金威啤酒集團有限公司
KINGWAY BREWERY HOLDINGS LIMITED

（於百慕達註册成立之有限公司）
(Incorporated in Bermuda with limited liability)

股份代號 Stock Code : 0124

2011
ANNUAL REPORT 年報

Contents

Corporate Information

as at 8 March 2012

Board of Directors

Non-Executive Directors
HUANG Xiaofeng *(Chairman)*
XU Wenfang
HUANG Zhenhai
LUO Fanyu
LIANG Jianqin

Executive Directors
YE Xuquan *(Chief Executive Officer)*
JIANG Guoqiang *(Senior Vice President)*
LIANG Jiang
LI Wai Keung

Independent Non-Executive Directors
Alan Howard SMITH
Felix FONG Wo
Vincent Marshall LEE Kwan Ho

Audit Committee

Vincent Marshall LEE Kwan Ho *(Committee Chairman)*
Alan Howard SMITH
Felix FONG Wo

Remuneration Committee

Felix FONG Wo *(Committee Chairman)*
Alan Howard SMITH
Vincent Marshall LEE Kwan Ho

Nomination Committee

HUANG Xiaofeng *(Committee Chairman)*
Alan Howard SMITH
Felix FONG Wo
Vincent Marshall LEE Kwan Ho

Company Secretary

Vanessa WONG Kin Yan

Auditors

Ernst & Young

Principal Bankers

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business in Hong Kong

Office A1, 19th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Branch Share Registrar in Hong Kong

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

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	0124
Board Lot:	2,000 shares
Financial year end:	31st December

Shareholders' Calendar

Final Dividend:	HK$0.01 per share
Payable on:	13 July 2012
Closure of Register of Members:	(i) 11 May 2012 to 15 May 2012 *Note 1* (both dates inclusive)
	(ii) 21 May 2012 to 23 May 2012 *Note 2* (both dates inclusive)

Website Address

http://www.kingwaybeer.hk

Note 1: During such period, the register of members of the Company will be closed for determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 15 May 2012.

Note 2: During such period, the register of members of the Company will be closed for determining the shareholders' entitlement to the proposed final dividend.

Simplified Corporate Structure Chart

Kingway Brewery Holdings Limited

- Shenzhen Kingway Brewery Co., Ltd. (Kingway Plant No.1)

- Shenzhen Kingway Brewing Co., Ltd. (Kingway Plant No.2)

- Kingway Brewery (Shan Tou) Co., Ltd.

- Kingway Brewery (Dongguan) Co., Ltd.

- Kingway Brewery (Tianjin) Co., Ltd.

- Kingway Brewery (Xian) Co., Ltd.

- Kingway Brewery Group (Chengdu) Co., Ltd.

- Kingway Brewery (Foshan) Co., Ltd.

- Guangdong Kingway Sales Limited

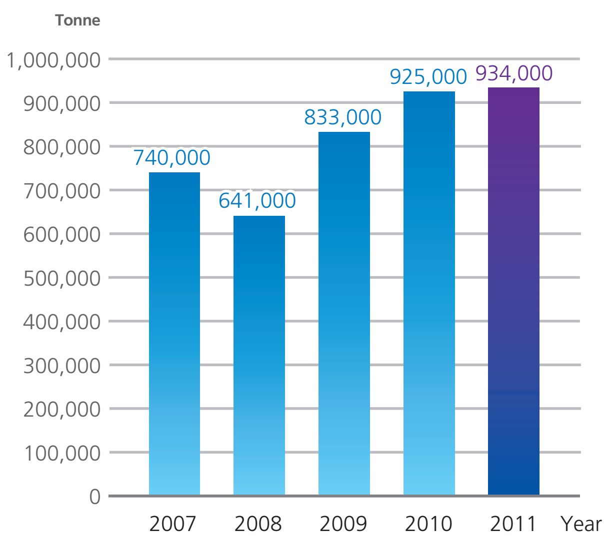
Note: The above subsidiaries are wholly-owned by Kingway Brewery Holdings Limited.

Highlights

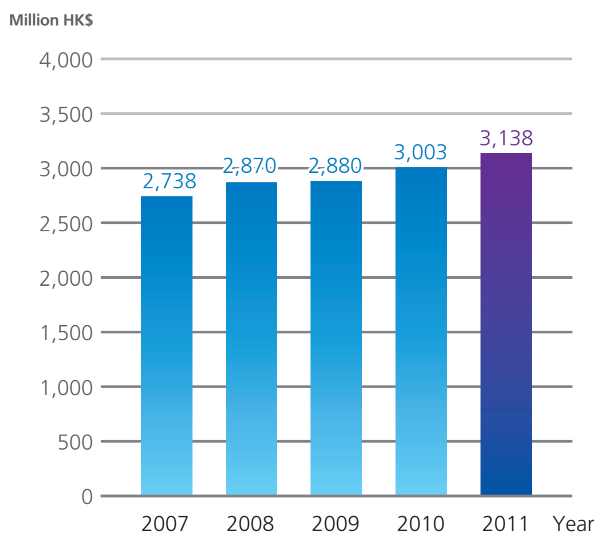
	For the year ended 31 December		
	2011	2010	Change
Beer sales volume, in tonne	**934,000**	925,000	+1.0%
Gross profit, in thousand HK$	**314,894**	355,468	-11.4%
Profit for the year, in thousand HK$	**34,765**	36,272	-4.2%
Basic earnings per share, in HK cent	**2.0**	2.1	-4.8%
EBITDA, in thousand HK$	**215,013**	218,321	-1.5%

	As at 31 December		
	2011	2010	Change
Current ratio	**1.14 times**	0.97 times	+17.5%
Total assets, in million HK$	**3,709**	3,574	+3.8%
Net asset value per share, in HK$	**1.83**	1.75	+4.6%
Year-end number of employees	**2,864**	2,817	+1.7%

Sales Volume - Beer



Net Assets



Results

In 2011, the Group sold 934,000 tonnes of beer, representing an increase of 1.0% over 2010. The Group recorded a net profit of HK$34.77 million for the year ended 31 December 2011, representing a decrease of 4.2% from 2010. The decrease in net profit was mainly attributable to the increase in the cost of sales of approximately HK$150 million in aggregate and the newly imposed city construction tax and education surcharge with an aggregated amount of approximately HK$40 million.

The Board of Directors recommended the payment of a final dividend of HK$0.01 per share for the year ended 31 December 2011 (2010: HK$0.01 per share).

Business Review

During the year, the Group's brewery plants in Guangdong Province experienced a slight improvement in terms of sales volume, but were still subject to intense competition in the beer industry as well as the burden of the newly imposed city construction tax and education surcharge. The aggregate sales volume of the Group's brewery plants in Guangdong Province represented approximately 59% of its total beer sales volume for the year, representing an increase of 2% year-on-year.

The Group's management has been proactively developing markets and consolidating sales channels through devising sales and distribution strategies adaptable to the unique market characteristic of different regions, and implementing various cost and expense control measures. As a result, the average selling and distribution expenses per tonne of beer sold recorded a year-on-year decrease of 10.2%. The Group's management made appropriate upward adjustment to the price of beer products according to market condition, improved the product mix and implemented stringent cost control measures to alleviate the aforementioned adverse factors.

Outlook

Although the Group returned to profitability since 2009, the Group's business continues to face various significant challenges, especially after the 2008 financial crisis. In view of the aforesaid, the uncertainty in the global and regional economical environment and the intense competition in the local beer markets in the PRC in which the Group operates, the Board has established a committee to conduct a strategic review of the Group. The scope of the strategic review encompasses, among other things, assessing the environment in which the Group operates, looking at ways to improve profitability and create new income streams as well as evaluating the utilization and potential of the Group's assets with a view to formulating the Group's long term business objectives.

As part of the strategic review process, the Company is considering the efficiency and potential of the Group's business and, to this end, assets and is undergoing discussions with certain independent third parties principally engaged in the manufacture and distribution of beer products, and it is expected that such third parties will be invited to submit proposals and offers for possible acquisition of certain of the Group's brewery business and assets, as well as proposals for production facility leasing arrangements with the Group, with a view to enabling the Company to evaluate such business and assets.

As the strategic review has several facets, it is only in the event that all of the following conditions are fulfilled that the Company will pursue the abovementioned course of actions:

(1) the above discussions result in the Company being presented with an offer with a valuation commensurate with the said business and assets;

(2) the result of the strategic review is that the operation and development of the remaining assets and business will present attractive prospects and opportunities to the Company; and

(3) it is in the interest of the Company and its shareholders as a whole to do so.

There is however no assurance that any transaction may materialize as a result of the above discussions.

Lastly, for and on behalf of the Board, I would like to acknowledge the efforts made by the management and our staff during the past year. Under the leadership of the Board, the Group will formulate suitable strategies for creating better return to the shareholders.

HUANG Xiaofeng
Chairman

Hong Kong, 8 March 2012

Operating Results

In 2011, the core business operations of the Group remained to be the production, distribution and sale of Kingway beer.

The consolidated revenue of the Group for the year amounted to HK$1,758 million (2010: HK$1,632 million), representing an increase of 7.7% over 2010. The Group's average selling price per tonne of beer increased by 6.7% over 2010. The Group's sales in Mainland China accounted for 95.2% of its consolidated revenue, representing an increase of 7.3% over 2010 in terms of revenue, whereas the Group's sales in overseas and Hong Kong market accounted for 4.8% of its consolidated revenue, which also increased by 18.0% over 2010 in terms of revenue. The Group's consolidated profit after tax for the year was HK$34.77 million (2010: HK$36.27 million), decreased by 4.2% from the 2010.

The Group's average costs per tonne of beer for the year increased by 12.0% over that of 2010, which was primarily attributable to the increase in procurement costs of various raw materials, consumables and packaging materials. Since the increase in the average selling price per tonne of beer could not cover the increase in average costs, the Group's gross profit margin decreased from 21.8% recorded in 2010 to 17.9% recorded in 2011.

Operating Expenses and Finance Costs

The Group's selling and distribution expenses for the year amounted to HK$230 million (2010: HK$253 million), representing a decrease of 9.1% over 2010. The Group's average selling and distribution expenses per tonne of beer for the year was HK$246 (2010: HK$274), representing a decrease of 10.2% over 2010, which was primarily attributable to the Group's proper control and utilisation of its selling and distribution expenses and regular formulation and review of expense budgets and their effectiveness.

The Group's administrative expenses for the year was HK$151 million (2010: HK$135 million), representing an increase of 11.9% over 2010, which was primarily attributable to the increases in salaries and various administration expenses.

The Group's finance costs for the year was HK$1.01 million (2010: HK$0.61 million), representing an increase of 65.6% over 2010. The increase in finance costs was primarily attributable to a new HK$100 million bank loan drawn down in 2011, which was subsequently fully repaid during the year.

Taxation

During the year, some of the Group's subsidiaries in Mainland China were still entitled to preferential tax treatment with full corporate income tax exemption for the first two profit-making years and a 50% relief in the following three years. Apart from the two brewery plants in Shenzhen and one brewery plant in Dongguan, the other five brewery plants of the Group enjoyed a 50% corporate income tax relief for the year.

Starting from December 2010, Mainland China has imposed city construction tax and education surcharge on foreign-invested enterprises. During the year, the Group incurred approximately HK$40 million, in aggregate, of such newly imposed city construction tax and education surcharge.

Capital Expenditure

The Group's capital expenditure, on a cash basis, for the year was approximately HK$67 million (2010: HK$44 million), representing an increase of 52.3% over 2010. The capital expenditure spent during the year was mainly used to build staff quarters and for general improvement of the Group's production facilities.

Financial Resources and Liquidity

As at 31 December 2011, the Group's net asset value was HK$3.14 billion (2010: HK$3.00 billion), representing an increase of 4.7% over 2010. Based on the number of ordinary shares in issue as at 31 December 2011, the net asset value per share of the Group was HK$1.83 (2010: HK$1.75), increased by 4.6% from 2010.

As at 31 December 2011, the Group had cash and bank balances amounted to HK$299 million (2010: HK$191 million), representing an increase of 56.5% over last year, of which HK$7.40 million (2010: HK$7.05 million) were pledged bank balances with restricted purposes. Of the Group's bank balances as at 31 December 2011, 66.6% was in RMB, 28.9% in USD and 4.5% in HKD. Cash inflow from operating activities for the year amounted to HK$181 million (2010: HK$102 million). Most of the transactions from the Group's daily operations were denominated in Renminbi and the Group did not perform currency hedge of the transactions actively.

