	26.7.2007	268,484	–	(268,484)	–	34,000
	8.7.2008	412,716	–	(206,358)	206,358	254,000
	15.6.2009	1,704,505	–	(426,126)	1,278,379	1,045,000
	25.6.2010	–	1,064,000	–	1,064,000	773,000
NG Tak Wai, Frederick	8.7.2008	33,663	–	(11,221)	22,442	28,000
	15.6.2009	77,728	–	(19,432)	58,296	47,000
	25.6.2010	–	39,000	–	39,000	28,000
AU Hing Lun, Dennis	26.7.2007	71,705	–	(71,705)	–	14,000
	8.7.2008	148,611	–	(49,537)	99,074	122,000
	15.6.2009	801,348	–	(200,337)	601,011	491,000
	25.6.2010	–	511,000	–	511,000	371,000
		6,502,191	2,678,000	(2,751,894)	6,428,297	5,313,000
Employees	29.6.2006	10,947	–	(10,947)	–	–
	26.7.2007	194,862	–	(194,862)	–	46,000
	8.7.2008	431,872	–	(153,262)	278,610	329,000
	15.6.2009	2,289,096	–	(572,274)	1,716,822	1,378,000
	25.6.2010	–	1,200,000	–	1,200,000	855,000
		2,926,777	1,200,000	(931,345)	3,195,432	2,608,000
Total		9,428,968	3,878,000	(3,683,239)	9,623,729	7,921,000

32. SHARE OPTION SCHEME AND SHARE INCENTIVE SCHEME (Continued)

(b) Share Incentive Scheme (Continued)

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the provisional date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the provisional date of award. During the year ended 31 December 2010, 3,878,000 (2009: 6,008,000) incentive shares were awarded and 3,683,239 (2009: 459,500) incentive shares were vested and exercised.

At 25 June 2010 (2009: 15 June 2009), being the date of awards, the closing price of the shares of the Company as quoted on the Stock Exchange was HK$2.26 (2009: HK$2.30) per share.

(c) Fair values of incentive shares awarded

The fair values of incentive shares awarded during the year ended 31 December 2010 are determined using the Binominal Option Pricing Model (the "Model"). Key assumptions of the Model are:

Risk-free rate	2.46%
Expected dividend yield	2.08%
Expected volatility of the market price of the Company's shares	51.56%
Expected life	10 years from the date of grant

The Model requires the input of subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of incentive shares.

The fair values of the share options extended and incentive shares awarded during the years ended 31 December 2010 and 2009 were as follows:

	2010 HK$'M	2009 HK$'M
Share options extended to a director	1.0	–
Incentive shares granted to directors and employees	6.8	10.8
	7.8	10.8

33. RESERVES

(a) Movements in the reserves of the Group are disclosed in the consolidated statement of changes in equity.

(b) Movements on the reserves of the Company are as follows:

	Share premium HK$'M	Employee share-based compensation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M
THE COMPANY					
At 1 January 2009	2,853.4	7.0	357.0	87.1	3,304.5
Share premium on issue of rights shares net of issue expenses	384.5	–	–	–	384.5
Value of employee services relating to grants of share options and incentive shares	–	7.7	–	–	7.7
Incentive shares exercised	1.3	(1.3)	–	–	–
2008 final dividend paid	–	–	(14.8)	–	(14.8)
2009 interim dividend paid	–	–	(14.8)	–	(14.8)
Profit for the year	–	–	–	58.6	58.6
At 31 December 2009	3,239.2	13.4	327.4	145.7	3,725.7
Value of employee services relating to grants of share options and incentive shares	–	8.1	–	–	8.1
Incentive shares exercised	9.8	(9.8)	–	–	–
2009 final dividend paid	–	–	(52.9)	–	(52.9)
2010 interim dividend paid	–	–	(46.3)	–	(46.3)
Profit for the year	–	–	–	70.8	70.8
At 31 December 2010	3,249.0	11.7	228.2	216.5	3,705.4

The balance of contributed surplus of the Group and the Company arose as a result of the Group reorganisation in 1991 and the Company's capital reduction in 1996 less distributions made.

