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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2010

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2010)

- **Turnover was HK\$14,379 million, up 28%.**
- **Profit attributable to shareholders was HK\$5,889 million. Excluding the net of tax effect of investment properties revaluation, profit attributable to shareholders was HK\$3,043 million, up 34%.**
- **Basic earnings per share were HK\$3.43 per share.**
- **Proposed final dividend per share was HK17.15 cents per share.**

BUSINESS REVIEW

Industry Overview

- 2010 was the last year of the Central Government's 4,000-billion investment plan. The economic stimulus measures revitalised the macro-economy and boosted market liquidity. China managed to achieve a GDP growth rate of 10%.
- The full recovery of the economy, coupled with urbanization, construction of nationwide high-speed rail system and the substantial demand for better homes, the property market kept growing in 2010. In view of the rapid escalation of house prices, the Central Government implemented a number of austerity measures to curb rising selling prices and speculative activities.

* For identification purposes only

- The implementation of these measures affected the transaction volume. However, in the long run, they are favourable to the sector, developers and customers since they helped maintain an orderly market and create a more stable and healthy market environment for industry players.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2010 totalling RMB11,037 million (2009: RMB15,087 million) are as follows:

- In Guangzhou, a total GFA of 179,662 square metres (2009: 391,742 square metres) with a carrying value of RMB1,947 million (2009: RMB3,510 million) was sold. The drop in sale volume was mainly attributable to the limited supply of saleable properties and sales of remaining units.
- In Huizhou, a total GFA of 139,236 square metres (2009: 127,264 square metres) with a carrying value of RMB1,074 million (2009: RMB923 million) was sold. The increase in sale was mainly attributable to the larger supply of saleable units and apartments.
- In Shanghai, a total GFA of 189,956 square metres (2009: 293,937 square metres) with a carrying value of RMB3,520 million (2009: RMB4,238 million) was sold.
- In Beijing and Tianjin, a total GFA of 194,859 square metres (2009: 344,016 square metres), of which 186,003 square metres (2009: 328,883 square metres) were attributable to the Group, with a carrying value of RMB4,496 million (2009: RMB6,416 million) was sold. The downward adjustment was mainly due to the sale of remaining units.

Properties sold but not yet delivered

As at 31st December 2010, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 553,390 square metres (2009: 615,706 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$5,545 million will be recognised as revenues in the Group's financial statements in 2011 and thereafter.

Delivery of properties

A total GFA of 766,030 square metres (2009: 896,934 square metres) was delivered in 2010.

Project development progress

- A total GFA of 1,366,079 square metres (2009: 949,294 square meters) was completed during the year 2010.
- It is expected that a total GFA of 1,244,649 square metres will be completed in 2011.

Landbank and land replenishment

As of 31st December 2010, the Group had a landbank of 30.2 million square metres.

During 2010, the Group entered into several land transfer contracts in Kunshan and Shanghai involving a total gross floor area of approximately 833,574 square metres.

Prospects

- In 2011, it is expected that there will be further tightening of monetary policies to tackle overheating economy and inflation pressure. However, with the flourishing macro-economy and favourable factors such as urbanization, high-speed rail system and large work force, there will be vast market opportunities in the real estate markets in the first tier and even second and third tier cities.
- We believe the authority will continue to implement the series of market curbs and home purchase limits in order to maintain an orderly property market. In 2011, the sector will witness adjustment and growth amid fluctuating market conditions.
- The Group will adopt flexible operation and effective measures against market fluctuation and policy volatility. We will adjust and modify our product mix and sources of revenue to maintain stable performance and returns.

The Board of Directors (the “Board”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2010 together with the comparative figures for the corresponding previous year.

The 2010 financial statements of the Company have been reviewed by the Company’s audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenues	4	14,379,253	11,225,246
Cost of sales	6	<u>(8,692,021)</u>	<u>(6,557,985)</u>
Gross profit		5,687,232	4,667,261
Fair value gains on investment properties		3,795,624	4,700,097
Other income/gains, net	5	1,124,053	734,033
Selling and marketing costs	6	(410,225)	(378,757)
General and administrative expenses	6	<u>(1,117,712)</u>	<u>(995,041)</u>
Operating profit		9,078,972	8,727,593
Finance income	7	17,039	13,551
Finance costs	7	(253,307)	(333,639)
Share of profit less loss of associates		1,071	(1,346)
Share of (loss)/profit of a jointly controlled entity		<u>(666)</u>	<u>385,759</u>
Profit before taxation		8,843,109	8,791,918
Taxation	8	<u>(2,550,097)</u>	<u>(2,699,383)</u>
Profit for the year		<u>6,293,012</u>	<u>6,092,535</u>
Attributable to:			
Equity holders of the Company		5,889,412	5,799,573
Non-controlling interests		<u>403,600</u>	<u>292,962</u>
		<u>6,293,012</u>	<u>6,092,535</u>
Earnings per share for profit attributable to equity holders of the Company during the year (in HK\$ per share)			
— basic	9	<u>3.43</u>	<u>3.77</u>
— diluted	9	<u>3.42</u>	<u>3.69</u>
Dividends	10	<u>300,531</u>	<u>146,498</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the year	<u>6,293,012</u>	<u>6,092,535</u>
Other comprehensive income		
Fair value gain on available-for-sale financial assets	542,775	1,082,325
Assets revaluation reserve realised upon disposal of properties held for sales	(86,447)	(282,222)
Deferred tax	24,880	47,106
Currency translation differences	<u>1,302,553</u>	<u>92,369</u>
Other comprehensive income for the year, net of tax	<u>1,783,761</u>	<u>939,578</u>
Total comprehensive income for the year	<u>8,076,773</u>	<u>7,032,113</u>
Total comprehensive income attributable to:		
Equity holders of the Company	7,586,266	6,735,283
Non-controlling interests	<u>490,507</u>	<u>296,830</u>
	<u>8,076,773</u>	<u>7,032,113</u>

