TAI SANG LAND DEVELOPMENT LIMITED

ANNUAL REPORT 2011

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BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Mr. William MA Ching Wai, Chairman

Aged 58. Joined the Company and appointed a Director in 1974. Appointed Chairman of the Board of Directors in 1984. He is currently the Chairman of the board of directors of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is also Member of the Association of Chairmen of the Tung Wah Group of Hospitals, Life Member of Yan Oi Tong Advisory Board, Member of Hong Kong Chiu Chow Chamber of Commerce and Committee Member of Hong Kong Juvenile Care Centre. He was conferred the honour of Chevalier de L'Ordre du Merite Agricole in 2008. He is the brother of Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Patrick MA Ching Hang, BBS, JP, BSc., Deputy Chairman

Aged 53. Joined the Company and appointed a Director of the Company in 1981. Appointed Deputy Chairman of the Board of Directors in 2005. He received a Bachelor Degree of Science in Economics from Wharton School of Business of the University of Pennsylvania. He is currently a director of Kam Chan & Company, Limited and Director and General Manager of Tai Sang Bank Limited. He is a Director of Hong Kong Chiu Chow Chamber of Commerce, a member of the Hospital Authority, the Deputy Chairman of the Council of the Hong Kong Institute of Education, a member of the Council of Lingnan University, a member of The Chinese University of Hong Kong – Planning Committee for C.W. Chu College, a member of the Elderly Commission, a member of the Environmental Campaign Committee, a member of the Steering Committee on Prevention and Control of Non-Communicable Diseases, the Chairman of the Working Group on Alcohol & Health, the Chairperson of the Friends of the Hong Kong Arts Centre, a Member of the Board of Governors of the Hong Kong Arts Centre, the Supervisor of Tung Wah Group of Hospitals Ma Kam Chan Memorial Primary School and the Manager of HHCKLA Buddhist Ma Kam Chan Memorial English Secondary School. He was the Chairman of the 2008/2009 Board of Directors of Tung Wah Group of Hospitals. He was awarded the Bronze Bauhinia Star medal in 2009 and the Justice of the Peace in 2011. He was also conferred the honour of Chevalier de L'Ordre National du Merite in 2010. He is the brother of Mr.William Ma Ching Wai, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Mr. Alfred MA Ching Kuen, BSc., Managing Director

Aged 59. Joined the Company and appointed a Director of the Company in 1976. Appointed Managing Director of the Company in 1984. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is the brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Amy MA Ching Sau, BSc., Managing Director

Aged 61. Joined the Company and appointed a Director of the Company in 1974. Appointed Managing Director of the Company in 1991. She is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Katy Ma Ching Man, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Ms. Katy MA Ching Man, BA, Director and Company Secretary

Aged 62. Joined the Company and appointed a Director and also Company Secretary of the Company in 1972. She is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Ruth Ma Ching Keung and Mr. Philip Ma Ching Yeung.

Board of Directors (Continued)

Ms. Ruth MA Ching Keung, MBA, Director

Aged 61. Joined the Company and appointed a Director of the Company in 1972. She is currently a director of Kam Chan & Company, Limited. She is the sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Mr. Philip Ma Ching Yeung.

Mr. Philip MA Ching Yeung, BSc.(Hon), D.Mgt., Director

Aged 48. Joined the Company in 1987 and appointed a Director of the Company in 1997. He received a doctoral degree in management from the Asian College of Knowledge Management in 2010. He is currently a director of Kam Chan & Company, Limited and Tai Sang Bank Limited. He is also Member of Hong Kong Chiu Chow Chamber of Commerce, Hong Kong United Youth Association and Young Entrepreneurs' Organization. He is the brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau, Ms. Katy Ma Ching Man and Ms. Ruth Ma Ching Keung.

Mr. Edward CHEUNG Wing Yui, BComm., CPA(Aust.), Solicitor of the Supreme Court of England,
Solicitor of the Supreme Court of Hong Kong,
Advocate and Solicitor of the Supreme Court of Singapore,
Non-executive Director

Aged 62. Appointed a Director of the Company in 1983, re-designated as Non-executive Director since 21st May 2004. He is currently a non-executive director of Tai Sang Bank Limited. He is also a non-executive director of two other listed public companies and an independent director of four other listed public companies. He is a member of CPA Australia. Mr. Cheung has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo, Kwan, Lee & Lo. He has been admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. He is a director and executive committee member of The Community Chest, deputy chairman of the Council of The Open University of Hong Kong and honorary council member of The Hong Kong Institute of Directors. He had held the position of the deputy chairman of The Hong Kong Institute of Directors, a director of Po Leung Kuk, vice chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong and a member of the Board of Review (Inland Revenue Ordinance) respectively.

Mr. Kevin CHAU Kwok Fun, Bsc., Independent Non-executive Director

Aged 51. Appointed an Independent Non-executive Director of the Company in 1996. He is currently the Executive Vice Chairman of Sincere Watch (Hong Kong) Limited ("Sincere Watch") (Stock Code 444). He is responsible for the overall development of Sincere Watch Group's business, as well as the strategic planning and positioning and management of Sincere Watch Group. He graduated with a Bachelor of Arts degree in Economics from the Wesleyan University in Connecticut, USA. Prior to joining Sincere Watch Group, he was a principal officer of an investment company in Hong Kong dealing in real estates and the food and beverage industry in the PRC. He began his career in 1982 with a US bank in New York dealing in fixed income and derivative syndication and had been posted by the bank to their London and Tokyo offices. In 1990, he set up his own real estate investment company in California, USA, investing in real estate projects in Texas and California. Mr. Chau also served as director of the Tung Wah Group of Hospitals (2008).

Mr. TAN Soo Kiu, CPA(Aust.), Independent Non-executive Director

Aged 74. Appointed an Independent Non-executive Director of the Company in 2004. He is currently a retired person. He had been the General Manager of the Company for 11 years from 1991 to 2002 and had held various senior positions with banking institutions in Malaysia and Hong Kong for over 20 years before 1991.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Board of Directors (Continued)

Mr. William WONG Hing Kwok, MBA, Independent Non-executive Director

Aged 63. Appointed an Independent Non-executive Director of the Company in 2004. He is currently an owner of a company engaging in retail and food and beverage business in Shanghai, the PRC. He had various experience and exposures in different industries, including manufacturing of garment, property development, retail and food and beverage.

Senior Management

Mr. Ted MOK Tat Hung, FHKIS, RPS(GP), ARICS., MCI Arb, Chief Executive

Aged 62. Joined the Company in 1981 and now holds the position of Chief Executive of the Company. He has 44 years of experience in real estate development and management.

BANKERS:

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
HSBC Realty Credit Corporation (USA)
The Bank of East Asia, Limited
Tai Sang Bank Limited

SOLICITORS:

Woo, Kwan, Lee & Lo

AUDITORS:

PricewaterhouseCoopers

REGISTERED OFFICE:

11th Floor, Tai Sang Bank Building,
130-132 Des Voeux Road Central, Hong Kong.

REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 17th Floor,
183 Queen's Road East, Hong Kong.

WEBSITE ADDRESS:

www.tsld.com
www.irasia.com/listco/hk/taisangland/index.htm

RESULT

I am pleased to report that the Group's consolidated profit for 2011 was HK$600.8 million, compared to HK$681.5 million (restated) for 2010. Earnings per share were HK$2.03 (2010: HK$2.28 (restated)), a drop of 10.9% over last year. The consolidated profit for 2011 included fair value gains (net of deferred tax) on investment properties of HK$582.2 million, as compared to fair value gains (net of deferred tax) on investment properties of HK$660.9 million (restated) for 2010.

The Group's underlying profit for 2011, excluding the effect of fair value changes on investment properties, was approximately HK$18.6 million, decreased by HK$2.0 million or 9.7% as compared to the corresponding figure of HK$20.6 million (restated) for 2010. The decrease in the underlying profit was mainly attributable to the increase in the expenditures for renovation and improvements of residential properties in 2011.

The revenues of the Group for 2011, was HK$188.8 million, representing an increase of HK$24.6 million or 15.0% as compared with HK$164.2 million for 2010.

As at 31st December 2011, the investment properties of the Group were revalued at HK$4,481.4 million (31st December 2010: HK$3,808.8 million). Total equity amounted to HK$4,272.6 million (31st December 2010: HK$3,696.8 million (restated)).

DIVIDEND

The directors have resolved to recommend a final dividend of HK7 cents (2010: HK7 cents) per ordinary share.

BUSINESS REVIEW

In Hong Kong, the gross rental income for the year ended 31st December 2011 was HK$138.3 million, an increase of 11.6% or HK$14.4 million as compared to the corresponding period last year. The growth was mainly attributable to the robust rental demand for Tai Sang Container and Godown Centre, the rental contribution therefrom increased by HK$7.8 million. The demand of luxury residential properties and shops are strong and also contributed to the growth in the rental income from these sectors. In view of the market demand on upgraded and newly renovated units, the Group will continue allocate resources in upgrading the existing property portfolio in the coming year.

Hotel LBP, located at 2nd to 4th Floors and 18th to 21st Floors of Hollywood Centre, 77-91 Queen's Road West, Sheung Wan, Hong Kong, was put into full operation in October 2011. The hotel room charge income contributed HK$3.4 million to the Group's revenue for the year 2011. As yet, there was a net operating loss of HK$1.6 million for the year 2011 due to the absorption of the expenditure in the preliminary preparation stage. The Group is confident that there will be a positive cash flow from the hotel operation in the coming year. The hotel operation at Hotel LBP provided a good platform for the Group to gain practical experience in hotel owning and operating businesses, which will be further expanded through the redevelopment at Heung Yip Road, Wong Chuk Hang.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2011 was HK$37.9 million, an increase of 15.5% or HK$5.1 million as compared to the corresponding period last year. The office spaces occupancy rate of Montgomery Plaza increased to 91.5% by the year end of 2011 and the weighted average office rent per square feet per annum slightly risen to US$34.8. During 2011, San Francisco's office market generally recovered with lower vacancy rates and increased rental rates and net absorption. Rental rates are expected to maintain at the current level in 2012.

FINANCIAL RESOURCES

During the year, the Group's total bank borrowings increased by HK$113.1 million to HK$489.3 million (2010: HK$376.2 million). The total equity increased by HK$575.8 million to HK$4,272.6 million (2010: HK$3,696.8 million (restated)) and long term bank loans outstanding as at 31st December 2011 amounted to HK$133.5 million (2010: HK$135.2 million). The debt to equity ratio was 11.5% (2010: 10.2% (restated)).

There were sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. Exposure to foreign exchange risk is kept to a minimum as the bank borrowings are in either Hong Kong or US dollars.

PROSPECTS

The global economy remains dim in the light of the broad-based economic slowdown in Europe and the fiscal fragility in the USA. The degree of uncertainty in the external environment would likely stay elevated.

Hong Kong however will continue to be benefited from the economic growth of China. By deepening the integration with Mainland China, the robust business and domestic visitors will support the modest growth in Hong Kong economy.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and closely monitor the international economic changes in the year 2012. The Group's wide variety in properties portfolio will however provide stable incomes in the challenging market situation in the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 23rd March 2012

(a) Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	2011	2010
	HK$'000	HK$'000
– within one year	1,859	1,859
– in the second year	131,637	1,859
– in the third to fifth years inclusive	–	131,464
	133,496	135,182

The Group's bank borrowings of HK$489.3 million (2010: HK$376.2 million) are secured by certain properties with an aggregate carrying amount of HK$2,888.9 million (2010: HK$1,921.7 million) and the rental income thereon.

(b) Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value of HK$53.55 million as at 31st December 2011 as compared to HK$58.45 million as at 31st December 2010. During the year, the Group subscribed for certain listed investment in the amount of HK$0.08 million. The change in fair value of certain listed investment in the net amount of HK$2.51 million was recognised as a net fair value loss in the investment revaluation reserve whereas impairment loss on certain listed investment in the amount of HK$2.47 million was reflected in the Group's consolidated income statement.

