SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in the Bermuda with limited liability)

(Stock Code: 755)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*3*	**3,959,091**	2,162,092
Cost of sales		**(2,490,121)**	(1,305,299)
Gross profit		**1,468,970**	856,793
Other income and gains		**35,164**	78,923
Distribution costs		**(81,133)**	(58,811)
Administrative expenses		**(286,561)**	(203,663)
Reversal of impairment loss on property, plant and equipment		**11,002**	16,590
Reversal of impairment loss on payment for leasehold land held for own use under operating leases		**47,982**	10,293
Reversal of write-down of property under development		**22,369**	50,237
Change in fair value of investment properties		**21,753**	275,851
Change in fair value of financial assets at fair value through profit or loss		**–**	8,904
Impairment loss on goodwill		**(45,862)**	(580)
Impairment loss on other receivable		**(19,230)**	–
Waiver of an other receivable		**(63,431)**	–
Share of results of associates		**297,980**	(25,950)
Share of result of a jointly controlled entity		**(2,776)**	–
Finance costs	*6*	**(256,556)**	(171,133)
Profit before tax expenses	*5*	**1,149,671**	837,454
Tax expenses	*7*	**(582,044)**	(387,133)
Profit for the year		**567,627**	450,321

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**181,872**	24,848
Release of other revaluation reserve on disposal of properties for sales held by associates		**(30,809)**	(40,664)
Tax expenses related to release of other revaluation reserve		**4,621**	6,100
Other comprehensive income for the year, net of tax		**155,684**	(9,716)
Total comprehensive income for the year		**723,311**	440,605
Profit/(loss) for the year attributable to:			
– Owners of the Company		**569,838**	421,262
– Non-controlling interests		**(2,211)**	29,059
		567,627	450,321
Total comprehensive income attributable to:			
– Owners of the Company		**719,393**	410,012
– Non-controlling interests		**3,918**	30,593
		723,311	440,605
Earnings per share	*9*		
– Basic		**HK4.6 cents**	HK4.1 cents
– Diluted		**HK4.6 cents**	HK4.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**400,498**	379,356
Investment properties		**1,769,068**	1,686,900
Payment for leasehold land held for own use under operating leases		**591,808**	539,639
Goodwill		**101,457**	145,605
Interests in associates		**1,328,800**	544,525
Interest in a jointly controlled entity		**56,000**	–
Available-for-sale investments		**27,797**	14,765
Other receivable		**–**	62,776
Total non-current assets		**4,275,428**	3,373,566
Current assets			
Properties under development and for sales		**15,427,690**	4,714,268
Inventories		**1,654**	1,119
Trade and other receivables	*10*	**351,131**	167,811
Deposits for property development		**67,672**	685,716
Financial assets at fair value through profit or loss		**–**	46,992
Amounts due from associates		**257,620**	68,131
Amount due from a jointly controlled entity		**525,962**	–
Available-for-sale investments		**589**	567
Amounts due from related companies		**13,193**	12,731
Pledged bank deposits		**393,945**	–
Tax prepayments		**16,810**	27,459
Cash and cash equivalents		**1,287,852**	599,949
		18,344,118	6,324,743
Assets classified as held for sale		**–**	19,704
Total current assets		**18,344,118**	6,344,447
Total assets		**22,619,546**	9,718,013
Current liabilities			
Trade and other payables	*11*	**661,929**	732,577
Receipts in advance from customers		**2,347,472**	828,487
Amount due to an associate		**7,471,706**	–
Amounts due to related companies		**50**	5,018
Amount due to a minority owner of a subsidiary		**19,203**	53,016
Bank loans		**896,698**	282,014
Tax payable	*12*	**1,475,602**	1,070,653
Total current liabilities		**12,872,660**	2,971,765
Net current assets		**5,471,458**	3,372,682
Total assets less current liabilities		**9,746,886**	6,746,248

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Non-current liabilities			
Bank loans		**1,644,557**	1,108,580
Senior loan notes		**1,073,607**	1,065,908
Other borrowing		**1,127,589**	–
Deferred tax liabilities		**638,521**	665,140
Other payables		**135,878**	122,397
Total non-current liabilities		**4,620,152**	2,962,025
Total liabilities		**17,492,812**	5,933,790
TOTAL NET ASSETS		**5,126,734**	3,784,223
Capital and reserves attributable to owners of the Company			
Share capital		**249,838**	208,188
Reserves		**4,680,591**	3,383,648
Equity attributable to owners of the Company		**4,930,429**	3,591,836
Non-controlling interests		**196,305**	192,387
TOTAL EQUITY		**5,126,734**	3,784,223

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. 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.

2. ADOPTION OF HKFRSs

Adoption of new/revised HKFRSs – effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendment to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for the current or prior reporting periods, except for the following:

- **HKAS 27 (revised), "Consolidated and Separate Financial Statements"**

  The revised standard applies prospectively for annual periods beginning on or after 1 July 2009, requires the effects of all transactions with non-controlling interest (previously minority interest) to be recognised within equity if there is no loss in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. As the Group had already adopted such approach in the past, the revised standard has no impact on the Group's financial statements for the current year.

  Furthermore, losses of non-wholly owned subsidiary are attributed to the owners of the Company and non-controlling interest even if that results in a deficit balances. Losses prior to 1 January 2010 were not re-allocated between owners of the Company and non-controlling interests. Adoption of this revised standard has had no impact on the Group's financial statements for the current year.

- **HKFRS 3 (revised), "Business Combinations"**

  The revised standard introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that at an acquisition occurs and future reported results. The Group applied HKFRS 3 (revised) prospectively to the business combinations from 1 January 2010 and the adoption of the revised standard has no impact on the Group's financial position and performance as there has been no business combination transaction for the current year.

- **HKAS 17 (Amendment), "Leases"**

  The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease and concluded that the classification of such land leases as operating leases continues to be appropriate.