CONSOLIDATED BALANCE SHEET

		As at 31st December		As at
		2010	2009	1st January
	Note	HK\$'000	HK\$'000	2009
			Restated	Restated
ASSETS				
Non-current assets				
Land costs		622,193	329,440	749,663
Prepayments for acquisition of land		209,795	266,962	2,436,630
Properties and equipment		3,199,845	3,175,029	2,405,623
Investment properties		15,405,498	8,378,105	2,856,094
Properties under development for long-term investment		—	—	125,856
Intangible assets		124,837	120,660	120,455
Investments in associates		43,433	40,925	42,201
Investment in a jointly controlled entity		1,512,923	1,188,692	801,240
Available-for-sale financial assets		3,316,388	2,671,719	476,250
Deposit for proposed investment		560,210	—	—
Deferred tax assets		167,541	191,287	173,378
		<u>25,162,663</u>	<u>16,362,819</u>	<u>10,187,390</u>
Current assets				
Prepayments for acquisition of land		18,053,335	7,363,482	6,142,999
Properties under development for sale		31,967,756	30,556,607	30,544,173
Completed properties for sale		10,487,033	7,835,600	7,336,763
Financial assets at fair value through profit or loss		11,693	11,083	11,655
Accounts receivable	11	171,953	146,895	72,577
Prepayments, deposits and other current assets		2,565,026	1,620,126	1,528,568
Due from an associate		30,382	29,365	26,538
Due from related companies		13,644	13,664	6,979
Pledged/charged bank deposits		123,671	168,479	271,450
Cash and cash equivalents		2,573,604	6,546,144	2,142,696
		<u>65,998,097</u>	<u>54,291,445</u>	<u>48,084,398</u>
Total assets		<u>91,160,760</u>	<u>70,654,264</u>	<u>58,271,788</u>

		As at 31st December		As at
		2010	2009	1st January
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			Restated	Restated
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		175,237	159,237	147,237
Reserves	14	38,011,918	28,034,506	20,032,657
		38,187,155	28,193,743	20,179,894
Non-controlling interests		2,805,944	2,305,733	2,384,179
Total equity		40,993,099	30,499,476	22,564,073
LIABILITIES				
Non-current liabilities				
Land cost payable		111,178	271,028	106,173
Borrowings	12	20,047,524	10,116,598	12,330,211
Due to minority shareholders of subsidiaries		432,323	419,411	49,983
Deferred tax liabilities		5,551,128	4,502,743	3,890,102
		26,142,153	15,309,780	16,376,469
Current liabilities				
Accounts payable	13	5,645,612	2,941,424	2,933,721
Land cost payable		264,271	302,418	323,696
Borrowings	12	3,671,919	6,232,260	4,262,798
Deferred revenue		5,544,615	7,260,538	4,458,379
Accruals and other payables		2,196,200	1,728,752	2,249,864
Due to an associate		6,486	6,269	6,258
Due to related companies		344,057	173,721	174,920
Due to a jointly controlled entity		1,709,345	1,842,289	759,380
Current tax liabilities		4,643,003	4,357,337	4,162,230
		24,025,508	24,845,008	19,331,246
Total liabilities		50,167,661	40,154,788	35,707,715
Total equity and liabilities		91,160,760	70,654,264	58,271,788
Net current assets		41,972,589	29,446,437	28,753,152
Total assets less current liabilities		67,135,252	45,809,256	38,940,542

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital	Reserves	interests	
	HK\$'000	HK\$'000	HK\$'000	
Balance at 1st January 2009	147,237	20,032,657	2,384,179	22,564,073
Profit for the year	—	5,799,573	292,962	6,092,535
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	—	1,082,325	—	1,082,325
Assets revaluation reserve realised upon disposal of properties held for sale	—	(282,222)	—	(282,222)
Deferred tax	—	47,106	—	47,106
Currency translation differences	—	88,501	3,868	92,369
Other comprehensive income for the year, net of tax	—	935,710	3,868	939,578
Total comprehensive income for the year	—	6,735,283	296,830	7,032,113
Proceeds from issue of shares, net of share issue expenses — Placements	12,000	1,567,663	—	1,579,663
Disposal of certain equity interest in a subsidiary	—	—	5,697	5,697
Disposal of subsidiaries	—	—	(379,251)	(379,251)
Dividends paid	—	(301,097)	(1,722)	(302,819)
	12,000	1,266,566	(375,276)	903,290
Balance at 31st December 2009	159,237	28,034,506	2,305,733	30,499,476