The Group held 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively" Yangtze"). During the year, the Group received dividends from Yangtze Ventures II Limited in an aggregate of HK$5.2 million. The fair value of the Group's equity interest in Yangtze as at 31st December 2011 was HK$21.0 million as compared to the fair value of HK$16.3 million as at 31st December 2010. Upon the full repayment of loan from Yangtze Ventures II Limited during the year, the cost of investment in Yangtze was reduced to HK$12.0 million.

(c) Details of number and remuneration of employees

Including the Directors of the Group as at 31st December 2011, the Group employed a total of 164 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

The directors of Tai Sang Land Development Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2011.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiaries are shown in note 30 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5(c) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2011 are set out in the consolidated income statement on page 24 of this annual report.

The directors had declared an interim dividend of HK3 cents (2010: HK3 cents) per ordinary share, totalling HK$8,630,090 (2010: HK$8,630,090), which was paid on 28th September 2011.

The directors recommend the payment of a final dividend of HK7 cents (2010: HK7 cents) per ordinary share, totalling HK$20,136,877 (2010: HK$20,136,877).

The total dividends for the year ended 31st December 2011 amounted to HK10 cents (2010: HK10 cents) per ordinary share.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 18 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK$1,116,455 (2010: HK$686,471).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in property, plant and equipment and investment properties are set out in notes 6 and 7 to the consolidated financial statements respectively.

PRINCIPAL PROPERTIES

Details of the Group's significant properties are set out on pages 77 to 78 of this annual report.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

BORROWINGS

Particulars of the bank loans and overdrafts are shown in notes 14 and 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2011, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$550,433,365 (2010: HK$554,086,588).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 79 of this annual report.

DIRECTORS

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

Executive directors:

William Ma Ching Wai	*(Chairman)*
Patrick Ma Ching Hang, BBS, JP	*(Deputy Chairman)*
Alfred Ma Ching Kuen	*(Managing Director)*
Amy Ma Ching Sau	*(Managing Director)*
Katy Ma Ching Man	
Ruth Ma Ching Keung	
Philip Ma Ching Yeung	

Non-executive director:

Edward Cheung Wing Yui

Independent non-executive directors:

Kevin Chau Kwok Fun
Tan Soo Kiu
William Wong Hing Kwok

In accordance with Article 103 of the Company's Articles of Association, Mr. William Ma Ching Wai, Ms. Amy Ma Ching Sau, Mr. Philip Ma Ching Yeung and Mr. Kevin Chau Kwok Fun retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 1 to 3 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of directors' and senior management's emoluments are set out in note 21 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31st December 2011, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	**Corporate interests**	**Total**	**Percentage**
		(notes (a) and (b))		
Directors:				
William Ma Ching Wai	4,608,354	160,134,973	164,743,327	57.2682%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Alfred Ma Ching Kuen	9,987	–	9,987	0.0035%
Amy Ma Ching Sau	23,357	–	23,357	0.0081%
Katy Ma Ching Man	100,554	–	100,554	0.0350%
Ruth Ma Ching Keung	57,117	–	57,117	0.0199%
Philip Ma Ching Yeung	127,741	–	127,741	0.0444%
Edward Cheung Wing Yui	–	–	–	–
Kevin Chau Kwok Fun	–	–	–	–
Tan Soo Kiu	–	–	–	–
William Wong Hing Kwok	–	–	–	–
Chief Executive:				
Ted Mok Tat Hung	–	–	–	–

Notes:

(a) Kam Chan & Company, Limited ("Kam Chan & Co") and its associates and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.

(b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.

(c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary, Tai Sang Cold Storage & Godown Company Limited.

(d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary, Kam Hang Company Limited.

(e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.

(f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.

(g) At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 years of age) to acquire the benefits by acquisition of shares, or underlying shares of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS

At 31st December 2011, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Capacity			
	Personal interest	Corporate interests (note)	Total	Percentage
Substantial shareholders:				
Kam Chan & Co	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd.	15,488,636	–	15,488,636	5.3842%

All interests stated above represent long positions.

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 5,852,920 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are wholly owned subsidiaries of Kam Chan & Co. The aggregate shareholding of these three companies are deemed to be the corporate interest of Kam Chan & Co in the ordinary shares in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the continuing connected transactions as mentioned in the section headed "Continuing Connecting Transactions" below, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the purchases for the year attributable to the Group's major suppliers are as follows:

– the largest supplier	34.8%
– five largest suppliers	68.4%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the suppliers noted above.

During the year, the Group earned less than 30% of its turnover from its five largest customers.

CONTINUING CONNECTED TRANSACTIONS

(a) On 14th April 2008, five tenancy agreements were entered into between Tai Sang Bank Limited ("TSB") as landlord and the Company as tenant for the leases of the following office premises:

(i) Located at 2nd floor of Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong ("Tai Sang Bank Building")

Term: 15th May 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(ii) Located at Room 901 and 902 on 9th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$31,200 per month together with monthly service charges of HK$5,600

(iii) Located at 10th Floor of Tai Sang Bank Building

Term: 11th August 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(iv) Located at 11th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$39,000 per month together with monthly service charges of HK$7,000

(v) Located at Room 1401, 1403 and 1407 on 14th Floor of Tai Sang Bank Building

Term: 15th April 2008 to 14th April 2011
Rental: HK$24,668 per month together with monthly service charges of HK$4,428

On 25th February 2009, two tenancy agreements were entered into between TSB as landlord and the Company as tenant for the leases of the following office premises:

(i) Located at Room 1402, 1405 and 1406 on 14th Floor of Tai Sang Bank Building

Term: 1st March 2009 to 14th April 2011
Rental: HK$11,440 per month together with monthly service charges of HK$2,503

(ii) Located at Room 904 on 9th Floor of Tai Sang Bank Building

Term: 1st March 2009 to 14th April 2011
Rental: HK$2,912 per month together with monthly service charges of HK$637

On 16th July 2009, a tenancy agreement was entered into between TSB as landlord and the Company as tenant for the lease of the following office premises:

Location at Room 1404 on 14th Floor of Tai Sang Bank Building

Term: 3rd August 2009 to 14th April 2011
Rental: HK$3,760 per month exclusive of rate and service charges of HK$823

CONTINUING CONNECTED TRANSACTIONS (Continued)

On 4th June 2010, a tenancy agreement was entered into between TSB as landlord and the Company as tenant for the lease of the following office premises:

Located at Room 903 on 9th Floor of Tai Sang Bank Building

Term: 7th June 2010 to 14th April 2011
Rental: HK$6,530 per month exclusive of rate and service charges of HK$1,270.5

TSB is an associate of Kam Chan & Co (with Kam Chan & Co indirectly interested in more than 30% of its issued voting share capital) and is therefore a connected person of the Company under Rule 14A.11(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Accordingly, the above tenancy agreements constitute continuing connected transactions of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 4th June 2010, the annual cap for the tenancy agreements for the year ended 31st December 2011 is HK$2,770,000. The amount paid to TSB by the Company for the period from 1st January 2011 to 14th April 2011 was HK$278,558.

(b) On 13th April 2011, a tenancy agreement was entered into between TSB as landlord and the Company as tenant for the renewal of the leases of the office premises:

Located at 2nd floor, 9th floor, 10th floor, 11th floor and 14th floor of Tai Sang Bank Building

Term: 15th April 2011 to 14th April 2014
Rental: HK$240,000 per month exclusive of rate and service charges of HK$35,000

As set out in the announcement of the Company dated 13th April 2011, the annual cap for the aggregate amount payable under the previous tenancy agreements and the renewal tenancy agreement entered into on 13th April 2011 in respect of the office premises for the year ended 31st December 2011 is HK$2,500,000. The aggregate amount paid by the Company to TSB under these tenancy agreements for the year ended 31st December 2011 was HK$2,388,837.

(c) On 30th December 2010, the Company entered into a master leasing agreement with Ms. Ma Ching Sau, Amy to set out the principal terms and conditions governing the entering into of tenancy agreements or licence agreements between the members of the Group and Ms. Ma Ching Sau, Amy and her associates (has the meaning ascribed to it under the Listing Rules) during the period from 1st January 2011 to 31st December 2013 (both days inclusive).

Ms. Ma Ching Sau, Amy is an executive director of the Company and she and her associates are therefore connected persons of the Company under Rule 14A.11(4) of the Listing Rules. Accordingly, the master lease agreement constitutes continuing connected transactions of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 30th December 2010, the annual caps for the aggregate consideration receivable by the Group from the leasing arrangements contemplated under the master leasing agreement for the year ended 31st December 2011 is HK$2,000,000. The amount received by the Group under the master leasing agreement for the year ended 31st December 2011 was HK$1,877,951.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(d) On 31st August 2011, the Company entered into a master leasing agreement with Kam Cheung Investment Company Limited ("Kam Cheung"), a 75% owned subsidiary of the Company, to set out the principal terms and conditions governing the leasing arrangements between Kam Cheung and the Group during the period from 1st September 2011 to 31st December 2013 (both days inclusive).

    As each of the minority shareholders of Kam Cheung is an associate of the executive directors of the company, within the meaning of Rule 14A.11(4)(c)(ii) of the Listing Rules, each of them is a connected person of the Company. Accordingly the master leasing agreement constitutes continuing connected transactions of the Company for the purpose of the Listing Rules. As set out in the announcement of the Company dated 31st August 2011, the annual caps for the aggregate consideration payable by the Group to Kam Cheung under the leasing arrangements contemplated under the master leasing agreement for the year ended 31st December 2011 is HK$280,000. The aggregate amount paid by the Group under the master leasing agreement for the year ended 31st December 2011 was HK$280,000.

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) on normal commercial terms;
(ii) in the ordinary and usual course of business of the Group; and
(iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions as mentioned in paragraphs (a), (b), (c) and (d) above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a unqualified report containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group as mentioned in paragraphs (a), (b), (c) and (d) above in accordance with paragraph 14A.38 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at date of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31st December 2011, all directors except for non-executive directors are directors and shareholders of Kam Chan & Co, which is also engaged in property investment, and may be in competition with the business carried on by the Group.

The directors are of the view that the Group is capable of carrying on its businesses independently from the property investment business. When making decisions on the property investment business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

CORPORATE GOVERNANCE

During the year ended 31st December 2011, the Company complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 23rd March 2012

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest in general.

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year ended 31st December 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Codes for Securities Transactions of Listed Issuers (the "Model Codes") in Appendix 10 of the Listing Rules as the Company's codes of conduct regarding directors' securities transactions (as defined in the CG Code).

On specific enquires made, all directors have confirmed that, for the year ended 31st December 2011, they have complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

(a) Composition of the Board

The Board currently comprises seven executive directors, one non-executive director and three independent non-executive directors. Non-executive directors represent one-third of the total Board members. Biographical details of the directors and their relationships, where applicable, are set out on pages 1 to 3 of this annual report.

(b) Board meetings

The Board holds at least four regular meetings every year and will meet more frequently as and when required. It involves the active participation, either in person or through other electronic means of communication, of a majority of directors. The Board discusses and formulates overall strategies for the Group, monitors financial performance and discusses the annual and interim results, as well as other significant matters. All directors are aware of their collective and individual responsibility to all the shareholders.

During the year, the Board held 4 meetings. Attendance record of individual director is as follows:

	Attendance	**Percentage**
Executive directors		
– Mr. William Ma Ching Wai *(Chairman)*	4/4	100%
– Mr. Patrick Ma Ching Hang	4/4	100%
– Mr. Alfred Ma Ching Kuen	4/4	100%
– Ms. Amy Ma Ching Sau	4/4	100%
– Ms. Katy Ma Ching Man	4/4	100%
– Ms. Ruth Ma Ching Keung	4/4	100%
– Mr. Philip Ma Ching Yeung	4/4	100%
Non-executive director		
– Mr. Edward Cheung Wing Yui	4/4	100%
Independent non-executive directors		
– Mr. Kevin Chau Kwok Fun	4/4	100%
– Mr. Tan Soo Kiu	4/4	100%
– Mr. William Wong Hing Kwok	4/4	100%

BOARD OF DIRECTORS (Continued)

(c) Division of Responsibilities and Board operations

The Board has appointed a Chairman who provides leadership for the Board and ensures that the Board works effectively and that all important issues are discussed in a timely manner. The positions of the Chairman and Chief Executive Officer are held by separate individuals as to maintain an effective segregation of duties.