As at the end of 2011, the Group did not have any outstanding bank loans. Given the Group's existing cash balances and available standby credit facilities of approximately HK$345 million in aggregate, the Group will have sufficient financial resources to finance its beer operations.

Apart from the aforementioned pledged bank balances of HK$7.40 million, none of the assets of the Group was pledged to any creditors and there was no material contingent liability recorded as at the end of the year.

Human Resources

The Group had 2,864 (2010: 2,817) employees as at the end of the year, with total remuneration and provident fund contributions for the year of HK$226 million (2010: HK$208 million). Various basic benefits are provided to the Group's staff with an incentive policy which is designed to remunerate staff by reference to the Group's sales volume and results as well as their individual performance.

The Directors herein present their report and the audited financial statements of the Company and its subsidiaries (together the ''Group'') for the year ended 31 December 2011.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in investment holding and in the production, distribution and sale of beer.

There were no significant changes in the nature of the Group's principal activities during the year.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the financial statements and reclassified as appropriate, is set out below.

Results

	Year Ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,758,087**	1,631,886	1,539,248	1,334,911	1,564,418
Cost of sales	**(1,443,193)**	(1,276,418)	(1,178,353)	(1,054,712)	(1,071,206)
Gross profit	**314,894**	355,468	360,895	280,199	493,212
Other income and gains	**108,489**	75,656	87,468	70,611	47,008
Selling and distribution expenses	**(229,599)**	(253,351)	(270,188)	(234,989)	(410,916)
Administrative expenses	**(150,501)**	(134,777)	(129,468)	(134,965)	(129,526)
Finance costs	**(1,006)**	(607)	(27,760)	(30,271)	(24,670)
Profit/(loss) before tax	**42,277**	42,389	20,947	(49,415)	(24,892)
Income tax expense	**(7,512)**	(6,117)	(6,432)	(2,642)	(13,694)
Profit/(loss) for the year	**34,765**	36,272	14,515	(52,057)	(38,586)

Assets and Liabilities

	As at 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**3,709,415**	3,574,013	3,572,232	3,813,426	3,969,634
Total liabilities	**(570,965)**	(570,275)	(691,785)	(943,243)	(1,231,506)
Net assets	**3,138,450**	3,003,738	2,880,447	2,870,183	2,738,128

Results and Dividends

The Group's profit for the year ended 31 December 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 31 to 88.

No interim dividend was paid during the year. The Board of Directors recommended the payment of a final dividend of HK$0.01 per share for the year ended 31 December 2011. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Tuesday, 15 May 2012, is expected to be paid on Friday, 13 July 2012 to shareholders whose names appear on register of members of the Company on Wednesday, 23 May 2012.

The register of members of the Company will be closed, respectively, (i) from Friday, 11 May 2012 to Tuesday, 15 May 2012, both days inclusive, for determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting, and (ii) from Monday, 21 May 2012 to Wednesday, 23 May 2012, both days inclusive, for determining the shareholders' entitlement to the proposed final dividend, during such periods no transfer of shares will be effected.

In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Tuesday, 15 May 2012, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 10 May 2012.

In order to qualify for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged at the office of the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 18 May 2012.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 29 and 30 to the financial statements, respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity on page 35, respectively.

Distributable Reserves

As at 31 December 2011, the Company's reserves available for distribution to shareholders as calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK$183,354,000, of which HK$17,115,000 has been proposed as a final dividend for the year.

In addition, the Company's share premium of HK$1,688,606,000 may be distributed in the form of fully paid bonus shares.

Charitable Contributions

There were no charitable contributions made by the Group during the year (2010: Nil).

Retirement Benefits Schemes

Particulars of the Group's retirement benefit schemes are set out in note 2.4 to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2011 are set out in note 18 to the financial statements.

Directors

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

Non-Executive Directors	
HUANG Xiaofeng *(Chairman)*	
XU Wenfang	
HUANG Zhenhai	(appointed on 15 March 2011)
LUO Fanyu	
LIANG Jianqin	
Michael WU	(resigned on 15 March 2011)
Roland PIRMEZ	(resigned on 5 May 2011)
KOH Poh Tiong	(resigned on 5 May 2011)
Sijbe HIEMSTRA	(resigned on 5 May 2011)
Executive Directors	
YE Xuquan *(Chief Executive Officer)*	
JIANG Guoqiang *(Senior Vice President)*	
LIANG Jiang	(appointed on 8 March 2012)
LI Wai Keung	(appointed as a non-executive director on 3 October 2011 and re-designated to an executive director on 8 March 2012)
Independent Non-Executive Directors	
Alan Howard SMITH	
Felix FONG Wo	
Vincent Marshall LEE Kwan Ho	

Directors (continued)

Alternate Directors

TAN Tiang Hing (ceased to act as an alternate director on 5 May 2011)
(alternate director to Mr. Roland PIRMEZ)
LOY Juat Boey (ceased to act as an alternate director on 5 May 2011)
(alternate director to Mr. KOH Poh Tiong)
Kenneth CHOO Tay Sian (ceased to act as an alternate director on 5 May 2011)
(alternate director to Mr. Sijbe HIEMSTRA)

In accordance with bye-law 86(2) of the Company's Bye-laws (the "Bye-Laws"), Mr. LIANG Jiang and Mr. LI Wai Keung, who were appointed Directors of the Company after the last general meeting of the Company, will hold office until the next following general meeting and, being eligible, they all offers themselves for re-election at the meeting.

In accordance with bye-law 87 of the Bye-Laws, Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho will retire by rotation and, being eligible, they all offer themselves for re-election at the forthcoming annual general meeting.

Mr. JIANG Guoqiang will retire by rotation at the forthcoming annual general meeting in accordance with Bye-law 87 of the Bye-laws. Mr. Jiang, due to his age, will not seek re-election and will retire as a director of the Company after the conclusion of the forthcoming annual general meeting.

Mr. LIANG Jiang and Mr. LI Wai Keung, Executive Directors, and Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho, Independent Non-Executive Directors, agree to stand for re-election and if re-elected to hold office from the date of re-election, to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2015 and (ii) 30 June 2015 subject to earlier determination in accordance with the Bye-Laws and/or applicable laws and regulations.

Directors' and Senior Management's Profile
as at 8 March 2012

Executive Directors

Mr. YE Xuquan, aged 56, was appointed an Executive Director of the Company in January 2002. Mr. Ye acted as the Chairman of the Board of the Company from January 2002 to July 2008 and has been appointed as the Chief Executive Officer since July 2008. Mr. Ye graduated from the Department of Chinese Language and Literature and the Institute of Economy Research, South China Normal University and obtained a Master's degree of Economics from South China Normal University. Mr. Ye joined Guangdong Province Dongshen Water Supply Management Bureau (the "Dongshen Water Supply Bureau") in 1978 and has 23 years' experience in the management and operation of water supply business. Mr. Ye was a section chief of the Dongshen Water Supply Bureau in 1984, promoted as Vice Director in 1987, acted as Deputy Director in 1995 and acted as Director from 1997 to 2000. He was the Chairman of Guangnan (Holdings) Limited ("Guangnan") from November 2000 to January 2002 and a Director of Guangdong Investment Limited ("GDI") from May 2000 to February 2004, both companies are fellow subsidiaries of the Company and are listed in Hong Kong. He was also the Chairman of 廣東粵港供水有限公司 (Guangdong Yue Gang Water Supply Company Limited) ("Yue Gang Water Supply") from August 2000 to July 2003, a Director and the Deputy General Manager of both 廣東粵海控股有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") and GDH Limited ("GDH"), the respective ultimate holding company and immediate holding company of the Company. He is also the Vice President of both the Beer Association of China and the Music and Literature Association of China.

Directors' and Senior Management's Profile (continued)
as at 8 March 2012

Executive Directors (continued)

Mr. JIANG Guoqiang, aged 59, was appointed an Executive Director of the Company in January 2002 and was previously appointed a Director and the Chairman of the Company in March 2001. He also acted as the Managing Director of the Company from January 2002 to July 2008 and has been appointed as the Senior Vice President since July 2008. Mr. Jiang graduated from Shanghai Metallurgical Machinery School where he majored in metallurgical machinery. He is an engineer. From 1976 to 1988, Mr. Jiang worked for First Metallurgy Construction Company of the Ministry of Metallurgy. In 1988, he joined Zhongshan Zhongyue Tin-Plate Industrial Company Limited and Shanghai Industrial Co., Ltd. and he became a Director and Deputy General Manager of both companies in 1991. Mr. Jiang was a Director and the General Manager of both companies from 1995 to March 2001. He was a Deputy General Manager of the strategic development department of GDH, the immediate controlling shareholder of the Company, from April 2000 to January 2001.

Mr. LIANG Jiang, aged 59, was appointed an Executive Director of the Company in March 2012. Mr. Liang graduated from South China Normal University, the PRC. He holds a Master's degree in Business Administration. He worked in the municipal governments of Zhanjiang and Foshan in Guangdong Province, the PRC and acted as the Administrative Head of Gaoming County, Secretary of Gaoming County Party Committee and Secretary of Gaoming Municipal Party Committee in Guangdong Province. Mr. Liang was appointed an Executive Director and the Chairman of Guangnan in January 2002. Guangnan is a fellow subsidiary of the Company and a listed company in Hong Kong. He is also an Executive Director of GDH. In February 2009, Mr. Liang was appointed as the Deputy General Manager of Guangdong Holdings. GDH and Guangdong Holdings are the immediate holding company and the ultimate holding company, respectively, of the Company. During the period from October 1997 to March 2000, Mr. Liang acted as the Chairman of Guangdong Real Estate (Holdings) Limited. He was the Chairman of Guangdong Assets Management Limited ("GAM") and the Chairman of Guangdong Alliance Limited ("GAL"). GAM and GAL are subsidiaries of GDH. Mr. Liang ceased to be the Chairman and Director of two subsidiaries of Guangnan, Zhongshan Zhongyue Tinplate Industrial Co., Ltd. and Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd from July 2011.

Mr. LI Wai Keung, aged 54, was appointed a Non-Executive Director of the Company in October 2011 and was then re-designated as an Executive Director of the Company in March 2012. Mr. Li graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia. He is a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li was appointed a Non-Executive Director of GDI in May 2000. He acted as an Executive Director and the Chief Financial Officer of GDI from July 2006 to April 2008 and was thereafter re-designated as a Non-Executive Director of GDI. Mr. Li has been an Executive Director and the Chief Financial Officer of GDH since August 2000 and is currently the Chief Financial Officer of Guangdong Holdings as well. GDI is a fellow subsidiary of the Company and a listed company in Hong Kong. GDH and Guangdong Holdings are the immediate holding company and the ultimate holding company, respectively, of the Company. Prior to joining GDI and GDH, Mr. Li had worked for Henderson Land Development Company Limited (a listed company in Hong Kong) for approximately 20 years. He is also an Independent Non-Executive Director of Shenzhen Investment Limited, Hans Energy Company Limited and China South City Holdings Limited (the above three companies are listed companies in Hong Kong) and a Director of Shenzhen City Airport (Group) Company Limited. Mr. Li has over 34 years of experience in property development, investment and management. He is a member on the Council of the Hong Kong Chinese Orchestra Limited and the Vice Chairman of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association. He was an Independent Non-Executive Director of Hong Long Holdings Limited (a listed company in Hong Kong) for the period from March 2010 to May 2011.

