China Uptown Group Company Limited
中國上城集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2330)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010

BUSINESS AND FINANCIAL REVIEW

The Group's turnover for the year ended 31 December 2010 was approximately RMB328,080,000 (six months ended 31 December 2009: RMB140,120,000) which represented an increase of approximately 134% as compared to the last corresponding period. The increase in turnover is mainly attributable to the increase in sales of properties situated in Zhuhai in the People's Republic of China (the "PRC") and trading of electronic components and mobile phone modules.

For the year ended 31 December 2010, the loss attributable to owners of the parent was approximately RMB30,853,000 (for the six months ended 31 December 2009: RMB63,167,000). The loss was mainly caused by an impairment loss of RMB28,600,000 (for the six months ended 31 December 2009: Nil) recognised in respect of the Group's properties held for sale and included in the cost of sales. The gross loss was mainly attributable to the change in value of car parking spaces for the first phase of Zhongzhu Uptown ("Phase 1") which was caused by PRC's government's stringent control over property. The selling price of the second phase of Zhongzhou Uptown ("Phase 2") is substantially higher than Phase 1 and thus, barring any unforeseen circumstances, no such impairment loss is expected for Phase 2.

During the year, the Group completed its debt-restructuring of approximately RMB180,860,000 with Bank of China Limited by issuing convertible bonds with a principal amount of HK$160,000,000 (equivalent to approximately RMB136,000,000) to a wholly-owned subsidiary of Bank of China Limited. The convertible bonds carry interest at 4% per annum and with a maturity date of 30 November 2013, at an initial conversion price of HK$0.59 (subject to adjustments) per conversion share. A loss of RMB18,049,000 was recognised as the difference of the initial fair value of the convertible bonds and the debt outstanding as at the issue day of the convertible bonds. At 31 December 2010, a gain of RMB14,860,000 was recognised as the subsequent change in fair value of the convertible bonds. As a result of the debt-restructuring, the liquidity of the Group has further strengthened.

On 3 December 2010, the Company entered into a sale and purchase agreement to acquire a further 25% equity interests in Zhuhai Zhongzhu Real Estate Development Co., Limited ("Zhuhai Zhongzhu"), a non-wholly-owned subsidiary of the Company. The acquisition was completed on 1 March 2011. Following the acquisition, the Group owned an aggregate 75% of the equity interests in Zhuhai Zhongzhu.

The review of the major business segments of the Group during the year is as follows:

Property Development

The Group currently holds a property development project – Zhongzhu Uptown which is situated in Zhuhai, Guangdong Province, the PRC. Zhongzhu Uptown was developed in two phases. At 31 December 2010, approximately 99% of the residential units and 93% of the commercial units of Phase 1 were contracted for sales while 94% of the residential units and 72% of the commercial units were delivered to the customers and recognised as turnover of the Group.

During the year, 73 units of residential properties and 21 units of commercial properties with 9,006 and 1,870 square metres were delivered to customers and recognised as sales of the Group. Total revenue (including sales of car parks) attributable to the property development business amounted to approximately RMB156,488,000 (for the six months ended 31 December 2009: RMB27,516,000).

The Phase 2 is still under construction and planned to be delivered with decorations starting from the second half of 2012. The pre-sales of Phase 2 began in November 2010. Approximately 212 residential units, which is more than half of the properties launched in the initial sales in late November 2010 were contracted for sales or reserved by potential customers in the year with average selling prices significantly higher than Phase 1. Pre-sales of the remaining properties of Phase 2 are scheduled to be launched in 2011 and early 2012.

Property Investment

Property investment business represents rental income and capital appreciation from the investment properties situated in the PRC and in Hong Kong. During the year, rental income amounted to approximately RMB12,107,000 (for the six months ended 31 December 2009: RMB5,246,000) and net gain on change in fair value of investment properties amounted to approximately RMB11,634,000 (for the six months ended 31 December 2009: RMB6,826,000).

At 31 December 2010, the investment properties comprises of six units of office premises in Hong Kong with a total saleable area of approximately 426 square metres and the research and development centre in Shenzhen, the PRC ("R&D Centre") with gross floor area of approximately 15,084 square metres.

The Group entered into several sale and purchase agreements to dispose of certain investment properties in Hong Kong in late 2010 and 2011 which amounted to approximately HK$40,079,000 (equivalent to approximately RMB33,155,000). The management believes by focusing its resources into PRC property development and other high growth business the Group's result could be improved in medium to long-term.

Trading

The Group's trading business represents distribution of electronic related components, mobile phone modules and imported automation products. The total revenue from the trading business during the year amounted to RMB159,485,000 (for the six months ended 31 December 2009: RMB107,358,000).

Although the profit margin is relatively low from the trading business, the required financial and business resources are limited and the relevant risks can be mitigated by effective operation procedures and internal controls. The Group has taken various measures to diversify the product range with an objective to further increase turnover and enhance the profit margin.