Chief Executive Officer is responsible for the day-to-day management of the Group's operations and conducts regular meetings with the Executive Committee, at which operational and business decisions are made and financial performance are evaluated.

The Executive Committee of the Board, comprises the Chairman, Deputy Chairman, two Managing Directors and three Executive Directors. The Executive Committee meets regularly to review and discuss management reports on the performance of the Company, current plans and long term opportunities, and any other issues of immediate concern.

(d) Non-executive directors

All non-executive directors have entered into letters of appointment with the Company for a specific term of three years. All non-executive directors are also subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company's articles of association.

(e) Confirmation of independence

The independence of the independent non-executive directors was assessed in accordance with the applicable Listing Rules. Each of the independent non-executive directors has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

(f) Nomination of directors

The Board is responsible for reviewing its composition, identifying and selecting suitable Board members, considering appointment or re-appointment of the directors and succession planning for the directors. The Board shall exercise its power under Articles 94 and 95 of the Articles of Association of the Company to appoint directors (when necessary) either to fill up casual vacancy or as an additional member to the Board whose appointments shall be subject to the confirmation by shareholders of the Company at the next general meeting.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

(a) Emolument policy

The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive directors and senior management are determined by reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each director and executive. The emolument policy for non-executive directors is to ensure that the non-executive directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in the Board Committees.

Details of the directors' emoluments for the year ended 31st December 2011 are set out in note 21(a) to the financial statements.

(b) Remuneration Committee

The Remuneration Committee of the Company was established in April 2005. The Remuneration Committee comprised two independent non-executive directors, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok and an executive director, Ms. Katy Ma Ching Man and was established with specific written terms of reference in accordance with the requirement of the CG Code. Its terms of reference are made available on the website of the Company.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the board and determining the remuneration of executive directors and members of senior management, as well as reviewing and making recommendations on the Group's share option scheme, bonus structure, retirement benefit scheme and other compensation related issues. The committee is also responsible to make recommendation to the board on the appointment or re-appointment of directors and succession planning for the directors. The committee shall consult with the Chairman on its proposals and recommendations.

During the year, the Remuneration Committee held 3 meetings. Attendance record of individual member is as follows:

	Attendance	**Percentage**
Committee member		
– Ms. Katy Ma Ching Man *(Chairman)*	3/3	100%
– Mr. Tan Soo Kiu	3/3	100%
– Mr. William Wong Hing Kwok	3/3	100%

AUDIT COMMITTEE

The Audit Committee was established in year 1999 with specific written terms of reference which deal clearly with its authority and duties. The terms of reference in accordance with the requirement of the CG Code is made available on the website of the Company.

The major duties of the Audit Committee are summarised below:

(i) to make recommendations on the appointment, reappointment and removal of external auditors and considering the terms of such appointments;

(ii) to develop and implement policies on the engagement of external auditors for non-audit services;

(iii) to monitor the integrity of the financial statements, annual and interim reports and the independent auditor's report to ensure that the information presents a true and balanced assessment of the Group's financial position;

(iv) to review and ensure that management has fulfilled its duty to maintain an effective internal control system; and

(v) to review the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Audit Committee comprises four non-executive directors, the majority of whom are independent non-executive directors. The Audit Committee is chaired by Mr. Kevin Chau Kwok Fun and the other members are Mr. Edward Cheung Wing Yui, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok.

During the year, the Audit Committee held 2 meetings. Attendance records of individual member is as follows:

	Attendance	**Percentage**
Committee member		
– Mr. Kevin Chau Kwok Fun *(Chairman)*	2/2	100%
– Mr. Edward Cheung Wing Yui	2/2	100%
– Mr. Tan Soo Kiu	2/2	100%
– Mr. William Wong Hing Kwok	2/2	100%

The work performed by the Audit Committee during the financial year ended 31st December 2011 are summarised below:

(i) reviewed annual report for the year ended 31st December 2010, and interim report for the six months ended 30th June 2011;

(ii) proposed the appointment of PricewaterhouseCoopers ("PwC") as Independent Auditor of the Company;

(iii) reviewed and discussed with the Independent Auditor in respect of the consolidated financial statements for the year ended 31st December 2010 and the interim financial information for the six months ended 30th June 2011; and

(iv) reviewed and assessed the adequacy and effectiveness of the Group's financial controls and internal controls and risk management systems.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of the consolidated financial statements that give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for such reporting period. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently except for the adoption of the new and revised HKFRSs.

The reporting responsibilities of directors and external auditor are set out in the Independent Auditor's Report on page 20 of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the designing, implementing and maintaining internal controls of the Group and for reviewing its effectiveness through the Audit Committee. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

Evaluation of the Group's internal controls is conducted by the Internal Auditor on an on-going basis. Such evaluation covers material internal controls, including financial reporting, operational and compliance controls and risk management functions. Internal Auditor will report to the Audit Committee twice each year on significant findings on internal controls. Copy of minutes of the Audit Committee meeting will also be sent to the Board for information.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including the Company's annual general meeting. The Chairman, the Deputy Chairman, Managing Directors, other members of the Board and external auditors attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enables the Company's shareholders to have timely and updated information of the Group.

AUDITORS' REMUNERATION

The fees in respect of audit and audit related services provided to the Company and its subsidiaries by PwC and other auditors were HK$1,820,000 and HK$474,146 respectively for the year. Fees for non-audit services, which mainly consist of taxation services, provided by PwC and other auditors were HK$296,300 and HK$156,265 respectively.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 23rd March 2012

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAI SANG LAND DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tai Sang Land Development Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 21 to 76, which comprise the consolidated and company balance sheets as at 31st December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st 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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23rd March 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2011

	Note	As at 31st December 2011	2010	As at 1st January 2010
		HK$	HK$ (Restated)	HK$ (Restated)
Non-current assets				
Property, plant and equipment	6	198,693,850	165,363,327	174,287,800
Investment properties	7	4,481,358,300	3,808,828,500	3,104,423,200
Available-for-sale financial assets	9	74,552,429	71,451,390	56,701,895
		4,754,604,579	4,045,643,217	3,335,412,895
Current assets				
Properties for sale	10	101,330,940	111,336,970	96,428,060
Available-for-sale financial assets	9	–	3,332,000	11,960,000
Debtors and prepayments	11	34,195,766	25,198,901	20,947,839
Current income tax recoverable		2,395,247	1,323,911	124,394
Cash and cash equivalents	12	49,607,067	24,047,109	56,515,761
		187,529,020	165,238,891	185,976,054
Current liabilities				
Rental and other deposits		37,286,447	31,631,151	26,569,350
Creditors and accruals	13	42,671,093	32,443,844	27,494,913
Current income tax liabilities		27,219,330	27,656,794	27,864,103
Short term bank loans – secured	14	353,000,000	241,000,000	200,000,000
Bank overdrafts – secured	14	2,789,250	1,614	–
Current portion of long term bank loans – secured	15	1,858,710	1,858,710	1,858,710
		464,824,830	334,592,113	283,787,076
Net current liabilities		(277,295,810)	(169,353,222)	(97,811,022)
Total assets less current liabilities		4,477,308,769	3,876,289,995	3,237,601,873
Non-current liabilities				
Long term bank loans – secured	15	(131,636,677)	(133,322,990)	(135,009,303)
Deferred income tax liabilities	16	(73,079,200)	(46,192,702)	(43,215,677)
		(204,715,877)	(179,515,692)	(178,224,980)
Net assets		4,272,592,892	3,696,774,303	3,059,376,893

	Note	As at 31st December 2011	2010	As at 1st January 2010
		HK$	HK$ (Restated)	HK$ (Restated)
Equity				
Equity attributable to the Company's owners				
Share capital	17	287,669,676	287,669,676	287,669,676
Reserves	18	3,823,830,361	3,263,500,589	2,621,824,627
Proposed dividends	18	20,136,877	20,136,877	48,903,845
		4,131,636,914	3,571,307,142	2,958,398,148
Non-controlling interests		140,955,978	125,467,161	100,978,745
Total equity		4,272,592,892	3,696,774,303	3,059,376,893

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 28 to 76 are an integral part of these consolidated financial statements.

BALANCE SHEET
AS AT 31ST DECEMBER 2011

	Note	As at 31st December 2011	2010	As at 1st January 2010
		HK$	HK$ (Restated)	HK$ (Restated)
Non-current assets				
Property, plant and equipment	6	3,490,949	3,198,771	4,448,120
Investment properties	7	379,000,000	295,000,000	218,000,000
Subsidiaries	8	500,023,112	489,156,676	502,583,487
Available-for-sale financial assets	9	178,875	243,842	179,352
		882,692,936	787,599,289	725,210,959
Current assets				
Debtors and prepayments	11	1,652,782	1,287,046	1,476,903
Amounts due from subsidiaries	8	439,570,043	479,335,406	485,592,282
Cash and cash equivalents	12	24,704,653	3,277,343	38,074,477
		465,927,478	483,899,795	525,143,662
Current liabilities				
Rental and other deposits		4,262,475	4,247,475	2,973,025
Creditors and accruals	13	6,817,901	6,538,017	10,033,802
Amounts due to subsidiaries	8	11,762,596	15,217,959	17,810,088
		22,842,972	26,003,451	30,816,915
Net current assets		443,084,506	457,896,344	494,326,747
Total assets less current liabilities		1,325,777,442	1,245,495,633	1,219,537,706
Non-current liabilities				
Deferred income tax liabilities	16	(642,600)	(901,260)	(1,295,745)
Net assets		1,325,134,842	1,244,594,373	1,218,241,961
Equity				
Equity attributable to the Company's owners				
Share capital	17	287,669,676	287,669,676	287,669,676
Reserves	18	1,017,328,289	936,787,820	881,668,440
Proposed dividends	18	20,136,877	20,136,877	48,903,845
Total equity		1,325,134,842	1,244,594,373	1,218,241,961

On behalf of the Board

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 28 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Note	2011	2010
		HK$	HK$ (Restated)
Revenues	5(a)	188,803,639	164,203,149
Cost of sales	19	(63,754,340)	(49,635,835)
Gross profit		125,049,299	114,567,314
Fair value gains on investment properties	7	603,486,793	663,769,743
Other income and gains, net	20	4,032,102	6,835,682
Administrative expenses	19	(78,350,622)	(73,961,717)
Other operating expenses	19	(15,564,073)	(13,868,445)
Operating profit		638,653,499	697,342,577
Finance income	22	84,678	32,454
Finance costs	22	(8,018,810)	(6,203,108)
Finance costs, net		(7,934,132)	(6,170,654)
Profit before income tax		630,719,367	691,171,923
Income tax expense	23	(29,921,128)	(9,647,011)
Profit for the year		600,798,239	681,524,912
Attributable to:			
Owners of the Company	18, 24	584,285,201	655,914,387
Non-controlling interests		16,513,038	25,610,525
		600,798,239	681,524,912
Dividends	25	28,766,967	28,766,967
Dividends per share	25		
Interim – paid		HK 3 cents	HK 3 cents
Final – proposed		HK 7 cents	HK 7 cents
Total		HK 10 cents	HK 10 cents
Earnings per share (basic and diluted)	26	HK$2.03	HK$2.28

The notes on pages 28 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2011

	Note	2011	2010
		HK$	HK$ (Restated)
Profit for the year		600,798,239	681,524,912
Other comprehensive income			
Net fair value gain on available-for-sale financial assets		3,058,292	14,749,495
Impairment loss on available-for-sale financial assets transferred to income statement	20	2,470,878	1,144,266
Exchange translation differences	18	13,347	34,272
Other comprehensive income for the year		5,542,517	15,928,033
Total comprehensive income for the year		606,340,756	697,452,945
Total comprehensive income attributable to:			
Owners of the Company	18	589,096,739	670,442,929
Non-controlling interests		17,244,017	27,010,016
		606,340,756	697,452,945