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2010	<u>159,237</u>	<u>28,034,506</u>	<u>2,305,733</u>	<u>30,499,476</u>
Profit for the year	—	<u>5,889,412</u>	<u>403,600</u>	<u>6,293,012</u>
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	—	<u>542,775</u>	—	<u>542,775</u>
Assets revaluation reserve realised upon disposal of properties held for sale	—	<u>(86,447)</u>	—	<u>(86,447)</u>
Deferred tax	—	<u>24,880</u>	—	<u>24,880</u>
Currency translation differences	—	<u>1,215,646</u>	<u>86,907</u>	<u>1,302,553</u>
Other comprehensive income for the year, net of tax	—	<u>1,696,854</u>	<u>86,907</u>	<u>1,783,761</u>
Total comprehensive income for the year	—	<u>7,586,266</u>	<u>490,507</u>	<u>8,076,773</u>
Proceeds from issue of shares —				
Placements	<u>18,546</u>	<u>2,692,900</u>	—	<u>2,711,446</u>
Repurchase of own shares	<u>(2,546)</u>	<u>(267,752)</u>	—	<u>(270,298)</u>
Acquisition of additional equity interests of a subsidiary	—	<u>(34,002)</u>	<u>(6,931)</u>	<u>(40,933)</u>
Capital contribution by non-controlling interests	—	—	<u>16,635</u>	<u>16,635</u>
	<u>16,000</u>	<u>2,391,146</u>	<u>9,704</u>	<u>2,416,850</u>
Balance at 31st December 2010	<u>175,237</u>	<u>38,011,918</u>	<u>2,805,944</u>	<u>40,993,099</u>

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in some ancillary property related businesses, including property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been approved for issue by the Board of Directors on 31st March 2011.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

(3) ACCOUNTING POLICIES

(a) Change in accounting policy

During the year, the Group changed its accounting policy for land held for development for sale.

Land held for development for sale meet the definition of both inventories under HKAS 2 “Inventories” and leasehold land under HKAS 17 “Leases”.

Previously, land held for development for sale were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. During the period of time that is required to develop the properties for its intended use, the land amortisation was capitalised as part of the costs of the properties under development. In all other periods, the land amortisation was charged to the income statement.

Subsequent to the change in accounting policy, land relating to property held for development for sale are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

Management believes that the new classification of land held for development for sale as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects the management’s intention on the use of the land and results in a presentation consistent with the industry practice.

The change in accounting policy has no material impact on the retained earnings as at 1st January 2009 and 31st December 2009, and the profit for the current and prior years. Land costs relating to properties developed for sale were reclassified to properties under development for sale and completed properties for sale in the consolidated balance sheet of the Group as at 1st January 2009 and 31st December 2009 as follows:

As at 1st January 2009

	As previously reported <i>HK\$'000</i>	Re-classification <i>HK\$'000</i>	Reclassified balance <i>HK\$'000</i>
Current assets			
Land costs	24,163,460	(24,163,460)	—
Properties under development for sale	8,910,522	21,633,651	30,544,173
Completed properties for sale	4,806,954	2,529,809	7,336,763

As at 31st December 2009

	As previously reported <i>HK\$'000</i>	Re-classification <i>HK\$'000</i>	Reclassified balance <i>HK\$'000</i>
Current assets			
Land costs	24,580,807	(24,580,807)	—
Properties under development for sale	9,611,470	20,945,137	30,556,607
Completed properties for sale	4,199,930	3,635,670	7,835,600

(b) The adoption of new/revised HKFRS

In 2010, the Group adopted the following new standards, amendments and interpretations of HKFRS, which are effective for accounting periods beginning on or after 1st January 2010 and relevant to the Group's operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 Amendment	Operating Segments

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements, except for HKAS 27 (Revised) and HKFRS 3 (Revised) as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated income statement.

The adoption of HKAS 27 (Revised) has resulted in a difference between the consideration paid and the relevant share of the carrying net asset value acquired from the non-controlling interest of HK\$34,002,000 which is now recorded in equity.

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken in phases/stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the consolidated income statement. There is a choice, on the basis of each acquisition, to measure the 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 adoption of HKFRS 3 (Revised) does not result in any impact on the Group's result in the current year nor the financial position at the year end.

Standards, interpretations and amendments to existing standards that are relevant but not yet effective

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HKAS 32 Amendment	Classification of Rights Issues	1st February 2010
HKAS 12 Amendments	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKFRS 9	Financial Instruments	1st January 2013
HK(IFRIC)-Int 14 Amendment	Prepayment of a Minimum Funding Requirement	1st January 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
HKFRSs Amendments	Improvements to HKFRSs 2010	1st January 2011

The Group has already commenced an assessment of the impact of these new or revised standards, interpretations and amendments, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results of operations and financial position.

(4) SEGMENT INFORMATION

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both a business and geographic perspective. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the Executive Directors consider that the reportable business segments can be further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on a measure of adjusted segment results. Corporate expense, finance income and finance costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investment in a jointly controlled entity, land costs, properties under development, completed properties for sale, prepayments, deposits and other current assets, receivable and operating cash. They exclude available-for-sale financial assets and deposit for proposed investments which are managed on a central basis, and deferred tax assets. These are part of the reconciliation to total balance sheet assets.