Technology

The automation and mobile handset projects involve substantial capital investments and resources while market environment in the short-term to medium-term still remain uncertain and the competition is very keen. The management will continue to take a cautious and critical review on potential business opportunities, and will engage in projects only if the business risks can be certainly managed and controlled.

MARKET OUTLOOK AND PROSPECTS

In 2010, the Group faced increasingly complicated economic and market conditions in its property development business amid the tightening property market measures imposed by the PRC government. Since April 2010, a series of tightening policies aiming to overcome the overheating and speculation in the property market were issued by the PRC government. The measures include increasing the threshold for mortgage loans of the "second house" onward, strengthening the implementation of the existing control policies and proposal to impose property tax. To overcome the excessive liquidity and ease inflation, the People's Bank of China raised the required capital reserve ratio and interest rate continuously in 2010 and 2011.

Looking into 2011, easing inflation will be the PRC government's top priority. However, most of these measures and policies, including frequent interest rate hikes, purchase restrictions and mortgage restrictions, generally affecting the properties price in the tier one cities, for example in Shanghai, Beijing and Shenzhen mostly. The property market in Zhuhai is significantly less affected as the property pricing levels are substantially lower. Zhuhai is one of the fastest growing cities with pleasant living environment. After the completion of the Hong Kong-Zhuhai-Macau Bridge, it will greatly enhance the local economies and the properties market. The Board is optimistic about the future prospects of the property market in Zhuhai.

Despite the fact that the property market in PRC will continue to face complicated government policy and market environment, with continuous growth in GDP and increasing wealth of individuals which leads to strong demand for housing needs, the Board is confident that the property market will continue to achieve healthy growth in the medium to long-term. As such the Group will retain its focus on the property projects in PRC, particularly in the high growth cities, in the coming years. Regarding the Zhongzhu Uptown Phase 2, the remaining properties will be launched for pre-sale in 2011 and early 2012. Due to the upsurge of property prices in Zhuhai in recent years, the selling price and the profit margin of Phase 2 will be significantly higher than Phase 1.

MATERIAL ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY AND EVENT AFTER REPORTING PERIOD

(i) Acquisition of a subsidiary

On 3 December 2010, the Company entered into a sale and purchase agreement with Seaton Limited, a connected party of the Group for the acquisition of the entire issued share capital of Armando Investments Limited ("Armando") for a consideration of HK$230,000,000 (equivalent to approximately RMB195,500,000) to be settled by way of unsecured zero-coupon convertible bonds of the same amount. Armando is a company incorporated in the British Virgin Islands whose major asset is its 25% equity interests in Zhuhai Zhongzhu. The acquisition was completed on 1 March 2011. Following the acquisition, the Group in aggregate owned 75% of the equity interests in Zhuhai Zhongzhu.

Details of the acquisition are set out in the circular of the Company dated 22 December 2010.

(ii) **Disposal of investment properties in Hong Kong**

Subsequently after the end of the reporting period, the Group entered into several preliminary agreements for the sales of certain investment properties with a carrying value of approximately RMB21,590,000 at 31 December 2010 for a total consideration of approximately HK$27,005,000 (equivalent to approximately RMB22,955,000) to independent third parties.

Finance Costs

For the year ended 31 December 2010, the finance cost was approximately RMB27,040,000 (for the six months ended 31 December 2009: RMB7,918,000). The charge comprises mainly imputed interest expense on consideration payable in relating to the acquisition of the 50% interests in Zhuhai Zhongzhu of approximately RMB13,742,000 (for the six months ended 31 December 2009: RMB1,754,000) and accrued interest expenses on bank borrowings due to Bank of China Limited of approximately RMB12,211,000 (for the six months ended 31 December 2009: RMB5,522,000). The acquisition of 50% interests in Zhuhai Zhongzhu was completed on 19 November 2009 and thus, a full year related imputed interest expense was record in the current year which lead to a significant increase in the finance costs.

LIQUIDITY AND FINANCIAL RESOURCES

In 2010, the Group's operating activities resulted in a net cash outflow of approximately RMB169,570,000 (for the six months ended 31 December 2009: RMB24,290,000) which was mainly represented by construction expenses incurred for Phase 2. At 31 December 2010, the total amount of bank balance and cash, including restricted bank deposits, was approximately RMB155,804,000 (31 December 2009: RMB161,514,000).

At 31 December 2010, the total assets of the Group were approximately RMB1,491,124,000 (31 December 2009: RMB1,416,902,000), representing an increase of approximately 5%. At 31 December 2010, the Group's total borrowings, including convertible bonds of RMB184,391,000 (31 December 2009: Nil), increased to approximately RMB570,327,000 (31 December 2009: approximately RMB116,873,000). The increase in borrowings is mainly due to the drawdown of a construction loan for the development of Phase 2 of Zhongzhou Uptown.