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

  The interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause. Adoption of this interpretation has no impact on classification of the Group's term loans.

The new/revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSs and the directors so far concluded that the application of these new and revised HKFRSs, other than HKAS 24 (Revised) "Related Party Disclosures", HKAS 12 "Deferred Tax" and HKFRS 9 "Financial Instruments", will have no material impact on the results and the financial position of the Group. It is not practicable to provide a reasonable estimate of the impact of adoption of HKAS 24 (Revised), HKAS 12 and HKFRS 9 until a detailed review has been completed.

3. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Turnover		
Sales of properties	**3,612,066**	1,881,965
Hotel operations:		
Room rentals	**113,155**	80,152
Food and beverage sales	**28,090**	23,772
Rendering of ancillary services	**11,778**	4,227
Properties rental, management and agency income	**181,964**	163,102
Travel and related services	**12,038**	8,874
	3,959,091	2,162,092

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external sales	3,612,066	1,881,965	153,023	108,151	181,964	163,102	12,038	8,874	3,959,091	2,162,092
Reportable segment profit/(loss) before tax expenses	1,314,909	675,359	83,099	28,204	57,103	317,047	15	(207)	1,455,126	1,020,403
Other information										
Interest income	7,434	2,734	70	84	543	506	–	–	8,047	3,324
Interest income from other receivables	6,532	–	–	–	–	–	–	–	6,532	–
Depreciation of property, plant and equipment	4,270	3,022	16,964	15,301	105	1,031	43	43	21,382	19,397
Amortisation of payment for leasehold land held for own use under operating leases	–	–	17,040	16,525	–	–	–	–	17,040	16,525
Reversal of impairment loss on property, plant and equipment	–	–	11,002	16,590	–	–	–	–	11,002	16,590
Reversal of impairment loss on payment for leasehold land held for own use under operating leases	–	–	47,982	10,293	–	–	–	–	47,982	10,293
Change in fair value of investment properties	–	–	–	–	21,753	275,851	–	–	21,753	275,851
Reversal of write-down of property under development	22,369	50,237	–	–	–	–	–	–	22,369	50,237
Share of results of associates	297,980	(25,950)	–	–	–	–	–	–	297,980	(25,950)
Share of result of a jointly controlled entity	(2,776)	–	–	–	–	–	–	–	(2,776)	–
Waiver of partial consideration on acquisition of subsidiaries	–	20,437	–	–	–	–	–	–	–	20,437
Written off of property, plant and equipment	1,087	183	–	–	793	240	–	–	1,880	423
Gain on disposal of available for sale investment	38	–	–	–	–	–	–	–	38	–
Impairment of goodwill	(45,862)	(580)	–	–	–	–	–	–	(45,862)	(580)
Impairment of other receivable	(19,230)	–	–	–	–	–	–	–	(19,230)	–
Waiver of an other receivable	(63,431)	–	–	–	–	–	–	–	(63,431)	–
Reportable segment assets	19,246,772	6,883,799	929,554	909,204	1,928,060	1,822,799	2,282	2,487	22,106,668	9,618,289
Expenditures for reportable segment non-current assets	709,703	6,901	2,389	177	12,594	1,992	–	–	724,686	9,070
Reportable segment liabilities	12,803,174	3,031,256	292,244	183,916	182,708	448,942	1,919	2,137	13,280,045	3,666,251

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

	Group 2010 HK$'000	2009 HK$'000
Profit before tax expenses		
Reportable segment profit before tax expenses	**1,455,126**	1,020,403
Interest income	**1,276**	48
Other revenue	**–**	19
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**(1,986)**	5,623
Gain on repurchase of senior loan notes	**–**	17,846
Change in fair value of financial assets at fair value through profit or loss	**–**	8,904
Finance costs	**(256,556)**	(171,133)
Unallocated head office and corporate expenses	**(48,189)**	(44,256)
Profit before tax expenses	**1,149,671**	837,454

	Group 2010 HK$'000	2009 HK$'000
Assets		
Reportable segment assets	**22,106,668**	9,618,289
Available-for-sale investments	**14,709**	14,709
Financial assets at fair value through profit or loss	**–**	14,101
Pledged bank deposits	**393,945**	–
Unallocated head office and corporate assets	**104,224**	70,914
Total assets	**22,619,546**	9,718,013

	Group 2010 HK$'000	2009 HK$'000
Liabilities		
Reportable segment liabilities	**13,280,045**	3,666,251
Borrowings *(note)*	**4,188,072**	2,252,838
Unallocated head office and corporate liabilities	**24,695**	14,701
Total liabilities	**17,492,812**	5,933,790

Note: The balance comprises certain bank loans, senior loan notes and other borrowing.

(c) Geographical information

The Group's operations are principally located in the PRC and Hong Kong. Group administration is carried out in the PRC and Hong Kong.

The following table provides an analysis of the Group's sales by geographical market and analysis of total assets and capital expenditure by the geographical area in which the assets are located.