Segment results by business lines and geographical areas

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenue comprise turnover which included gross proceeds from sale of properties, revenue from rental and hotel operation and property management income.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Sales of properties	13,603,940	10,631,159
Property management income	410,634	431,355
Income from hotel operation	272,208	131,558
Rental income		
— Investment properties	98	—
— Others	92,373	31,174
	<u>14,379,253</u>	<u>11,225,246</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2010 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2010										
Total revenues	5,052,562	2,885,163	6,075,622	98	—	—	31,693	240,515	411,347	14,697,000
Inter-segment revenues	(183,519)	—	(41,099)	—	—	—	—	(92,416)	(713)	(317,747)
Revenues	<u>4,869,043</u>	<u>2,885,163</u>	<u>6,034,523</u>	<u>98</u>	<u>—</u>	<u>—</u>	<u>31,693</u>	<u>148,099</u>	<u>410,634</u>	<u>14,379,253</u>
Adjusted segment results	1,891,116	962,895	2,516,914	1,687,466	1,579,726	514,979	13,187	(153,779)	28,968	9,041,472
Depreciation	(8,336)	(2,057)	(6,850)	(178)	(118)	—	(6,750)	(92,813)	(1,820)	(118,922)
Amortisation	—	—	—	—	—	—	(2,691)	(3,154)	—	(5,845)
Fair value gains on investment properties	—	—	—	1,694,803	1,584,659	516,162	—	—	—	3,795,624
Share of profit less loss of associates	1,258	—	(187)	—	—	—	—	—	—	1,071
Share of loss of a jointly controlled entity	—	—	(666)	—	—	—	—	—	—	(666)

The segment results by business lines and by geographical areas for the year ended 31st December 2009 are as follows:

	Property development			Property investment		Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2009									
Total revenues	3,880,730	3,675,466	3,165,270	31,174	—	24,631	106,927	444,313	11,328,511
Inter-segment revenues	(70,911)	—	(19,396)	—	—	—	—	(12,958)	(103,265)
Revenues	<u>3,809,819</u>	<u>3,675,466</u>	<u>3,145,874</u>	<u>31,174</u>	<u>—</u>	<u>24,631</u>	<u>106,927</u>	<u>431,355</u>	<u>11,225,246</u>
Adjusted segment results	1,439,897	1,510,900	1,505,148	1,710,754	3,020,245	7,050	(144,681)	79,825	9,129,138
Depreciation	(6,004)	(1,953)	(11,366)	(11)	(81)	(7,306)	(62,832)	(1,697)	(91,250)
Amortisation	(2,777)	(1,962)	(900)	—	—	(2,620)	(1,150)	—	(9,409)
Fair value gains on investment properties	—	—	—	1,679,579	3,020,518	—	—	—	4,700,097
Share of profit less loss of associates	(522)	—	(824)	—	—	—	—	—	(1,346)
Share of profit of a jointly controlled entity	—	—	385,759	—	—	—	—	—	385,759

Note: Includes segment results of Tianjin which was separately disclosed in 2009.

The segment assets by business lines and by geographical areas as at 31st December 2010 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2010	<u>25,831,989</u>	<u>13,098,329</u>	<u>28,798,138</u>	<u>3,711,362</u>	<u>10,688,141</u>	<u>1,027,794</u>	<u>525,512</u>	<u>28,624</u>	<u>2,828,796</u>	<u>577,936</u>	<u>87,116,621</u>
Segment assets include:											
Investments in associates	1,939	—	41,494	—	—	—	—	—	—	—	43,433
Investment in a jointly controlled entity	—	—	1,512,923	—	—	—	—	—	—	—	1,512,923
For the year ended 31st December 2010											
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>15,122</u>	<u>2,527</u>	<u>21,244</u>	<u>134,721</u>	<u>270,042</u>	<u>69,309</u>	<u>6,179</u>	<u>17,662</u>	<u>208,015</u>	<u>394</u>	<u>745,215</u>

The segment assets by business lines and by geographical areas as at 31st December 2009 are as follows:

	Property development			Property investment		Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	SC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)				(Note)		
As at 31st December 2009	<u>23,134,671</u>	<u>7,736,545</u>	<u>25,236,064</u>	<u>2,476,368</u>	<u>5,938,360</u>	<u>507,104</u>	<u>2,566,271</u>	<u>195,875</u>	<u>67,791,258</u>
Segment assets include:									
Investments in associates		637	40,288	—	—	—	—	—	40,925
Investment in a jointly controlled entity	—	—	1,188,692	—	—	—	—	—	1,188,692
For the year ended 31st December 2009									
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>11,935</u>	<u>14,806</u>	<u>483,242</u>	<u>36,570</u>	<u>514,115</u>	<u>5,855</u>	<u>450,177</u>	<u>2,733</u>	<u>1,519,433</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2010	2009
	HK\$'000	HK\$'000
Reportable segment profit from operations	9,041,472	9,129,138
Unallocated corporate income/(expenses), net	37,905	(17,132)
Finance income	17,039	13,551
Finance costs	(253,307)	(333,639)
Profit before taxation	<u>8,843,109</u>	<u>8,791,918</u>

Note: Includes segment assets of Tianjin which was separately disclosed in 2009.

Reconciliation of reportable segment assets to total assets are:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment assets	87,116,621	67,791,258
Available-for-sale financial assets	3,316,388	2,671,719
Deposit for proposed investment	560,210	—
Deferred tax assets	167,541	191,287
	<u>91,160,760</u>	<u>70,654,264</u>

The Group primarily operates in Mainland China. All revenues for the year ended 31st December 2010 and 2009 are from Mainland China.

As at 31st December 2010 and 2009, all non-current assets, other than financial instruments and deferred tax assets are located in Mainland China.