The notes on pages 28 to 76 are an integral part of these consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	Note	2011	2010
		HK$	HK$
Operating activities			
Net cash generated from operations	27	25,707,186	33,019,189
Hong Kong profits tax paid		(5,384,776)	(8,064,785)
Hong Kong profits tax refunded		854,652	–
Overseas taxation paid		(13,306)	(12,028)
Net cash from operating activities		21,163,756	24,942,376
Investing activities			
Additions of property, plant and equipment		(20,777,511)	(6,519,172)
Additions of investment properties		(62,800,811)	(47,161,578)
Additions of available-for-sale financial assets		(82,735)	–
Repayment of loan to an investee company		3,371,988	8,628,000
Proceeds on disposal of property, plant and equipment		2,492,547	530,171
Net proceeds on disposal of an investment property		963,130	8,402,400
Interest received		84,678	32,454
Dividends received		6,075,246	5,398,203
Net cash used in investing activities		(70,673,468)	(30,689,522)
Financing activities			
Interest paid		(7,350,437)	(5,843,148)
Draw down of bank loan		234,000,000	61,000,000
Repayments of bank loans		(123,858,709)	(21,858,709)
Dividends paid to shareholders		(28,766,967)	(57,533,935)
Dividends paid to non-controlling shareholders of subsidiaries		(1,755,200)	(2,521,600)
Net cash from/(used in) financing activities		72,268,687	(26,757,392)
Net increase/(decrease) in cash and cash equivalents		22,758,975	(32,504,538)
Exchange translation differences		13,347	34,272
Cash and cash equivalents at 1st January		24,045,495	56,515,761
Cash and cash equivalents at 31st December		46,817,817	24,045,495
Analysis of the balances of cash and cash equivalents			
Bank balances and cash and restricted bank deposits		49,607,067	24,047,109
Bank overdrafts		(2,789,250)	(1,614)
		46,817,817	24,045,495

The notes on pages 28 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2011

	Attributable to owners of the Company							
	Share capital HK$	Share premium HK$	Investment revaluation reserve HK$	Exchange reserve HK$	Retained profits HK$	Total reserves HK$	Non-controlling interests HK$	Total HK$
At 1st January 2011, as previously reported	287,669,676	129,651,602	37,248,098	7,196,194	2,708,372,020	2,882,467,914	107,199,996	3,277,337,586
Prior year adjustment in respect of changes in accounting policies (note 2(a))	–	–	–	–	401,169,552	401,169,552	18,267,165	419,436,717
At 1st January 2011, as restated	287,669,676	129,651,602	37,248,098	7,196,194	3,109,541,572	3,283,637,466	125,467,161	3,696,774,303
Total comprehensive income for the year	–	–	4,798,191	13,347	584,285,201	589,096,739	17,244,017	606,340,756
Transactions with owners – dividends paid	–	–	–	–	(28,766,967)	(28,766,967)	(1,755,200)	(30,522,167)
At 31st December 2011	287,669,676	129,651,602	42,046,289	7,209,541	3,665,059,806	3,843,967,238	140,955,978	4,272,592,892
At 1st January 2010, as previously reported	287,669,676	129,651,602	22,753,828	7,161,922	2,207,151,311	2,366,718,663	86,453,519	2,740,841,858
Prior year adjustment in respect of changes in accounting policies (note 2(a))	–	–	–	–	304,009,809	304,009,809	14,525,226	318,535,035
At 1st January 2010, as restated	287,669,676	129,651,602	22,753,828	7,161,922	2,511,161,120	2,670,728,472	100,978,745	3,059,376,893
Total comprehensive income for the year, as restated	–	–	14,494,270	34,272	655,914,387	670,442,929	27,010,016	697,452,945
Transactions with owners – dividends paid	–	–	–	–	(57,533,935)	(57,533,935)	(2,521,600)	(60,055,535)
At 31st December 2010, as restated	287,669,676	129,651,602	37,248,098	7,196,194	3,109,541,572	3,283,637,466	125,467,161	3,696,774,303

The notes on pages 28 to 76 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tai Sang Land Development Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in property investment, property rental, property development, estate management and agency and hotel operation.

The Company is a limited liability company incorporated in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollar (HK$), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 23th March 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The Group had net current liabilities of HK$277,295,810 as at 31st December 2011. The net current liabilities mainly included short term bank loans of HK$353,000,000, of which a loan of HK$150,000,000 was drawn in September 2011 and was expected to repay in September 2013 and another loan of HK$200,000,000 was renewed in December 2011 and was subject to future annual renewal. Based on the Group's history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

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

In 2011, the Group adopted the following new and revised standards, interpretations, and amendments of Hong Kong Financial Reporting Standards ("HKFRSs"), or improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA, which are effective for the financial year ended 31st December 2011 and are relevant to the Group's operation:

New standards and amendments

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issue
HKFRS 9	Financial Instruments
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Improvements to existing standards

HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements
HKAS 27 (Revised) (Amendment)	Consolidated and Separate Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised) (Amendment)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

In addition, the Group has early adopted HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets" which is effective for the financial year beginning on 1st January 2012.

Except for the adoption of HKAS 12 (Amendment) has resulted in a change in accounting policies as described below which has been applied retrospectively, the adoption of the other new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies except for certain revised presentation and disclosures in the consolidated financial statements.

HKAS 12 (Amendment) introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the measurement of deferred taxation by applying the rebuttable presumption that the carrying amount of investment property will be recovered through sale.

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated balance sheet are as follows:

	As at 31st December	
	2011	2010
	HK$	HK$
Decrease in deferred income tax liabilities and increase in total equity	482,190,559	419,436,717
Attributable to:		
Owners of the Company	461,677,237	401,169,552
Non-controlling interests	20,513,322	18,267,165
	482,190,559	419,436,717

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated income statement are as follows:

	2011	2010
	HK$	HK$
Decrease in income tax expense and increase in profit for the year	62,753,842	100,901,682
Attributable to:		
Owners of the Company	61,191,280	97,159,743
Non-controlling interests	1,562,562	3,741,939
	62,753,842	100,901,682

The HKICPA has issued certain new HKFRSs which are relevant to the Group's operations but are not yet effective for the year ended 31st December 2011, include:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Amendment)	Separate Financial Statements
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRSs Amendments	Improvements to HKFRSs 2011

The Group has not early adopted these standards in the consolidated financial statements. The Group is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of financial information will be resulted upon adoption of these standards and amendments. The Group will apply the above new HKFRSs when they become effective.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December 2011.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profit or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred. The excess of the consideration transferred and the fair value on of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Balances with subsidiaries are split into its financial assets or liabilities and equity components at initial recognition. The financial asset or liability component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial positions of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

(i) Leasehold land classified under finance lease and freehold land

Leasehold land classified as finance lease are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at cost less accumulated impairment losses. No depreciation is provided for freehold land.

Depreciation of leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. The depreciation is calculated using the straight-line basis over the remaining period of the leases.

(ii) Buildings

Buildings are stated at cost less accumulated depreciation and impairment losses.

Depreciation of buildings is provided to write off the cost less impairment losses and residual value on a straight-line basis over 15 to 40 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

(iii) Plant and equipment

Plant and equipment, comprising plant and machinery, furniture and equipment and motor vehicles, are stated at cost less accumulated depreciation and impairment losses.

Depreciation of plant and equipment is calculated using straight-line method to allocate cost to their residual values over their estimated useful lives of 3 to 10 years.

(iv) Leasehold improvement

Leasehold improvement is stated at cost less accumulated depreciation and impairment losses.

Depreciation of leasehold improvement is calculated using straight-line method to allocate cost to their residual value over the shorter of the lease term or estimated useful lives of 5 years.

(v) Subsequent costs, residual value, useful lives and disposal

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group companies, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises freehold land, leasehold land and buildings. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair value are recognised in the income statements. The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties (Continued)

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(g) Impairment of non-financial assets and investments in subsidiaries

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

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(h) Financial assets

The Group classifies its financial assets in the following two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets when the maturities are greater than 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial assets (Continued)

(ii) Available-for-sale financial assets

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

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investments.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques which refer to observable market data and are commonly used by market participants.

(i) Impairment of financial assets

(i) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of financial assets (Continued)

(ii) Available-for-sale financial assets

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

(j) Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Cost comprises development expenditure and other associated expenditures, including interest capitalised. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(k) Trade and other debtors

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

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

(l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities within three months and bank overdrafts.

(m) Trade creditors and accruals

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

(o) Current and deferred income tax

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

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Contingent liabilities and contingent assets

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

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

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

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

(q) Revenue and income recognition

The Group recognises income on the following bases:

(i) Rental income

Rental income is recognised on a straight-line basis over the terms of the lease agreements.

(ii) Agency commission and management fees

Agency commission and management fees are recognised when services are rendered.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Income on sale of investments

Income on sale of investments is recognised when the title to the investments is passed to the purchaser.

(v) Income on sale of properties

Income on sale of properties is recognised on the transfer of risks and rewards of ownership.

(vi) Hotel reservation services

Income from hotel reservation services is recognised when services are rendered.

(vii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Retirement benefit obligations

The Group's contributions to the defined contribution retirement schemes are available to all employees in Hong Kong and the United States of America ("US"). The assets of the schemes are held separately from those of the Group in independently administered funds.

The US subsidiaries, which participate in the US government benefit schemes, are required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

The Group's contributions to the aforesaid defined contribution retirement schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective territories and are charged to the income statement as incurred.

Employee entitlements to long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payments as a result of services rendered by employees up to the balance sheet date. The provision for long service payments is included as liabilities in the financial statements.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the issue of a financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed as incurred.

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

(t) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because a specified debtor failed to make payment when due in accordance with the terms of a debt instrument.

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

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Operating leases

Leases where substantially all the risks and rewards of ownership are remained with the lessors are classified as operating leases.

(i) Leases – where the Group is the lessor

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(q)(i) above.

(ii) Leases – where the Group is leasee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease periods.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the final dividends and interim dividends are approved by the Company's shareholders and board of directors respectively.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and price risk.

(i) Foreign exchange risk

The Group operates in the US and Hong Kong and is primarily exposed to foreign exchange risk arising from US dollar ("US$"). The foreign exchange risk exposure is considered to be minimal to the Group because Hong Kong dollar is pegged to US dollar.

(ii) Credit risk

Credit risk arises from the carrying amount of cash and cash equivalents, available-for-sale financial assets and debtors. The maximum exposure to credit risk at the reporting date is limited because the Group regularly performs risk control assessment on the credit quality of the debtors. Furthermore, the Group only places cash deposits into licensed banks with no history of defaults. The Group has no significant concentrations of credit risk with any counterparty.

In respect of the credit risk arises from the guarantees to bankers for credit facilities granted to the subsidiaries, taking into account the financial position of the subsidiaries and the other collaterals pledged to the bankers, the risk is considered insignificant.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

At 31st December 2011, the Group's net current liabilities amounted to HK$277,295,810 (2010: HK$169,353,222). The directors of the Company believe that the Group could refinance its existing short term bank loans and will have sufficient financial resources to satisfy its working capital requirements, payments of liabilities as and when they fall due and its future capital commitments. The directors closely monitor the cash flow forecasts of the Group's liquidity position.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

2011

	Group			Company
	Within one year HK$	In the second year HK$	In the third to fifth years HK$	Within one year HK$
Rental and other deposits	37,286,447	–	–	4,262,475
Creditors and accruals	42,671,093	–	–	6,817,901
Amounts due to subsidiaries	–	–	–	11,762,596
Bank overdraft	2,789,250	–	–	–
Short term bank loans	205,957,400	153,570,000	–	–
Long term bank loans	4,227,238	132,854,089	–	–
	292,931,428	286,424,089	–	22,842,972

2010

	Group			Company
	Within one year HK$	In the second year HK$	In the third to fifth years HK$	Within one year HK$
Rental and other deposits	31,631,151	–	–	4,247,475
Creditors and accruals	32,443,844	–	–	6,538,017
Amounts due to subsidiaries	–	–	–	15,217,959
Bank overdraft	1,614	–	–	–
Short term bank loans	244,398,120	–	–	–
Long term bank loans	4,242,528	4,209,851	134,199,385	–
	312,717,257	4,209,851	134,199,385	26,003,451

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Interest rate risk

The Group is primarily exposed to interest rate risk arising from bank borrowings. The Group's policy is to maintain all its bank borrowings in floating rate instruments except when management's objectives are to limit the impact of interest rate changes on earnings and cash flow. The Group will attempt to refinance by fixed rate borrowings at a lower rate if and when available.