	Revenue from external customers		Expenditure on non-current assets	
Group	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**3,947,053**	2,153,218	**724,678**	9,056
Hong Kong	**12,038**	8,874	**8**	14
	3,959,091	2,162,092	**724,686**	9,070

(d) Information about major customers

Revenue from customers of the sales of properties segment in the PRC contributing over 10% of total turnover of the Group is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Customer A	**802,200**	–
Customer B	**457,483**	–
Customer C	**–**	521,274

5. PROFIT BEFORE TAX EXPENSES

Profit before tax expenses is arrived at after charging:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Cost of sales	**2,490,121**	1,305,299
Staff costs	**139,547**	105,578
Depreciation of property, plant and equipment	**21,382**	19,397
Amortisation of payment for leasehold land held for own use under operating leases	**17,040**	16,525
Auditor's remuneration	**2,349**	1,655
Write off of property, plant and equipment	**1,880**	423
Exchange losses, net	**–**	806
Direct operating expenses from investment properties that generated rental income during the year	**32,306**	35,847
Loss on disposal of financial assets at fair value through profit or loss	**1,986**	–

6. FINANCE COSTS

	Group 2010 HK$'000	2009 HK$'000
Interest on bank loans wholly repayable within five years	**56,121**	65,967
Interest on bank loans repayable after five years	**69,530**	15,060
Interest on senior loan notes	**108,451**	110,418
Interest on other borrowing	**31,299**	–
Unwinding of discount on other payable	**8,933**	8,551
Amortisation of issue costs of senior loan notes	**7,699**	7,699
Less: amount capitalised in properties under development	**(25,477)**	(36,562)
	256,556	171,133

Borrowing costs capitalised during the year, are calculated by applying a capitalisation rate of 9.5% (2009: 7.5%) to expenditure on qualifying assets.

7. TAX EXPENSES

The amount of tax expenses/(credit) in the consolidated statement of comprehensive income represents:

	Group 2010 HK$'000	2009 HK$'000
Current tax – PRC Enterprise Income Tax		
– tax for the year	**328,004**	172,909
– under/(over) provision in respect of prior years	**3,802**	(14,151)
	331,806	158,758
Current tax – Land appreciation taxes ("LAT")		
– tax for the year	**290,898**	187,942
– under/(over) provision of tax attributable to sales of properties in prior years	**6,201**	(12,643)
	297,099	175,299
Deferred tax		
– current year	**(46,861)**	53,076
	582,044	387,133

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2010 and 2009.

PRC Enterprise Income Tax

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. These PRC subsidiaries are subject to PRC Enterprise Income Tax at rate ranging from 22% to 25% (2009: 20% to 25%) during the year ended 31 December 2010.

Profits of other subsidiaries established in the PRC are subject to an income tax rate of 25%, which is unified to both domestic enterprises and foreign-invested enterprises.

Pursuant to the new PRC tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors effective from 1 January 2008. However, a 5% withholding tax will be levied on dividends declared to Hong Kong investor under the tax treaty arrangement between PRC and Hong Kong. Further to the issuance of Guofa (2007) No. 39, the Ministry of Finance and the State Administration of Taxation released notice Caishui (2008) No. 1 on 22 February 2008, stating that the distributions of the pre-2008 earnings of a foreign invested enterprise to a foreign investor in 2008 or later will be exempted from any withholding taxes.

LAT

LAT 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.

8. DIVIDENDS

	Group	
	2010	2009
	HK$'000	*HK$'000*
Final, proposed – HK Nil cent (2009: HK0.34 cent) per share	**–**	42,472

No dividend was proposed for the year ended 31 December 2010.

At a meeting held on 25 March 2010, the directors recommended a final dividend of HK0.34 cent per ordinary share. The proposed final dividend in respect of the year ended 31 December 2009 is calculated based on 12,491,906,515 shares in issue as at the date of the financial statements for the year ended 31 December 2009. Such dividend has been approved by the shareholders at the Company's Annual General Meeting. It was not reflected as a dividend payable in the financial statements for the year ended 31 December 2009, but was reflected as an appropriation of retained earnings for the year ended 31 December 2010.

9. EARNINGS PER SHARE

(a) Basic

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

	2010	2009
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**569,838**	421,262
	Number of shares *(thousands)*	Number of shares *(thousands)*
Weighted average number of ordinary shares in issue	**12,332,311**	10,291,374
	HK cents	*HK cents*
Basic earnings per share	**4.6**	4.1

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of shares in issue during the year after adjusting for the number of dilutive potential ordinary shares on share options granted.

	2010	2009
	HK$'000	*HK$'000*
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	**569,838**	421,262
	Number of shares *(thousands)*	Number of shares *(thousands)*
Weighted average number of ordinary shares in issue	**12,332,311**	10,291,374
Effect of dilutive potential ordinary shares on share options	**4,668**	11,809
Weighted average number of ordinary shares for diluted earnings per share	**12,336,979**	10,303,183
	HK cents	*HK cents*
Diluted earnings per share	**4.6**	4.1

10. TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Current (i)	**4,406**	22,428
Less than 1 month past due	**4,675**	11,182
1 to 3 months past due	**12,073**	2,139
More than 3 months but less than 12 months past due	**13,707**	346
More than 12 months past due	**1,841**	4,184
Amount past due at end of reporting period but not impaired (ii)	**32,296**	17,851
	36,702	40,279

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$32,296,000 (2009: HK$17,851,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on its accounting policies. The directors consider the balance would be recoverable.

11. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Current or less than 1 month	**18,375**	3,050
1 – 3 months	**131,213**	287,780
More than 3 months but less than 12 months	**11,684**	20,271
More than 12 months	**261,419**	109,897
	422,691	420,998
Retention money	**20,854**	45,595
	443,545	466,593

The trade payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

12. TAX PAYABLE

	Group	
	2010	2009
	HK$'000	*HK$'000*
PRC Enterprise Income Tax payable	**181,038**	71,985
LAT provision	**1,294,564**	998,668
	1,475,602	1,070,653

13. CLOSURE OF REGISTER OF MEMBERS

As no final dividend will be proposed for the year, it was not necessary to close the register of members of the Company.

CHARIMAN STATEMENT

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 (the "period" or "year under review").