Directors' and Senior Management's Profile (continued)

as at 8 March 2012

Non-Executive Directors

Mr. HUANG Xiaofeng, aged 53, was appointed a Non-Executive Director of the Company in October 2008 and acted as the Chairman of the Company since November 2010. Mr. Huang graduated from South China Normal University, the PRC and holds a Bachelor's degree in History. He also holds a Master's degree in Public Administration from the Sun Yat-Sen University, the PRC. From 1987 to 1999, he worked with the General Office of the Communist Party of China Guangdong Committee in a number of positions. Between 1999 and 2003, Mr. Huang was the Deputy Director General of the General Office of the Communist Party of China Guangzhou Committee and thereafter the Deputy Secretary General of the Communist Party of China Guangzhou Committee. Between 2003 and 2008, Mr. Huang was the Deputy Director General of the General Office of the Guangdong Provincial Government and then the Deputy Secretary General of the Guangdong Provincial Government. Mr. Huang was appointed as a Director and a Deputy General Manager of Guangdong Holdings in April 2008 and was subsequently appointed as an Executive Director and a Deputy General Manager of GDH. Mr. Huang was appointed General Manager of both Guangdong Holdings and GDH in February 2009. He was also appointed as the Chairman of Guangdong Holdings and GDH in September 2010 and October 2010, respectively. Mr. Huang was appointed as a Non-Executive Director of GDI in June 2008 and subsequently appointed as the Chairman and re-designated as an Executive Director of GDI in November 2010. Mr. Huang was also appointed as a Non-Executive Director of Guangnan in October 2008. Guangdong Holdings and GDH are the ultimate holding company and the immediate holding company of the Company, respectively. Both GDI and Guangnan are fellow subsidiaries of the Company and are listed in Hong Kong.

Ms. XU Wenfang, aged 57, was appointed a Non-Executive Director of the Company in November 2010. Ms. Xu is a Senior Economist and holds a Master's degree in Business Administration from International East-West University, USA. Ms. Xu was appointed a Director of GDH in December 2008 and was subsequently appointed a Deputy General Manager of Guangdong Holdings and an Executive Director of GDH in February 2009. She is the Chief Personnel and Appraisal Officer of both Guangdong Holdings and GDH. She ceased to act as the General Manager of the Personnel Department of Guangdong Holdings and the General Manager of the Personnel and Appraisal Department of GDH in June 2011. Ms. Xu was also appointed as a Non-Executive Director of GDI in March 2005. GDI is a fellow subsidiary of the Company and is listed in Hong Kong. Ms. Xu is currently the Chairman of GH Water Supply (Holdings) Limited and Yue Gang Water Supply, both of which are subsidiaries of GDI. Ms. Xu is also a Director of GAM, which is a wholly-owned subsidiary of GDH. She ceased to act as the Director and Chairman of Supertime Development Limited, which is a wholly-owned subsidiary of GDH, in May 2011. Ms. Xu is also a Director of 廣東粵港建設發展有限公司 (Guangdong Yue Gang Construction Development Company Limited) which is a wholly-owned subsidiary of Guangdong Holdings. Guangdong Holdings and GDH are the ultimate holding company and the immediate holding company of the Company, respectively.

Mr. HUANG Zhenhai, aged 49, was appointed a Non-Executive Director of the Company in March 2011. Mr. Huang holds a Bachelor of Science degree from Sun Yat-Sen University, the PRC, and a Ph.D from University of Technology, Sydney, Australia. Mr. Huang held various positions in Guangdong Import & Export Commodity Inspection Bureau and UL International Ltd. He was the General Manager of Guangdong International Certification Technology Co., Ltd. from 1995 to 2003 and was the Director and General Manager of China Certification & Inspection Group from 2003 to 2007. From 2007 to 2010, he acted as the Vice President of the China Certification & Inspection Group which had merged with China Quality Certification Center. He was also engaged as the Vice Director of the Quality Certification Subcommittee of the Science and Technology Committee of the State Administration for Entry-Exit Inspection and Quarantine of the PRC and a committee member of the China National Accreditation Service for Conformity Assessment in 2001 and 2006, respectively. Mr. Huang was appointed as the Deputy General Manager of Guangdong Holdings since November 2010, and an Executive Director of GDH since December 2010. Guangdong Holdings and GDH are the ultimate holding company and the immediate holding company of the Company, respectively.

Directors' and Senior Management's Profile (continued)
as at 8 March 2012

Non-Executive Directors (continued)
Mr. LUO Fanyu, aged 56, was appointed a Non-Executive Director of the Company in October 2003. Mr. Luo graduated from the economics department of Sun Yat-Sen University, the PRC. He joined Guangdong Enterprises (Holdings) Limited ("GDE") in 1987 and was responsible for its legal affairs. He is currently a Director of GDH, the controlling shareholder of the Company, and a Non-Executive Director of Guangnan. Guangnan is a fellow subsidiary of the Company and is a listed company in Hong Kong. Prior to joining GDE, he was a judge and a deputy chief judge of the Economic Court of the People's High Court of Guangdong Province.

Ms. LIANG Jianqin, aged 47, was re-designated a Non-Executive Director of the Company in September 2010 and was previously appointed an Executive Director and the Chief Financial Officer of the Company for the period from April 2006 to September 2010. Ms. Liang graduated from the department of accountancy of Jinan University and holds a Master's degree in Economics. She is a fellow member of The Association of Chartered Certified Accountants, a fellow member of Hong Kong Institute of Certified Public Accountants and a member of The Chinese Institute of Certified Public Accountants. She worked for Ernst and Young from 1995 to 1997 and GDI from 1997 to 2002 and was the General Manager of the finance department of GDH, the immediate controlling shareholder of the Company, from 2002 to 2006. Ms. Liang was appointed the General Manager of finance departments of Guangdong Holdings, the ultimate holding company of the Company and GDH and a Non-Executive Director of Guangnan in September 2010. She also acted as a Non-Executive Director of Guangnan for the period from July 2002 to August 2006. GDI and Guangnan are fellow subsidiaries of the Company and are listed in Hong Kong. She possesses extensive experience in financial management, external and internal audit as well as business management.

Independent Non-Executive Directors
Mr. Alan Howard SMITH JP, aged 68, was appointed an Independent Non-Executive Director of the Company in January 1999. Mr. Smith was Vice Chairman in the Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 to 2001. Prior to joining CSFB, Mr. Smith was the Chief Executive of the Jardine Fleming Group from 1983 to 1994 and was Chairman of the Jardine Fleming Group from 1994 to 1996. Mr. Smith has over twenty-five years' investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited on two occasions. He was a member of the Hong Kong Special Administrative Region Government's Economic Advisory Committee from 1994 to 2001, and was for 10 years a member of the Hong Kong Government's Standing Committee on Company Law Reform. Currently, Mr. Smith is a Director of Global Investment House, KSC (a company listed in Kuwait, Dubai, Bahrain and London), a Director of Noble Group Limited (a company listed in Singapore) and a Director of Asia Credit Hedge Fund (a company listed on the Irish Stock Exchange). Mr. Smith is also a Director of Genting Hong Kong Limited and VXL Capital Limited, both are listed companies in Hong Kong. He has been a Director of CQS Convertible and Quantitative Strategies Feeder Fund Ltd. since 2003, and CQS Asia Feeder Fund Limited since 2007, both of which had been voluntarily delisted from the Irish Stock Exchange in 2009. Apart from the above, he is a Director of LIM Asia Arbitrage Fund Limited (which was listed on the Irish Stock Exchange until 2009) since 2002. He was a Director of The Hong Kong Building and Loan Agency Limited from 2007 to 2009 and a Director of Frasers Property (China) Limited from March 2001 to January 2011, both companies are listed in Hong Kong. He was a Director of Castle Asia Alternative PCC Limited (a listed company in London) from October 2005 to April 2011 and a Director of United International Securities Limited (a listed company in Singapore) from April 1983 to April 2011.

Directors' and Senior Management's Profile (continued)

as at 8 March 2012

Independent Non-Executive Directors (continued)

Mr. Felix FONG Wo BBS, JP, aged 61, was appointed an Independent Non-Executive Director of the Company in January 2007. Mr. Fong was the founding partner of Arculli Fong & Ng (now renamed as King & Wood) and is a consultant of King & Wood. Mr. Fong received his engineering degree in Canada in 1974 and his juris doctor from Osgoode Hall Law School in Toronto in 1978. He has practised law for over thirty-one years, eight of which in Toronto. Mr. Fong is a member of the law societies of Hong Kong, Upper Canada and England, and one of the China-appointed Attesting Officers in Hong Kong appointed by the Ministry of Justice of China. Mr. Fong is a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference and a director of China Overseas Friendship Association. Mr. Fong undertook a number of community and social roles, such as the former Chairman of the Chinese Canadian Association of Hong Kong and the former Chairman of the Liquor Licensing Board, the Chairman of the Advisory Council on Food and Environmental Hygiene, a member of the Hong Kong Town Planning Board and a member of the Hong Kong Film Development Council. He is also a Director of Hong Kong Basic Law Institute Limited. In the area of education, Mr. Fong is a founding member and the first director of the Canadian International School of Hong Kong, and an advisor to the Faculty of Business of University of Victoria in Canada. Mr. Fong is the honorary legal counsels of a number of nonprofit organizations in Hong Kong such as Hong Kong Institute of Professional Photographers Ltd. and The Chinese Manufacturers' Association of Hong Kong. Mr. Fong is an independent non-executive director of a number of listed companies, namely SPG Land (Holdings) Limited, Evergreen International Holdings Limited and China Investment Development Limited (formerly known as Temujin International Investments Limited) whose stocks are listed on the Hong Kong Stock Exchange, and also China Oilfield Services Limited, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Fong is a Justice of Peace and was awarded a Bronze Bauhinia Star by the Government of Hong Kong in recognition of his public service.

Mr. Vincent Marshall LEE Kwan Ho Officer of the Order of the Crown (Belgium), aged 56, was appointed an Independent Non-Executive Director of the Company in March 2009. He has been serving as Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited (a listed company in Hong Kong) since 2000 and is the Chairman of Tung Tai Group of Companies. Mr. Lee has over 28 years of experience in the securities and futures industry and has extensive experience in banking, corporate finance and investment. He worked for Coopers and Lybrand, Los Angeles & Boston from 1978 to 1981; HSBC group, Hong Kong & Vancouver from 1981 to 1990. He undertook a number of public service and community activities. He is at present the Co-Chairman of the Ukraine-China Business Council and Vice-Chairman of Standing Committee of the Hong Kong Association For The Promotion of Peaceful Reunification of China. He has been a member of Brewin Trust Fund Committee and Investment Advisory Board of Correctional Services Children's Education Trust since 2006. He was also a part-time member of Central Policy Unit of the Government of the HKSAR from 2007 to 2008, a member of Academic and Accreditation Advisory Committee of Securities and Futures Commission from 2002 to 2006 and a member of Securities and Futures Appeals Tribunal from 2003 to 2009. He has been a founding member of Canadian International School of Hong Kong Limited since 1990 and acted as its Chairman from 2006 to 2008 and Chairman of the Institute of Securities Dealers Limited from 2005 to Feb 2009. He graduated Magna Cum Laude in Accounting and International Finance from the University of Southern California, USA and received a Master of Economics from the London School of Economics and Political Science at the University of London, UK. He is a Certified Public Accountant in State of California, USA and fellow member of Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors.

Directors' and Senior Management's Profile (continued)

as at 8 March 2012

Senior Management

The senior management of the Group comprises the four Executive Directors above, namely, Mr. YE Xuquan, Mr. JIANG Guoqiang, Mr. LIANG Jiang and Mr. LI Wai Keung, and the Chief Financial Officer of the Company, Mr. ZHOU Tao.

Mr. ZHOU Tao, aged 41, graduated from the faculty of accountancy of Zhongnan University of Economics and Law, and holds a Master's degree in Management. He is an Accountant, Auditor and Economist, and a member of The Chinese Institute of Certified Public Accountants. Mr. Zhou worked in the Personnel and Appraisal Department and Finance Department of GDH (the controlling shareholder of the Company) from 2001 to 2005. He was a director and the chief financial officer of Guangdong (Int'l) Hotel Management Holdings Limited (which is a subsidiary of GDI) from March 2005 to February 2008, a director and the chief financial officer of the production bases of Guangdong Tannery Limited ("GDT") in Xuzhou and also a deputy chief financial officer of GDT from March 2008 to March 2010. Mr. Zhou joined the Company in April 2010 and was appointed as the Chief Financial Officer of the Company in September 2010. GDI and GDT are fellow subsidiaries of the Company and are listed in Hong Kong. He possesses extensive experience in financial management, internal audit as well as management.

Directors' Emoluments

Particulars of the Directors' and senior management's emoluments disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Listing Rules are set out in note 8 to the financial statements.

Directors' Service Contracts

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

Directors' Interests in Contracts of Significance

None of the Directors had a material beneficial interest in any contract of significance to the business of the Group, whether directly or indirectly, to which the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party during the year or as at 31 December 2011.

Directors' Interests in Competing Business

As at 31 December 2011, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, namely, the production, distribution and sale of beer.