At 31 December 2010, the gearing ratio, expressed as a percentage of total borrowings over net assets was 117% (31 December 2009: 18%). The current ratio was 2.5 (31 December 2009: 1.7).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company as at 31 December 2009 and 2010 was HK$85,198,000 divided into 851,980,000 shares of HK$0.10 each. At 31 December 2009 and 2010, the issued convertible redeemable preference share capital was HK$35,000,000 divided into 350,000,000 shares of HK$0.10 each and the convertible redeemable preference A share capital was HK$11,000,000 divided into 110,000,000 shares of HK$0.10 each. None of the convertible redeemable preference shares and convertible redeemable preference A shares were converted into ordinary shares.

FOREIGN CURRENCY EXPOSURE

The Group mainly earns revenues and incurs costs in Renminbi, United States dollars and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

CHARGE ON ASSETS

At 31 December 2010, the Group's certain investment properties, properties under development, assets held for sale and leasehold land and buildings with an aggregate net carrying value of approximately RMB802,214,000 (31 December 2009: RMB77,891,000) were pledged to banks for securing revolving loans, general banking facilities and banking facilities of construction loan granted to certain subsidiaries of the Company. At 31 December 2010, facilities amounts of approximately RMB385,936,000 (31 December 2009: RMB45,139,000) were utilised and RMB102,314,000 (31 December 2009: RMB10,560,000) were not utilised and available for the Group's future financing.

SEGMENT INFORMATION

The details of segment information are set out in Note 4 of this announcement.

CAPITAL AND OTHER COMMITMENTS

The Group did not have any significant capital commitments in respect of property, plant and equipment as at 31 December 2010.

At the end of the reporting period, the Group had the following commitments for properties under development:

	31.12.2010 ***RMB'000***	31.12.2009 *RMB'000*
Contracted but not provided for	**190,969**	294,363
Authorised but not contracted for	**336,831**	154,551

DISTRIBUTABLE RESERVES

At 31 December 2010, the Company did not have any distributable reserves.

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2010, the Group employed 57 full time employees (31 December 2009: 40) in Hong Kong and the PRC. The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

LITIGATIONS AND CONTINGENT LIABILITIES

(i) On 25 April 2008, a PRC subsidiary of the Company had been served with a writ of summons in the PRC and was being claimed for a total amount of approximately HK$23,000,000 (equivalent to approximately RMB20,010,000) under a guarantee being allegedly issued by the PRC subsidiary. The PRC subsidiary has appointed a firm of legal counsel to represent the PRC subsidiary to defend the claim and legal proceedings. First court hearing was held on 20 October 2008 and after a series of legal proceedings, the Company received a civil judgment (the "Judgment") issued by the Intermediate People's Court in Shenzhen, the PRC on 14 June 2010. The PRC subsidiary was liable to bear 50% of any shortfall that the first defendant is unable to settle in respect of the claims amount of approximately HK$23,000,000 (equivalent to approximately RMB20,010,000).

On 30 November 2010, the PRC subsidiary entered into a settlement agreement ("Settlement Agreement") with the plaintiff pursuant to which the PRC subsidiary shall pay HK$4,800,000 (equivalent to approximately RMB4,080,000) to the plaintiff within five days upon entering into the Settlement Agreement for settlement of all responsibilities and claims of the Judgment. Payment was made on 1 December 2010. On 2 December 2010, the Senior People's Court of the Guangdong Province in the PRC approved the application for the withdrawal of the Judgment by the PRC subsidiary and the plaintiff.

Details of settlement are set out in the announcement of the Company dated 3 December 2010.

(ii) On 12 December 2009, the Company received a writ of summons from Global Tide Limited ("Global Tide"). Global Tide brought civil action in the High Court of the Hong Kong Special Administrative Region against the Company for compensation and damages of approximately HK$8,834,000 (the "Claim") in relation to the disposal of its former wholly-owned subsidiary, Magic Gain Investments Limited. Details of the Claim are set out in the announcement of the Company dated 16 December 2009.

The Company decided to defend against the Claim and obtained legal advice in respect of the merits of the Claim. The board of directors of the Company (the "Board") considered it is difficult to predict the outcome or give an estimate of the ultimate liability at this stage.

(iii) The Group had arranged for bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. At 31 December 2010, the outstanding amount of the guarantees amounted to RMB22,980,000 (31 December 2009: RMB90,759,000).

FINAL DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2010.

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee currently comprises three independent non-executive directors, namely Mr. POON Lai Yin, Michael (Chairman), Mr. CHONG Yiu Chik and Mr. CHOI Kai Ming, Raymond. The audit committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 31 December 2010.

AUDITORS

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

The result announcement for the year ended 31 December 2010 is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.chinauptown.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the period.