During the year under review, turnover of the Group amounted to approximately HK$3,959,091,000, an increase of 83% against approximately HK$2,162,092,000 last year. Profit attributable to shareholders of the Company (the "Shareholders") rose by around 35% to approximately HK$569,838,000 as compared with HK$421,262,000 last year. Basic earnings per share of shares of the Company (the "Share") were HK4.6 cents (2009: HK4.1 cents). The Group's turnover and profit for the year were mainly generated from:

- Delivery of office buildings in "Wu Dao Kou Financial Center", Shanghai
- Delivery of office buildings in "Zendai Yuanshen Financial Building", Shanghai
- Delivery of residential properties and ancillary commercial space in "Zendai Quantland", Shanghai
- Delivery of residential properties in Changchun, Jilin, Haimen and Chengdu
- Sharing of the profits of associates generated from the delivery of residential properties and revaluation gains on investment properties

Business Review

In 2010, as the transaction volume and price of properties in the People's Republic of China (the "PRC") continued to record satisfactory growth, the PRC Government launched a series of macroeconomic policies to restrict the overheated development of the residential property market. However, the continued strong demand has supported the growth in both the transaction volume and prices of properties. Moreover, as the effect of the financial tsunami in 2009 gradually subsided, the PRC's commercial property market in the year under review has begun to recover with satisfactory growth recorded in transaction volume, prices and rentals.

During the year under review, the Group continued to capitalise on its excellent brand and enhance its position as an integrated property developer by launching high-end residential and commercial property projects as well as developing and investing in commercial properties. In February 2010, the Group succeeded in bidding for the land parcel of 外灘國際金融中心(8-1) ("the Land Parcel") at an auction at an aggregate price of RMB9,220,000,000 (equivalent to approximately HK$10,566,000,000). The Group plans to develop the Land Parcel into a large-scale integrated office, commercial, financial and cultural project. This integrated project is set to become another milestone in the Group's development history.

Himalayas Center, the largest urban integrated cultural and commercial property in Shanghai, opened in November 2010. The project which is an amalgam of the Jumeirah Himalayas Hotel Shanghai, the Himalayas Art Museum, the DaGuan Theatre and Shopping Centre is situated on a prime location and represents a landmark development for the Group. All of the investments and projects mentioned above enable the Group to continue to consolidate its position as a leading integrated commercial property project developer in the PRC, further expand its business and secure a broader and stable income stream.

Commercial Property Projects

Shanghai

Wu Dao Kou Financial Centre

"Wu Dao Kou Financial Centre", a grade A commercial project of the Group in Pudong, Shanghai comprises a south tower and a north tower, with a total saleable area of 83,265 square metres. The south tower, with a total floor area of 25,865 square metres, was acquired by Evergreen Group of Taiwan as its Asia Pacific headquarters and has been delivered. The north tower, comprised of office and ancillary commercial space with a total floor area of 57,400 square metres had 52,066 square metres sold and delivered as at 31 December 2010. During the period, 20,596 square metres were delivered and contract value totaling RMB735,939,000 (equivalent to HK$843,386,000) has been recognised as turnover.

Zendai Yuanshen Financial Building

"Zendai Yuanshen Financial Building" of the Group, located in Pudong, Shanghai, has a total saleable area of approximately 47,400 square metres. It comprises a 17-storey office building with two additional floors of commercial space, two 18-storey serviced apartments with the first floor serving as a commercial area, and two floors underground serving entertainment and leisure-related purposes and used as a car park. "Zendai Yuanshen Financial Building" was completed at the end of 2009. A cumulative floor area of 15,992 square metres of the office building together with 192 car parking spaces were sold and delivered during the year under review, and a contract value totaling RMB553,499,000 (equivalent to HK$634,310,000) has been recognised as turnover.

Zendai Cube Tower

"Zendai Cube Tower", another grade A office building of the Group in Pudong, Shanghai comprises office and commercial space with a total floor area of 33,149 square metres. As at 31 December 2010, a cumulative floor area of 33,149 square metres was sold, and 972 square metres were delivered during the period. A contract value totaling RMB36,507,000 (equivalent to HK$41,837,000) was recognised as turnover.

Zendai Thumb Plaza

The area of retail shops in "Zendai Thumb Plaza" owned by the Group in Shanghai covers a total floor area of 47,382 square metres with 447 underground car parking spaces. Zendai Thumb Plaza is a modern integrated commercial complex in a prime location near Century Park and the Lujiazui financial district. Since March 2010, the Group has commenced upgrade work in order to enhance its image. Construction was completed in the fourth quarter. As at 31 December 2010, more than 90% of the commercial space in the plaza was leased. Rental income recognised during the period was RMB55,967,000 (equivalent to HK$64,138,000).

Radisson Hotel Pudong

Zendai Thumb Plaza also included the five-star Radisson Hotel Pudong. The 18-storey hotel boasts a gross floor area of 31,826 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson" brand by Carlson Companies. The average occupancy rate of the hotel was 72 % in 2010. Total income of the hotel during the period reached RMB133,528,000 (equivalent to HK$153,023,000), an increase of 41% from the last corresponding period.

Himalayas Center

"Himalayas Center", the largest urban integrated cultural and commercial property in Shanghai and 45% owned by the Group, has opened on 28 November 2010. The project is situated on a prime location in Pudong facing the Shanghai New International Expo Center. Furthermore, the Fangdian Road station exit of the Metro Line 7 directly links with the basement of the Center's shopping mall and it is also near the Long Yang Road Station, the junction of Metro Line 2 and the Shanghai Maglev Line. The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 164,500 square metres, including a commercial area of approximately 55,700 square metres.

The Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, the Himalayas Art Museum, the DaGuan Theatre and Shopping Centre and will be completed in phases between February 2011 and the third quarter of 2011. The Jumeirah Himalayas Hotel Shanghai with a total gross floor area of approximately 66,400 square metres, has 405 guest rooms. It is the first hotel in China managed by Jumeirah Hotel Group. Trial operations will commence in March 2011. The Himalayas Art Museum is the first large open museum in the world and the DaGuan Theatre is the official venue of the "Shanghai International Film Festival".