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

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

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

34. OPERATING LEASES

THE GROUP AS LESSEE

	2010 HK$'M	2009 HK$'M
Minimum lease payments charged to income statement during the year:		
– land and buildings	33.5	42.8
– equipment and motor vehicles	0.3	0.4
	33.8	43.2

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2010, the future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2010 HK$'M	2009 HK$'M
For buildings		
– Within one year	26.8	20.3
– After one year and not later than five years	54.8	45.9
– Over five years	38.9	14.0
	120.5	80.2
For equipment and motor vehicles		
– Within one year	–	0.2
– After one year and not later than five years	–	0.1
	–	0.3
Total	120.5	80.5

THE GROUP AS LESSOR

	2010 HK$'M	2009 HK$'M
Gross rental income from tenancies credited to income statement during the year	498.3	347.3
Less: Outgoings in respect of properties with tenancies investment	(29.8)	(51.9)
	468.5	295.4

The Group's investment properties are held for rental purposes. Rental income is fixed and predetermined. The properties held have committed tenants for the next two to three years. At the balance sheet date, the amount of future rental receivable by the Group is analysed as follows:

	2010 HK$'M	2009 HK$'M
Within one year	398.6	299.1
After one year and not later than five years	630.3	321.8
	1,028.9	620.9

The Company had no significant operating lease commitments at the balance sheet dates.

35. COMMITMENTS

	THE GROUP 2010 HK$'M	THE GROUP 2009 HK$'M
Expenditure in respect of investment properties		
– contracted but not provided for in the financial statements	134.9	127.8
Expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for in the financial statements	0.6	0.6
Expenditure in respect of investments in an associate		
– contracted but not provided for in the financial statements	–	409.3
Expenditure in respect of investment in a jointly controlled entity		
– contracted but not provided for in the financial statements	717.6	–
	853.1	537.7

The Company had no capital commitment at the balance sheet dates.

36. CONTINGENT LIABILITIES

	The Group 2010 HK$'M	The Group 2009 HK$'M	The Company 2010 HK$'M	The Company 2009 HK$'M
Guarantees given to banks in respect of credit facilities extended to				
– subsidiaries and jointly controlled entities	–	–	3,619.1	3,830.7
– an associate	–	432.7	–	–
	–	432.7	3,619.1	3,830.7
Other guarantees given to banks	–	5.4	–	–
	–	438.1	3,619.1	3,830.7

At 31 December 2010, bank loans of HK$1,615.6M (2009: HK$1,651.3M) being guaranteed by the Company to subsidiaries and jointly controlled entities have been drawn down.

The contingencies arose from the disposal of jointly controlled entities are set out in Note 40.

37. PLEDGE OF ASSETS

At 31 December 2010, the Group's advances to associates/jointly controlled entities include amounts of HK$1,587.4M (2009: HK$1,579.8M) which are subordinated to the loans facilities of associates/jointly controlled entities. The associates/jointly controlled entities are engaged in property development. The Group's advances to the associates/jointly controlled entities include amounts of HK$1,587.4M (2009: HK$1,579.8M) which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

37. PLEDGE OF ASSETS (Continued)

At 31 December 2010, certain of the Group's assets were pledged to secure credit facilities for the Group:

	2010 HK$'M	2009 HK$'M
Investment properties	11,559.6	10,420.6
Other properties, plant and equipment	75.3	140.6
Available-for-sale financial assets	265.4	176.5
Properties for sale	2,829.4	3,245.5
Bank deposits	–	38.1
Deposits, loans and receivables	197.4	–
	14,927.1	14,021.3

38. RETIREMENT BENEFITS AND PENSION SCHEMES

The Group operates a defined benefit pension scheme for certain qualifying employees of its overseas subsidiaries. Under the scheme, the employees are entitled to a pension of 1.25% of final salary for each year of pensionable service at the normal retirement age of 65. No other post-retirement benefits are provided. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out by Mr. Nigel P. Hacking, Fellow of the Institute of Actuaries, of Barnett Waddingham LLP and was updated to 31 December 2010 for the accounting reporting purpose. The present value of the defined obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

	2010	2009
Discount rate	5.70%	5.70%
Expected return on plan assets	6.28%	6.69%
Expected rate of salary increases	Nil	Nil
Future pension increases in respect of service	2.50%	2.50%

The actuarial valuation updated to 31 December 2010 showed that the market value of scheme assets was approximately HK$76.3M (2009: HK$72.0M) and that the actuarial value of these assets represented 105.9% (2009: 90.9%) of the benefits that had accrued to members, equivalent to an excess of approximately HK$4.2M (2009: shortfall of HK$7.2M).