By Order of the Board
China Uptown Group Company Limited
Chen Xian
Chairman

Hong Kong, 28 March 2011

RESULTS

The Board of China Uptown Group Company Limited (the "Company") is pleased to announce the audited consolidated financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010, together with the audited comparative figures for the six months ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**1.1.2010 to 31.12.2010** *RMB'000*	1.7.2009 to 31.12.2009 *RMB'000*
Turnover	*3*	**328,080**	140,120
Cost of sales		**(377,729)**	(134,826)
Gross (loss) profit		**(49,649)**	5,294
Other operating income	*3*	**6,384**	7,684
Change in fair value of investment properties		**11,634**	6,826
Change in fair value of convertible bonds		**14,860**	–
Selling and distribution costs		**(10,922)**	(194)
Administrative expenses		**(30,816)**	(11,131)
Equity-settled share-based payment expenses		**(4,315)**	(10,063)
Loss on disposal of available-for-sale investment		**–**	(67,699)
Loss on debt restructuring	*10*	**(18,049)**	–
Reversal of impairment loss recognised in respect of trade receivables		**–**	10,629
Reversal of bad debts directly written off		**–**	4,794
Finance costs		**(27,040)**	(7,918)
Loss before taxation		**(107,913)**	(61,778)
Income tax credit (expense)	*5*	**46,494**	(2,070)
Loss for the year/period	*6*	**(61,419)**	(63,848)
Exchange differences arising on translation of financial statements of foreign operations and total other comprehensive expenses for the year/period		**5,823**	(129)
Total comprehensive expenses for the year/period		**(55,596)**	(63,977)
Loss for the year/period attributable to:			
Owners of the parent		**(30,853)**	(63,167)
Non-controlling interests		**(30,566)**	(681)
		(61,419)	(63,848)
Total comprehensive expenses for the year/period attributable to:			
Owners of the parent		**(25,030)**	(63,296)
Non-controlling interests		**(30,566)**	(681)
		(55,596)	(63,977)
Loss per share			
Basic and diluted	*7*	**RMB3.62 cents**	RMB10.30 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	Notes	31.12.2010 RMB'000	31.12.2009 RMB'000 (Restated)	1.7.2009 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**34,315**	36,985	37,669
Investment properties		**183,830**	236,206	167,765
Prepaid lease payments		**246**	252	255
Goodwill		**184,231**	184,231	–
Available-for-sale investments		**–**	–	–
		402,622	457,674	205,689
Current assets				
Inventories		**12,701**	–	–
Properties under development		**737,095**	376,259	–
Properties held for sale		**129,220**	281,626	–
Trade and other receivables	8	**42,265**	139,313	14,887
Prepaid lease payments		**6**	6	6
Held-to-maturity investments		**–**	–	–
Held-for-trading investments		**1,211**	510	565
Restricted bank deposits		**32,776**	–	–
Bank balances and cash				
– pledged		**–**	12,609	12,584
– unpledged		**123,028**	148,905	13,289
		1,078,302	959,228	41,331
Assets classified as held for sale		**10,200**	–	–
		1,088,502	959,228	41,331
Current liabilities				
Trade and other payables	9	**401,808**	333,757	55,837
Provision for claims	10	**–**	60,700	60,700
Income tax payable		**945**	36,813	–
Bank borrowings		**35,936**	116,873	118,757
		438,689	548,143	235,294
Net current assets (liabilities)		**649,813**	411,085	(193,963)
		1,052,435	868,759	11,726
Capital and reserves				
Ordinary share capital		**81,232**	81,232	44,031
Convertible redeemable preference shares		**184,653**	184,653	184,653
Reserves		**65,847**	86,562	(216,958)
Equity attributable to owners of the parent		**331,732**	352,447	11,726
Non-controlling interests		**154,733**	299,574	–
Total equity		**486,465**	652,021	11,726
Non-current liabilities				
Bank borrowings		**350,000**	–	–
Convertible bonds	11	**184,391**	–	–
Consideration payable		**–**	143,097	–
Deferred taxation		**31,579**	73,641	–
		565,970	216,738	–
		1,052,435	868,759	11,726

Notes:

1. BASIS OF PREPARATION

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

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

The Company changed its financial reporting year end date from 30 June to 31 December with effect from the year ended 31 December 2009 in order to align its financial year ended date with its subsidiaries which operate in the PRC whereby the Group's subsidiaries have their financial year end date on 31 December. The consolidated financial statements for the current year cover the twelve months ended 31 December 2010. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the consolidated financial statements cover the six months period from 1 July 2009 to 31 December 2009 and therefore may not be comparable with the amounts shown for the current year. The consolidated financial statements do not correspond to the period covered by the comparatives.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGE IN ACCOUNTING POLICY

In the current year, the Group has applied the following new and revised standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRSs as part of Improvements to HKFRS 2009
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
Hong Kong Accounting Standard ("HKAS") 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK (IFRIC) – Interpretation ("INT") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

Except as disclosed below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 17 – Leases

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

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1 January 2010 based on information that existed at the inception of these leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of approximately RMB17,811,000 and RMB17,623,000 at 1 July 2009 and 31 December 2009 respectively being reclassified to property, plant and equipment.