Directors' Interests and Short Positions in Securities

As at 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to 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 Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

I. Shares

(i) The Company

Name of director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held
JIANG Guoqiang	Personal	2,616,666	Long position	0.1529%
LUO Fanyu	Personal	86,444	Long position	0.0051%
LIANG Jianqin	Personal	56,222	Long position	0.0033%
Alan Howard SMITH	Personal	317,273	Long position	0.0185%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2011.

(ii) Guangdong Investment Limited

Name of director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held
XU Wenfang	Personal	1,320,000	Long position	0.0212%
LI Wai Keung	Personal	1,340,000	Long position	0.0215%
LIANG Jianqin	Personal	100,000	Long position	0.0016%

Note: The approximate percentage of interests held was calculated on the basis of 6,232,998,071 ordinary shares of Guangdong Investment Limited in issue as at 31 December 2011.

(iii) Guangdong Tannery Limited

Name of director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held
LUO Fanyu	Personal	70,000	Long position	0.0130%

Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 31 December 2011.

Directors' Interests and Short Positions in Securities (continued)

II. Options

(i) Guangdong Investment Limited

Name of director	Date of grant of share options (dd.mm.yyyy)	Number of share options: At date of grant	At 1 January 2011	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2011	Total consideration paid for share options HK$	Exercise price of share options* HK$ (per share)	Price of ordinary share at date immediately before date of grant** HK$ (per share)	Long/ Short position
HUANG Xiaofeng	24.10.2008	5,700,000	5,700,000	–	–	–	5,700,000	–	1.88	1.73	Long position
XU Wenfang	24.10.2008	3,300,000	1,980,000	–	–	–	1,980,000	–	1.88	1.73	Long position
LI Wai Keung#	24.10.2008	3,350,000	2,010,000	–	–	–	2,010,000	–	1.88	1.73	Long position

Mr. LI Wai Keung was appointed a Non-Executive Director of the Company on 3 October 2011 and was re-designated to an Executive Director of the Company on 8 March 2012.

Notes to the above share options granted pursuant to the share option scheme adopted by Guangdong Investment Limited on 24 October 2008:

(a) The option period of all the share options is 5.5 years from the date of grant.

(b) Any share option is only exercisable during the option period after it has become vested.

(c) The normal vesting scale of the share options is as follows:

Date	Percentage Vesting
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

(d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of Guangdong Investment Limited upon grant and stated in the offer of grant.

(e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	Percentage Vesting
On or before the date which is four months after the date of grant	0%
After the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80% The remaining 20% also vests upon passing the overall performance appraisal for those four years

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangdong Investment Limited.

** The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the options were granted.

Directors' Interests and Short Positions in Securities (continued)

II. Options (continued)

(ii) Guangnan (Holdings) Limited

Name of director	Date of grant of share options# (dd.mm.yyyy)	Number of share options: At 1 January 2011	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2011	Total consideration paid for share options HK$	Exercise period of share options (both days inclusive)## (dd.mm.yyyy)	Exercise price of share options* HK$ (per share)	Price of ordinary share at date immediately before date of grant** HK$ (per share)	Long/ Short position
LUO Fanyu	09.03.2006	200,000	–	–	–	200,000	1	09.06.2006 to 08.03.2016	1.66	1.61	Long position

Notes to the above share options granted pursuant to the share option scheme adopted by Guangnan (Holdings) Limited on 11 June 2004:

\# The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with Guangnan (Holdings) Limited or its subsidiaries, whichever is the later.

\## If the last day of the exercise period is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangnan (Holdings) Limited.

** The price of the ordinary shares of Guangnan (Holdings) Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the options were granted.

Save as disclosed above, as at 31 December 2011, to the knowledge of the Company, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

As at 31 December 2011, so far as is known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of securities held	Type of securities	Long/Short position	Approximate percentage of the Company's issued capital
廣東粵海控股有限公司 (Guangdong Holdings Limited) *(Note 1)*	1,263,494,221	Shares	Long position	73.82%
GDH Limited ("GDH") *(Note 1)*	1,263,494,221	Shares	Long position	73.82%
Genesis Asset Managers, LLP *(Note 2)*	136,640,219	Shares	Long position	7.98%
Genesis Fund Managers, LLP *(Note 3)*	133,640,219	Shares	Long position	7.81%

Notes: (1) The shareholding interest of GDH in the Company has increased from approximately 52.45% to approximately 73.82% following completion of the acquisition by GDH of the shares of the Company disposed by Heineken-APB (China) Pte Ltd on 5 May 2011. Please refer to the announcements of the Company dated 11 March 2011, 4 April 2011 and 5 May 2011 for details. The attributable interest which 廣東粵海控股有限公司 (Guangdong Holdings Limited) has in the Company is held through its wholly-owned subsidiary, namely GDH.

(2) The shares held by Genesis Asset Managers, LLP were held in the capacity of investment manager.

(3) The shares held by Genesis Fund Managers, LLP were held in the capacity of investment manager.

Save as disclosed above, as at 31 December 2011, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

Connected and Related Party Transactions

Details of the connected and related party transactions disclosed in compliance with the disclosure requirements in accordance with Chapter 14A of the Listing Rules are set out in note 35 to the financial statements.

Purchase, Sale and Redemption of Listed Securities

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

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

Public Float

As at the date of this Report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

The Company has entered into a facility letter ("Facility Letter") with a bank for an uncommitted general banking facility ("Facility") for up to HK$100,000,000. The Facility itself does not have a fixed term and the principal and interest of each drawing under the Facility are to be repaid at the end of its interest period which may be either one, two, three or six months.

The Facility Letter imposed a specific performance obligation on GDH, in which GDH shall at all times to own directly or indirectly at least 51% of the issued share capital of the Company and to have the overall control and management of the Company. While the Facility does not have any express event of default provision, the Facility is subject to the bank's overriding right to, inter alia, demand immediate repayment of all outstanding balances under the Facility without prior notice. It follows that any breach of the above undertaking may result in the bank exercising its aforesaid right to demand immediate repayment.

As at 31 December 2011, GDH held 73.82% of the issued share capital of the Company and there was no outstanding bank loan repayable to the bank.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year.

Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 8 March 2012

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Notice of meeting for one of the regular board meetings held in 2011 was less than 14 days in order to accommodate the schedules of the directors so that all the directors could participate in the board meeting. Full board of directors were present at that board meeting as a result.

Save as disclosed above, in the opinion of the directors of the Company (the "Directors"), the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2011 and, where appropriate, the applicable recommended best practices of the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year.

Board of Directors

As of the date of this report, the Board comprises four Executive Directors, being Mr. YE Xuquan, Mr. JIANG Guoqiang, Mr. LIANG Jiang and Mr. LI Wai Keung, five Non-Executive Directors, being Mr. HUANG Xiaofeng, Ms. XU Wenfang, Mr. HUANG Zhenhai, Mr. LUO Fanyu and Ms. LIANG Jianqin, and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Management is delegated with the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the Management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations.

Board of Directors (continued)

During the financial year ended 31 December 2011, the Board had four scheduled meetings at approximately quarterly intervals. The attendances of the Directors at the Board meetings are as follows:

Directors	**Number of Attendance**
HUANG Xiaofeng	4/4
YE Xuquan	4/4
JIANG Guoqiang	4/4
LIANG Jiang *(appointed on 8 March 2012)*	N/A
LI Wai Keung *(appointed as a non-executive director on 3 October 2011 and re-designated to an executive director on 8 March 2012)*	1/1
XU Wenfang	4/4
HUANG Zhenhai *(appointed on 15 March 2011)*	4/4
LUO Fanyu	4/4
LIANG Jianqin	4/4
Alan Howard SMITH	4/4
Felix FONG Wo	4/4
Vincent Marshall LEE Kwan Ho	4/4
Michael WU *(resigned on 15 March 2011)*	N/A
Roland PIRMEZ *(resigned on 5 May 2011)*	1/1
KOH Poh Tiong *(resigned on 5 May 2011)*	1/1
Sijbe HIEMSTRA *(resigned on 5 May 2011)*	0/1

The Company has received written confirmation from each of the Independent Non-Executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent within the definition of the Listing Rules.

Mr. Alan Howard SMITH will stand for re-election at the forthcoming annual general meeting of the Company. While he has served the Board for more than 9 years, he has clearly demonstrated his willingness to exercise independent judgement and to provide objective challenges to management. There is no evidence that length of tenure has had any adverse impact on his independence. The Board therefore considers that he remains independent.

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced board composition also ensures that strong independence exists across the Board. The biographies of the Directors are set out in pages 12 to 16 to the annual report, which demonstrate a diversity of skills, expertise, experience and qualifications.

Chairman and Chief Executive Officer

The Chairman of the Board is Mr. HUANG Xiaofeng and the Chief Executive Officer is Mr. YE Xuquan. Their roles are clearly defined and segregated to ensure independence and proper checks and balances. Mr. Huang as the Chairman of the Board, with his strategic vision and with a non-executive perspective, provides leadership to the Board and gives direction in the development of the Company, which is of added benefit to the check and balance mechanism of the Company. Mr. Ye as the Chief Executive Officer focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

Non-executive Directors

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after their appointment and shall then be eligible for re-election. Moreover, each Non-Executive Director of the Company will hold office for a specific term expiring on the earlier of either (i) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director or (ii) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Bye-laws of the Company and/or applicable laws and regulations.

Remuneration Committee

The Company established the Remuneration Committee in 2005. Details of the authority and duties of the Remuneration Committee are available on the Company's website.

The Remuneration Committee comprises three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Alan Howard SMITH and Mr. Vincent Marshall LEE Kwan Ho. Mr. Felix FONG Wo is the chairman of the Remuneration Committee.

During the financial year ended 31 December 2011, the Remuneration Committee held two meetings. It considered and approved (i) the distribution of the 2010 variable bonus and long term incentive granted in 2008 to Mr. YE Xuquan; (ii) 2010 performance bonus for Mr. JIANG Guoqiang, Mr. ZHOU Tao and Ms. LIANG Jianqin; and (iii) 2011 remuneration proposals for Mr. YE Xuquan, Mr. JIANG Guoqiang and Mr. ZHOU Tao. The attendance of each member of the Remuneration Committee is set out as follows:

Directors	**Number of Attendance**
Felix FONG Wo *(appointed as the chairman of the Remuneration Committee on 5 May 2011)*	2/2
Alan Howard SMITH	2/2
Vincent Marshall LEE Kwan Ho	2/2
Roland PIRMEZ *(resigned on 5 May 2011)*	1/1

Details of the amount of the Directors' emoluments for the year 2011 are set out in note 8 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in March 2012. The Nomination Committee is responsible for identifying suitable and qualified individuals to become Board member and make recommendation on appointment and reappointment of Directors. The Board is responsible for considering and approving the appointment of Directors with a view to appointing to the Board suitable individuals with the relevant expertise and experience to enhance the constitution of a strong and diverse Board and to contribute to the functioning of the Board through their continuous participation. Prior to that, the nomination and appointment of directors are directly considered and approved by the Board.

The nomination and appointment of Mr. HUANG Zhenhai and Mr. LI Wai Keung as the Non-Executive Directors were considered and approved by the Board on 15 March 2011 and 3 October 2011, respectively. The re-designation of Mr. LI Wai Keung to Executive Director and the nomination and appointment of Mr. LIANG Jiang as the Executive Director were considered and approved by the Board on 8 March 2012.

The Nomination Committee comprises the Chairman of the Board, Mr. HUANG Xiaofeng, and three Independent Non-Executive Directors, Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho. Mr. HUANG Xiaofeng is the chairman of the Nomination Committee.

Details of the authority and duties of the Nomination Committee are available on the Company's website.

Auditors' Remuneration

During the year under review, the remuneration paid to the Company's auditors, Ernst & Young, is set out as follows:

Services rendered	**Fee paid/payable** *HK$'000*
Audit of Final Results	2,640
Review of Interim Results	570
Taxation compliance services	16
Agreed-upon procedures in respect of continuing connected transactions	75
	3,301

Audit Committee

The Audit Committee of the Company was established in 1998. Details of the authority and duties of the Audit Committee are available on the Company's website.

The Audit Committee comprises three Independent Non-Executive Directors, being Mr. Vincent Marshall LEE Kwan Ho, Mr. Alan Howard SMITH and Mr. Felix FONG Wo. Mr. Vincent Marshall LEE Kwan Ho is the chairman of the Audit Committee.