Amounts recognised in the income statement in respect of the defined benefit pension scheme are as follows:

	2010 HK$'M	2009 HK$'M
Interest cost	4.3	3.8
Expected return on plan assets	(4.6)	(4.4)
Net actuarial loss recognised in the year	0.6	–
Charge/(credit) to the income statement for the year	0.3	(0.6)

The charge/(credit) to the income statement for the year has been included in administrative expenses.

The actual return on plan assets was approximately HK$9.0M in 2010 (2009: HK$12.9M).

38. RETIREMENT BENEFITS AND PENSION SCHEMES (Continued)

The recognised defined benefit asset arising from the Group's obligations in respect of its defined benefit pension scheme is as follows:

	2010 HK$'M	2009 HK$'M
Fair value of scheme assets	76.2	72.0
Present value of funded obligations	(72.0)	(81.2)
	4.2	(9.2)
Unrecognised actuarial losses	4.8	17.9
Recognised defined benefit asset, included in other receivable	9.0	8.7

Movement in the net asset during the year is as follows:

	2010 HK$'M	2009 HK$'M
At 1 January	8.7	5.7
Exchange differences	(0.3)	0.7
(Charge)/credited to income statement	(0.3)	0.6
Contributions	0.9	1.7
At 31 December	9.0	8.7

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year.

	THE GROUP	
	2010 HK$'M	2009 HK$'M
Interest income from loans to associates	12.5	10.9
Key management compensation (Note)	(30.6)	(28.6)
Project management fee income from associates	2.3	1.9
Project management fee income from a substantial shareholder of the Company	4.5	4.2
Property rental income from a substantial shareholder of the Company	3.0	2.8
Property rental income from associates	1.4	1.8
Purchases of garment products from a subsidiary of a substantial shareholder of the Company	(25.7)	(40.6)

These transactions were carried out on terms mutually agreed between the parties involved.

Note: Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

40. NET CASH INFLOW FROM DISPOSAL OF JOINTLY CONTROLLED ENTITIES

	HK$'M
The assets and liabilities disposed of	
Other properties, plant and equipment	0.7
Loans and receivables	426.7
Deferred tax assets	5.0
Properties for sale	227.0
Trade and other receivables, deposits and prepayments	7.7
Tax recoverable	0.4
Bank balance and cash	1.3
Trade and other payables and accruals	(632.4)
Deferred tax liabilities	(14.8)
Net assets	21.6
Non-controlling interests disposed of	(2.2)
Translation reserve realised	(9.8)
Net assets disposed of	9.6
Loans and receivable disposal of	533.4
Net consideration	(588.8)
Gain on disposal	45.8
Consideration	
Cash received	616.6
Expenses paid related to the disposal	(27.8)
Net consideration	588.8
Net cash inflow on disposal of jointly controlled entities	
Net consideration settled in cash	588.8
Bank balances and cash of the jointly controlled entities disposed of	(1.3)
Net cash inflow in respect of the disposal	587.5

On 16 September 2010, a wholly owned subsidiary of the Company disposed of its entire 40% interest in a jointly controlled entity to one of its joint venture partners (the "Purchaser") at a consideration of approximately United States $79.5M. Apart from the cash settlement, under the share sale agreement of the disposal, the Company is also entitled to receive (1) any repayments from the other joint venture partner in respect of interest receivables in future, subject to a maximum of approximately United States $6.2M and (2) 80% of the excess amount if the Purchaser's IRR return exceeds 12.9% at the projects' completion date, subject to a maximum of Renminbi 450.0M. The contingent assets in respect of (1) and (2) above will be recognised as income only when the realisation of the income is virtually certain. As of 31 December 2010, no contingent asset has been recognised in the financial statements.

In accordance with the share sale agreement, the Company will compensate the Purchaser in the event that there is land forfeiture or idle land penalties by the PRC land bureau or relevant PRC government authority within 9 months from the disposal date and may be extended up to another 9 months in some circumstances. In such case, the Company will repay the Purchaser an agreed portion of the deemed value of such land or the actual penalty incurred. Such portion shall not exceed, in aggregate, the consideration amount. The Company's directors consider that the likelihood of possible outflow of economic resources arising from the compensation to or claim on land forfeiture or idle land from the Purchaser under the share sale agreement as of 31 December 2010 is low. The Group has not received any notice from the Purchaser about the compensation or claim, and therefore, no provision has been made as of 31 December 2010.

41. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2010 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Aldburg Assets Limited	British Virgin Islands	US$1	100%	Investment holding
Bostar Limited	Hong Kong	HK$100	100%	Property development
Caringbah Limited	British Virgin Islands	US$1	100%	Investment holding
Charter Star Trading Limited	Hong Kong	HK$100,000	100%	Garment trading
Cheong Ka Limited	British Virgin Islands/ People's Republic of China	US$1	78%	Property investment
Chung Fook Limited	British Virgin Islands/ People's Republic of China	US$1	100%	Property investment
Datas Industries Limited	Hong Kong	HK$2	100%	Garment manufacturing
Fore Prosper Limited	Hong Kong	HK$100	60%	Property investment
Gentful Limited	Hong Kong	HK$2	100%	Provides financing to group companies
Gieves & Hawkes International Limited	United Kingdom	£250,000	100%	Licensors
Gieves & Hawkes plc	United Kingdom	£3,111,097	100%	Investment holding
Gieves Limited	United Kingdom	£10,100	100%	Retailers
Glory Charm Development Limited	Hong Kong	HK$2	100%	Property holding
Grandnice Fashion Limited	Hong Kong	HK$2	100%	Property holding and investment holding
Grandslam Limited	British Virgin Islands	US$1	100%	Investment holding
Joy Alliance Limited	Hong Kong	HK$100	100%	Property development
Keytime Capital Limited	British Virgin Islands	US$1	100%	Investment holding
Lanson Place Hospitality Management Limited	Hong Kong	HK$2	100%	Provision of hospitality management services

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US$12,000	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US$1	100%	Investment holding
New Ego Limited	British Virgin Islands	US$1	100%	Property investment
Pangold Development Limited	Hong Kong	HK$100	95.9%	Property development
Savile Row Logistics Limited	United Kingdom	£100	100%	Provision of management service to group companies
Shang Tai Property Management Limited	Hong Kong	HK$1	100%	Provision of property management services
Shui Hing Textiles International Limited	Hong Kong	HK$75,000,000	100%	Investment holding
Shui Hung Knitting and Garment Factory Limited	Hong Kong	HK$20,000,000	100%	Investment holding
Shui Pang Garment & Knitting Factory Limited	Hong Kong	HK$2,000,000	100%	Investment holding and garment manufacturing
Success First Development Limited	Hong Kong	HK$2	100%	Property investment
Telwin Industrial Limited	Hong Kong	HK$2	100%	Garment manufacturing
True Synergy Limited	Hong Kong	HK$1	100%	Property development
Twin Dragon Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Unimix Holdings Limited	Hong Kong	HK$1,100,000	100%	Investment holding
Unimix Limited	Hong Kong	HK$10,000,000	100%	Garment manufacturing
Universal Team Industrial Limited	Hong Kong	HK$2	100%	Investment holding
Value Castle Limited	Hong Kong	HK$1	100%	Property development

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Wing Tai Properties Development Limited (formerly known as USI Properties Limited)	Hong Kong	HK$2	100%	Provision of property project management services
Wing Tai Properties (B.V.I.) Limited ^ (formerly known as USI Holdings (B.V.I.) Limited)	British Virgin Islands	US$50,000	100%	Investment holding
Wing Tai Properties (China) Limited (formerly known as USI Investment (China) Limited)	British Virgin Islands	US$1	100%	Investment holding
Wing Tai Properties (China) (No.2) Limited	British Virgin Islands	US$1	100%	Investment holding
Wing Tai Properties (Hong Kong) Limited (formerly known as United Success International Limited)	Hong Kong	HK$227,750,062	100%	Investment holding
Wing Tai Properties (International) Limited (formerly known as USI Properties International Limited)	British Virgin Islands	US$1	100%	Investment holding
東莞冠麗時裝有限公司*	People's Republic of China	HK$8,000,000	100%	Property holding and garment manufacturing
東莞創麗製衣有限公司*	People's Republic of China	HK$5,600,000	100%	Garment manufacturing
乳源冠麗製衣有限公司*	People's Republic of China	HK$20,000,000	100%	Property investment
乳源寶麗製衣有限公司*	People's Republic of China	HK$15,000,000	100%	Property investment
韶關乳源環邦針織製衣有限公司*	People's Republic of China	HK$7,800,000	78%	Property investment
永泰富聯物業管理(北京)有限公司* (formerly known as 富聯物業管理(北京)有限公司)	People's Republic of China	US$12,300,000	100%	Property investment
逸蘭公寓管理(上海)有限公司*	People's Republic of China	US$140,000	100%	Provision of hospitality management services