At 31 December 2010, leasehold land that qualifies for finance lease classification with the carrying amount of RMB16,645,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

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

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

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

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of approximately RMB11,679,000 and RMB11,279,000 have been reclassified from non-current liabilities to current liabilities at 31 December 2009 and 1 July 2009 respectively. At 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of RMB11,866,000 have been classified as current liabilities. The application of INT 5 has had no impact on the reported profit or loss for the current and prior years.

Summary of the effects of the above changes in accounting policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 July 2009 and 31 December 2009 is as follows:

	At 1 July 2009			**At 31 December 2009**		
	As originally stated	**Adjustments**	**Restated**	**As originally stated**	**Adjustments**	**Restated**
	RMB'000	*RMB;000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	19,858	17,811	37,669	19,362	17,623	36,985
Prepaid lease payments	18,072	(17,811)	261	17,881	(17,623)	258
Bank borrowings – due within one year	107,478	11,279	118,757	105,194	11,679	116,873
Bank borrowings – due after one year	11,279	(11,279)	–	11,679	(11,679)	–
Total effects on net assets	156,687	–	156,687	154,116	–	154,116

The Group has not early applied the following new and revised standards and interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (As revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

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

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

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

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

The directors of the Company are in the process of assessing the impact from the application of the HKFRS 9 on the results and the financial position of the Group.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. Had the amendments been adopted for the year ended 31 December 2010, the deferred tax liabilities for investment properties at 31 December 2010 would have decreased by approximately RMB16,833,000 (31 December 2009: RMB12,724,000) and the loss for the year would decrease by approximately RMB4,168,000 (six months ended 31 December 2009: RMB853,000).

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and discounts and sales related taxes.

An analysis of the Group's turnover for the year/period is as follows:

	1.1.2010 to 31.12.2010	1.7.2009 to 31.12.2009
	RMB'000	*RMB'000*
Turnover		
Sales of automation products and electronic components	**159,485**	107,358
Sales of properties	**156,488**	27,516
Gross rental income from investment properties *(Note i)*	**12,107**	5,246
	328,080	140,120
Other operating income		
Interest income		
– bank	**112**	420
– other *(Note ii)*	**375**	–
Change in fair value of held-for-trading investments	**736**	–
Discount received on early settlement of consideration payable	**4,704**	–
Exchange gain, net	**–**	60
Gain on disposal of property, plant and equipment	**50**	–
Reversal of impairment loss recognised in respect of inventories	**372**	269
Reversal of impairment loss recognised in respect of other receivables	**–**	176
Waiver of trade payable	**–**	6,576
Sundry income	**35**	183
	6,384	7,684
Total revenues	**334,464**	147,804

Notes:

(i) An analysis of the Group's net rental income is as follows:

	1.1.2010 to 31.12.2010 *RMB'000*	1.7.2009 to 31.12.2009 *RMB'000*
Gross rental income from investment properties	**12,107**	5,246
Less: Outgoings (included in cost of sales)	**(633)**	(341)
Net rental income from investment properties	**11,474**	4,905

(ii) The other interest income is derived from an advance for a co-operation agreement, details of which are set in the announcement of the Company dated 30 June 2010.

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Property development – Development of properties in the PRC.

Property investment – Rental income arising from investment properties situated in the PRC and in Hong Kong.

Trading – Trading of automation products and electronic components.

Technology – Provision of technical and consultancy services including the provision of automation products on a project basis.

(a) Segment revenues and results

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

	Property development		Property investment		Trading		Technology		Consolidated	
	1.1.2010 to 31.12.2010	1.7.2009 to 31.12.2009	**1.1.2010 to 31.12.2010**	1.7.2009 to 31.12.2009	**1.1.2010 to 31.12.2010**	1.7.2009 to 31.12.2009	**1.1.2010 to 31.12.2010**	1.7.2009 to 31.12.2009	**1.1.2010 to 31.12.2010**	1.7.2009 to 31.12.2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	**156,488**	27,516	**12,107**	5,246	**159,485**	107,358	**–**	–	**328,080**	140,120
Segment results	**(89,404)**	350	**30,426**	11,342	**(1,567)**	3,849	**–**	14,794	**(60,545)**	30,335
Change in fair value of convertible bonds									**14,860**	–
Change in fair value of held-for-trading investments									**736**	(55)
Discount received on early settlement of consideration payable									**4,704**	–
Interest income									**487**	420
Loss on disposal of available-for-sale investment									**–**	(67,699)
Loss on debt restructuring									**(18,049)**	–
Settlement of court case									**(4,080)**	–
Unallocated corporate income									**–**	61
Unallocated corporate expenses									**(18,986)**	(16,922)
Finance costs									**(27,040)**	(7,918)
Loss before taxation									**(107,913)**	(61,778)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of change in fair values of convertible bonds, change in fair value of held-for-trading investments, discount received on early settlement of consideration payable, interest income, loss on disposal of available-for-sale investment, loss on debt restructuring, settlement of court case, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker (board of directors) of the Group for the purposes of resource allocation and performance assessment.