(5) OTHER INCOME/GAINS, NET

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of subsidiaries	958,217	621,933
Loss on disposal of certain equity interest in a subsidiary	—	(136)
Dividend income	15,292	31,313
Government grants	149,943	81,496
Fair value gain/(loss) on financial assets at fair value through profit or loss	601	(573)
	<u>1,124,053</u>	<u>734,033</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Advertising costs	242,174	239,019
Amortisation of land costs	5,845	9,409
Auditor's remuneration	5,280	5,000
Cost of completed properties sold	8,210,779	6,129,462
Depreciation of properties and equipment	118,922	91,250
Direct operating expenses arising from investment properties that		
— generate rental income	5,489	532
— did not generate rental income	2,531	2,430
Employees' benefits costs (including Directors' emoluments)	445,466	400,674
Loss on disposal of properties and equipment	1,836	995
Net exchange (gain)/loss (included in general and administrative expenses)	(82,612)	442
Operating lease rental in respect of premises	<u>30,975</u>	<u>25,309</u>

(7) FINANCE INCOME AND COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest expense:		
— on bank loans wholly repayable within five years	989,928	743,848
— on bank loans not wholly repayable within five years	38,685	28,714
— on senior notes wholly repayable within five years	234,864	231,856
— on convertible bonds wholly repayable within five years	<u>4,852</u>	<u>143,990</u>
Total borrowing costs incurred	1,268,329	1,148,408
Less: Amount capitalised as part of the cost of properties under development	<u>(1,015,022)</u>	<u>(814,769)</u>
Interest income from banks	253,307	333,639
	<u>(17,039)</u>	<u>(13,551)</u>
Net finance costs	<u>236,268</u>	<u>320,088</u>

(8) TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Taxation consists of:		
Current tax		
Hong Kong profits tax	(1,599)	3,397
Mainland China corporate income tax	1,034,209	778,360
Mainland China land appreciation tax	<u>591,446</u>	<u>858,868</u>
	<u>1,624,056</u>	<u>1,640,625</u>
Deferred tax		
Mainland China corporate income tax	957,124	1,096,835
Mainland China land appreciation tax	<u>(31,083)</u>	<u>(38,077)</u>
	<u>926,041</u>	<u>1,058,758</u>
Taxation	<u>2,550,097</u>	<u>2,699,383</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (2009: 25%) for the year ended 31st December 2010. Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

(9) EARNINGS PER SHARE

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	2009
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	5,889,412	5,799,573
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,717,330	1,539,437
Basic earnings per share (<i>HK\$ per share</i>)	<u>3.43</u>	<u>3.77</u>

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. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the related tax effect. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of convertible bonds.

	2010	2009
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	5,889,412	5,799,573
Interest expense on convertible bonds (net of tax) (<i>HK\$'000</i>)	<u>3,760</u>	<u>110,364</u>
Profit for calculation of diluted earnings per share (<i>HK\$'000</i>)	<u><u>5,893,172</u></u>	<u><u>5,909,937</u></u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,717,330	1,539,437
Adjustments for shares to be issued on conversion of convertible bonds (<i>'000</i>)	<u>5,357</u>	<u>61,108</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u><u>1,722,687</u></u>	<u><u>1,600,545</u></u>
Diluted earnings per share (HK\$ per share)	<u><u>3.42</u></u>	<u><u>3.69</u></u>

(10) DIVIDENDS

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of nil (2009: HK\$0.092) per ordinary share	—	146,498
Proposed final dividend of HK\$0.1715 (2009: nil) per ordinary share	<u>300,531</u>	<u>—</u>
	<u><u>300,531</u></u>	<u><u>146,498</u></u>

The proposed final dividends have to be approved by shareholders at the forthcoming Annual General Meeting subsequent to the year end. The financial statements as at 31st December 2010 have not reflected such dividend payable.

(11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 3 months	58,501	54,317
3 to 6 months	7,458	6,343
6 to 9 months	8,871	4,378
9 to 12 months	9,128	3,250
Over 12 months	87,995	78,607
	<u>171,953</u>	<u>146,895</u>

Carrying values of accounts receivables denominated in RMB approximate their fair values.

As at 31st December 2010, approximately 14% (2009: 16%) of the accounts receivable was due from one (2009: one) customer. Other than this, there is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers.

(12) BORROWINGS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current		
Bank borrowings	17,349,948	7,439,901
Senior notes	2,697,576	2,676,697
	<u>20,047,524</u>	<u>10,116,598</u>
Current		
Bank borrowings	3,671,919	4,062,575
Convertible bonds	—	2,169,685
	<u>3,671,919</u>	<u>6,232,260</u>
Total borrowings	<u>23,719,443</u>	<u>16,348,858</u>

In November 2005, the Company issued 8.125% senior notes with an aggregate nominal value of US\$350,000,000 (equivalent to approximately HK\$2,730,000,000), for a total consideration of approximately HK\$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US\$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on and after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interest to the redemption date.

On 2nd February 2007, the Company completed the issue of RMB1,830,400,000 aggregate principal amount of USD settled Zero Coupon Convertible Bonds. The bonds mature in three years (February 2010) from the issue date at 104.59% of the nominal value or can be converted into ordinary shares of the Company on or after 14th March 2007 at a conversion price of HK\$30.08 per share at a fixed exchange rate of RMB0.9958 to HK\$1. On 2nd February 2010, the Group repaid the bonds of approximately US\$280,418,000 (equivalent to approximately RMB1,914,415,000).