The Himalayas Center was designed by Arata Isozaki, an internationally acclaimed architect. Guided by an architectural theme of the modern panoramic natural landscape and greenery, the Center includes the city's largest "specially contoured" building, which has an overall height of 31.5 metres and comprises 29 single building units in different styles, complemented by the largest sky garden in Shanghai. It was named as the "The Only Project Outside Shanghai World Expo Park" ("唯一世博場館外項目") in the "Dedicated Design for the World Expo" (《為世博而設計》) programme by China Central Television ("CCTV") and one of the "Nine Landmark Buildings in China" in the Dedicated Design for China (《為中國而設計》) programme on CCTV in 2010.

Parcel of Land in Qingpu District

The Group has a parcel of land in the tourist site of Zhujiajiao Town, Qingpu District, Shanghai. This 140,099 square metres land is to be developed as an integrated project comprising mid-to-high-end serviced apartments, retail shops, hotels and a club house, with a gross floor area of approximately 180,000 square metres. The Project is to be divided into two phases. Phase I with a gross floor area of approximately 124,634 square metres contains both residential (43,299 square metres) and commercial areas (57,782 square metres) as well as a business hotel(23,553 square metres). Construction will be started in the first quarter of 2011, while pre-sale of the residential and commercial areas are scheduled to start in the third quarter of 2011 and to be delivered in the second quarter of 2012, and construction of the business hotel will be completed in the third quarter of 2012. Phase II with a gross floor area of approximately 55,390 square metres has construction planned to commence in the third quarter of 2011 with a commercial plaza and resort hotel to be erected. Pre-sale of the commercial plaza is expected to begin in the second quarter of 2012 and construction of the whole project will be completed by the end of 2012.

Parcel of Land in the Bund, Shanghai

The Group has succeeded in its bid for the land parcel of 外灘國際金融中心(8-1) (the "Land Parcel") in Shanghai in February 2010. The land premium of RMB9,220,000,000 (equivalent to approximately HK$10,566,000,000) has been fully paid. The Land Parcel is located at the Bund in the dynamic Huangpu District and between Yu Garden and the Shiliupu EXPO Pier, in the prestigious central financial and commercial district within Shanghai. The Land Parcel offers a panoramic view from the bank of the Huangpu River, the Shanghai World Financial Center and Jin Mao Tower in Pudong district. It has been designated for integrated office, commercial, financial and cultural use.

The Land Parcel has a total site area of 45,472 square metres with the total planned gross floor area in the above-ground space covering approximately 270,000 square metres and an additional 100,000 square metres of underground space. Upon completion of the development, the total gross floor area of the office and commercial units in the above-ground space is expected to be greater than 70% and 15% of the developed area respectively. The development of the Land Parcel is currently under planning and is expected to become another landmark project in Shanghai.

Other Cities

Qingdao "Zendai Thumb Plaza"

The Group owns a parcel of land in Laoshan District, Qingdao City, Shandong Province, in the PRC. The approximately 38,092 square metres site is located northwest of the junction of Haier Road and Tongan Road, and is intended to be developed into an integrated project, "Qingdao Zendai Thumb Plaza". The project is to include retail shops, a hotel and serviced apartments with a gross floor area of approximately 215,678 square metres. The construction work has begun in June, 2010 and the entire project is expected to be completed by end of 2011. Pre-sale of the project is expected to start in the second quarter of 2011.

A Parcel of Land in Lao Shan District, Qingdao City

The Group has a 45% interest in a parcel of land in the Lao Shan District of Qingdao City, Shandong Province. This site covering approximately 43,613 square metres in southwestern Lao Shan District of Qingdao City is bounded by Hongkong Road to its south and Songling Road to its west. The site is intended for development of an integrated project named "Qingdao Shangshi International Plaza" which comprises serviced apartments, residential apartments and an underground car park. The project with a total gross floor area of approximately 143,000 square metres is to be constructed in phases. Phase I comprising five 28- to 30-storey high-end residential buildings with a gross floor area of approximately 66,190 square metres was completed in the first quarter of 2010. The pre-sale of the residential units started in late May of 2009 and 66,190 square metres had been sold as at 31 December 2010, generating a total contract value of RMB1,752,158,000 (equivalent to HK$2,007,974,000). The 66,190 square metres sold were all delivered during the year. Other parts of the project are still under planning.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, including a cultural sightseeing area and a commercial district. The project has a total saleable area of approximately 81,200 square metres. It is to be developed in two phases. Phase I is to include 12 blocks and 243 units, which will be reserved for leasing, with a gross area of approximately 20,089 square metres. Construction of Phase I was completed in the fourth quarter of 2009. Trial operation commenced at early 2010. Planning of Phase II is currently underway.

Haikou Project

The Group owns "Zendai International Financial Centre", a project under development with a saleable area of approximately 56,237 square metres in Haikou City, Hainan Province. The project was completed at the end of 2010. As at 31 December 2010, a total gross floor area of 19,427 square metres was sold, generating a total contract value of RMB307,691,000 (equivalent to HK$352,614,000). Among this area, 2,491 square metres were delivered during the period and a total contract value of RMB33,083,000 (equivalent to HK$37,913,000) was recognised as turnover.

A Parcel of Land in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layouts and concrete design are currently on the drawing board.

"Zhongke Langfang Technology Valley" in Langfang City

The Group and Shan Shan Investment Holdings Co., Limited ("Shan Shan Investment") are jointly developing the "Zhongke Langfang Technology Valley" ("Technology Valley") in Langfang City, Hebei Province. The project has a total site area of approximately 3,300,000 square metres, around 30% of which is to be used for development of commercial properties. The project is intended to become a technology research and development centre with Silicon Valley in the US as a role model. Construction of infrastructure has been completed and it is now launching for tenants. The first batch of tenants to be stationed in the Technology Valley includes seven research centers under the Chinese Academy of Science. The strategic alliance facilitates the Group to gain a foothold in the Bohai Rim to seize business opportunities.