At 31st December 2011, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been decreased/increased by HK$428,000 (2010: HK$337,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

(v) Price risk

The Group is exposed to equity securities price risk for the Group's available-for-sale financial assets. The performance of the Group's investments is closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

At 31st December 2011, if the market price of the equity securities had been 10% higher/lower with all other variances held constant, profit after income tax for the year would have been increased/decreased by HK$73,000 (2010: HK$Nil) and the investment revaluation reserve would have been increased/decreased by HK$7,392,080 (2010: HK$7,145,000).

(b) Capital risk management

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

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

The Group monitors capital on the basis of the debt (total borrowings) to equity (total equity) ratio. The debt to equity ratio is 11.5% (2010 Restated: 10.2%) as at 31st December 2011.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

Financial instruments that are measured in the balance sheet at fair value required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's and the Company's assets that are measured at fair value at 31st December 2011 and 2010.

	Group			Company
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Level 1 HK$
2011				
Available-for-sale financial assets	53,552,429	–	21,000,000	178,875
2010				
Available-for-sale financial assets	58,451,390	3,332,000	13,000,000	243,842

Movement on the available-for-sale financial assets at level 3 is as follows:

	2011 HK$	2010 HK$
At 1st January	13,000,000	12,000,000
Gains recognised in other comprehensive income	8,000,000	1,000,000
At 31st December	21,000,000	13,000,000

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(i) Investment properties

The fair values of investment properties are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed semi-annually by an external valuer.

Should the capitalisation rates or market rates differ by 10%, the fair value gain would be reduced or increased by HK$338,353,000 or HK$566,972,000 (2010: HK$300,272,000 or HK$469,188,000) respectively and the deferred income tax charge thereon would be reduced or increased by HK$13,428,000 or HK$22,619,000 (2010 Restated: HK$10,924,000 or HK$18,378,000) respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

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

The fair values of quoted investments are based on current bid prices. The fair value of investments which are not traded in an active market is determined by using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(iii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment (except for land). The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Should the useful lives of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$719,000 or HK$1,000,000 (2010: HK$1,005,000 or HK$804,000) respectively in the current year.

Should the residual values of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$108,000 (2010: HK$187,000) respectively in the current year.

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

(i) Impairment of investments

The guidance of HKAS 39 is followed by the Group in determining when an investment has other-than-temporary impairment. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Income tax

The Group is subject to taxes in Hong Kong and the US. Significant judgment is required in determining the provision for the taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

5 REVENUES AND SEGMENT INFORMATION

(a) Revenues (representing turnover) recognised during the year are as follows:

	2011	2010
	HK$	HK$
Revenues		
Property rental		
– investment properties	157,014,381	140,226,425
– properties for sale	19,179,483	16,514,924
Property related services	9,242,040	7,461,800
Hotel operations	3,367,735	–
	188,803,639	164,203,149

Property rental and property related services revenue above included amounts of HK$1,877,951 (2010: HK$1,330,426) and HK$439,575 (2010: HK$380,006) from related companies respectively.

(b) Operating lease arrangement

The Group leases out investment properties and properties for sale under lease terms generally in the range of one to ten years.

At 31st December 2011, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Not later than one year	149,627,000	125,791,000	13,211,000	15,619,000
Later than one year but not later than five years	167,790,000	116,197,000	1,303,000	13,894,000
Later than five years	31,031,000	19,112,000	–	–
	348,448,000	261,100,000	14,514,000	29,513,000

(c) The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The board of directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The board of directors assesses the performance of the operating segments based on their underlying profit, which is measured by profit after income tax excluding fair value changes on investment properties and deferred income tax on fair value changes on investment properties, and their segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

There are no sales between the operating segments.

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2011			
Segment revenues			
Property rental	138,305,255	37,888,609	176,193,864
Property related services	9,242,040	–	9,242,040
Hotel operations	3,367,735	–	3,367,735
Total segment revenues	150,915,030	37,888,609	188,803,639
Segment results – underlying profit/(loss)			
– Property rental and related services	22,948,452	(2,829,982)	20,118,470
– Hotel operations	(1,556,517)	–	(1,556,517)
Fair value gains on investment properties	532,076,810	71,409,983	603,486,793
Deferred income tax expense on fair value gains on investment properties, net	–	(21,250,507)	(21,250,507)
Profit for the year	553,468,745	47,329,494	600,798,239
Included in segment results:			
Impairment loss on available-for-sale financial assets	(2,470,878)	–	(2,470,878)
Finance income	74,749	9,929	84,678
Finance costs	(5,270,435)	(2,748,375)	(8,018,810)
Income tax expense (note)	(8,657,315)	(13,306)	(8,670,621)
Depreciation	(11,145,690)	(1,481,446)	(12,627,136)
Capital expenditure	89,963,383	6,581,375	96,544,758
At 31st December 2011			
Property, plant and equipment	184,705,485	13,988,365	198,693,850
Investment properties	4,064,850,000	416,508,300	4,481,358,300
Non-current assets (excluding available-for-sale financial assets)	4,249,555,485	430,496,665	4,680,052,150
Non-current available-for-sale financial assets	74,552,429	–	74,552,429
Current assets	166,879,842	20,649,178	187,529,020
Segment assets	4,490,987,756	451,145,843	4,942,133,599
Current liabilities	451,357,940	13,466,890	464,824,830
Non-current liabilities	41,752,178	162,963,699	204,715,877
Segment liabilities	493,110,118	176,430,589	669,540,707

5 REVENUES AND SEGMENT INFORMATION (Continued)

(c) Operating segments (Continued)

	Hong Kong	North America	Total
	HK$	HK$	HK$
For the year ended 31st December 2010 (Restated)			
Segment revenues			
Property rental	123,947,107	32,794,242	156,741,349
Property related services	7,461,800	–	7,461,800
Total segment revenues	131,408,907	32,794,242	164,203,149
Segment results – underlying profit/(loss) – Property rental and related services	26,265,202	(5,631,209)	20,633,993
Fair value gains on investment properties	636,176,206	27,593,537	663,769,743
Deferred income tax expense on fair value gains on investment properties, net	–	(2,878,824)	(2,878,824)
Profit for the year	662,441,408	19,083,504	681,524,912
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,144,266)	–	(1,144,266)
Finance income	4,163	28,291	32,454
Finance costs	(3,352,230)	(2,850,878)	(6,203,108)
Income tax expense (note)	(6,756,160)	(12,027)	(6,768,187)
Depreciation	(11,158,177)	(1,503,707)	(12,661,884)
Capital expenditure	46,616,657	6,890,941	53,507,598
At 31st December 2010 (Restated)			
Property, plant and equipment	149,955,081	15,408,246	165,363,327
Investment properties	3,470,250,000	338,578,500	3,808,828,500
Non-current assets (excluding available-for-sale financial assets)	3,620,205,081	353,986,746	3,974,191,827
Non-current available-for-sale financial assets	71,451,390	–	71,451,390
Current assets	148,867,744	16,371,147	165,238,891
Segment assets	3,840,524,215	370,357,893	4,210,882,108
Current liabilities	322,602,639	11,989,474	334,592,113
Non-current liabilities	36,116,186	143,399,506	179,515,692
Segment liabilities	358,718,825	155,388,980	514,107,805

Note: The amount excludes deferred income tax on fair value changes on investment properties.

6 PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$	HK$
Cost				
At 1st January 2011	210,853,347	5,608,828	74,895,600	291,357,775
Additions	2,559,259	–	12,393,486	14,952,745
Transfer from properties for sale	28,472,823	–	6,052,254	34,525,077
Disposals	–	–	(5,945,551)	(5,945,551)
At 31st December 2011	241,885,429	5,608,828	87,395,789	334,890,046
Accumulated depreciation				
At 1st January 2011	68,952,424	4,809,761	52,232,263	125,994,448
Depreciation charge	5,506,136	799,067	6,321,933	12,627,136
Disposals	–	–	(2,425,388)	(2,425,388)
At 31st December 2011	74,458,560	5,608,828	56,128,808	136,196,196
Net book value				
At 31st December 2011	167,426,869	–	31,266,981	198,693,850

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Land and buildings	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$	HK$
Cost				
At 1st January 2010	210,853,347	5,033,005	73,678,891	289,565,243
Additions	–	575,823	5,496,217	6,072,040
Disposals	–	–	(4,279,508)	(4,279,508)
At 31st December 2010	210,853,347	5,608,828	74,895,600	291,357,775
Accumulated depreciation				
At 1st January 2010	64,135,890	2,615,137	48,526,416	115,277,443
Depreciation charge	4,816,534	2,194,624	5,650,726	12,661,884
Disposals	–	–	(1,944,879)	(1,944,879)
At 31st December 2010	68,952,424	4,809,761	52,232,263	125,994,448
Net book value				
At 31st December 2010	141,900,923	799,067	22,663,337	165,363,327

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvement	Plant and equipment	Total
	HK$	HK$	HK$
Cost			
At 1st January 2011	5,608,828	5,001,017	10,609,845
Additions	–	1,665,649	1,665,649
Disposals	–	(20,145)	(20,145)
At 31st December 2011	5,608,828	6,646,521	12,255,349
Accumulated depreciation			
At 1st January 2011	4,809,761	2,601,313	7,411,074
Depreciation charge	799,067	565,468	1,364,535
Disposals	–	(11,209)	(11,209)
At 31st December 2011	5,608,828	3,155,572	8,764,400
Net book value			
At 31st December 2011	–	3,490,949	3,490,949
Cost			
At 1st January 2010	5,033,005	4,279,347	9,312,352
Additions	575,823	803,102	1,378,925
Disposals	–	(81,432)	(81,432)
At 31st December 2010	5,608,828	5,001,017	10,609,845
Accumulated depreciation			
At 1st January 2010	2,615,137	2,249,095	4,864,232
Depreciation charge	2,194,624	388,102	2,582,726
Disposals	–	(35,884)	(35,884)
At 31st December 2010	4,809,761	2,601,313	7,411,074
Net book value			
At 31st December 2010	799,067	2,399,704	3,198,771

The Group's freehold land and building located in the US with net book value of HK$12,431,000 (2010: HK$13,104,000) together with certain properties located in the US (note 7) have been pledged to a financial institution to secure a credit facility of the Group in the US of HK$133,495,000 (2010: HK$135,182,000) which was fully utilised as at 31st December 2011.

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's interests in land included in land and building above are analysed as follows:

	Group As at 31st December 2011	2010
	HK$	HK$
In Hong Kong, held on leases of between 10 and 50 years	83,281,149	85,608,339
In US, held on freehold	2,340,000	2,340,000
	85,621,149	87,948,339

7 INVESTMENT PROPERTIES

	Group 2011	2010	Company 2011	2010
	HK$	HK$	HK$	HK$
At 1st January	3,808,828,500	3,104,423,200	295,000,000	218,000,000
Additions	69,105,287	47,435,557	–	465,220
Disposals	(62,280)	(6,800,000)	–	–
Fair value gains	603,486,793	663,769,743	84,000,000	76,534,780
At 31st December	4,481,358,300	3,808,828,500	379,000,000	295,000,000

Notes:

(a) Certain of the Group's investment properties located in the US with an aggregate net book value of HK$428,940,000 (2010: HK$338,579,000) together with the freehold land and building located in the US have been pledged to a financial institution to secure a credit facility of the Group in the US (note 6).

Certain of the Group's investment properties located in Hong Kong with an aggregate net book value of HK$2,460,000,000 (2010: HK$1,570,000,000) have been pledged to financial institutions to secure credit facilities of the Group in Hong Kong totalling approximately HK$510,000,000 (2010: HK$322,000,000) of which HK$355,789,000 (2010: HK$241,002,000) were utilised as at 31st December 2011.