(13) ACCOUNTS PAYABLE

The ageing analysis of accounts payable (including amounts due to related companies of trading nature) is as follows:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–3 months	<u>5,645,612</u>	<u>2,941,424</u>

As at 31st December 2010, approximately HK\$2,534,380,000 (2009: HK\$2,471,757,000) of accounts payable were due to subsidiaries of minority shareholders of certain subsidiaries of the Company in respect of property construction fees.

Accounts payable are denominated in RMB. Their carrying amounts approximate fair values.

(14) RESERVES*For the year ended 31st December 2010*

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Convertible bonds reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2010	8,232,259	—	161,117	2,507,043	227,734	2,366,633	14,539,720	28,034,506
Currency translation differences	—	—	—	—	—	1,215,646	—	1,215,646
Profit for the year	—	—	—	—	—	—	5,889,412	5,889,412
Issue of shares								
— Placements	2,692,900	—	—	—	—	—	—	2,692,900
Repurchase of own shares	(131,634)	2,546	—	—	—	—	(138,664)	(267,752)
Acquisition of additional equity interest of a subsidiary	—	—	—	—	—	—	(34,002)	(34,002)
Redemption of convertible bonds	—	—	—	—	(227,734)	—	227,734	—
Fair value gain on available-for- sale financial assets	—	—	—	542,775	—	—	—	542,775
Realised upon disposal of properties held for sale	—	—	—	(86,447)	—	—	—	(86,447)
Deferred tax	—	—	—	24,880	—	—	—	24,880
Balance at 31st December 2010	<u>10,793,525</u>	<u>2,546</u>	<u>161,117</u>	<u>2,988,251</u>	<u>—</u>	<u>3,582,279</u>	<u>20,484,200</u>	<u>38,011,918</u>

For the year ended 31st December 2009

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Convertible bonds reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2009	6,664,596	161,117	1,659,834	227,734	2,278,132	9,041,244	20,032,657
Currency translation differences	—	—	—	—	88,501	—	88,501
Profit for the year	—	—	—	—	—	5,799,573	5,799,573
Dividend relating to 2008	—	—	—	—	—	(154,599)	(154,599)
Dividend relating to 2009	—	—	—	—	—	(146,498)	(146,498)
Issue of shares							
— Placements	1,584,000	—	—	—	—	—	1,584,000
Share issue expenses	(16,337)	—	—	—	—	—	(16,337)
Fair value gain on available-for-sale financial assets	—	—	1,082,325	—	—	—	1,082,325
Realised upon disposal of properties held for sale	—	—	(282,222)	—	—	—	(282,222)
Deferred tax	—	—	47,106	—	—	—	47,106
Balance at 31st December 2009	<u>8,232,259</u>	<u>161,117</u>	<u>2,507,043</u>	<u>227,734</u>	<u>2,366,633</u>	<u>14,539,720</u>	<u>28,034,506</u>

DIVIDEND

The Board has recommended a final dividend of HK17.15 cents (2009: nil) per share. No interim dividend has been declared for the half year ended 30th June 2010.

The final dividend will be paid on Thursday, 30th June 2011 to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 16th June 2011 subject to the approval of shareholders at the Annual General Meeting to be held on Thursday, 16th June 2011.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

The economic stimulus measures in 2009 and the implementation of the 4,000-billion investment plan fuelled economic growth and facilitated property market development. In 2010, however, a series of measures were introduced to stabilise the overheating market. The Group recorded a satisfactory turnover of HK\$14,379 million in 2010 (2009: HK\$11,225 million), up 28%. The overall GFA delivered by the Group in 2010 was 766,030 square metres (2009: 896,934 square metres), of which the GFA delivered in Huizhou and Beijing increased by 55% and 7% respectively due to the delivery of a new phase in Huizhou Regal Riviera Bay and the delivery of new projects such as Kylin Zone, No. 8 Royal Park and Dreams World in Beijing.

The average selling price for delivered and completed properties in 2010, increased by 49% to RMB15,474 per square metre (2009: RMB10,385 per square metre) as a considerable volume of higher price products and high-end new projects were delivered during the year. All the regions recorded higher average selling price where Beijing witnessed a 92% growth due to the delivery of three new projects and the average selling price in Shanghai grew 65% with the delivery of the Hopson Golf Mansion project.

(ii) Contracted Sales

The Central Government implemented a series of austerity measures to curb rapid rising home prices and speculative activities in 2010 with the aim to maintain an orderly and stable real estate market. Amid the fluctuating market conditions, the Group yet recorded a total of RMB11.04 billion contracted sales (2009: RMB15.09 billion). Average contracted selling price grew 20% to RMB15,684 per square metre (2009: RMB13,041 per square metre).

The combined contracted sales of Beijing and Tianjin was RMB4,496 million, representing 41% of the total contracted sales of the Group in 2010. Nine property projects were on sale in Beijing and Tianjin, of which No. 8 Royal Park, Dreams World, Kylin Zone and Dalian Hopson Regal Seashore were the major sales contributors.

Seventeen property projects were on sale in Guangdong and the contracted sales were RMB3,021 million in 2010, representing 27% of the total contracted sales of the Group. Huizhou region recorded a growth in contracted sales by 16% to reach RMB1,074 million. The major projects in Guangdong were Yijing Huayuan, Junjing Bay, Regal Riviera, Gallopade Park — South Court, Huanan New City, Zhongshan Regal Court, Huizhou International New City, Hushan Guoji Villa, Huizhou Regal Riviera Bay and Huizhou Golf Manor.