During the financial year ended 31 December 2011, the Audit Committee held two meetings. It reviewed the 2010 annual results and the 2011 interim results of the Company and its subsidiaries before their submission to the Board and monitored the integrity of such financial statements. The Audit Committee oversees matters concerning the external auditors including making recommendations to the Board regarding the appointment of the external auditors, reviewing the scope of their audit and approving their fees. In addition to its two meetings as aforesaid, the Audit Committee has also a private meeting with the external auditors at least once every year without the presence of the management to discuss any area of concern. The Audit Committee maintains an overview of the Group's risk assessment, control and management processes. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. The attendance of each member of the Audit Committee is set out as follows:

Directors	Number of Attendance
Vincent Marshall LEE Kwan Ho	2/2
Alan Howard SMITH	2/2
Felix FONG Wo	2/2

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2011, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2011, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of 3 months and 2 months respectively after the end of the relevant periods in accordance with the Listing Rules.

Internal Control

The Board is responsible for the Group's system of internal controls and its effectiveness. Such a system is designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to executive management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. However, such system aims at limiting the risks of the Company to an acceptable level but not at eliminating all the risks. Hence, such system can only provide reasonable assurance that there will not be any error in financial information and record, and there will not be any material fraud.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of internal controls when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risk faced and designing, operating and monitoring suitable internal controls to mitigate and control theses risks. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

A distinct organization structure is maintained with defined lines of authorities and proper segregation of duties, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, internal control and risk management systems of the Group and any significant internal control issues identified by the Internal Audit Department, external auditors and management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the Internal Audit Departments. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budgets.

The Internal Audit Department monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's internal control framework, and provides objective assurance to the Board that a sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic checking. The Internal Audit Department plans its internal audit schedules annually with audit resources being focused on higher risk areas and issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report and accounts is reasonable effective and adequate.

On behalf of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 8 March 2012

ERNST & YOUNG
安 永

To the shareholders of Kingway Brewery Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Kingway Brewery Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 88, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

8 March 2012

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	5	**1,758,087**	1,631,886
Cost of sales		**(1,443,193)**	(1,276,418)
Gross profit		**314,894**	355,468
Other income and gains	5	**108,489**	75,656
Selling and distribution expenses		**(229,599)**	(253,351)
Administrative expenses		**(150,501)**	(134,777)
Finance costs	6	**(1,006)**	(607)
PROFIT BEFORE TAX	7	**42,277**	42,389
Income tax expense	10	**(7,512)**	(6,117)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	**34,765**	36,272
EARNINGS PER SHARE	13		
Basic		**2.0 HK cents**	2.1 HK cents
Diluted		**N/A**	N/A

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	2011 **HK$'000**	2010 HK$'000
PROFIT FOR THE YEAR	**34,765**	36,272
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**117,062**	87,019
Other comprehensive income for the year	**117,062**	87,019
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**151,827**	123,291

Consolidated Balance Sheet

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**2,751,334**	2,718,645
Investment properties	15	**39,965**	37,371
Prepaid land lease payments	16	**254,899**	249,151
Goodwill	17	**9,384**	9,384
Reusable packaging materials		**7,630**	9,061
Deferred tax assets	28	**5,209**	5,130
Total non-current assets		**3,068,421**	3,028,742
CURRENT ASSETS			
Inventories	19	**297,282**	305,789
Trade and bills receivables	20	**16,279**	14,676
Prepayments, deposits and other receivables	21	**28,143**	32,553
Tax recoverable		**—**	1,469
Pledged bank balances	22	**7,401**	7,051
Cash and cash equivalents	22	**291,889**	183,733
Total current assets		**640,994**	545,271
CURRENT LIABILITIES			
Trade and bills payables	23	**(117,725)**	(98,767)
Deferred revenue	24	**(75,930)**	(84,930)
Tax payable		**(2,653)**	(1,144)
Other payables and accruals	25	**(329,076)**	(329,852)
VAT payable		**(4,766)**	(901)
Due to the immediate holding company	26	**(239)**	(209)
Due to fellow subsidiaries	27	**(32,851)**	(46,659)
Total current liabilities		**(563,240)**	(562,462)
NET CURRENT ASSETS/(LIABILITIES)		**77,754**	(17,191)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,146,175**	3,011,551

	Notes	2011 HK$'000	2010 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,146,175**	3,011,551
NON-CURRENT LIABILITIES			
Deferred tax liabilities	28	**(7,725)**	(7,813)
Net assets		**3,138,450**	3,003,738
EQUITY			
Issued capital	29	**171,154**	171,154
Reserves	31(a)	**2,950,181**	2,815,469
Proposed final dividend	12	**17,115**	17,115
Total equity		**3,138,450**	3,003,738

YE Xuquan
Director

JIANG Guoqiang
Director

	Issued capital HK$'000 (Note 29)	Share premium account* HK$'000 (Note 31(a))	Capital reserve* HK$'000 (Note 31(a))	Property revaluation reserve* HK$'000	Enterprise development funds* HK$'000 (Note 31(a))	Reserve funds* HK$'000 (Note 31(a))	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Proposed final dividend HK$'000	Total equity HK$'000
At 1 January 2010	171,154	1,688,606	13,824	10,377	216	78,866	445,683	471,721	—	2,880,447
Profit for the year	—	—	—	—	—	—	—	36,272	—	36,272
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	87,019	—	—	87,019
Total comprehensive income for the year	—	—	—	—	—	—	87,019	36,272	—	123,291
Proposed final 2010 dividend	—	—	—	—	—	—	—	(17,115)	17,115	—
At 31 December 2010	171,154	1,688,606*	13,824*	10,377*	216*	78,866*	532,702*	490,878*	17,115	3,003,738

	Issued capital HK$'000 (Note 29)	**Share premium account* HK$'000 (Note 31(a))**	**Capital reserve* HK$'000 (Note 31(a))**	**Property revaluation reserve* HK$'000**	**Enterprise development funds* HK$'000 (Note 31(a))**	**Reserve funds* HK$'000 (Note 31(a))**	**Exchange fluctuation reserve* HK$'000**	**Retained profits* HK$'000**	**Proposed final dividend HK$'000**	**Total equity HK$'000**
At 1 January 2011	**171,154**	**1,688,606**	**13,824**	**10,377**	**216**	**78,866**	**532,702**	**490,878**	**17,115**	**3,003,738**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**34,765**	**—**	**34,765**
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**—**	**—**	**117,062**	**—**	**—**	**117,062**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**117,062**	**34,765**	**—**	**151,827**
Final 2010 dividend declared	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(17,115)**	**(17,115)**
Proposed final 2011 dividend *(note 12)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(17,115)**	**17,115**	**—**
At 31 December 2011	**171,154**	**1,688,606***	**13,824***	**10,377***	**216***	**78,866***	**649,764***	**508,528***	**17,115**	**3,138,450**

* These reserve accounts comprise the consolidated reserves of HK$2,950,181,000 (2010: HK$2,815,469,000) in the consolidated balance sheet.

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**42,277**	42,389
Adjustments for:			
Finance costs	6	**1,006**	607
Interest income	5	**(6,979)**	(4,079)
Fair value gains on investment properties	5	**(1,369)**	(1,421)
Depreciation	7	**159,882**	154,714
Recognition of prepaid land lease payments	7	**6,378**	6,123
Amortisation of reusable packaging materials	7	**5,470**	14,488
Loss/(gain) on disposal of items of property, plant and equipment	7	**171**	(795)
		206,836	212,026
Decrease/(increase) in inventories		**23,082**	(107,777)
Decrease/(increase) in trade and bills receivables		**(1,124)**	4,146
Decrease in prepayments, deposits and other receivables		**7,286**	2,417
Increase in trade and bills payables		**13,749**	5,896
Decrease in other payables and accruals		**(45,594)**	(26,587)
Decrease in deferred revenue		**(12,914)**	(18,631)
Increase/(decrease) in VAT payable		**3,734**	(404)
Increase in an amount due to the immediate holding company		**30**	112
Increase/(decrease) in amounts due to fellow subsidiaries		**(13,808)**	30,640
Cash generated from operations		**181,277**	101,838
Interest received		**6,979**	4,079
Interest paid		**(1,006)**	(607)
Hong Kong profits tax paid		**—**	(2,854)
PRC corporate income tax paid		**(6,308)**	(3,719)
Net cash flows from operating activities		**180,942**	98,737

	Note	**2011** ***HK$'000***	2010 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(63,749)**	(38,734)
Purchases of reusable packaging materials		**(3,632)**	(5,352)
Proceeds from disposal of items of property, plant and equipment		**2,923**	323
Increase in time deposits with original maturity of more than three months when acquired		**(7,401)**	—
Net cash flows used in investing activities		**(71,859)**	(43,763)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**100,000**	—
Repayments of bank loans		**(100,000)**	(135,000)
Dividend paid		**(17,115)**	—
Net cash flows used in financing activities		**(17,115)**	(135,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**91,968**	(80,026)
Cash and cash equivalents at beginning of year		**190,784**	263,994
Effect of foreign exchange rate changes, net		**9,137**	6,816
CASH AND CASH EQUIVALENTS AT END OF YEAR		**291,889**	190,784
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**273,052**	156,736
Non-pledged time deposits with original maturity of less than three months when acquired	*22*	**18,837**	26,997
Cash and cash equivalents as stated in the consolidated balance sheet		**291,889**	183,733
Time deposits with original maturity of less than three months when acquired, pledged for banking facilities		**—**	7,051
Cash and cash equivalents as stated in the consolidated statement of cash flows		**291,889**	190,784

Balance Sheet

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	18	**2,131,596**	2,215,608
CURRENT ASSETS			
Due from a subsidiary	18	**—**	6
Prepayments, deposits and other receivables	21	**151**	150
Cash and cash equivalents	22	**85,634**	4,445
Total current assets		**85,785**	4,601
CURRENT LIABILITIES			
Due to subsidiaries	18	**(26,878)**	(36,406)
Other payables and accruals	25	**(6,916)**	(9,956)
Due to the immediate holding company	26	**(239)**	(209)
Total current liabilities		**(34,033)**	(46,571)
NET CURRENT ASSETS/(LIABILITIES)		**51,752**	(41,970)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,183,348**	2,173,638
NON-CURRENT LIABILITIES			
Due to subsidiaries	18	**—**	(18,846)
Net assets		**2,183,348**	2,154,792
EQUITY			
Issued capital	29	**171,154**	171,154
Reserves	31(b)	**1,995,079**	1,966,523
Proposed final dividend	12	**17,115**	17,115
Total equity		**2,183,348**	2,154,792

YE Xuquan
Director

JIANG Guoqiang
Director

1. Corporate Information

Kingway Brewery Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Office A1, 19th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

During the year, the Group was principally involved in the production, distribution and sale of beer.

GDH Limited ("GDH") is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is Guangdong Holdings Limited (廣東粵海控股有限公司), a company established in the People's Republic of China (the "PRC").

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 35 to the consolidated financial statements.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

2.2 Changes in Accounting Policy and Disclosures (continued)

(b) (continued)

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 9	*Financial Instruments*[5]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (continued)

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, investment properties, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 Summary of Significant Accounting Policies (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% – 20%
Plant, machinery and equipment	4.5% – 20%
Furniture and fixtures	18% – 20%
Motor vehicles	18% – 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

Construction in progress represents buildings, plant, machinery and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including leasehold interest under an operating lease for a property which otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Reusable packaging materials

Reusable packaging materials currently in use are stated at cost less impairment losses and are amortised on the straight-line basis over their estimated useful life of four years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and bills receivables, deposits and other receivables.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses for receivables.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and certain accruals, and amounts due to the immediate holding company and fellow subsidiaries.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents, which comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

2.4 Summary of Significant Accounting Policies (continued)

Government grants (continued)

Where the Group receives a non-monetary grant, the asset and the grant are recorded at the fair value of the non-monetary asset and released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) income from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) rental income, on a time proportion basis over the lease terms.

Employee benefits

Retirement benefit schemes

The Company and certain of its subsidiaries operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's certain subsidiaries which operate in Mainland China are required to participate in a local pension scheme (the "LPS") operated by the local municipal government. These subsidiaries are required to contribute 26% to 45% of their payroll costs to the LPS. The contributions under the LPS are charged to the income statement as they become payable in accordance with the rules of the LPS.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binominal model, taking into account the terms and conditions upon which the instruments were granted.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Share-based payment transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movements in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of subsidiaries not operating in Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries not operating in Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries not operating in Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2011 was HK$9,384,000 (2010: HK$9,384,000). Further details are contained in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional or less depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at each financial year end date based on changes in circumstances.