(b) The interests in investment properties at their net book values are analysed as follows:

	Group 2011	2010	Company 2011	2010
	HK$	HK$	HK$	HK$
In Hong Kong, held on:				
Leases of over 50 years	1,039,550,000	966,350,000	29,000,000	25,000,000
Leases of between 10 and 50 years	3,025,300,000	2,503,900,000	350,000,000	270,000,000
Outside Hong Kong, held on:				
Freehold	416,508,000	338,578,500	–	–
	4,481,358,000	3,808,828,500	379,000,000	295,000,000

7 INVESTMENT PROPERTIES (Continued)

(c) The investment properties in Hong Kong of the Group and the Company were valued on an open market basis at 31st December 2011 by AA Property Services Limited, an independent professional property valuer.

(d) The Group's overseas investment properties were valued on an open market basis at 31st December 2011 by Mr. David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company, an independent professional property valuer.

8 SUBSIDIARIES

(a) Interests in subsidiaries

	Company	
	2011	2010
	HK$	HK$
Unlisted shares, at cost	124,359,569	124,359,569
Less: provision	(69,812,222)	(69,818,394)
	54,547,347	54,541,175
Advances to subsidiaries	559,698,453	548,838,189
Less: provision	(114,222,688)	(114,222,688)
	445,475,765	434,615,501
	500,023,112	489,156,676

Details of principal subsidiaries as at 31st December 2011, which, in the directors' opinion, materially affect the results and/or assets of the Group, are set out in note 30.

Advances to subsidiaries are unsecured, interest free and not repayable within the next twelve months from the balance sheet date.

The directors considered the advances to subsidiaries are equity in nature and accordingly they are stated at cost less provision for impairment at balance sheet date.

8 SUBSIDIARIES (Continued)

(b) Amounts due from/(to) subsidiaries

	Company	
	2011	2010
	HK$	HK$
Amounts due from subsidiaries	452,247,730	490,390,293
Less: provision	(12,677,687)	(11,054,887)
	439,570,043	479,335,406
Amounts due to subsidiaries	(11,762,596)	(15,217,959)

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. Movement on the provision for impairment of amounts due from subsidiaries is as follows:

	Company	
	2011	2010
	HK$	HK$
At 1st January	(11,054,887)	(10,992,661)
Provision for impairment of amounts due from subsidiaries	(1,622,800)	(62,226)
At 31st December	(12,677,687)	(11,054,887)

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
At 1st January	74,783,390	68,661,895	243,842	179,352
Additions	82,735	–	–	–
Repayment of loan to an investee company	(3,371,988)	(8,628,000)	–	–
Net revaluation gains/(losses) credited/(charged) to equity	3,058,292	14,749,495	(64,967)	64,490
At 31st December	74,552,429	74,783,390	178,875	243,842
Classified as:				
Non-current assets	74,552,429	71,451,390	178,875	243,842
Current assets (note d)	–	3,332,000	–	–
	74,552,429	74,783,390	178,875	243,842
Available-for-sale financial assets include the following:				
Listed equity securities in Hong Kong (note a)	34,049,322	37,272,435	178,875	243,842
Listed equity securities in overseas (note b)	19,503,107	21,178,955	–	–
Unlisted equity securities (note c)	21,000,000	13,000,000	–	–
Loan to an investee company (note d)	–	3,332,000	–	–
Total	74,552,429	74,783,390	178,875	243,842

Notes:

(a) Listed equity securities in Hong Kong, which were denominated in Hong Kong dollars, mainly represented securities listed in the Main Board of The Stock Exchange of Hong Kong Limited, which included conglomerates that also engaged in property development and utility businesses.

(b) Listed equity securities in overseas, which were denominated in US dollars, represented an equity investment listed in the Alternative Investment Market in London Stock Exchange engaging in venture investments in China, and an equity investment listed in New York Stock Exchange engaging in energy alternative fuel in China.

(c) Unlisted securities, which were denominated in Hong Kong dollars, represented 12% equity interests each in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze Group"). Yangtze Group is principally holding investment securities listed in London and unlisted investments. The underlying investments of Yangtze Group comprise companies engaged in integrated circuits, Chinese medical products and environmental friendly product in China.

(d) It represented a loan to The Yangtze Ventures II Limited, which was denominated in Hong Kong dollars. The amount was unsecured, interest free and was designated as an available-for-sale financial asset. The amount was wholly repaid in 2011.

10 PROPERTIES FOR SALE

The Group's interests in properties for sale at their net book values are analysed as follows:

	Group	
	2011	2010
	HK$	HK$
Leasehold land	12,063,339	12,182,965
Development expenditures	89,267,601	99,154,005
	101,330,940	111,336,970
In Hong Kong, held on:		
Leases of over 50 years	31,614,232	37,577,366
Leases of between 10 and 50 years	69,716,708	73,759,604
	101,330,940	111,336,970

11 DEBTORS AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Trade debtors (note a)	747,230	1,325,327	–	–
Prepayments, deposits and other debtors (note b)	33,448,536	23,873,574	1,652,782	1,287,046
	34,195,766	25,198,901	1,652,782	1,287,046

Notes:

(a) The trade debtors represent rental and management fee receivables. Sales are made on open account terms and the Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fee receivables.

At 31st December 2011, the ageing analysis of the Group's trade debtors were as follows:

	Group	
	2011	2010
	HK$	HK$
Current	549,271	434,311
31-60 days	183,953	275,393
61-90 days	3,502	217,628
Over 90 days	10,504	397,995
	747,230	1,325,327

11 DEBTORS AND PREPAYMENTS (Continued)

At 31st December 2011, trade debtors of HK$220,354 (2010: HK$213,349) were fully performing. Trade debtors of HK$526,876 (2010: HK$1,111,978) were past due but not impaired and its due date analysis was as follows:

	Group	
	2011	2010
	HK$	HK$
Current	328,917	220,962
31-60 days	183,953	275,393
61-90 days	3,502	217,628
Over 90 days	10,504	397,995
	526,876	1,111,978

At 31st December 2011, no impairment provision was made on the trade debtors (2010: HK$Nil).

(b) The prepayments, deposits and other debtors represent utilities deposits, and other prepayments, deposits and receivable.

(c) The carrying amounts of debtors and prepayments approximated their fair values as at 31st December 2011 and 2010.

(d) Included in the trade debtors and deposits are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
US dollars	14,541,288	10,778,664	–	–

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Bank balances and cash	48,607,067	23,047,109	23,704,653	2,277,343
Restricted bank deposit (note)	1,000,000	1,000,000	1,000,000	1,000,000
	49,607,067	24,047,109	24,704,653	3,277,343

Note:

Restricted bank deposit of the Company is pledged to secure an overdraft credit facility of HK$998,000 (2010: HK$990,000) provided to the Company by a financial institution, which is a related company of the Company.

The asset is cash or a cash equivalent (as defined in HKAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

12 CASH AND CASH EQUIVALENTS (Continued)

Included in the bank balances and cash are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
US dollars	6,107,891	5,592,483	–	–

13 CREDITORS AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Trade creditors	6,654,975	11,328,130	1,026,932	1,017,271
Other creditors	10,459,702	11,208,837	2,489,389	2,447,292
Accruals	25,556,416	9,906,877	3,301,580	3,073,454
	42,671,093	32,443,844	6,817,901	6,538,017

At 31st December 2011, the ageing analysis of the Group's trade creditors was as follows:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Current	5,998,078	10,637,035	1,014,552	511,683
31-60 days	123,811	183,871	1,250	55,804
61-90 days	18,255	30,606	–	30,606
Over 90 days	514,831	476,618	11,130	419,178
	6,654,975	11,328,130	1,026,932	1,017,271

The carrying amounts of creditors and accruals approximated their fair values as at 31st December 2011 and 2010.

Included in the trade creditors, other creditors and accruals are the following amounts denominated in a currency other than the functional currency of the Company:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
US dollars	5,106,130	5,904,896	–	–

14 SHORT TERM BANK LOANS AND BANK OVERDRAFTS – SECURED

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

	Group	
	2011	2010
Short term bank loans	1.44% to 2.58%	1.38% to 1.63%
Bank overdrafts	5.00%	5.00%

The exposure to the Group's short term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group	
	2011	2010
	HK$	HK$
1 month or less	203,000,000	41,000,000
1 to 3 months	150,000,000	200,000,000
	353,000,000	241,000,000

The carrying amounts of the short term bank loans and bank overdrafts approximate their fair values as at 31st December 2011 and 2010.

The short term bank loans and bank overdrafts of the Group are secured by certain investment properties in Hong Kong (note 7) and the rental income thereon. All the short term bank loans and bank overdrafts are denominated in Hong Kong dollar.

15 LONG TERM BANK LOANS – SECURED

	Group	
	2011	2010
	HK$	HK$
Bank loans wholly repayable within five years	133,495,387	135,181,700
Amounts due within one year included under current liabilities	(1,858,710)	(1,858,710)
	131,636,677	133,322,990

15 LONG TERM BANK LOANS – SECURED (Continued)

The maturity of the Group's long term bank loans is as follows:

	Group 2011	2010
	HK$	HK$
– within one year	1,858,710	1,858,710
– in the second year	131,636,677	1,858,710
– in the third to fifth years inclusive	–	131,464,280
	133,495,387	135,181,700

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

	Group 2011	2010
US dollar bank loan	1.77%	1.76%

The exposure to the Group's long term bank loans to interest rate changes and the contractual repricing dates are as follows:

	Group 2011	2010
	HK$	HK$
1 month or less	133,495,387	135,181,700

The carrying amounts and fair values of the long term bank loans are as follows:

	Carrying amount		Fair value	
	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Long term bank loans	133,495,387	135,181,700	133,739,627	135,598,336

The fair values of current portion of long term bank loans are approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 1.77% (2010: 1.76%) per annum.

The carrying amounts of the long term bank loans are denominated in the following currencies:

	Group 2011	2010
	HK$	HK$
US dollar	133,495,387	135,181,700

The Group's long term bank loans are secured by the freehold land and building in the US (note 6), certain investment properties in the US (note 7) and the rental income thereon.

16 DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$ (Restated)	HK$	HK$ (Restated)
Deferred income tax liabilities – to be settled after more than 12 months	73,079,200	46,192,702	642,600	901,260

The movements on the net deferred tax liabilities of the Group and the Company are as follows:

	Group		Company	
	2011	2010	2011	2010
	HK$	HK$ (Restated)	HK$	HK$ (Restated)
At 1st January, as previously reported	465,629,419	361,750,712	33,832,478	22,025,075
Prior year adjustment in respect of change in accounting policy (note 2(a))	(419,436,717)	(318,535,035)	(32,931,218)	(20,729,330)
At 1st January, as restated	46,192,702	43,215,677	901,260	1,295,745
Deferred income tax charged/ (credited) to income statement (note 23)	26,886,498	2,977,025	(258,660)	(394,485)
At 31st December	73,079,200	46,192,702	642,600	901,260

At 31st December 2011, the Company and its subsidiaries in Hong Kong had unrecognised tax losses of HK$136,540,000 (2010 Restated: HK$113,633,000) to carry forward against future taxable income. Such tax losses have no expiry date. The Company's subsidiary in the US had unrecognised tax losses of HK$46,324,000 (2010 Restated: HK$46,324,000) to carry forward against future taxable income. Such tax losses will expire in various amounts and dates through 2015.