(b) Geographical information

For the year ended 31 December 2010, over 90% (for the six months ended 31 December 2009: over 90%) of the Group's revenue and assets are derived from customers and operations based in the PRC including Hong Kong (country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

(c) Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Segment	1.1.2010 to 31.12.2010 *RMB'000*	1.7.2009 to 31.12.2009 *RMB'000*
Customer A	Property development	**39,425**	N/A*
Customer B	Trading	**41,112**	53,719
Customer C	Trading	**41,768**	40,612

* *The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.*

5. INCOME TAX (CREDIT) EXPENSE

	1.1.2010 to 31.12.2010 *RMB'000*	1.7.2009 to 31.12.2009 *RMB'000*
PRC Enterprise Income Tax		
– Current year/period	**4,102**	1,090
PRC Land Appreciation Tax ("LAT")		
– Current year/period	**6,742**	5,938
– Overprovision in prior years	**(26,704)**	–
	(19,962)	5,938
Deferred taxation		
– Current year/period	**(27,442)**	(4,958)
– Effect of a change in tax rate	**(4,272)**	–
	(31,714)	(4,958)
Withholding tax	**1,080**	–
	(46,494)	2,070

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010 and for the period from 1 July 2009 to 31 December 2009.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group has sufficient tax losses brought forward to offset against the assessable profits for the year ended 31 December 2010.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group has no assessable profits for the period from 1 July 2009 to 31 December 2009.

(b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Company, which previously ranged from 15% to 33%, was changed to 25% from 1 January 2008 onwards.

In accordance with the tax legislations applicable to foreign investment enterprises, one subsidiary is entitled to exemptions from the PRC EIT for the first year commencing from the first profit-making year of operation and thereafter, entitled to a 50% relief from the PRC EIT for the following two years. According to the EIT Law, the first year of income tax exemption commenced for the year ended 31 December 2008 and the subsidiary enjoys the second year income tax exemption for the period from 1 July 2009 to 31 December 2009.

For the year ended 31 December 2010, the subsidiary enjoys a 50% relief from PRC EIT and is subject to tax at the rate of 11% on the estimate assessable profits for the year.

(c) The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

(d) Pursuant to the PRC EIT Law, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards.

At 31 December 2010, deferred taxation of approximately RMB556,000 (31 December 2009: approximately RMB10,348,000) has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits as the Group is able to control the timing of the distribution and it is probable that the amount will not be distributed in the foreseeable future. The withholding tax represents the deferred tax liability arising on undistributed profits to non-controlling interests in Zhuhai Zhongzhu Real Estate Development Co., Ltd* (珠海中珠房地產開發有限公司) ("Zhuhai Zhongzhu").

During the year ended 31 December 2010, Zhuhai Zhongzhu declared dividends of RMB228,550,000 on its retained earnings for the year 2009 of approximately RMB206,955,000 and for the year ended 31 December 2010 of approximately RMB21,595,000 respectively and distributed to its immediate holding company and non-controlling interests, which were incorporated in the BVI and Hong Kong, respectively. The Group was subject to withholding tax at the rate of 10% and 5% on the distributions of profits accordingly.

* *The English name is for identification only*

6. LOSS FOR THE YEAR/PERIOD

	1.1.2010 to 31.12.2010 *RMB'000*	1.7.2009 to 31.12.2009 *RMB'000* (Restated)
Loss for the year/period has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries, wages and other benefits in kind	**6,551**	2,224
Equity-settled share-based payment	**–**	10,063
Retirement benefit scheme contributions	**121**	41
	6,672	12,328
Amortisation of prepaid lease payments	**6**	3
Auditors' remuneration	**1,017**	730
Change in fair value of held-for-trading investments	**–**	55
Cost of inventories recognised as expenses	**377,096**	134,485
Depreciation of property, plant and equipment	**2,023**	1,066
Equity-settled share based payment expenses – business associates (Note)	**4,315**	–
Impairment loss recognised in respect of trade receivables*	**1,811**	7
Impairment loss recognised in respect of other receivables*	**–**	1,052
Impairment loss recognised in respect of properties held for sale**	**28,600**	–
Operating lease rentals of equipment	**175**	8
Settlement of court case	**4,080**	–

* *These amounts are included in administrative expenses*

** *The amount is included in cost of sales.*

Note:

The amount represents the fair value of consultancy services provided to the Group in the current year in relation to the exploration of new business opportunities for the Group. The consultancy service fees were settled through the issue of 10,000,000 share options in the current year.

7. LOSS PER SHARE

	1.1.2010 to 31.12.2010	1.7.2009 to 31.12.2009
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic loss per share for the year/period attributable to the owners of the parent	**30,853**	63,167
Effect of dilutive potential shares:		
– interest on convertible bonds	**(464)**	–
– change in fair value of convertible bonds	**14,860**	–
	45,249	63,167
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**851,980**	613,080
Effect of dilutive potential shares:		
– share options issued by the Company *(Note)*	**–**	–
– conversion of convertible bonds	**271,186**	–
	1,123,166	613,080

Note: The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for the year ended 31 December 2010 and for the six months ended 31 December 2009.

Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2010 and six months period ended 31 December 2009 as the effect of the conversion of the Company's share options, convertible bonds and convertible redeemable preference shares was anti-dilutive.

8. TRADE AND OTHER RECEIVABLES

	31.12.2010	31.12.2009	1.7.2009
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	**33,112**	17,333	26,120
Less: impairment loss recognised	**(5,678)**	(4,086)	(14,707)
	27,434	13,247	11,413
Prepayments, deposits and other receivables	**16,392**	16,752	4,164
Consideration receivable	**–**	110,880	–
Less: impairment loss recognised	**(1,561)**	(1,566)	(690)
	42,265	139,313	14,887

Customers from the trading segment are normally required to settle the debts within one to two months upon issue of invoices, except for certain well established customers where the terms are extended to two to three months.

Trade receivables from the sale of properties are received in accordance with the terms of the related sales and purchase agreement.

An aged analysis of trade receivables, net of impairment loss recognised presented based on invoice date is as follow:

	31.12.2010	31.12.2009	1.7.2009
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	**27,434**	7,569	419
61 – 90 days	**–**	–	–
91 – 365 days	**–**	124	–
Over 365 days	**–**	5,554	10,994
	27,434	13,247	11,413

9. TRADE AND OTHER PAYABLES

	31.12.2010	31.12.2009	1.7.2009
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	
Trade payables	**28,564**	31,883	7,589
Accrued interest	**–**	44,676	39,154
Receipt in advance *(Note)*	**282,672**	128,078	–
Consideration payable	**55,133**	119,680	–
Accrued expenses and other payables	**35,439**	9,440	9,094
	401,808	333,757	55,837

The Group normally receives credit periods from suppliers ranging from 30 days to 90 days.

An aged analysis of the trade payables at the end of the reporting period based on invoice date is as follows:

	31.12.2010	31.12.2009	1.7.2009
	RMB'000	*RMB'000*	*RMB'000*
0 – 60 days	**28,564**	31,729	733
61 – 90 days	**–**	–	–
91 – 365 days	**–**	92	280
Over 365 days	**–**	62	6,576
	28,564	31,883	7,589

Note: Receipt in advance represents sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of the reporting period.

10. PROVISION FOR CLAIMS

	31.12.2010	31.12.2009	1.7.2009
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	**60,700**	60,700	65,941
Settlement during the year/period	**(60,700)**	–	(5,241)
At the end of the year/period	**–**	60,700	60,700

At 31 December 2009, the Group's remaining provision for claims of approximately RMB60,700,000 (2010: Nil) was in respect of a claim made in 2008. In 2008, Bank of China, Shenzhen Branch (the "Bank") made a claim against a PRC subsidiary of the Company under a corporate guarantee allegedly provided by the subsidiary to the Bank in respect of a third party. A judgment was made by the relevant court on the litigation in favour of the Bank.

On 23 October 2007, the PRC subsidiary and the Bank entered into a non-binding memorandum of understanding ("MOU") under which both parties agreed that the aggregate principal and interests of the amount of approximately RMB60,700,000 would be restructured into a term of not less than 1 year and not more than 3 years against the pledge of the Group's leasehold buildings, prepaid lease payments and investment properties in the PRC (to be secured under the above guarantee provisions of approximately RMB60,700,000 and the bank loan of approximately RMB71,734,000 as at 31 December 2009 (31 December 2010: Nil) and certain amount of accrued interest would be waived.

On 16 September 2010, the Company and Zilver Yuan Investment Partners Limited (the "Subscriber"), a wholly-owned subsidiary of Bank of China Group Investment Limited entered into a subscription agreement (the "Subscription Agreement") in which the Company would issue HK$160,000,000 (equivalent to approximately RMB136,000,000) convertible bonds (the "CB") to the Subscriber. On 1 December 2010, the subscription of the CB was completed and the proceeds from the subscription was used for the settlement of the following amounts due to the Bank:

(i) Provision of approximately RMB60,700,000 in relation to guaranteed provisions;

(ii) Overdue bank loans of RMB67,734,000; and

(iii) Accrued interests of RMB52,426,000.

The fair value of the CB on 1 December 2010 was approximately RMB198,909,000, resulting in a loss on debt restructuring of approximately RMB18,049,000.

A settlement agreement dated 30 December 2010 was entered into between the Company and the Bank, confirming the waiver of the right to claim against the Company for any outstanding amount due to the Bank.