Useful lives of reusable packaging materials

In determining the estimated useful lives and related amortisation expenses for its reusable packaging materials, the Group has to consider various factors, such as the expected usage of the asset, the expected physical wear and tear, and the experience of the Group with similar assets that are used in the similar way. Additional or less amortisation is made if the estimated useful lives are different from previous estimation. Useful lives are reviewed at each financial year end date based on changes in circumstances.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market price less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets have been recognised for recognised tax losses as at 31 December 2010 and 2011. The amount of unrecognised tax losses at 31 December 2011 was HK$391,908,000 (2010: HK$339,469,000). Further details are contained in note 28 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment allowances on loans and receivables

The Group regularly reviews its portfolio of trade and other receivables to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Group considers whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivable balance in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs from previous calculation, the provision estimated would be changed.

4. Operating Segment Information

For management purpose, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the Mainland China segment engages in the production, distribution and sale of beer in Mainland China;

(b) the Overseas and Hong Kong segment engages in the distribution and sale of beer in overseas and Hong Kong; and

(c) the Corporate segment engages in providing corporate services to the Mainland China segment and the Overseas and Hong Kong segment.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged bank balances and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment transactions mainly represent the sales of beer by the Mainland China segment to the Overseas and Hong Kong segment which were made on the bases determined within the Group.

4. Operating Segment Information (continued)

Group

	Mainland China		Overseas and Hong Kong		Corporate		Eliminations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**1,673,475**	1,560,166	**84,612**	71,720	**—**	—	**—**	—	**1,758,087**	1,631,886
Intersegment sales	**53,873**	41,548	**—**	—	**—**	—	**(53,873)**	(41,548)	**—**	—
Other income and gains	**71,292**	58,389	**337**	1	**29,881**	13,187	**—**	—	**101,510**	71,577
Total	**1,798,640**	1,660,103	**84,949**	71,721	**29,881**	13,187	**(53,873)**	(41,548)	**1,859,597**	1,703,463
Segment results	**2,864**	24,074	**17,382**	14,236	**16,058**	607	**—**	—	**36,304**	38,917
Interest income									**6,979**	4,079
Finance costs									**(1,006)**	(607)
Profit before tax									**42,277**	42,389
Income tax expense									**(7,512)**	(6,117)
Profit for the year									**34,765**	36,272

The revenue information above is based on the location of the customers.

	Mainland China		Overseas and Hong Kong		Corporate		Eliminations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Assets and liabilities:										
Segment assets	**3,396,730**	3,369,965	**8,035**	7,984	**151**	150	**—**	—	**3,404,916**	3,378,099
Unallocated assets									**304,499**	195,914
Total assets									**3,709,415**	3,574,013
Segment liabilities	**548,148**	540,487	**5,171**	8,254	**7,268**	12,577	**—**	—	**560,587**	561,318
Unallocated liabilities									**10,378**	8,957
Total liabilities									**570,965**	570,275
Other segment information:										
Depreciation and amortisation	**171,707**	175,300	**23**	25	**—**	—	**—**	—	**171,730**	175,325
Fair value gains on investment properties	**(1,369)**	(1,421)	**—**	—	**—**	—	**—**	—	**(1,369)**	(1,421)
Capital expenditure*	**67,371**	36,774	**10**	22	**—**	—	**—**	—	**67,381**	36,796
Non-current assets**	**3,053,789**	3,014,176	**39**	52	**9,384**	9,384	**—**	—	**3,063,212**	3,023,612

* Capital expenditure consists of additions to property, plant and equipment and reusable packaging materials.

** The non-current asset information above is based on the location of assets and excluded deferred tax assets.

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after trade discounts, allowances for returns, value-added tax and consumption tax, and elimination of all significant intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Revenue		
Invoiced value of goods sold (net of trade discounts, allowances for returns and value-added tax)	**2,039,015**	1,857,576
Beer consumption tax	**(280,928)**	(225,690)
Sale of goods	**1,758,087**	1,631,886
Other income		
Gains on sale of scrap materials	**49,203**	42,134
Government grant	**7,924**	6,167
Bank interest income	**6,979**	4,079
Gross rental income	**5,136**	4,482
Others	**7,997**	4,188
	77,239	61,050
Gains		
Fair value gains on investment properties	**1,369**	1,421
Foreign exchange gains, net	**29,881**	13,185
	31,250	14,606
	108,489	75,656

6. Finance Costs

	Group	
	2011 ***HK$'000***	2010 *HK$'000*
Interest on bank loans wholly repayable within five years	**1,006**	607

7. Profit Before Tax

This is arrived at after charging/(crediting):

	Notes	2011 HK$'000	2010 HK$'000
Cost of inventories sold		**1,443,193**	1,276,418
Depreciation#	14	**159,882**	154,714
Recognition of prepaid land lease payments	16	**6,378**	6,123
Amortisation of reusable packaging materials#		**5,470**	14,488
Loss/(gain) on disposal of items of property, plant and equipment		**171**	(795)
Minimum lease payments under operating leases in respect of land and buildings		**1,168**	1,195
Auditors' remuneration		**3,210**	2,738
Employee benefit expense (excluding directors' remuneration — note 8)#:			
Wages and salaries		**193,772**	179,312
Pension scheme contributions		**32,347**	28,933
Less: Forfeited contributions		**(1)**	(6)
Net pension scheme contributions*		**32,346**	28,927
		226,118	208,239
Net rental income**		**(5,136)**	(4,482)
Impairment/(reversal of impairment) of trade receivables, net	20	**(4)**	421

The depreciation, amortisation of reusable packaging materials and employee benefit expense for the year of HK$141,669,000 (2010: HK$136,148,000), HK$5,470,000 (2010: HK$14,488,000) and HK$110,868,000 (2010: HK$101,075,000), respectively, are included in the cost of inventories sold as disclosed above.

* At 31 December 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: Nil).

** Net rental income includes net rental income on investment properties amounting to HK$4,841,000 (2010: HK$4,164,000).

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Fees:		
Independent non-executive directors	**967**	940
Non-executive directors	**—**	—
Executive directors	**39**	54
	1,006	994
Other emoluments:		
Salaries, allowances and benefits in kind	**2,830**	3,249
Performance related bonuses	**2,979**	1,932
Pension scheme contributions	**707**	790
	6,516	5,971
	7,522	6,965

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2011	2010
	HK$'000	*HK$'000*
Alan Howard Smith	**300**	300
Fong Wo, Felix	**327**	300
Vincent Marshall Lee Kwan Ho	**340**	340
	967	940

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

8. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2011					
Executive directors:					
Ye Xuquan	—	2,000	1,780	400	4,180
Jiang Guoqiang	39	830	743	307	1,919
	39	2,830	2,523	707	6,099
Non-executive directors:					
Huang Xiaofeng	—	—	—	—	—
Xu Wenfang	—	—	—	—	—
Huang Zhenhai *(note a)*	—	—	—	—	—
Li Wai Keung *(note b)*	—	—	—	—	—
Luo Fanyu	—	—	—	—	—
Liang Jianqin	—	—	456	—	456
Michael Wu *(note c)*	—	—	—	—	—
Roland Pirmez *(note d)*	—	—	—	—	—
Koh Poh Tiong *(note d)*	—	—	—	—	—
Sijbe Hiemstra *(note d)*	—	—	—	—	—
	—	—	456	—	456
	39	2,830	2,979	707	6,555

Notes:

(a) Huang Zhenhai was appointed as a non-executive director of the Company with effective from 15 March 2011.

(b) Li Wai Keung was appointed as a non-executive director of the Company with effective from 3 October 2011.

(c) Michael Wu resigned as a non-executive director of the Company with effective from 15 March 2011.

(d) Roland Pirmez, Koh Poh Tiong and Sijbe Hiemstra resigned as non-executive directors of the Company with effective from 5 May 2011.

8. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2010					
Executive directors:					
Ye Xuquan	—	2,000	1,932	400	4,332
Jiang Guoqiang	35	830	—	275	1,140
Liang Jianqin *(note a)*	19	419	—	115	553
	54	3,249	1,932	790	6,025
Non-executive directors:					
Huang Xiaofeng	—	—	—	—	—
Xu Wenfang	—	—	—	—	—
Luo Fanyu	—	—	—	—	—
Liang Jianqin *(note a)*	—	—	—	—	—
Michael Wu	—	—	—	—	—
Roland Pirmez	—	—	—	—	—
Koh Poh Tiong	—	—	—	—	—
Sijbe Hiemstra	—	—	—	—	—
Li Wenyue *(note b)*	—	—	—	—	—
	—	—	—	—	—
	54	3,249	1,932	790	6,025

Notes:

(a) Liang Jianqin was re-designated as a non-executive director of the Company with effective from 1 September 2010.

(b) Li Wenyue resigned as a non-executive director of the Company with effective from 3 November 2010.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2010: two) directors, details of whose remuneration are set out in note 8 above. The details of the remuneration of the remaining three (2010: three) non-director, highest paid employees for the year are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,902**	1,558
Performance related bonuses	**2,025**	1,602
Pension scheme contributions	**30**	30
	3,957	3,190

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2011	2010
Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**1**	—
	3	3

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

Kingway Brewery (Shan Tou) Co., Ltd. ("Kingway Shantou") and Kingway Brewery (Foshan) Co., Ltd. ("Kingway Foshan") were entitled to a 50% tax relief for the years ended 31 December 2010 and 2011.

Kingway Brewery (Dongguan) Co., Ltd. ("Kingway Dongguan") did not generate any assessable profits for the year ended 31 December 2011 and was not subject to PRC corporate income tax ("CIT"). For the year ended 31 December 2010, Kingway Dongguan was entitled to a 50% tax relief.

Kingway Brewery Group (Chengdu) Co., Ltd. ("Kingway Chengdu") was entitled to a 50% tax relief for the year ended 31 December 2011. For the year ended 31 December 2010, Kingway Chengdu was exempted from CIT.

10. Income Tax (continued)

Kingway Brewery (Tianjin) Co., Ltd. ("Kingway Tianjin") and Kingway Brewery (Xian) Co., Ltd. ("Kingway Xian") have not generated any accumulated assessable profits since their establishment. Pursuant to the PRC Corporate Income Tax Law approved by the National People's Congress on 16 March 2007, these companies were entitled to full tax exemption from CIT for two years commencing from 1 January 2008, followed by a 50% reduction in CIT rate for the next three years.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current:		
Hong Kong:		
Charge for the year	**1,562**	1,389
Under provision in prior years	**266**	—
Mainland China:		
Charge for the year	**5,735**	4,732
Under provision in prior years	**80**	148
Deferred *(note 28)*	**(131)**	(152)
Total tax charge for the year	**7,512**	6,117

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

Group – 2011

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Profit before tax	**24,730**	**17,547**	**42,277**
Tax at the statutory tax rates	**4,080**	**4,387**	**8,467**
Lower tax rates for specific provinces or enacted by local authorities	**—**	**(6,677)**	**(6,677)**
Adjustments in respect of current tax of previous periods	**266**	**80**	**346**
Income not subject to tax	**(5,307)**	**(3,643)**	**(8,950)**
Expenses not deductible for tax	**635**	**1,376**	**2,011**
Tax losses utilised	**—**	**(2,007)**	**(2,007)**
Tax losses not recognised	**2,154**	**12,168**	**14,322**
Tax charge at the Group's effective rate	**1,828**	**5,684**	**7,512**

10. Income Tax (continued)

Group – 2010

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Profit before tax	11,280	31,109	42,389
Tax at the statutory tax rates	1,861	7,777	9,638
Lower tax rates for specific provinces or enacted by local authorities	—	(8,373)	(8,373)
Adjustments in respect of current tax of previous periods	—	148	148
Income not subject to tax	(3,069)	(621)	(3,690)
Expenses not deductible for tax	164	315	479
Tax losses utilised	—	(3,415)	(3,415)
Tax losses not recognised	2,433	8,897	11,330
Tax charge at the Group's effective rate	1,389	4,728	6,117

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 December 2011 includes a profit of HK$45,671,000 (2010: loss of HK$3,851,000) which has been dealt with in the financial statements of the Company (note 31(b)).