Land Parcels in Nantong City, Jiangsu

The Group has formed a joint venture, 文廣証大南通文化投資發展有限公司, with Shanghai Media & Entertainment Group ("SMEG") through its wholly-owned subsidiary Shanghai Zendai Real Estate Co., Ltd. ("Shanghai Zendai Land") in March 2010. The joint venture is owned in equal parts by Shanghai Zendai Land and 上海精文置業（集團）有限公司 (a subsidiary of SMEG) to acquire and develop two parcels of land in Nantong City, Jiangsu Province, the PRC. The total site area of the land parcels is 281,912 square metres. Shanghai Zendai Land is to assume a leading role in the management of the project.

The two parcels of land are located in the southern part of Chongchuan District in Nantong City, Jiangsu Province and are adjacent to the Langshan Scenic Region, one of the major tourist attractions in Jiangsu Province, and in close proximity to the major commercial and Government administration districts of Nantong City. A number of high-end entertainment facilities and a golf course are located in this area. This part of Chongchuan District is expected to be developed into a prestigious commercial area and residential community. The Group is planning to develop the land parcels into a large scale commercial and residential project modeled after Shanghai Zendai Thumb Plaza with a total gross floor area of approximately 201,680 square metres. Construction is to be divided into three phases. The first phase, with a total commercial area of approximately 51,680 square metres, has started construction at the beginning of 2010 and is to be completed in stages between October 2010 and June 2011. The second phase is intended to be a residential project with a total gross floor area of approximately 109,200 square metres. Construction has started in the fourth quarter of 2010 and is expected to be completed by the end of 2011. Pre-sale of the project is planned to start in June 2011. The third phase is a commercial area of approximately 40,800 square metres, with construction to start in 2012.

Residential Projects

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 54 villas with a total saleable area of approximately 39,696 square metres. As at 31 December 2010, 46 villas with total saleable area of 33,037 square metres had been sold, generating RMB1,571,345,000 (equivalent to approximately HK$1,800,762,000) of total contract value for the Group. During the period, two villas with a total saleable area of 1,232 square metres have been delivered and a total contract value of RMB97,500,000 (equivalent to HK$111,735,000) has been recorded in the period.

Zendai Yuanshen Financial Building – Zendai Quantland

"Zendai Yuanshen Financial Building" is located in Pudong, Shanghai. It has a total saleable area of approximately 47,400 square metres, which is planned to be developed into an office building of 17 floors with two levels of commercial space and two 18-storey serviced apartment blocks with the ground floor as commercial space. In addition, there will be two underground levels for entertainment and leisure-related uses and car parking. The "Zendai Quantland" residential units in Zendai Yuanshen Financial Building have total residential and commercial saleable areas of approximately 22,100 square metres and 9,308 square metres respectively. Construction of the building was completed at the end of 2009 and the pre-sale commenced in January 2009. As at 31 December 2010, a cumulative area of 30,516 square metres was sold. Approximately 10,893 square metres were sold during the period, generating RMB262,718,000 (equivalent to HK$301,075,000) in contract value. During the period, 16,865 square metres were delivered and a total contract value of RMB436,786,000 (equivalent to HK$500,557,000) was recognised as turnover.

Other Cities

"Valley International" in Jilin

Occupying a 191,100 square metres site, the total saleable area of the residential project "Valley International" is approximately 202,000 square metres. The project is to be developed in four phases.

"楓林別墅", the first phase of the project, comprises 118 town houses and 11 villas with a saleable area of 39,252 square metres. As at 31 December 2010, a total saleable area of 38,987 square metres were sold, among which 2,171 square metres were delivered during the period, carrying a total contract value of RMB19,165,000 (equivalent to HK$21,963,000) which was recognised as turnover.

The second phase of the project will comprise four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities in aggregate, with a saleable area of approximately 83,357 square metres, (79,552 square metres of which will be for residential use and 3,805 square metres will be for commercial use). Construction of the 11 buildings will be delivered in three batches.

Construction of the first batch, comprising four low-rise blocks with residential units and ancillary commercial units of a saleable area measuring 22,996 square metres, has been completed. The units were all sold out, generating total sales of RMB82,488,000 (equivalent to HK$93,779,000). During the year under review, the Group has delivered units with total area of 22,872 square metres, carrying a total contract value of RMB82,083,000 (equivalent to HK$94,067,000) which was recognised as turnover.

Construction of the second batch comprises five high-rise blocks and provides 250 residential units with a saleable area of 42,258 square metres, among which a total area of 22,167 square metres was completed at the end of 2010. Pre-sale has started in October 2009. As at 31 December 2010, a total saleable area of 16,979 square metres has been sold, carrying a total contract value of RMB86,208,000 (equivalent to HK$98,794,000). During the year under review, a saleable area of approximately 14,369 square metres was sold, generating RMB74,059,000 (equivalent to HK$84,872,000) of contract value. A total area of 9,287 square metres has been delivered during the year under review and a total contract value of RMB48,929,000 (equivalent to HK$56,073,000) was recognised as turnover.

The third batch is to comprise two high-rise blocks with 44 residential units of saleable area covering approximately 14,298 square metres. Construction has commenced in the second quarter of 2009. Pre-sale of the units is planned to commence in the second quarter of 2011 and the units are to be delivered in the fourth quarter of 2011.

The third phase of the project is to provide 117 villas and town houses with a saleable area of approximately 44,500 square metres. Construction has started in May 2008 and was completed in the second quarter of 2010. Pre-sale began in October 2008. As at 31 December 2010, 112 units with a total saleable area of 42,509 square metres were sold, generating a total contract value of RMB233,111,000 (equivalent to HK$267,145,000) for the Group. During the year under review, a saleable area of approximately 11,417 square metres was sold, generating RMB63,806,000 (HK$73,122,000) in contract value. A total of 40,172 square metres were delivered during the period and contract value totaling RMB220,798,000 (equivalent to HK$253,035,000) was recognised as turnover.