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Winsor Properties Holdings Limited ^	Cayman Islands/ Hong Kong	HK$2,596,853	79.3%	Investment holding
Winsor Properties Finance Ltd. #	Hong Kong	HK$2	79.3%	Provides finance to group companies
Winsor Properties (Hong Kong) Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Access Rich Ltd. #	Hong Kong	HK$1	79.3%	Property investment
Adam Knitters Ltd. #	Hong Kong	Ordinary shares HK$1,000 Deferred shares HK$200,000	79.3%	Property investment
Allied Effort Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Winnion Limited #	Hong Kong	HK$100	79.3%	Property investment
Baudinet Investment Ltd. #	Hong Kong	Ordinary shares HK$18 Deferred shares HK$2	79.3%	Property investment
Begin Land Ltd. #	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	79.3%	Property investment
East Sun Estate Management Company Ltd. #	Hong Kong	HK$200	79.3%	Property management
Grandeur Investments Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Property investment
Hilwin Properties Ltd. #	Hong Kong	Ordinary shares HK$450,000 Deferred shares HK$50,000	79.3%	Investment holding
Winsor Storage Ltd. #	Hong Kong	HK$10,000	79.3%	Wine storage
Winner Godown Ltd. #	Hong Kong	HK$1,500,000	55.5%	Godown operation
Winsor Billion Management Ltd. #	Hong Kong	HK$1	79.3%	Property management
Winsor Estate Agents Ltd. #	Hong Kong	HK$20	79.3%	Property agent
Winsor Estate Management Ltd. #	Hong Kong	HK$2	79.3%	Property management

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company	Principal activities
Winsor Parking Ltd. #	Hong Kong	Ordinary shares HK$18,000,000 Deferred shares HK$2,000,000	79.3%	Property investment
Winsor Properties Financial Services Ltd. #	Hong Kong	HK$840	75.5%	Investment holding and property investment
Chericourt Company Ltd. #	Hong Kong	HK$1,000,000	75.5%	Property investment
Zofka Properties Ltd. #	Hong Kong	Ordinary shares HK$90,000 Deferred shares HK$10,000	79.3%	Property investment
Winsor Properties (Overseas) Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Zak Holdings Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Curlew International Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Winprop Pte. Ltd. #	Singapore	S$2	79.3%	Investment holding
Winsor Properties (China) Ltd. #	British Virgin Islands/ Hong Kong	US$1	79.3%	Investment holding
Dhandia Ltd. #	Hong Kong	HK$1,000	79.3%	Investment holding
Tat Yeung Properties Investment Ltd. #	British Virgin Islands/ Hong Kong	US$1,000	79.3%	Investment holding

* Represents a wholly owned foreign enterprise established in the People's Republic of China

^ Only Wing Tai Properties (B.V.I.) Limited and 57.4% interest in Winsor Properties Holdings Limited are directly held by the Company.

\# Represents subsidiaries directly and indirectly held by Winsor Properties Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

42. PRINCIPAL JOINTLY CONTROLLED ENTITIES

Details of the principal jointly controlled entities at 31 December 2010 are as follows:

Name of jointly controlled entity	Place of incorporation/ operation	Attributable proportion of nominal value of issued capital held by the Company indirectly	Principal activities
Ace Glory Limited	Hong Kong	15%	Property development
Cateavon Limited	Hong Kong	30%	Property development
Century Rise Limited	Hong Kong	15%	Property development
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Property investment
Landyork Investment Limited	Hong Kong	47.9%	Property trading
Mancas Investment Limited	Hong Kong	50%	Property development
Pacific Bond Limited	Hong Kong	15%	Property development
Seriford International Limited	British Virgin Islands/ Hong Kong	30%	Property investment

The Group's percentage of shareholding, profit sharing and voting power of each of the above principal jointly controlled entities are the same.