11. CONVERTIBLE BONDS

On 1 December 2010 ("Issue Date"), the Company issued CB in principal amount of HK$160,000,000 (equivalent to approximately RMB136,000,000) to the Subscriber. The net proceeds from the issue of the CB were used to settle the entire outstanding amount due to the Bank. The CB is secured by a guarantee and share charge over Usualink Development Limited ("Usualink"), a wholly-owned subsidiary of the Company. The CB entitle the holders to convert them into ordinary shares of the Company at any time on or after three months from the Issue Date up to ten business days prior to 30 November 2013 ("the Settlement Date") in multiples of HK$5,000,000 (equivalent to approximately RMB4,250,000) at an initial conversion price of HK$0.59 (equivalent to approximately RMB0.50) (subject to adjustments) per conversion share. If the CB has not been converted, they will be redeemed on the Settlement Date at par. Interest of 4% will be paid semi-annually up until the Settlement Date.

Pursuant to the CB subscription agreement, the conversion price of the CB shall be adjusted on each of the first and second anniversaries of the Issue Date if the volume weighted average price of the shares over the preceding calendar month is less than 85% of the applicable conversion price. The new conversion price will then be adjusted to a price equal to 85% of the conversion price immediately before the adjustment.

The fair values of the CB at the date of inception and at 31 December 2010 are approximately RMB198,909,000 and RMB184,391,000 respectively, which are determined taking into account a valuation carried out by Vigers Appraisals Consulting Limited, using the binomial model.

The fair values of the CB at the inception date and at the end of each reporting period were calculated using the market value basis. Major parameters adopted in the calculation of the fair value are summarised below:

	1 December 2010	**31 December 2010**
Share price	HK$0.79	HK$0.72
Conversion price	HK$0.59	HK$0.59
Expected volatility *(Note i)*	62%	61%
Expected life *(Note ii)*	36 months	35 months
Risk free rate *(Note iii)*	1.25%	1.25%
Expected dividend yield *(Note iv)*	0%	0%

Notes:

i. Expected volatility was determined by calculating the historical volatility of the Company's share price.

ii. Expected life was the expected remaining life of the option.

iii. The risk free rate is determined by reference to the yield of the US Treasury bonds with similar duration.

iv. The expected dividend yield was based on the historical dividend payment record of the Company.

12. COMMITMENTS

(a) Commitments under operating leases

The Group as lessor

Property rental income earned during the year was approximately RMB11,474,000 (six months ended 31 December 2009: RMB4,905,000). The investment properties generated rental yields of 6.27% (31 December 2009: 2.08%) on an ongoing basis. The investment properties held have committed tenants for the next one to three years (31 December 2009: two to five years).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	31.12.2010	31.12.2009
	RMB'000	*RMB'000*
Within one year	**3,462**	5,362
In the second to fifth years inclusive	**3,134**	5,322
	6,596	10,684

The Group as lessee

The Group leases certain of its equipment under operating leases arrangements. Leases are negotiated for a term ranging from one to five years (31 December 2009: two to five years) and rentals are fixed. None of the leases includes contingent rentals and terms of renewal were established in the leases.

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

	31.12.2010	31.12.2009
	RMB'000	*RMB'000*
Within one year	**64**	15
In the second to fifth years inclusive	**–**	6
	64	21

(b) Commitments

At the end of the reporting period, the Group had the following commitments for properties under development:

	31.12.2010	31.12.2009
	RMB'000	*RMB'000*
Contracted but not provided for	**190,969**	294,363
Authorised but not contracted for	**336,831**	154,551

13. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	31.12.2010	31.12.2009
	RMB'000	*RMB'000*
		(Restated)
Leasehold land and buildings	**14,835**	20,076
Investment properties	**40,084**	45,206
Properties under development	**737,095**	–
Pledged bank balances	**–**	12,609
Assets held for sale	**10,200**	–
	802,214	77,891

14. EVENTS AFTER THE REPORTING PERIOD

(i) Acquisition of a subsidiary

On 3 December 2010, the Company entered into a sale and purchase agreement with Seaton Limited, a connected party of the Group for the acquisition of the entire issued share capital of Armando Investments Limited ("Armando") for a consideration of HK$230,000,000 (equivalent to approximately RMB195,500,000) (the "Acquisition") to be settled by way of unsecured zero-coupon convertible bonds of the same amount. Armando is a company incorporated in the British Virgin Islands whose major asset is its 25% equity interests in Zhuhai Zhongzhu. The acquisition was completed on 1 March 2011. Following the acquisition of Armando, the Group is interested in as to 75% of the equity interests in Zhuhai Zhongzhu.

Details of the Acquisition are set out in the circular of the Company dated 22 December 2010.

(ii) Disposal of investment properties

Subsequently after the end of the reporting period, the Group entered into several preliminary agreements for the sales of certain investment properties with a carrying value of approximately RMB21,590,000 at 31 December 2010 for a total consideration of approximately HK$27,005,000 (equivalent to approximately RMB22,955,000) to independent third parties.

In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

As at the date of this announcement, the executive Directors are Mr. Chen Xian, Mr. Lau Sai Chung, Mr. Xiong Jianrui and Ms. Xia Dan; the independent non-executive Directors are Mr. Poon Lai Yin, Michael, Mr. Chong Yiu Chik and Mr. Choi Kai Ming, Raymond.

This announcement will remain on the "Latest Company Announcements" page of the website of the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.