Specific planning is still under progress for phase four of the project which will be developed into villas with a saleable area of approximately 34,920 square metres.

"Zendai Ideal City" In Changchun

Located in Changchun, "Zendai Ideal City" is to comprise residential properties and ancillary commercial space on a 308,800 square metres site, with a total saleable area of 413,000 square metres. The project is to be constructed in five phases. The first phase is to have a total saleable area of approximately 112,000 square metres on an approximately 77,300 square metres site. It is to include 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,210 units and related ancillary commercial facilities. Construction was completed in October 2009. As at 31 December 2010, 1,205 residential units with total saleable area of 105,380 square metres in the first phase were sold, generating a total contract value of RMB357,437,000 (equivalent to HK$409,623,000). During the year under review, the Group delivered 69 residential units with an area of 4,845 square metres and a contract value of RMB17,896,000 (equivalent to HK$20,509,000) was recognised as turnover.

The second phase of the project is planned to be developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 114,074 square metres. (Of this, 102,371 square metres would be for residential use and 11,703 square metres would be for commercial use). Construction was completed within 2010 and to be delivered in batches. Pre-sale has commenced in the first quarter of 2009. As at 31 December 2010, a total area of 99,998 square metres was sold, generating a total contract value of RMB391,434,000 (equivalent to HK$448,584,000) for the Group. An area of approximately 45,258 square metres was sold during the period, bringing a total contract value of RMB189,028,000 (equivalent to HK$216,626,000). During the year under review, 99,212 square metres has been delivered and a contract value of RMB388,303,000 (equivalent to HK$444,995,000) was recognised as turnover.

The third phase of the project is to be developed into 16 multi-storey and eight high rise residential complexes with retail shops with a total saleable area of about 126,238 square metres (of which the residential area accounts for 112,769 square metres and commercial space accounts for 13,469 square metres). The construction has commenced in May 2010, while pre-sale has started in early 2011. The phase is expected to be delivered in batches commencing from second half of 2011.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres.

The first parcel has an area of 577,336 square metres and is to be developed into two parts. "Dong Zhou Mansion", the first part of the parcel, is being developed in three phases with Phase I offering 52 villas with a saleable area of approximately 17,457 square metres. As at 31 December 2010, a cumulative 51 units with a total saleable area of 17,153 square metres were sold, generating RMB87,276,000 (equivalent to HK$100,018,000) of contract value. Eight blocks with an area of 2,486 square metres were sold during the period, generating a total contractual value of RMB17,913,000 (equivalent to HK$20,528,000). During the year under review, the Group delivered nine units with an area of 2,792 square metres and recognised from them a total contract sum of RMB19,601,000 (equivalent to HK$22,463,000). Phases II and III of the "Dong Zhou Mansion" are still in the planning stage. "Multiflora Garden", on the second part of the parcel of land, is to be developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer 212 units with a saleable area of approximately 57,500 square metres. As at 31 December 2010, a cumulative 199 units with a total saleable area of 53,383 square metres were sold, generating a total contract value of RMB249,030,000 (equivalent to HK$285,388,000). During the period under review, the Group delivered 48 units totalling 12,877 square metres and recognised the sum total of their contracts of RMB63,123,000 (equivalent to HK$72,339,000) as turnover. Phase III of Multiflora Garden has a total gross floor area of approximately 112,190 square metres and a saleable area of approximately 72,350 square metres. Construction has been underway since early 2010 while pre-sale has started in September 2010. As at 31 December 2010, a cumulative 32 units with a total saleable area of 10,271 square metres were sold, generating a total contract value of RMB61,610,000 (equivalent to HK$70,605,000).

The second parcel with an area of approximately 811,536 square metres is to be developed into residential properties in phases. The construction of the first phase, "清華園生態花園洋房", with an area of approximately 43,551 square metres and a saleable area of approximately 63,886 square metres, was completed in November 2010 and pre-sale of units has started in the first quarter of 2010. As at 31 December 2010, an area of 15,575 square metres was sold, generating RMB65,041,000 (equivalent to HK$74,537,000) of contract value. During the period under review, an area of 8,964 square metres has been delivered and a total contract value of RMB37,182,000 (equivalent to HK$42,611,000) was recognised as turnover. Other aspects of development for the second parcel are currently under planning.

Chengdu "山水琨玉"

The Group has acquired "山水琨玉", a multi-storey residential project with ancillary commercial facilities in Chengdu, Sichuan Province in 2009. Construction of the project, with total salable area of 33,002 square meters, was completed in December, 2010. Pre-sale of project has been started in November, 2009 and an accumulative area of 32,712 square meters were sold as at 31 December 2010, generating a total contract value of RMB350,775,000 (equivalent to HK$401,988,000). During the year under review, a total area of 30,348 square meters was sold with contract value amounting to RMB330,357,000 (equivalent to HK$378,589,000). Among this area, 28,937 square meters were delivered and a total contract value of RMB308,944,000 (equivalent to HK$354,050,000 was recognised as turnover in the review period.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns one parcel of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 149,184 square metres. The land parcel is intended to be developed into villas with a planned salable area of 73,276 square metres. It will commence construction in March 2011 and is expected to be completed and delivered in December 2011. Pre-sale will begin in July 2011.

Huzhou in Zhejiang Province

The Group owns a parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province. The project with a total gross floor area of approximately 119,000 square metres is to be developed into a project with residential properties and ancillary commercial spaces. Specific planning of the project is underway.