16 DEFERRED INCOME TAX LIABILITIES (Continued)

The movements in deferred income tax assets/(liabilities) (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Group

	Tax losses		Accelerated accounting depreciation	
	2011	2010	2011	2010
	HK$	HK$ (Restated)	HK$	HK$
At 1st January, as previously reported	179,706,679	173,347,343	7,976	12,606
Prior year adjustment in respect of change in accounting policy (note 2(a))	(81,314,933)	(85,321,459)	–	–
At 1st January, as restated	98,391,746	88,025,884	7,976	12,606
Credited/(charged) to consolidated income statement	10,965,455	10,365,862	(4,630)	(4,630)
At 31st December	109,357,201	98,391,746	3,346	7,976

	Revaluation of investment properties		Accelerated tax depreciation	
	2011	2010	2011	2010
	HK$	HK$ (Restated)	HK$	HK$
At 1st January, as previously reported	(430,800,648)	(326,128,432)	(214,543,426)	(208,982,229)
Prior year adjustment in respect of change in accounting policy (note 2(a))	445,520,524	354,963,664	55,231,126	48,892,830
At 1st January, as restated	14,719,876	28,835,232	(159,312,300)	(160,089,399)
Credited/(charged) to consolidated income statement				
– Reversal upon disposal of investment properties	–	161,870	–	–
– Origination and reversal of other temporary differences	(33,515,529)	(14,277,226)	(4,331,794)	777,099
At 31st December	(18,795,653)	14,719,876	(163,644,094)	(159,312,300)

16 DEFERRED INCOME TAX LIABILITIES (Continued)

Company

Deferred income tax (liabilities)/assets	**Revaluation of investment properties** 2011 HK$	2010 HK$ (Restated)	**Accelerated tax depreciation** 2011 HK$	2010 HK$	**Tax losses** 2011 HK$	2010 HK$ (Restated)
At 1st January, as previously reported	(45,186,335)	(32,558,095)	(901,260)	(1,295,745)	12,255,117	11,828,765
Prior year adjustment in respect of change in accounting policy (note 2(a))	45,186,335	32,558,095	–	–	(12,255,117)	(11,828,765)
At 1st January, as restated	–	–	(901,260)	(1,295,745)	–	–
Charged to income statement	–	–	258,660	394,485	–	–
At 31st December	–	–	(642,600)	(901,260)	–	–

17 SHARE CAPITAL

	2011 HK$	2010 HK$
Authorised:		
400,000,000 ordinary shares of HK$1 each	400,000,000	400,000,000
Issued and fully paid:		
287,669,676 ordinary shares of HK$1 each	287,669,676	287,669,676

18 RESERVES

Group

	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$	HK$
At 1st January 2011, as previously reported	129,651,602	37,248,098	7,196,194	2,708,372,020	2,882,467,914
Prior year adjustments in respect of change in accounting policy (note 2(a))	–	–	–	401,169,552	401,169,552
At 1st January 2011, as restated	129,651,602	37,248,098	7,196,194	3,109,541,572	3,283,637,466
Net fair value gains on available-for-sale financial assets	–	2,327,313	–	–	2,327,313
Impairment loss on available-for-sale financial assets transferred to income statement	–	2,470,878	–	–	2,470,878
Exchange translation differences	–	–	13,347	–	13,347
Profit attributable to owners of the Company	–	–	–	584,285,201	584,285,201
Total comprehensive income	–	4,798,191	13,347	584,285,201	589,096,739
Dividends paid					
2010 final dividend	–	–	–	(20,136,877)	(20,136,877)
2011 interim dividend	–	–	–	(8,630,090)	(8,630,090)
At 31st December 2011	129,651,602	42,046,289	7,209,541	3,666,059,806	3,843,967,238
Representing:					
Reserves	129,651,602	42,046,289	7,209,541	3,645,922,929	3,823,830,361
2011 final dividend proposed (note 25)	–	–	–	20,136,877	20,136,877
	129,651,602	42,046,289	7,209,541	3,666,059,806	3,843,967,238

18 RESERVES (Continued)

Group (Continued)

	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$	HK$	HK$	HK$ (Restated)	HK$ (Restated)
At 1st January 2010, as previously reported	129,651,602	22,753,828	7,161,922	2,207,151,311	2,366,718,663
Prior year adjustments in respect of change in accounting policy (note 2(a))	–	–	–	304,009,809	304,009,809
At 1st January 2010, as restated	129,651,602	22,753,828	7,161,922	2,511,161,120	2,670,728,472
Net fair value gains on available-for-sale financial assets	–	13,350,004	–	–	13,350,004
Impairment loss on available-for-sale financial assets transferred to income statement	–	1,144,266	–	–	1,144,266
Exchange translation differences	–	–	34,272	–	34,272
Profit attributable to owners of the Company	–	–	–	655,914,387	655,914,387
Total comprehensive income	–	14,494,270	34,272	655,914,387	670,442,929
Dividends paid					
2009 final dividend	–	–	–	(20,136,877)	(20,136,877)
2009 special dividend	–	–	–	(28,766,968)	(28,766,968)
2010 interim dividend	–	–	–	(8,630,090)	(8,630,090)
At 31st December 2010, as restated	129,651,602	37,248,098	7,196,194	3,109,541,572	3,283,637,466
Representing:					
Reserves	129,651,602	37,248,098	7,196,194	3,089,404,695	3,263,500,589
2010 final dividend proposed (note 25)	–	–	–	20,136,877	20,136,877
	129,651,602	37,248,098	7,196,194	3,109,541,572	3,283,637,466

18 RESERVES (Continued)

Company

	Share premium	Investment revaluation reserve	Retained profits	Total
	HK$	HK$	HK$	HK$
At 1st January 2011, as previously reported	129,651,602	231,193	794,110,684	923,993,479
Prior year adjustments in respect of change in accounting policy (note 2(a))	–	–	32,931,218	32,931,218
At 1st January 2011, as restated	129,651,602	231,193	827,041,902	956,924,697
Fair value gain on available-for-sale financial assets	–	(64,967)	–	(64,967)
Profit for the year	–	–	109,372,403	109,372,403
Total comprehensive income	–	(64,967)	109,372,403	109,307,436
Dividends paid				
2010 final dividend	–	–	(20,136,877)	(20,136,877)
2011 interim dividend	–	–	(8,630,090)	(8,630,090)
At 31st December 2011	129,651,602	166,226	907,647,338	1,037,465,166
Representing:				
Reserves	129,651,602	166,226	887,510,461	1,017,328,289
2011 final dividend proposed (note 25)	–	–	20,136,877	20,136,877
	129,651,602	166,226	907,647,338	1,037,465,166

18 RESERVES (Continued)

Company (Continued)

	Share premium	Investment revaluation reserve	Retained profits	Total
	HK$	HK$	HK$ (Restated)	HK$ (Restated)
At 1st January 2010, as previously reported	129,651,602	166,703	780,024,650	909,842,955
Prior year adjustments in respect of change in accounting policy (note 2(a))	–	–	20,729,330	20,729,330
At 1st January 2010, as restated	129,651,602	166,703	800,753,980	930,572,285
Fair value gain on available-for-sale financial assets	–	64,490	–	64,490
Profit for the year	–	–	83,821,857	83,821,857
Total comprehensive income	–	64,490	83,821,857	83,886,347
Dividends paid				
2009 final dividend	–	–	(20,136,877)	(20,136,877)
2009 special dividend	–	–	(28,766,968)	(28,766,968)
2010 interim dividend	–	–	(8,630,090)	(8,630,090)
At 31st December 2010, as restated	129,651,602	231,193	827,041,902	956,924,697
Representing:				
Reserves	129,651,602	231,193	806,905,025	936,787,820
2010 final dividend proposed (note 25)	–	–	20,136,877	20,136,877
	129,651,602	231,193	827,041,902	956,924,697

19 COST AND EXPENSES

	2011 HK$	2010 HK$
Auditors' remuneration	2,264,146	2,079,671
Depreciation	12,627,136	12,661,884
Outgoings in respect of		
– investment properties	41,032,256	34,953,937
– properties for sale	9,947,186	7,183,064
– property related services	7,484,052	6,833,500
– property, plant and equipment	753,460	665,334
– hotel operations	2,970,356	–
Operating lease rental for office premises to a related company	2,388,837	2,764,677
Staff costs (note 21)	58,547,396	51,688,337
Others	19,654,210	18,635,593
Total cost of sales, administrative and other operating expenses	157,669,035	137,465,997

20 OTHER INCOME AND GAINS, NET

	2011 HK$	2010 HK$
Dividend income from available-for-sale financial assets		
– listed	915,234	1,078,203
– unlisted	5,160,012	4,320,000
Gain on disposal of an investment property	963,130	1,602,400
(Loss)/gain on disposal of property, plant and equipment, net	(535,396)	57,636
Impairment loss on available-for-sale financial assets	(2,470,878)	(1,144,266)
Forfeiture of unclaimed dividends payable	–	921,709
	4,032,102	6,835,682

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2011	2010
	HK$	HK$
Salaries	38,153,179	34,605,279
Housing and other allowances, benefits in kind	12,931,805	12,120,633
Bonuses	5,515,141	5,233,667
Retirement benefit costs	1,947,271	(271,242)
	58,547,396	51,688,337

(a) Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

	2011	2010
	HK$	HK$
Fees	619,000	619,000
Salaries	11,904,280	11,221,999
Housing and other allowances, benefits in kind	11,300,961	10,806,885
Bonuses	2,927,032	2,788,079
Retirement benefit costs	119,206	130,866
	26,870,479	25,566,829

The remuneration of every director for the year ended 31st December 2011 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	19,000	4,093,140	9,404,961	1,722,350	12,000	15,251,451
Patrick Ma Ching Hang	15,000	1,198,440	–	234,540	12,000	1,459,980
Alfred Ma Ching Kuen	15,000	699,960	–	117,820	12,000	844,780
Amy Ma Ching Sau	15,000	1,619,340	–	272,560	12,000	1,918,900
Katy Ma Ching Man	15,000	1,393,440	–	234,540	12,000	1,654,980
Ruth Ma Ching Keung	15,000	1,506,520	–	110,682	47,206	1,679,408
Philip Ma Ching Yeung	15,000	1,393,440	1,896,000	234,540	12,000	3,550,980
Edward Cheung Wing Yui	127,500	–	–	–	–	127,500
Kevin Chau Kwok Fun	127,500	–	–	–	–	127,500
Tan Soo Kiu	127,500	–	–	–	–	127,500
William Wong Hing Kwok	127,500	–	–	–	–	127,500
	619,000	11,904,280	11,300,961	2,927,032	119,206	26,870,479

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31st December 2010 is set out below:

Name of director	Fees	Salaries	Housing and other allowances, benefits in kind	Bonuses	Retirement benefit costs	Total
	HK$	HK$	HK$	HK$	HK$	HK$
William Ma Ching Wai	19,000	3,934,560	9,347,685	1,639,400	12,000	14,952,645
Patrick Ma Ching Hang	15,000	892,960	–	223,240	7,000	1,138,200
Alfred Ma Ching Kuen	15,000	672,720	–	112,120	12,000	811,840
Amy Ma Ching Sau	15,000	1,556,520	–	259,420	12,000	1,842,940
Katy Ma Ching Man	15,000	1,339,440	–	223,240	12,000	1,589,680
Ruth Ma Ching Keung	15,000	1,486,359	–	107,419	63,866	1,672,644
Philip Ma Ching Yeung	15,000	1,339,440	1,459,200	223,240	12,000	3,048,880
Edward Cheung Wing Yui	127,500	–	–	–	–	127,500
Kevin Chau Kwok Fun	127,500	–	–	–	–	127,500
Tan Soo Kiu	127,500	–	–	–	–	127,500
William Wong Hing Kwok	127,500	–	–	–	–	127,500
	619,000	11,221,999	10,806,885	2,788,079	130,866	25,566,829

The fees paid by the Group to the independent non-executive directors for the year amounted to HK$510,000 (2010: HK$510,000).

The above analysis includes four (2010: four) individuals whose emoluments were among the five highest paid individuals in the Group.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2010: four) directors whose emoluments are reflected in the analysis above. The emoluments payable to the remaining one (2010: one) individual during the year are as follows:

	2011	2010
	HK$	HK$
Salaries	3,623,640	3,362,160
Housing and other allowances, benefits in kind	784,844	712,548
Bonuses	611,500	620,360
Retirement benefit costs	12,000	12,000
	5,031,984	4,707,068

During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

21 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(c) Key management remuneration

Remuneration for key management, including amounts paid to the Company's directors, the highest paid employee, as disclosed in notes (a) and (b) above, and one senior management member, is as follows:

	2011	2010
	HK$	HK$
Fees	109,000	109,000
Salaries	16,398,618	15,427,589
Housing and other allowances, benefits in kind	12,085,805	11,519,433
Bonuses	3,683,042	3,548,551
Retirement benefit costs	126,206	135,866
	32,402,671	30,740,439

22 FINANCE INCOME AND COSTS

	2011	2010
	HK$	HK$
Finance income		
Interest income from banks	84,678	32,454
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	(8,018,810)	(6,203,108)
Finance costs, net	(7,934,132)	(6,170,654)

23 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. No overseas taxation (2010: HK$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year, except for the minimum United States state tax.