12. Dividend

	2011 ***HK$'000***	2010 *HK$'000*
Proposed final – HK1 cent (2010: HK1 cent) per ordinary share	**17,115**	17,115

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. Earnings Per Share

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$34,765,000 (2010: HK$36,272,000), and the weighted average number of ordinary shares in issue of 1,711,536,850 (2010: 1,711,536,850) during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2011 and 2010.

14. Property, Plant and Equipment

Group – 2011

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 31 December 2010 and at 1 January 2011:							
Cost		1,438,339	3,029,077	896	32,286	26,794	4,527,392
Accumulated depreciation		(383,272)	(1,399,528)	(896)	(25,051)	—	(1,808,747)
Net carrying amount		1,055,067	1,629,549	—	7,235	26,794	2,718,645
At 1 January 2011, net of accumulated depreciation		1,055,067	1,629,549	—	7,235	26,794	2,718,645
Additions		2,658	9,704	6	487	50,894	63,749
Disposals/write-off		—	(3,023)	—	(71)	—	(3,094)
Depreciation	7	(39,373)	(118,892)	(3)	(1,614)	—	(159,882)
Transfers		(7,923)	14,127	—	—	(6,204)	—
Exchange realignment		51,413	77,809	—	331	2,363	131,916
At 31 December 2011, net of accumulated depreciation		1,061,842	1,609,274	3	6,368	73,847	2,751,334
At 31 December 2011:							
Cost		1,484,958	3,216,457	902	33,664	73,847	4,809,828
Accumulated depreciation		(423,116)	(1,607,183)	(899)	(27,296)	—	(2,058,494)
Net carrying amount		1,061,842	1,609,274	3	6,368	73,847	2,751,334

14. Property, Plant and Equipment (continued)

Group – 2010

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2010:							
Cost		1,388,220	2,921,449	896	30,622	7,518	4,348,705
Accumulated depreciation		(333,710)	(1,244,051)	(896)	(22,125)	—	(1,600,782)
Net carrying amount		1,054,510	1,677,398	—	8,497	7,518	2,747,923
At 1 January 2010, net of accumulated depreciation		1,054,510	1,677,398	—	8,497	7,518	2,747,923
Additions		2,670	10,416	—	904	20,854	34,844
Disposals/write-off		(659)	(876)	—	(36)	—	(1,571)
Depreciation	7	(37,462)	(114,863)	—	(2,389)	—	(154,714)
Transfers		105	2,183	—	—	(2,288)	—
Exchange realignment		35,903	55,291	—	259	710	92,163
At 31 December 2010, net of accumulated depreciation		1,055,067	1,629,549	—	7,235	26,794	2,718,645
At 31 December 2010:							
Cost		1,438,339	3,029,077	896	32,286	26,794	4,527,392
Accumulated depreciation		(383,272)	(1,399,528)	(896)	(25,051)	—	(1,808,747)
Net carrying amount		1,055,067	1,629,549	—	7,235	26,794	2,718,645

15. Investment Properties

	Group	
	2011	2010
	HK$'000	*HK$'000*
Carrying amount at 1 January	**37,371**	35,120
Fair value gains on investment properties *(note 5)*	**1,369**	1,421
Exchange realignment	**1,225**	830
Carrying amount at 31 December	**39,965**	37,371

The Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties were revalued at 31 December 2011 by RHL Appraisal Ltd., independent professionally qualified valuers, at HK$39,965,000 on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 33(a) to the financial statements.

16. Prepaid Land Lease Payments

	Group	
	2011	2010
	HK$'000	*HK$'000*
Carrying amount at 1 January	**255,274**	256,216
Transfer to property, plant and equipment	**—**	(3,399)
Recognised during the year *(note 7)*	**(6,378)**	(6,123)
Exchange realignment	**12,381**	8,580
Carrying amount at 31 December	**261,277**	255,274
Current portion included in prepayments, deposits and other receivables	**(6,378)**	(6,123)
Non-current portion	**254,899**	249,151

The Group's leasehold land is held under medium term leases and is situated in Mainland China.

17. Goodwill

Group

	HK$'000
Cost and net carrying amount at 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	9,384

Impairment testing of goodwill

The goodwill arising on acquisition of non-controlling interests is related to the operations of a subsidiary, namely Shenzhen Kingway Brewery Co., Ltd. Its recoverable amount has been determined based on a value-in-use calculation using cash flow projections over a period of 7 years, which are based on financial budgets approved by management of the Group. The discount rate applied to the cash flow projections is 11.32%.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the unit.

Raw materials price fluctuation – The basis used to determine the value assigned to raw materials price fluctuation is the forecast indices during the budget year for locations where the raw materials are sourced.

Growth rate – The growth rate used is comparable to the long term average growth rate of the industry.

The values assigned to the key assumptions on market development, discount rate and raw materials price fluctuation are consistent with external information sources.

18. Investments in Subsidiaries

	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares/investments, at cost	**312,383**	312,383
Due from subsidiaries	**1,819,213**	1,903,225
	2,131,596	2,215,608

At 31 December 2011, the amounts due to subsidiaries included in the Company's current liabilities of HK$26,878,000 (2010: HK$36,406,000) are unsecured, interest-free and repayable on demand or within one year.

At 31 December 2011, the amounts due from subsidiaries of HK$1,819,213,000 (2010: HK$1,903,225,000) are unsecured, interest-free and are not repayable within one year from 31 December 2011. In the opinion of the directors, these amounts due from subsidiaries are considered as quasi-equity loans to the subsidiaries.

Particulars of the principal subsidiaries are as follows:

Company	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangdong Kingway Sales Limited	Hong Kong	Ordinary HK$2	100	—	Sale and marketing of beer
Shenzhen Kingway Brewery Co., Ltd.#* ("Shenzhen Brewery")	PRC/Mainland China	US$50,000,000	—	100	Production, distribution and sale of beer
Shenzhen Kingway Brewing Co., Ltd.#*	PRC/Mainland China	US$36,000,000	—	100	Production, distribution and sale of beer
Kingway Shantou#*	PRC/Mainland China	RMB186,000,000	—	100	Production, distribution and sale of beer
Kingway Dongguan#*	PRC/Mainland China	US$11,880,000	—	100	Production, distribution and sale of beer
Kingway Tianjin#*	PRC/Mainland China	US$30,000,000	—	100	Production, distribution and sale of beer
Kingway Xian#*	PRC/Mainland China	US$17,000,000	—	100	Production, distribution and sale of beer
Kingway Chengdu#*	PRC/Mainland China	US$33,500,000	—	100	Production, distribution and sale of beer
Kingway Foshan#*	PRC/Mainland China	US$20,000,000	—	100	Production, distribution and sale of beer
Kingway Brewery (China) Co., Ltd.#*	PRC/Mainland China	RMB50,000,000	100	—	Beer information management

These subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. Inventories

	Group	
	2011	2010
	HK$'000	*HK$'000*
Raw materials	**61,377**	96,231
Spare parts and consumables	**49,430**	52,360
Packaging materials	**118,525**	85,935
Work in progress	**45,296**	48,687
Finished goods	**22,654**	22,576
	297,282	305,789

20. Trade and Bills Receivables

The Group's trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, invoices are normally payable within 30 to 120 days of issuance. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the payment due date and net of provisions, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**15,901**	12,600
3 to 6 months	**366**	994
6 months to 1 year	**8**	469
Over 1 year	**592**	456
	16,867	14,519
Less: Impairment	**(588)**	(592)
Trade receivables	**16,279**	13,927
Bills receivable	**—**	749
	16,279	14,676

Bills receivable were all bank acceptance notes with a maturity period within six months and had aged less than six months.

20. Trade and Bills Receivables (continued)

The aged analysis of the trade and bills receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**8,439**	7,800
Less than 3 months past due	**7,462**	5,864
3 to 6 months past due	**366**	995
Over 6 months past due	**12**	17
	16,279	14,676

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**592**	489
Impairment/(reversal of impairment), net *(note 7)*	**(4)**	421
Amount written off as uncollectible	**—**	(318)
At end of the year	**588**	592

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$588,000 (2010: HK$592,000) with a carrying amount before provision of HK$588,000 (2010: HK$592,000). The individually impaired trade receivables relate to customers that were in default or delinquency payments and no portion of the receivables is expected to be recovered.

21. Prepayments, Deposits and Other Receivables

None of the prepayments, deposits and other receivables is either past due or impaired. The financial assets included in the prepayments, deposits and other receivables relate to receivables for which there was no recent history of default.

22. Cash and Cash Equivalents and Pledged Bank Balances

		Group		Company	
		2011	2010	**2011**	2010
	Notes	***HK$'000***	HK$'000	***HK$'000***	HK$'000
Cash and bank balances		**273,052**	163,787	**85,634**	4,445
Time deposits		**26,238**	26,997	**—**	—
		299,290	190,784	**85,634**	4,445
Less: Pledged time deposits for banking facilities	*(i)*	**(7,401)**	(7,051)	**—**	—
Cash and cash equivalents	*(ii)*	**291,889**	183,733	**85,634**	4,445

Notes:

(i) At the end of the reporting period, certain bank deposits totalling HK$7,401,000 (2010: HK$7,051,000) were pledged for banking facilities granted to certain subsidiaries of the Group.

(ii) At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$191,978,000 (2010: HK$172,165,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. Trade and Bills Payables

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**114,960**	76,770
3 to 6 months	**2,265**	17,731
6 months to 1 year	**244**	3,539
Over 1 year	**256**	657
Trade payables	**117,725**	98,697
Bills payable	**—**	70
	117,725	98,767

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

24. Deferred Revenue

The deferred revenue represents accrual and release of customer loyalty credit transactions. As at 31 December 2011, the estimated liability for unredeemed credits was approximately HK$75,930,000 (2010: HK$84,930,000).

25. Other Payables and Accruals

The Group's other payables are non-interest-bearing and have no fixed terms of repayment, except for HK$138,724,000 (2010: HK$143,184,000) which have an average term of three to twelve months.

The Company's other payables are non-interest-bearing and have no fixed terms of repayment, except for HK$6,864,000 (2010: HK$6,556,000) which have an average term of three to twelve months.

26. Due to The Immediate Holding Company

The Group's and the Company's amount due to the immediate holding company is unsecured, non-interest-bearing and has no fixed terms of repayment.

27. Due to Fellow Subsidiaries

The Group's amounts due to fellow subsidiaries are unsecured, non-interest-bearing and repayable within 30 days from the invoice date (note 35(a)(i)).

28. Deferred Tax

The movements in deferred tax assets and liabilities during the year are as follows:

Group – 2011

Deferred tax assets

	Decelerated tax depreciation *HK$'000*	**Fair value adjustments arising from acquisition of subsidiaries** *HK$'000*	**Total** *HK$'000*
At 1 January 2011	**2,840**	**2,290**	**5,130**
Deferred tax charged to the income statement during the year *(note 10)*	**(47)**	**(75)**	**(122)**
Exchange differences	**201**	**—**	**201**
Gross deferred tax assets at 31 December 2011	**2,994**	**2,215**	**5,209**

28. Deferred Tax (continued)

Group – 2011 (continued)

Deferred tax liabilities

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 January 2011	**(3,604)**	**(4,209)**	**(7,813)**
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	**595**	**(342)**	**253**
Exchange differences	**(165)**	**—**	**(165)**
Gross deferred tax liabilities at 31 December 2011	**(3,174)**	**(4,551)**	**(7,725)**

Group — 2010

Deferred tax assets

	Decelerated tax depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 January 2010	2,659	2,359	5,018
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	44	(69)	(25)
Exchange differences	137	—	137
Gross deferred tax assets at 31 December 2010	2,840	2,290	5,130

Deferred tax liabilities

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 January 2010	(3,997)	(3,866)	(7,863)
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	520	(343)	177
Exchange differences	(127)	—	(127)
Gross deferred tax liabilities at 31 December 2010	(3,604)	(4,209)	(7,813)

The Company and the Group have tax losses arising in Hong Kong of HK$110,956,000 (2010: HK$98,755,000) that are available indefinitely for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered it not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

28. Deferred Tax (continued)

The Group has tax losses arising in Mainland China of HK$280,952,000 (2010: HK$240,714,000) that are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2011, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$9,589,000 at 31 December 2011 (2010: HK$8,716,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Share Capital

Shares

	2011 ***HK$'000***	2010 *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,711,536,850 (2010: 1,711,536,850) ordinary shares of HK$0.10 each	**171,154**	171,154

Share options

Details of the Company's share option scheme are included in note 30 to the financial statements.

30. Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to the participants to contribute to the Group, to enable the Group to recruit and retain quality employees to serve the Group on a long term basis, to maintain good relationship with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the directors (including non-executive and independent non-executive directors), employees or executives of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group, and substantial shareholders of the Group. The Share Option Scheme was adopted on 31 May 2002 and, unless otherwise terminated or amended, will remain in force for a period of 10 years from 10 January 2003.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue at any time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at the date of adopting the Share Option Scheme, but the Company may seek approval of its shareholders in a general meeting to refresh the 10% limit under the Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's share at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 14 days from the date of offer upon payment of a consideration of HK$1.00 by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of the Company, but must not be less than the highest of (i) the closing price of the Company's shares as stated on daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant, which must be a business day; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There is no share option outstanding as at the end of the reporting period (2010: Nil).

31. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35 of the financial statements.

Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balances of such reserves reach 50% of each company's share capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000. This amount was credited to the Group's and the Company's capital reserve accounts against which goodwill arising on the acquisitions of subsidiaries was eliminated in the Group account.

(b) Company

	Note	**Share premium account** *HK$'000*	**Capital reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2010		1,688,606	140,234	158,649	1,987,489
Total comprehensive loss		—	—	(3,851)	(3,851)
Proposed final 2010 dividend	*12*	—	—	(17,115)	(17,115)
At 31 December 2010 and 1 January 2011		1,688,606	140,234	137,683	1,966,523
Total comprehensive income		—	—	45,671	45,671
Proposed final 2011 dividend	*12*	—	—	(17,115)	(17,115)
At 31 December 2011		1,688,606	140,234	166,239	1,995,079

32. Major Non-Cash Transaction

In prior year, other payables of HK$3,890,000 in connection with the construction costs of certain factory premises accrued during the year ended 31 December 2009 were settled by cash.

33. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with terms ranging from three to five years (2010: three to five years). The terms of the leases generally also require the tenants to pay security deposits and provide periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**3,506**	3,018
In the second to fifth years, inclusive	**5,770**	5,788
	9,276	8,806

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (2010: one to three years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**699**	699
In the second to fifth years, inclusive	**487**	1,186
	1,186	1,885

At the end of the reporting period, the Company did not have any operating lease arrangements (2010: Nil).

34. Commitments

In addition to the operating lease commitments detailed in note 33(b) to the financial statements, the Group had the following commitments at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Capital commitments on the acquisition of items of property, plant and equipment:		
Contracted, but not provided for	**27,804**	66,284
Authorised, but not contracted for	**11,028**	18,789
	38,832	85,073

At the end of the reporting period, the Company had no significant capital commitments (2010: Nil).

35. Related Party Transactions and Continuing Connected Transactions

Related party transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following related party transactions during the year:

(i) During the current and prior years, the Group purchased malt from certain fellow subsidiaries of the Company, including Guangzhou Malting Co., Ltd., which is an 87.4% (2010: 87.4%) owned subsidiary of GDH, and from Ningbo Malting Co., Ltd., Supertime (Nanjing) Malting Co., Ltd., Supertime (Qinhuangdao) Malting Co., Ltd. and Supertime (Baoying) Malting Co., Ltd., which are wholly-owned subsidiaries of GDH. The transactions were entered into based on normal commercial terms agreed between the relevant parties.

The aggregate amounts of malt purchased by the Group from the fellow subsidiaries are as follows:

	2011	2010
	HK$'000	*HK$'000*
Guangzhou Malting Co., Ltd.	**90,255**	137,173
Ningbo Malting Co., Ltd.	**24,574**	32,400
Supertime (Qinhuangdao) Malting Co., Ltd.	**—**	3,094
Supertime (Baoying) Malting Co., Ltd.	**12,345**	36,766
	127,174	209,433

35. Related Party Transactions and Continuing Connected Transactions (continued)

Related party transactions (continued)

(a) (i) (continued)

The balances due to these fellow subsidiaries are unsecured, non-interest-bearing and repayable within 30 days from the date of invoice *(note 27)*. Details of the balances are as follows:

	2011 HK$'000	2010 HK$'000
Guangzhou Malting Co., Ltd.	**25,674**	18,536
Ningbo Malting Co., Ltd.	**3,343**	3,247
Supertime (Nanjing) Malting Co., Ltd.	**74**	71
Supertime (Baoying) Malting Co., Ltd.	**3,760**	24,805
	32,851	46,659

(ii) The Group entered into a tenancy agreement dated 25 September 2008 with Global Head Developments Limited ("GHD"), which is a 60.45% (2010: 60.45%) owned subsidiary of GDH and a fellow subsidiary of the Company, whereby the Group agreed to lease a leasehold property owned by GHD as office premises for a term of two years commencing on 1 September 2008. The rental agreement was renewed on 25 November 2010 for a term of three years commencing on 1 September 2010.

During the year, the Group paid operating lease rentals to GHD amounting to HK$699,000 (2010: HK$802,000). The rental agreement was negotiated based on normal commercial terms agreed between the two parties.

(iii) On 18 April 2008, Kingway Foshan entered into a subcontracting agreement with Hainan Asia Pacific Brewery Co., Ltd. ("HAPB"), a wholly-owned subsidiary of Heineken-APB (China) Pte Ltd. ("HAPBC"), which was then a substantial shareholder of the Company, whereby Kingway Foshan manufactured and supplied beer to HAPB to be sold under the ANCHOR brand.

On 5 May 2011, HAPBC was no longer a substantial shareholder of the Company as HAPBC sold its entire interest in the Company to GDH.

During the year ended 31 December 2011, no subcontracting income was received from HAPB (2010: RMB2,677,000). In the prior year, the subcontracting income was charged based on normal commercial terms agreed between the two parties.

(b) Compensation of key management personnel of the Group:

	2011 HK$'000	2010 HK$'000
Short term employee benefits	**6,815**	6,175
Post-employment benefits	**707**	790
Total compensation paid to key management personnel	**7,522**	6,965

Further details of the directors' emoluments are included in note 8 to the financial statements.

35. Related Party Transactions and Continuing Connected Transactions (continued)

Continuing connected transactions

During the year, the Group had the following continuing connected transactions, details of which are disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules.

Purchase of malt

On 3 November 2010, the Group renewed a purchase agreement with a wholly-owned subsidiary of GDH, Supertime Development Limited ("SDL") (the "Purchase Agreement") which became effective for the period from 1 January 2011 to 31 December 2013 (the "Contract Period") for purchases of malt by the Group from SDL and its subsidiaries (the "SDL Group"). The directors of the Company estimated that the total considerations of the purchases of malt for the year ended 31 December 2011, and for the years ending 31 December 2012 and 31 December 2013 would not exceed RMB246,000,000, RMB333,000,000 and RMB451,000,000, respectively. The Purchase Agreement provides that, during the Contract Period, the SDL Group shall supply the Group with malt, on a priority basis, at a price being the lower of (i) the cost to the SDL Group (excluding value-added tax) plus a maximum premium of 20%; and (ii) the then prevailing market price, to be settled by the Group within 30 days after receipt of the relevant invoice from the SDL Group (unless otherwise provided in the specific purchase agreements or orders). For the year ended 31 December 2011, the purchases of malt by the Group from the SDL Group amounted to RMB105,486,000.

The board of directors of the Company, including the independent non-executive directors, have reviewed the continuing connected transactions in relation to the purchases of malt set out above and have confirmed that these continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available from independent suppliers; and (iii) in accordance with the Purchase Agreement and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors, Ernst & Young, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

36. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	2011 Loans and receivables *HK$'000*	2010 Loans and receivables *HK$'000*
Trade and bills receivables	**16,279**	14,676
Financial assets included in prepayments, deposits and other receivables	**15,565**	12,185
Pledged bank balances	**7,401**	7,051
Cash and cash equivalents	**291,889**	183,733

Financial liabilities

	2011 Financial liabilities at amortised cost *HK$'000*	2010 Financial liabilities at amortised cost *HK$'000*
Trade and bills payables	**117,725**	98,767
Financial liabilities included in other payables and accruals	**216,009**	199,245
Due to the immediate holding company	**239**	209
Due to fellow subsidiaries	**32,851**	46,659

36. Financial Instruments by Category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Company

Financial assets

	2011 **Loans and receivables** ***HK$'000***	2010 Loans and receivables *HK$'000*
Due from subsidiaries	**1,819,213**	1,903,225
Cash and cash equivalents	**85,634**	4,445

Financial liabilities

	2011 **Financial liabilities at amortised cost** ***HK$'000***	2010 Financial liabilities at amortised cost *HK$'000*
Due to subsidiaries	**26,878**	55,252
Financial liabilities included in other payables and accruals	**3,435**	9,956
Due to the immediate holding company	**239**	209

37. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from revenue or expenses of operating units in currencies other than the units' functional currency. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

37. Financial Risk Management Objectives and Policies (continued)

(i) Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2011			
If HK$ weakens against RMB	**3**	**18,764**	**18,764**
If HK$ strengthens against RMB	**(1)**	**(6,254)**	**(6,254)**
2010			
If HK$ weakens against RMB	3	21,909	21,909
If HK$ strengthens against RMB	(1)	(7,303)	(7,303)

(ii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to carrying amounts of these instruments.

Since the Group trades only with creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. There are no significant concentrations of credit risk within the Group, as the Group's credit exposure is spread over a diversified portfolio of customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

(iii) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the bank loans.

37. Financial Risk Management Objectives and Policies (continued)

(iii) Liquidity risk (continued)

Management of the Group has carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, accompanied by the bank facilities available, the directors of the Group have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the forecast period. In preparing the cash flow forecast, the directors of the Group have considered historical cash requirements of the Group as well as other key factors, including the availability of loans financing which may impact the operations of the Group prior to the end of the next twelve months after the end of the reporting period. The directors of the Group are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2011			
	On demand *HK$'000*	**Less than 3 months** *HK$'000*	**3 to less than 12 months** *HK$'000*	**Total** *HK$'000*
Trade and bills payables	**2,765**	**114,960**	**—**	**117,725**
Other payables and accruals	**39,234**	**20,709**	**156,066**	**216,009**
Due to the immediate holding company	**239**	**—**	**—**	**239**
Due to fellow subsidiaries	**—**	**32,851**	**—**	**32,851**
	42,238	**168,520**	**156,066**	**366,824**

	2010			
	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	Total *HK$'000*
Trade and bills payables	21,927	76,840	—	98,767
Other payables and accruals	56,061	104,296	38,888	199,245
Due to the immediate holding company	209	—	—	209
Due to fellow subsidiaries	—	46,659	—	46,659
	78,197	227,795	38,888	344,880

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity risk (continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Company

	2011				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**More than 1 year**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Due to subsidiaries	**26,878**	**—**	**—**	**—**	**26,878**
Other payables and accruals	**3,435**	**—**	**—**	**—**	**3,435**
Due to the immediate holding company	**239**	**—**	**—**	**—**	**239**
	30,552	**—**	**—**	**—**	**30,552**

	2010				
	On demand	Less than 3 months	3 to less than 12 months	More than 1 year	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	36,406	—	—	18,846	55,252
Other payables and accruals	3,400	3,536	3,020	—	9,956
Due to the immediate holding company	209	—	—	—	209
	40,015	3,536	3,020	18,846	65,417

(iv) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 2010.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Capital management (continued)

The Group monitors capital using a gearing ratio, which is total debt divided by equity plus total debt. The Group's policy is to maintain the ratio less than 100%. Total debt includes interest-bearing bank borrowings. Equity represents equity attributable to equity holders of the Company. The gearing ratios as at the ends of the reporting periods were as follows:

	2011	2010
	HK$'000	*HK$'000*
Total debt	**—**	—
Equity attributable to equity holders	**3,138,450**	3,003,738
Equity and total debt	**3,138,450**	3,003,738
Gearing ratio	**0%**	0%

38. Comparative Amounts

Certain amounts in the consolidated financial statements for the year ended 31 December 2010 have been reclassified to be consistent with the current year presentation. These reclassifications have no effect on the previously reported profit for the prior year.

39. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 8 March 2012.