There were seven property projects on sale in Shanghai, comprising Hopson Town, Hopson Golf Mansion, International Garden, Sheshan Dongziyuan, Hopson Dongjiao Villa, Hopson Yuting Garden and Hopson International City. Contracted sales of Shanghai amounted to RMB3,520 million and representing 32% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs and capitalised interest. In line with the increase in turnover and higher cost absorption due to some extent to change of development plans and improved quality decoration and design in certain projects and elevated capitalised interest, cost of sales raised to HK\$8,692 million (2009: HK\$6,558 million) and, as a percentage of turnover, up by 2% to 60% (2009: 58%)

Gross Profit

Gross profit margin dropped from 41.6% in 2009 to 39.6% in 2010 due primarily to the increase in cost of sales.

Other Gains

Other gains amounted to HK\$1,124.1 million in 2010 (2009: HK\$734.0 million) comprising (1) a net gain of HK\$958.2 million from the disposal of subsidiaries; (2) grants amounting to HK\$150.0 million from the government authorities in the Mainland; (3) a dividend income of HK\$15.3 million, and (4) a fair value gain of HK\$0.6 million from investment in listed securities.

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration amounted to HK\$1,528 million representing an increase of 11% from 2009 of HK\$1,374 million. The increase was primarily attributable to (1) greater amounts expended on promotional activities and staff costs for new projects; and (2) donations made to charitable organisations in the Mainland.

Operating Profit

Operating profit in 2010 was up by 4% to HK\$9,079 million (2009: HK\$8,728 million) due primarily to the delivery of a considerable amount of higher price products.

Finance Costs

Gross interest before capitalisation increased 10% to HK\$1,268 million from HK\$1,148 million in 2009. The increase was mainly caused by the additional bank borrowings made in the second half of 2010. The effective interest rate in respect of the Group's bank borrowings was approximately 5.8% per annum (2009: 6.2%).

Share of Loss of a Jointly Controlled Entity

Share of loss of a jointly controlled entity represented the Group's share of loss of HK\$0.7 million from a jointly controlled entity located in Beijing.

Taxation

The effective tax rate was 29% in 2010, slightly down 2% compared with last year. Excluding the (1) non-taxable items comprising gain on disposal of subsidiaries of HK\$958 million, dividend income from investment in listed securities of HK\$15 million, government grants of HK\$150 million and interest income of HK\$17 million, and (2) share of loss from a jointly controlled entity of HK\$0.7 million and share of profit from associates of HK\$1.1 million, the effective tax rate would have been 33% (2009: 35%). The decrease was to a large extent attributable to the decrease in the provision made for Mainland China's land appreciation tax during the year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$5,889 million for 2010 (2009: HK\$5,800 million). Basic earnings per share was HK\$3.43. Excluding the effect of the net of tax gain from revaluation of investment properties amounting to HK\$2,846 million, underlying profit was HK\$3,043 million, up HK\$768 million or 34% as compared with previous year.

Segment Information

Property development continued to be the Group's core business activity (95%). In 2010, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Beijing contributed 41% to the total revenue of the Group, followed by Guangzhou and Huizhou (35%), Shanghai (20%) and Tianjin (4%).

Financial Position

As at 31st December 2010, total assets of the Group amounted to HK\$91,161 million and its total liabilities came to HK\$50,168 million, representing an increase of HK\$20,506 million and HK\$10,013 million respectively over the previous year. The increase in total assets was mainly attributable to the increase in (1) surplus from revaluation of investment properties; (2) fair value of available-for-sale financial assets; (3) development cost incurred in the construction and completion of projects, and (4)

investments in new sites of Shanghai. Aligned with this, total liabilities also increased, primarily due to (1) additional bank borrowings obtained, and (2) increase in accounts payable, accruals and other payables and tax liabilities.

Current ratio was 2.75 in 2010 (2009: 2.19). Equity increased to HK\$40,993 million at 31st December 2010 from HK\$30,499 million at 31st December 2009, due primarily to (1) current year's profit attributable to equity holders; (2) share placement of 185,461,463 shares, and (3) increase in assets revaluation reserve and currency translation differences reserve.

Liquidity and Borrowings

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2010, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 55% (2009: 57%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 51% (2009: 32%).

As at 31st December 2010, the Group had cash and short-term bank deposits amounting to HK\$2,697 million (2009: HK\$6,714 million) of which approximately HK\$77 million (2009: HK\$107 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 98.1% of the cash and bank deposits were denominated in Renminbi, 1.7% in Hong Kong dollars and 0.2% in United States dollars.

Total borrowings from banks amounted to HK\$21,022 million as at 31st December 2010 representing an increase of 83% or HK\$9,519 million as compared to those at 31st December 2009. Gearing measured by net bank borrowings and Guaranteed Senior Notes (i.e. total bank borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 51%, increase 19 percentage points from 32% as at 31st December 2009. The increase was mainly due to the increase in bank borrowings and decrease in cash and bank deposits during the year.