Prospects

To prevent any assets bubble created by the overheated property market, the PRC Government is expected to continue its policy of implementing various macro-economic control measures subject to changes of the market situation. These efforts are aimed at reducing overflowing liquidity and suppressing property speculation by developers, as well as guiding the development of subsidised housing to assist lower income families. The overriding objective is to stabilise the soaring property market in the PRC and to ensure that the entire market can grow in a healthy, balanced and orderly manner. In view of the sustained macroeconomic development of the PRC, the accompanying rising living standards and accelerating urbanisation, the demand for residential property is expected to remain at high level. Thus, the Group's management remains very optimistic about the long-term prospects of the PRC property market.

The Group will adhere to its ten-year development strategies formulated last year to capture the growth opportunities presented within the PRC property market. Key to this will be the Group's use of the successful experience gained from the Zendai Thumb Plaza community project, a residential and commercial integrated community, Mandarin Palace villas and Himalayas project as models which will be replicated in the second- and third-tier and coastal cities during the first five years. During this time, we will focus on delivering more good projects, strengthening our branding advantage and growing our business. In the second five years, the Group will devote itself to optimising property services and strengthening its real estate financial services, with an aim to become the top property developer in the sector.

Moreover, the Group plans to invest in larger projects and enhance its overall competitiveness through setting up joint ventures with leading property developers and investment companies within the PRC. In April 2010, the Group entered into an agreement with Shanghai Forte Land Co., Ltd. Hangzhou Greentown Land Investment Co., Ltd. and Shanghai Panshi Investment Management Co., Ltd. to establish a joint venture to engage in property development and investment projects in Shanghai to be recommended by the Group.

The Group also entered into a letter of intent with Renown Capital Investments Limited ("RCI") in late June last year to establish a fund management company to invest in high-end sports-related property projects. The target areas for investment are mainly first-tier cities in the PRC and Hainan Province during its first stage. The Group is to hold a 60% interest in the fund management company. The establishment of the fund management company enables the Group to further expand its business and add a profit growth driver.

In the future, the Group will develop and market projects after evaluating the potential with close reference to market trends. It will also carefully seek investment opportunities in areas with promising prospects for development potential while leveraging its own strengths to generate better returns for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The results of the Group for the year under review was satisfactory. The turnover and profit for the year were mainly attributable to sales and delivery of office units of Wu Dao Kou Financial Centre and Zendai Yuanshen Financial Building, residential units in Zendai Quantland, Zendai Ideal City, Jilin, Haimen and Chengdu and share of profits from associates. The Group continued to offer both residential and commercial properties for sale. For commercial projects, they were office premises in Wu Dao Kou Financial Centre, Zendai International Financial Centre and Zendai Yuanshen Financial Building. In respect of residential projects, they were apartments in Zendai Quantland and Chengdu and, apartments, villas and detached houses in Haimen, Jilin and Changchun.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2010 the Group had a healthy financial position with total net assets increased from approximately HK$3,784 million in 2009 to approximately HK$5,127 million. Net current assets amounted to approximately HK$5,471 million (2009: approximately HK$3,373 million) with current ratio of approximately 1.43 times (2009: 2.13 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2010, the Group had consolidated bank loans of approximately HK$2,541 million in which HK$897 million was repayable within one year and HK$1,644 million was repayable more than one year. As at 31 December 2010, the Group's bank balances and cash are approximately HK$1,682 million. The gearing ratio of the Group increased from 0.70 times in 2009 to 0.96 times in 2010 (basis: total of amounts due to related companies, bank loans, senior loan notes payable and other borrowing divided by Shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the year amounted to HK$3,612,066,000 (2009: HK$1,881,965,000) increased substantially due to more properties were delivered.

Travel and related business

The turnover of this segment for the year reached approximately HK$12,038,000 (2009: HK$8,874,000).

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$181,964,000 (2009: HK$163,102,000). The increase was due to the recovery of the economy as the adverse effect of the financial crisis in 2009 diminished.

Hotel Operations

The turnover of this segment for the year was HK$153,023,000 (2009: 108,151,000). The increase was due to the higher occupany rate and room rate charged as a result of Shanghai Expo took place in Shanghai.

Foreign Currency Exposures

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents and senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Employees

As at 31 December 2010, the Group employed approximately 1,300 employees (2009: 1,110 employees) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

Major Acquisition

The Group succeeded in its bid for the land parcel of 外灘國際金融中心(8-1)) (the "Land Parcel") for RMB9,220,000,000 in February 2010. The Land Parcel has a total site area of 45,472 square metres and is designated for integrated office, commercial, financial and culture use.

Charge on Assets

As at 31 December 2010, the Group's property, plant and equipment, payment for leasehold land held for own use under operating leases, investment properties, properties under development and for sales and pledged bank deposits of approximately HK$361,581,000, HK$591,808,000, HK$1,769,068,000, HK$2,805,034,000 and HK$393,945,000 respectively had been pledged to banks to secure bank loans granted to the Group.

During the year ended and as at 31 December 2010, the Group also pledged its entire interest in 上海証大喜瑪拉雅置業有限公司 and 10% interest in 上海海之門房地產投資管理有限公司, being associates of the Group with carrying amount of HK$458,730,000 and HK$117,818,000 respectively, and a subsidiary, 上海証大西鎮房地產開發有限公司 with carrying amount of HK$479,077,000 (including properties under development and for sales with carrying amount of HK$568,231,000) for other financing arrangements of the Group.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the year. The Company's annual results for the year ended 31 December 2010 has been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMTION OF THE COMPANY'S LISTED SECURITIES

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

On behalf of the board of
Shanghai Zendai Property Limited
Ma Chengliang
Chairman

Hong Kong, 10 March 2011

As at the date of this announcement, the executive Directors are Mr. Ma Chenglaing, Mr. Wang Fujie, Mr. Dai Zhikang, Mr. Zhu Nansong, Mr. ZuoXingping, Ms. Zhou Yan and Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Wang Zhe, Mr. Zhang Hua and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* *for identification purpose only*