The following amounts represent the Group's respective share of the assets and liabilities, and revenue and results of the jointly controlled entities and are included in the consolidated balance sheet and income statement:

	2010 HK$'M	2009 HK$'M
Assets:		
Non-current assets	54.9	398.3
Current assets	2,560.8	2,669.5
Liabilities:		
Current liabilities	(1,227.0)	(524.1)
Non-current liabilities	(1,580.7)	(2,574.2)
Net liabilities	(192.0)	(30.5)
Revenue	239.4	106.8
Expenses	(325.5)	(109.3)
Taxation	(10.9)	(6.3)
Loss after taxation	(97.0)	(8.8)

43. PRINCIPAL ASSOCIATES

Details of the principal associates at 31 December 2010 are as follows:

Name of associate	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company indirectly	Principal activities
Mission System Consultant Limited	Hong Kong	42.5%	Computer software consultancy
Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.^	People's Republic of China	23.4%	Property investment
Smart Gainful Limited	Hong Kong	33.3%	Provision of second mortgage financing
Union Charm Development Limited *	Hong Kong	7.5%	Property development and investment
Winner Max Enterprises Limited	Hong Kong	33.3%	Property development
Javary Ltd.#	Hong Kong	26.4%	Property investment
Suzhou World Trade Centre *#	People's Republic of China	19.7%	Property investment and development
Tat Yeung Trading Company Ltd.#	British Virgin Islands	39.6%	Investment holding
Winquest Investment Pte. Ltd.#	Singapore	23.8%	Property investment
China Merchants Cold Chain Logistics (China) Co., Ltd#	British Virgin Islands	23.8%	Investment holding
China Merchants Cold Chain Logistics (Hong Kong) Co., Ltd#	Hong Kong	23.8%	Investment holding
China Merchants Cold Chain Logistics (Shenzhen) Co., Ltd#	People's Republic of China	23.8%	Cold storage

* The Group has the ability to exercise significant influence over these associates. Accordingly, they are regarded as associates of the Group.

\# Represents associates directly or indirectly held by Winsor Properties Holdings Limited.

^ For identification only

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Properties held for Investment Purposes

At 31 December 2010

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2010
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,335,445 sq.ft.	2047	79%	Let to outside parties as office
W Square, 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122)	128,658 sq.ft.	2859	79%	Let to outside parties as retail and office
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,827 sq.ft.	2047	79%	Let to outside parties as workshops, canteen or godowns
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (The Remaining Portion of Lot No. 299 in D.D. No. 444)	674,635 sq.ft. (remaining portion)	2047	75%	Let to outside parties as shop, workshops, canteen or godowns
Winner Godown Building, 503-515 Castle Peak Road and 1-9 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong (The Remaining Portion of Tsuen Wan Inland Lot No. 28)	497,140 sq.ft.	2047	79%	Let to outside parties as workshops or godowns
133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,097 sq.ft.	2047	60%	Service apartment
33 Units of Tower 23, Central Park, No. 6 Chaoyangmenwai Avenue, Chaoyang District, Beijing 100020, People's Republic of China	6,162 sq.m.	2074	100%	Service apartment

Properties held for Investment Purposes

At 31 December 2010

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2010
Unit B, 21st Floor, Prince Industrial Building, 706 Prince Edward Road East and 106 King Fuk Street, San Po Kong, Kowloon, Hong Kong (21/1170th shares of and in New Kowloon Inland Lot No. 4793)	6,183 sq.ft.	2047	100%	Vacant
Unit H, 1st Floor, Wong King Industrial Building, 192-198 Choi Hung Road and 2-4 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (2/501th shares of and in New Kowloon Inland Lot No.4448)	2,424 sq.ft.	2047	100%	Let to an outside party as workshop
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,146 sq.m.	2053	100%	Let to related party as factory
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,639 sq.m.	2053	100%	Let to related party as factory