All of the bank borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2012 was jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 82% and 10%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowing repayment profile as at 31st December 2010 was as follows:

	As at 31st December 2010					As at 31st December 2009					
	Bank Borrowings	Guaranteed Senior notes	Other borrowings	Total		Bank Borrowings	Guaranteed Senior notes	Guaranteed Convertible bond	Other borrowings		Total
	<i>(HK\$ million)</i>					<i>(HK\$ million)</i>					
1 year	3,672	—	2,060	5,732	(22%)	4,063	—	2,170	2,022	8,255	(45%)
1-2 years	5,626	2,698	—	8,324	(32%)	1,907	—	—	—	1,907	(10%)
2-5 years	8,863	—	—	8,863	(35%)	4,771	2,677	—	—	7,448	(41%)
After 5 years	<u>2,861</u>	<u>—</u>	<u>—</u>	<u>2,861</u>	<u>(11%)</u>	<u>761</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>761</u>	<u>(4%)</u>
Total	21,022	2,698	2,060	25,780		11,502	2,677	2,170	2,022	18,371	
Less: Cash and bank deposits				<u>(2,697)</u>						<u>(6,714)</u>	
Net borrowings				<u><u>23,083</u></u>						<u><u>11,657</u></u>	

As at 31st December 2010, the Group had banking facilities of approximately HK\$55,561 million (2009: HK\$36,976 million) for short-term and long-term bank loans, of which HK\$34,539 million (2009: HK\$25,474 million) were unutilised.

Financial Guarantee

As at 31st December 2010, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,502 million (2009: HK\$9,981 million).

Charge on Assets

As at 31st December 2010, certain assets of the Group with an aggregate carrying value of HK\$11,853 million (31st December 2009: HK\$7,355 million) were pledged with banks for loan facilities used by subsidiaries.

Commitments

The Group's commitments as at 31st December 2010 were as follows:

	As at 31st December 2010 <i>HK\$ million</i>	As at 31st December 2009 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Property construction costs	1,785	880
— Acquisition of land and equity interests in certain Mainland China entities	6,245	170
— Capital contribution to a jointly controlled entity ("BJ Dongfangwenhua")	<u>—</u>	<u>258</u>
	<u>8,030</u>	<u>1,308</u>
Authorised but not contracted for		
— Acquisition of land and equity interests in certain entities	7,859	66
— Property construction costs	<u>3,526</u>	<u>3,531</u>
	<u>11,385</u>	<u>3,597</u>
	<u>19,415</u>	<u>4,905</u>
	As at 31st December 2010 <i>HK\$ million</i>	As at 31st December 2009 <i>HK\$ million</i>
Property development commitments		
Contracted but not provided for		
— Property construction costs	13,066	10,184
Authorised but not contracted for		
— Property construction costs	<u>66,221</u>	<u>38,258</u>
	<u>79,287</u>	<u>48,442</u>

The Group has operating lease commitments in respect of premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st December 2010 HK\$ million	As at 31st December 2009 HK\$ million
Amounts payable		
— Within one year	30	27
— Within two to five years	74	76
— After 5 years	40	49
	<u>144</u>	<u>152</u>

With continuous cash inflow from property sales, the banking facilities available and the cash in hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EVENTS AFTER BALANCE SHEET DATE

- (a) On 21st January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000). The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on or after 21 January 2014 at the redemption prices, plus accrued and unpaid interests to the relevant redemption date.
- (b) On 22nd February 2011, the Company's acquisition of the entire issued share capital of Sun Excel Investments Limited from Farrich Investments Limited and the terms of the Share Purchase Agreement (as varied and amended by the Supplemental Agreement) relating to the acquisition of the project located in Majuqiao Town of Tongzhou District in Beijing for a consideration of RMB6,605,066,000, which constituted a major and connected transaction of the Company was approved by the independent shareholders of the Company at a special general meeting of the Company.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Group has not experienced any significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

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

EMPLOYEES

As at 31st December 2010, the Group, excluding its associates and jointly controlled entity, employed a total of 7,239 (as at 31st December 2009: 6,816) staff, the majority of which were employed in the Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$445 million (2009: HK\$401 million) for the year ended 31st December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding Directors' securities transactions during the year under review. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31st December 2010.

CORPORATE GOVERNANCE

Throughout the year ended 31st December 2010, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except for Code provisions A.4.1 and E.1.2 as described below.

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the independent non-executive Directors is appointed for specific term. This constitutes a deviation from Code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the Code.

Code E.1.2 stipulates that the chairman of the board should attend annual general meetings. The Chairman of the Board did not attend the annual general meeting for the year 2010 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st December 2010, the Company repurchased 25,462,000 shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
February 2010	<u>25,462,000</u>	<u>11.00</u>	<u>10.18</u>	<u>269,402,280</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling HK\$267,752,000 were charged to the reserves.

The repurchase of shares was effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 16th June 2009, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 2nd February 2010, the Company redeemed the full amount of its US\$ settled zero coupon convertible bonds due 2010 in the principal amount of RMB1,830,400,000 at an aggregate price of US\$280,418,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2010.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2010.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers

in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13th June 2011 to Thursday, 16th June 2011, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to the proposed final dividend and to attend the Annual General Meeting to be held on Thursday, 16th June 2011, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 10th June 2011.

ANNUAL REPORT

The 2010 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Xiang Bin, Mr. Xue Hu (Chief Executive Officer), Mr. Au Wai Kin, Ms. Zhao Ming Feng (Chief Financial Officer), Mr. Liao Ruo Qing and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 31st March 2011