The amount of income tax charged to the consolidated income statement represents:

	2011	2010
	HK$	HK$ (Restated)
Current income tax		
– Hong Kong profits tax	(3,715,215)	(6,628,874)
– overseas taxation	(13,306)	(12,028)
– over/(under) provision in prior years	693,891	(29,084)
	(3,034,630)	(6,669,986)
Deferred income tax (note 16)	(26,886,498)	(2,977,025)
	(29,921,128)	(9,647,011)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2011	2010
	HK$	HK$ (Restated)
Profit before income tax	630,719,367	691,171,923
Calculated at a taxation rate of 16.5% (2010: 16.5%)	(104,068,695)	(114,043,367)
Income not subject to tax	88,581,263	103,245,803
Expenses not deductible for tax purposes	(1,577,221)	(1,406,129)
Deferred tax on tax losses and other temporary differences not recognised	2,452,454	(1,232,726)
Recognition of previously unrecognised temporary differences	–	8,945,109
Effect of different taxation rates in other countries	(16,002,820)	(5,126,617)
Over/(under) provision in prior years	693,891	(29,084)
Income tax expense	(29,921,128)	(9,647,011)

There was no income tax relating to components of other comprehensive income for the year ended 31st December 2011 and 2010.

24 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$109,372,403 (2010 Restated: HK$83,821,857).

25 DIVIDENDS

	2011	2010
	HK$	HK$
Interim, paid, of HK3 cents (2010: HK3 cents) per ordinary share	8,630,090	8,630,090
Final, proposed, of HK7 cents (2010: HK7 cents) per ordinary share	20,136,877	20,136,877
	28,766,967	28,766,967

At a meeting held on 23rd March 2012, the directors proposed a final dividend of HK 7 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2012 upon the approval by the shareholders.

26 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$584,285,201 (2010 Restated: HK$655,914,387) and on 287,669,676 (2010: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2011 and 2010, the diluted earnings per share is equal to the basic earnings per share.

27 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before income tax to net cash generated from operations

	2011	2010
	HK$	HK$
Profit before income tax	630,719,367	691,171,923
Finance income	(84,678)	(32,454)
Finance costs	8,018,810	6,203,108
Depreciation	12,627,136	12,661,884
Fair value gains on investment properties	(603,486,793)	(663,769,743)
Gain on disposal of an investment property	(963,130)	(1,602,400)
Loss/(gain) on disposal of property, plant and equipment, net	535,396	(57,636)
Impairment loss on available-for-sale financial assets	2,470,878	1,144,266
Dividend income	(6,075,246)	(5,398,203)
Operating profit before working capital changes	43,761,740	40,320,745
Increase in properties for sale	(12,032,322)	(14,908,910)
(Increase)/decrease in debtors and prepayments	(10,324,468)	1,259,084
Increase in rental and other deposits	5,655,296	5,061,801
(Decrease)/increase in creditors and accruals	(1,353,060)	1,286,469
Net cash generated from operations	25,707,186	33,019,189

28 FINANCIAL GUARANTEES

At 31st December 2011, the Company had provided guarantees to bankers for credit facilities granted to subsidiaries of which HK$355,789,000 (2010: HK$241,000,000) were utilised as at 31st December 2011.

29 COMMITMENTS

(a) Capital commitments

At 31st December 2011, the Group had capital commitments as follows:

	Group	
	2011	2010
	HK$	HK$
Contracted but not provided for		
– investment properties	21,471,000	20,880,000
– property, plant and equipment	5,425,000	19,597,000
	26,896,000	40,477,000

The Company did not have any capital commitment as at 31st December 2011 and 2010.

(b) Commitments under operating leases

At 31st December 2011, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company	
	2011	2010
	HK$	HK$
Land and buildings		
Not later than one year	2,880,000	176,000
Later than one year but not later than five years	3,480,000	–
	6,360,000	176,000

30 PRINCIPAL SUBSIDIARIES

At 31st December 2011, the Company had the following principal subsidiaries which, in the opinion of the directors, materially affect the results and/or assets of the Group. Montgomery Lands, Incorporated, Central Financial Management Company Inc, and MLI Business Management, Inc and Central Financial Management of Montana LLC are incorporated and operate in the United States of America. All other subsidiaries are incorporated and operate in Hong Kong.

Name	Percentage of issued capital held By the Company 2011	By the Company 2010	By subsidiary company 2011	By subsidiary company 2010	Ordinary share capital Number	Par value per share	Principal activities
Ballington Limited	100	100	–	–	10,000	HK$1	e
Cambella Limited	100	100	–	–	1,000	HK$1	a, b
Central Financial Management Company Inc	–	–	100	100	10,000	US$1	d
Central Financial Management of Montana LLC	–	–	100	100	N/A	N/A	j
Chi Ho Investment Company Limited	100	100	–	–	100	HK$100	a, g
Chi Ning Investment Company Limited	100	100	–	–	421,290	HK$1	e
Etrema Company Limited	100	100	–	–	1,000	HK$1	a
Golden Ocean Corporation Limited	100	100	–	–	531,510	HK$1	a
Kam Cheung Investment Company Limited	75	75	–	–	1,200,000	HK$1	a
Kam Chung Industrial Company Limited	100	100	–	–	1,149,430	HK$1	a, g
Kam Hang Company Limited	95	95	–	–	5,000	HK$100	a
Kam Yiu Company Limited	100	100	–	–	73,000	HK$1	a
La Bizplace Limited	100	100	–	–	2	HK$1	h
MLI Business Management, Inc	–	–	100	100	1,000	US$1	i
Montgomery Enterprises Limited	100	100	–	–	1,190,840	HK$1	a, e, g, k
Montgomery Lands, Incorporated	–	–	100	100	20,000	US$1	a
On Ah Enterprises Limited	65	65	–	–	100,000	HK$1	a
Pentacontinental Land Investment Company Limited	53.6	53.6	–	–	2,000,000	HK$1	a, e
Satvision Limited	100	100	–	–	1,000	HK$1	a
Tai Fung Investment Company Limited	65	65	–	–	1,400,000	HK$1	a, e
Tai Land Finance Company Limited	100	100	–	–	100,000	HK$1	c
Tai Sang Cold Storage and Godown Company Limited	58	58	–	–	5,600,000	HK$1	e
Tai Sang Estate Agency Limited	100	100	–	–	100,000	HK$1	d, e
TSE (Floral Villas) Limited	–	–	100	100	100	HK$1	d
TSE (Kam Yuen Mansion) Limited	–	–	100	100	1,000	HK$1	d
Silver Focus Investment Limited	–	–	100	100	1,000	HK$1	a
Silver Grand Investment Limited	–	–	100	100	1,000	HK$1	a
Ocean Gold Investment Limited	–	–	100	100	1	HK$1	a
Capital Gold Investment Limited	–	–	100	100	1	HK$1	a
East Gold Investment Limited	–	–	100	100	1	HK$1	a
Glory Gold Investment Limited	–	–	100	100	1	HK$1	a
Gold Earth Investment Limited	–	–	100	100	1	HK$1	a
Gold Express Investment Limited	–	–	100	100	1	HK$1	a

30 PRINCIPAL SUBSIDIARIES (Continued)

Name	Percentage of issued capital held By the Company 2011	2010	By subsidiary company 2011	2010	Ordinary share capital Number	Par value per share	Principal activities
TSL Construction and Engineering Limited	100	100	–	–	2	HK$1	a
Welldicker Industrial Limited	100	100	–	–	2	HK$1	e
Xin Kuok Investments Limited	100	100	–	–	2	HK$1	f

Principal activities:

a = property rental
b = property development
c = finance
d = estate management and agency
e = investment holding
f = motor vehicle rental
g = property sale
h = property sub-letting
i = management service
j = motor vehicle holding
k = hotel operation

SCHEDULE OF THE GROUP'S SIGNIFICANT PROPERTIES AT 31ST DECEMBER 2011

A PROPERTIES FOR INVESTMENT

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Lease term
Hong Kong					
Tai Sang Container and Godown Centre, 2-10 Cheung Fai Road, Tsing Yi Island	T.Y.T.L. 56	G	118,025	100.0%	Medium term
Express Industrial Building, 43 Heung Yip Road, Aberdeen	A.I.L. 353	I	11,766	100.0%	Long term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	I	6,947	95.0%	Long term
Chin Fat Factory Building (portion), 3 Tsat Po Street, San Po Kong	K.I.L. 4438 & 4439	I	996	65.0%	Medium term
House of Corona (portion), 50 Hung To Road, Kwun Tong	K.T.I.L. 284	I	699	65.0%	Medium term
Kam Yuen Mansion (portion), 3 Old Peak Road	I.L. 646 Sec. A & Sec. B	R	2,944	75.0%	Long term
Sea and Sky Court (portion), 92 Stanley Main Street, Stanley	S.I.L. 8	R	319	100.0%	Long term
Mercantile House, 186 & 190 Nathan Road, Tsim Sha Tsui	K.I.L.9735 & 2/70 shares of 8631	R & C	1,078	100.0%	Medium term
Continental Mansion (portion), 294-304 King's Road, North Point	R.P. of I.L. 7185	R & C	1,078	53.6%	Long term
Shing Wah Building (portion), 31 Shing Fong Street, Kwai Chung	K.C.T.L. 232	C	309	100.0%	Medium term
Kin Wah Mansion (portion), 176-178 Tung Lo Wan Road	I.L. 3578, 3579 & 3581	C	590	100.0%	Long term
Viking Court (portion), 165-166 Connaught Road West, Western District	M.L. 342 & 343	C	585	100.0%	Long term
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	262	95.0%	Medium term
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D. 252 Lot 314	R & C	4,623	100.0%	Medium term
No.1, Barker Road	R.B.L. 810	R	1,352	100.0%	Medium term
Overseas					
Montgomery Plaza, 456 Montgomery Street, San Francisco, United States of America	–	C	15,638^	100.0%	Freehold

B PROPERTIES FOR RENTAL/SALE

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Expected completion
Hong Kong					
Floral Villas (portion), Tso Wo Hang, Sai Kung	D.D.252 Lot 314	R	3,838	100.0%	Existing
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	C	4,121	100.0%	Existing
Kam Wah Building (portion), 21 Shek Yam Road, Kwai Chung	K.C.T.L. 171	C	1,724	100.0%	Existing

C PROPERTIES FOR HOTEL OPERATION

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Expect completion
Hong Kong					
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	H	1,739	100.0%	Existing

D OTHER PROPERTIES

Description	Lot Number	Type #	Appro. G.F.A. (M²)	Group's interest	Lease term
Hong Kong					
Properties for own operations/development No.20 & No.22 (portion) Severn Road, The Peak	R.B.L. 1137	D	1,905	100.0%	Medium term

Type #

G	:	Godown
I	:	Industrial
R	:	Residential
C	:	Commercial
D	:	Director's residence
H	:	Hotel operation
^	:	Net rentable area
G.F.A.	:	Gross floor area

FIVE-YEAR FINANCIAL SUMMARY

	2007	2008	2009	2010	2011
			(Restated)	(Restated)	
RESULTS					
(HK$ thousand)					
Profit/(loss) attributable to:					
– Owners of the Company	757,316	(410,190)	627,082	655,914	584,285
– Non-controlling interests	17,511	(5,960)	58,235	25,610	16,513
	774,827	(416,150)	685,317	681,524	600,798
Earnings/(loss) per share	HK$2.63	HK$(1.43)	HK$2.18	HK$2.28	HK$2.03
ASSETS AND LIABILITIES					
(HK$ thousand)					
Total assets	3,944,831	3,199,689	3,521,389	4,210,882	4,942,134
Total liabilities	(953,245)	(765,895)	(462,012)	(514,108)	(669,541)
Total equity	2,991,586	2,433,794	3,059,377	3,696,774	4,272,593