Properties held for Investment Purposes

At 31 December 2010

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2010
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Ru Fu Guo Yong Zong Zi Di 000030312/No. Ru Fu Guo Yong Zi (2005) Di 02320100060)	14,537 sq.m.	2052	78%	Let to related party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C4281592, C4281593, C42815954 and C4281595)	11,565 sq.m.	2044	78%	Let to outside party as factory
Macaokeng, Laowei Village, Niushan Management Zone, Fucheng District, Dongguan, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi 1486418, 1486419, 1486420 and 1486421)	9,609 sq.m.	2044	100%	Let to outside party as factory
161 agricultural lots, Lantau and Peng Chau, New Territories, Hong Kong	–	2047	79%	Vacant
No. 1 Savile Row, London W1S 3JR United Kingdom	877 sq.m.	Freehold	100%	About 78% of the property was occupied by members of the Group. Others are under renovation

Properties for Sale

At 31 December 2010

Address	Nature of property	Gross floor area	Effective percentage holding	Project status	Expected completion date
No.2 Forfar Road, Kowloon, Hong Kong (Inland Lot No. 4022)	Residential	107,000 sq.ft.	95.9%	Completed	Completed
9A-9H Seymour Road and 5A, 5B, 6, 6A, 7 and 7A, Ying Fai Terrace, Hong Kong (Inland Lot Nos. 4626, 4627, 4628, 4629 and the Remaining Portion of Inland Lot No. 585)	Residential	173,000 sq.ft.	30%	Superstruture in progress	2011
Tai Po Town Lot No. 186, Pak Shek Kok Development Area, Phase 1, Site B, Tai Po, New Territories, Hong Kong	Residential	714,000 sq.ft.	15%	Superstruture in progress	2012
Tai Po Town Lot No. 187, Pak Shek Kok Reclamation Phase I, Site A, Tai Po, New Territories, Hong Kong	Residential	345,000 sq.ft.	15%	Superstruture in progress	2012
Tai Po Town Lot No. 188, Pak Shek Kok Reclamation Phase I, Site C, Tai Po, New Territories, Hong Kong	Residential	750,000 sq.ft.	15%	Superstruture in progress	2012
No. 1-2 Coronation Terrace, Hong Kong (Subsection 2 of Section B, the Remaining Portion of Section B and Section E of Inland Lot No.100)	Residential	40,000 sq.ft.	100%	Ground investigation completed	2013-2014
Nos. 3, 5, 5A, 7, 7A, 9 and 11 Warren Street and Nos. 1, 3, 5, 7, 9, and 11 Jones Street, Hong Kong (Section A, B, C, F, G, H, J, K and the Remaining Portion of Section D and E of Inland Lot No. 2087, and the Remaining Portion thereof)	Residential	68,000 sq.ft.	100%	Ground investigation in progress	2013-2014

Five Years Financial Summary

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2010:

	Year ended 31 December				
	2010 HK$'M	2009 HK$'M (As restated)	2008 HK$'M (As restated)	2007 HK$'M (As restated)	2006 HK$'M (As restated)
RESULTS					
Revenue	**2,176.8**	1,207.1	1,664.5	2,209.7	2,699.4
Profit before taxation	**2,484.8**	482.8	339.4	2,848.7	1,008.0
Taxation	**(48.0)**	(57.2)	(44.8)	(94.1)	(125.0)
Profit for the year	**2,436.8**	425.6	294.6	2,754.6	883.0
Attributable to:					
Equity holders of the Company	**1,913.1**	312.9	212.3	2,482.5	777.4
Non-controlling interests	**523.7**	112.7	82.3	272.1	105.6
	2,436.8	425.6	294.6	2,754.6	883.0

	At 31 December				
	2010 HK$'M	2009 HK$'M (As restated)	2008 HK$'M (As restated)	2007 HK$'M (As restated)	2006 HK$'M (As restated)
ASSETS AND LIABILITIES					
Total assets	**18,866.1**	16,985.0	15,795.8	14,834.5	4,783.6
Total liabilities	**(5,594.7)**	(6,151.9)	(6,024.3)	(5,272.7)	(1,744.4)
Non-controlling interests	**(2,343.3)**	(1,827.9)	(1,710.9)	(1,638.8)	(249.9)
Equity attributable to the equity holders of the Company	**10,928.1**	9,005.2	8,060.6	7,923.0	2,789.3

HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets" is effective from 1 January 2012 and is early adopted by the Group in 2010, and applied retrospectively.